English Translation of Financial Statements and a Report Originally Issued in Chinese

**Ticker：6155**

**KING CORE ELECTRONICS INC.**
**PARENT-COMPANY-ONLY FINANCIAL STATEMENTS**
**WITH REPORT OF INDEPENDENT AUDITORS**
**AS AT DECEMBER 31, 2022 AND 2021**
**AND FOR THE YEARS THEN ENDED**

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

English Translation of Financial Statements and a Report Originally Issued in Chinese

**Parent-Company-Only Financial Statements**
**Index**

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English Translation of Financial Statements and a Report Originally Issued in Chinese

# INDEPENDENT AUDITORS' REPORT

To The Board of Directors and Shareholders of King Core Electronics Inc. :

## Opinion

We have audited the accompanying parent-company-only balance sheets of King Core Electronics Inc. (the "Company") as of December 31, 2022 and 2021, and the related parent-company-only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent-company-only financial statements, including the summary of significant accounting policies (together referred as "the parent-company-only financial statements").

In our opinion, based on the results of our audits and the report of other auditors (please refer to the Other Matter – Making Reference to the Audit of a Component Auditor section of our report), the parent-company-only financial statements referred to above present fairly, in all material respects, the parent-company-only financial position of the Company as of December 31, 2022 and 2021, and their parent-company-only financial performance and cash flows for the years then ended, in conformity with the requirements of 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 the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent-Company-Only Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. 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.

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## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of the most significance in our audit of 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, and we do not provide a separate opinion on these matters.

Revenue Recognition

We determine that revenue recognition is one of the key audit matters. The Company's revenue amounting to NT$656,496 thousand for the year ended December 31, 2022 is a significant account to the Company's financial statements. The Company has conducted these sale activities in multi-marketplace, including Taiwan, China, Europe, etc. Among these locations, the Company has established hub-warehouse for certain foreign customers' convenience. Furthermore, the timing of fulfilling performance obligation needs to be determined based on varieties of sale terms and conditions enacted in the main sale contracts or sale orders. We therefore conclude that there are significant risks with respect to the topic of revenue recognition.

Our audit procedures therefore include, but not limit to, evaluating the properness of accounting policy for revenue recognition, assessing and testing the effectiveness of relevant internal controls related to revenue recognition, sampling-test of details, including checking the revenue recognition from foreign warehouses , obtaining major sale orders or agreements to inspect the terms and conditions, checking the consistency of the fulfillment timing, performing analytical review procedures on monthly sale revenues, and executing sale cut-off tests, etc. We have also evaluated the appropriateness of the related disclosure in Note 4 and 6 to the financial statements.

## Other Matter – Making Reference to the Audit of a Component Auditor

We did not audit the financial statements of Allied Biolotech Corp., an invested associate accounted for under the equity method by the Company. The financial statements of Allied Biolotech Corp. as at December 31, 2022 and 2021, and for the years then ended were audited by other auditors, whose reports thereon have been furnished to us. Our audit, insofar as it related to the investment in the associate accounted for under the equity method amounting to NT$258,283 thousand and NT$239,112 thousand as of December 31, 2022 and 2021 representing 11.13% and 8.18% of the Company's total assets, the related shares of income before tax from the associate under the equity method for the years then ended amounting to NT$27,660 thousand and NT$2,468 thousand representing 11.88% and 2.45% of the Company's income before tax, and the related shares of other comprehensive income from the associate under the equity method for the years then ended amounting to NT$417 thousand and NT$(753) thousand, representing (5.74)% and 6.76% of the other comprehensive income, respectively.

## Responsibilities of Management and Those Charged with Governance for the Parent-Company-Only Financial Statements

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

In preparing the parent-company-only financial statements, management is responsible for assessing the ability to continue as a going concern of the Company, 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 audit committee, are responsible for overseeing the financial reporting process of the Company.

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

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

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

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

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

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Company. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 auditor's 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 accompanying notes, 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 company audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2022 parent-company-only financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

/s/Lin, Cheng-Wei

/s/Chen, Kuo-Shuai

Ernst & Young
Taiwan, R.O.C.
February 20th, 2023

*Notice to Readers*

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

*Accordingly, the accompanying parent-company-only financial statements and report of independent accountants 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, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.*

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

King Core Electronics Inc.

Parent-Company-Only Balance Sheets

As at December 31, 2022 and 2021

(Amounts Expressed In Thousands of New Taiwan Dollars)

| Assets | | | As at December 31, 2022 | | As at December 31, 2021 | |
|---|---|---|---|---|---|---|
| Code | Accounts | Notes | Amount | % | Amount | % |
| | Current assets | | | | | |
| 1100 | Cash and cash equivalents | 4, 6(1) | $504,760 | 22 | $640,933 | 22 |
| 1110 | Financial assets at fair value through profit or loss | 4, 6(2) | 46,767 | 2 | 57,210 | 2 |
| 1120 | Financial assets at fair value through other comprehensive income | 4, 6(3) | 56,219 | 3 | 45,541 | 2 |
| 1136 | Financial assets measured at amortized cost | 4, 6(4), 8 | 474,960 | 21 | 906,863 | 31 |
| 1150 | Notes receivable, net | 4, 6(5) | 2,507 | - | 3,874 | - |
| 1170 | Accounts receivable, net | 4, 6(6) | 120,649 | 5 | 135,386 | 5 |
| 1180 | Accounts receivable-related parties, net | 4, 6(6), 7 | 5,696 | - | 11,259 | - |
| 1200 | Other receivables | | 2,594 | - | 12,996 | - |
| 1310 | Inventories, net | 4, 6(7) | 166,445 | 7 | 134,956 | 5 |
| 1410 | Prepayments | | 4,736 | - | 3,572 | - |
| 1470 | Other current assets | | 206 | - | 212 | - |
| 11xx | Total current assets | | 1,385,539 | 60 | 1,952,802 | 67 |
| | Non-current assets | | | | | |
| 1510 | Financial assets at fair value through profit or loss | 4, 6(2) | 13,881 | 1 | 17,558 | 1 |
| 1517 | Financial assets at fair value through other comprehensive income | 4, 6(3) | 105,805 | 5 | 130,864 | 4 |
| 1550 | Investment accounted for under equity method | 4, 6(8) | 516,869 | 22 | 525,574 | 18 |
| 1600 | Property, plant and equipment, net | 4, 6(9), 8 | 278,898 | 12 | 279,009 | 9 |
| 1780 | Intangible assets, net | 4, 6(10) | 205 | - | 43 | - |
| 1840 | Deferred tax assets | 4, 6(24) | 8,458 | - | 17,007 | 1 |
| 1900 | Other non-current assets | 4, 6(11) | 10,640 | - | - | - |
| 15xx | Total non-current assets | | 934,756 | 40 | 970,055 | 33 |
| 1xxx | Total Assets | | $2,320,295 | 100 | $2,922,857 | 100 |

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

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

King Core Electronics Inc.

Parent-Company-Only Balance Sheets (Continued)

As at December 31, 2022 and 2021

(Amounts Expressed In Thousands of New Taiwan Dollars)

| Liabilities and Equity | | | As at December 31, 2022 | | As at December 31, 2021 | |
|---|---|---|---|---|---|---|
| Code | Accounts | Notes | Amount | % | Amount | % |
| | Current liabilities | | | | | |
| 2100 | Short-term loans | 6(12), 8 | $582,000 | 25 | $1,319,000 | 45 |
| 2120 | Financial liability at fair value through profit or loss | 4, 6(13) | 433 | - | 170 | - |
| 2130 | Contract liabilities | 4, 6(18) | 185 | - | 245 | - |
| 2150 | Notes payable | | 404 | - | 546 | - |
| 2170 | Accounts payable | | 69,578 | 3 | 89,651 | 3 |
| 2180 | Accounts payable-related parties | 7 | 22,627 | 1 | - | - |
| 2200 | Other payables | 6(14) | 52,847 | 2 | 44,416 | 2 |
| 2230 | Current income tax liabilities | 4, 6(24) | 34,459 | 2 | 5,478 | - |
| 2300 | Other current liabilities | | 4,101 | - | 3,827 | - |
| 21xx | Total current liabilities | | 766,634 | 33 | 1,463,333 | 50 |
| | Non-current liabilities | | | | | |
| 2570 | Deferred tax liabilities | 4, 6(24) | 8,900 | - | 21,656 | 1 |
| 2600 | Other non-current liabilities | 6(15), 6(16) | 10,625 | 1 | 15,730 | - |
| 25xx | Total non-current liabilities | | 19,525 | 1 | 37,386 | 1 |
| 2xxx | Total liabilities | | 786,159 | 34 | 1,500,719 | 51 |
| 31xx | Equity attributable to shareholders of the parent | | | | | |
| 3100 | Capital | 6(17) | | | | |
| 3110 | Common stock | | 871,477 | 38 | 869,204 | 30 |
| 3200 | Capital surplus | 6(17) | 200,654 | 9 | 198,157 | 7 |
| 3300 | Retained earnings | 6(17) | | | | |
| 3310 | Legal reserve | | 274,507 | 12 | 266,256 | 9 |
| 3320 | Special reserve | | 6,584 | - | 6,584 | - |
| 3350 | Unappropriated earnings | | 196,750 | 8 | 86,833 | 3 |
| 3400 | Other components of equity | | (15,836) | (1) | (4,896) | - |
| 3xxx | Total equity | | 1,534,136 | 66 | 1,422,138 | 49 |
| | Total liabilities and equity | | $2,320,295 | 100 | $2,922,857 | 100 |

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

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese
King Core Electronics Inc.
Parent-Company-Only Statements of Comprehenstve Income
For the Years Ended December 31, 2022 and 2021
(Amounts Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

| Code | Items | Notes | 2022 Amount | 2022 % | 2021 Amount | 2021 % |
|---|---|---|---|---|---|---|
| 4000 | Operating revenues | 4, 6(18), 7 | $656,496 | 100 | $642,179 | 100 |
| 5000 | Operating costs | 6(7), 7 | (476,362) | (73) | (482,137) | (75) |
| 5900 | Gross profit | | 180,134 | 27 | 160,042 | 25 |
| 5920 | Unrealized gross (profit) loss from sales | | (487) | - | (105) | - |
| 5950 | Gross profit | | 179,647 | 27 | 159,937 | 25 |
| 6000 | Operating expenses | 7 | | | | |
| 6100 | Sales and marketing | | (31,615) | (5) | (29,301) | (6) |
| 6200 | General and administrative | | (57,846) | (9) | (45,758) | (7) |
| 6300 | Research and development | | (14,320) | (2) | (15,186) | (2) |
| | Total operating expenses | | (103,781) | (16) | (90,245) | (15) |
| 6900 | Operating income | | 75,866 | 11 | 69,692 | 10 |
| 7000 | Non-operating income and expenses | 6(22), 7 | | | | |
| 7100 | Interest income | | 13,726 | 2 | 4,398 | 1 |
| 7010 | Other income | | 18,652 | 3 | 16,226 | 3 |
| 7020 | Other gains or losses | | 122,628 | 19 | (47,665) | (7) |
| 7050 | Finance costs | | (7,684) | (1) | (7,882) | (1) |
| 7070 | Share of profit or loss of subsidiaries, associates and joint ventures | | 9,726 | 1 | 65,982 | 10 |
| | Total non-operating incomes and expenses | | 157,048 | 24 | 31,059 | 6 |
| 7900 | Income from continuing operations before income tax | | 232,914 | 35 | 100,751 | 16 |
| 7950 | Income tax expense | 4, 6(24) | (42,298) | (6) | (19,953) | (3) |
| 8200 | Net income | | 190,616 | 29 | 80,798 | 13 |
| 8300 | Other comprehensive income (loss) | 6(23) | | | | |
| 8310 | Item that will not be reclassified subsequently to profit or loss | | | | | |
| 8311 | Remeasurements of defined benefit plans | | 3,062 | 1 | 1,577 | - |
| 8316 | Unrealized loss on equity instrument investment at fair value through other comprehensive income | | (17,457) | (3) | (11,293) | (2) |
| 8331 | Remeasurements of defined benefit plans of subsidiaries, associates and joint ventures | | 607 | - | 132 | - |
| 8336 | Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income of subsidiaries, associates and joint ventures | | (352) | - | (607) | - |
| 8360 | Items that may be reclassified subsequently to profit or loss | | | | | |
| 8381 | Exchange differences on translation of foreign operations | | 6,869 | 1 | (952) | - |
| | Total comprehensive income (loss), net of tax | | (7,271) | (1) | (11,143) | (2) |
| 8500 | Total comprehensive income | | $183,345 | 28 | $69,655 | 11 |
| 9750 | Earnings per share-basic (in NTD) | 6(25) | $2.19 | | $0.93 | |
| 9850 | Earnings per share-diluted (in NTD) | 6(25) | $2.17 | | $0.93 | |

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

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

King Core Electronics Inc.

Parent-Company-Only Statements of Changes in Equity

For the Years Ended December 31, 2022 and 2021

(Amounts Expressed In Thousands of New Taiwan Dollars)

| | | Equity Attributable to Shareholders of the Parent | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | Retained Earnings | | | Other components of equity | | |
| | | Capital | Capital Surplus | Legal Reserve | Special reserve | Unappropriated Earnings | Exchange differences arising on translation of foreign operations | Unrealized gains or losses on financial assets at fair value through other comprehensive income | Total Equity |
| Code | Items | 3100 | 3200 | 3310 | 3320 | 3350 | 3410 | 3420 | 3XXX |
| A1 | Balance as of January 1, 2021 | $868,427 | $196,753 | $262,482 | $22,585 | $57,231 | $(23,459) | $31,415 | $1,415,434 |
| | Appropriation and distribution of 2020 retained earnings | | | | | | | | |
| B1 | Legal reserve | | | 3,774 | | (3,774) | | | - |
| B3 | Special reserve | | | | (16,001) | 16,001 | | | - |
| B5 | Cash dividends-common shares | | | | | (65,132) | | | (65,132) |
| C7 | Shares of changes in net assets of associates and joint ventures accounted for using equity method | | 191 | | | | | | 191 |
| D1 | Net income for 2021 | | | | | 80,798 | | | 80,798 |
| D3 | Other comprehensive income (loss), for 2021 | | | | | 1,709 | (952) | (11,900) | (11,143) |
| D5 | Total comprehensive income (loss) | - | - | - | - | 82,507 | (952) | (11,900) | 69,655 |
| N1 | Issuance of common stock from compensation of employees | 777 | 1,213 | | | | | | 1,990 |
| Z1 | Balance as of December 31, 2021 | $869,204 | $198,157 | $266,256 | $6,584 | $86,833 | $(24,411) | $19,515 | $1,422,138 |
| A1 | Balance as of January 1, 2022 | $869,204 | $198,157 | $266,256 | $6,584 | $86,833 | $(24,411) | $19,515 | $1,422,138 |
| | Appropriation and distribution of 2021 retained earnings | | | | | | | | |
| B1 | Legal reserve | | | 8,251 | | (8,251) | | | - |
| B5 | Cash dividends-common shares | | | | | (73,883) | | | (73,883) |
| C7 | Changes in subsidiaries, associates, and joint ventures accounted for under equity method | | (618) | | | (2,234) | | | (2,852) |
| D1 | Net income for 2022 | | | | | 190,616 | | | 190,616 |
| D3 | Other comprehensive income (loss), for 2022 | | | | | 3,669 | 6,869 | (17,809) | (7,271) |
| D5 | Total comprehensive income (loss) | - | - | - | - | 194,285 | 6,869 | (17,809) | 183,345 |
| N1 | Issuance of common stock from compensation of employees | 2,273 | 3,115 | | | | | | 5,388 |
| Z1 | Balance as of December 31, 2022 | $871,477 | $200,654 | $274,507 | $6,584 | $196,750 | $(17,542) | $1,706 | $1,534,136 |

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

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

King Core Electronics Inc.

Parent-Company-Only Statements of Cash Flows

For the Years Ended December 31, 2022 and 2021

(Amounts Expressed In Thousands of New Taiwan Dollars)

| Code | Items | 2022 Amount | 2021 Amount |
|---|---|---|---|
| AAAA | Cash flows from operating activities: | | |
| A10000 | Income before income tax | $232,914 | $100,751 |
| A20000 | Adjustments: | | |
| A20010 | Profit or loss not effecting cash flows: | | |
| A20100 | Depreciation | 33,163 | 33,782 |
| A20200 | Amortization | 292 | 54 |
| A20400 | Net loss (gain) of financial assets at fair value through profit or loss | 9,120 | 640 |
| A20400 | Net loss (gain) of financial liabilities at fair value through profit or loss | (390) | (3,626) |
| A20900 | Interest expense | 7,684 | 7,882 |
| A21200 | Interest income | (13,726) | (4,398) |
| A21300 | Dividend income | (8,780) | (6,657) |
| A22300 | Share of profit or loss of subsidiaries, associates and joint ventures | (9,726) | (65,982) |
| A22500 | Gain on disposal of property,plant and equipment | (543) | - |
| A24000 | Unrealized (realized) profit from sale | 487 | 105 |
| A23100 | Loss (gain) on disposal of investments | 688 | (4,400) |
| A30000 | Changes in operating assets and liabilities: | | |
| A31115 | Financial assets at fair value through profit or loss | 4,312 | 19,797 |
| A31130 | Notes receivable | 1,367 | (626) |
| A31150 | Accounts receivable | 14,737 | (30,896) |
| A31160 | Accounts receivable-related parties | 5,563 | 12,041 |
| A31180 | Other receivables | (518) | - |
| A31200 | Inventories | (31,489) | (29,604) |
| A31230 | Prepayment | (1,164) | (225) |
| A31240 | Other current assets | 6 | 1 |
| A32110 | Financial liability at fair value through profit or loss | 653 | 285 |
| A32125 | Contract liabilities | (60) | 191 |
| A32130 | Notes payable | (142) | 97 |
| A32150 | Accounts payable | (20,073) | 23,663 |
| A32160 | Accounts payable-related parties | 22,627 | - |
| A32180 | Other payables | 14,068 | 8,561 |
| A32230 | Other current liabilities | 284 | 336 |
| A32240 | Net defined benefit liability | (2,043) | (2,492) |
| A33000 | Cash generated from operations | 259,311 | 59,280 |
| A33100 | Interest received | 12,785 | 4,438 |
| A33200 | Dividend received | 55,346 | 40,377 |
| A33300 | Interest paid | (7,933) | (7,495) |
| A33500 | Income tax paid | (5,663) | (2,824) |
| AAAA | Net cash provided by (used in) operating activities | 313,846 | 93,776 |

| Code | Items | 2022 Amount | 2021 Amount |
|---|---|---|---|
| BBBB | Cash flows from investing activities: | | |
| B00010 | Acquisition of financial assets at fair value through other comprehensive income | (3,076) | - |
| B00040 | Acquisition of financial assets measured at amortized cost | 431,903 | (320,548) |
| B01800 | Acquisition of investments accounted for using equity method | (24,350) | (5,000) |
| B02700 | Acquisition of property, plant and equipment | (43,883) | (49,575) |
| B02800 | Proceeds from disposal of property, plant and equipment | 734 | - |
| B04500 | Acquisition of intangible assets | (454) | (97) |
| BBBB | Net cash provided by (used in) investing activities | 360,874 | (375,220) |
| CCCC | Cash flows from financing activities: | | |
| C00100 | Increase in (repayment of) short-term borrowings | (737,000) | 361,000 |
| C03100 | Decrease in paid deposits received | - | (12) |
| C04500 | Cash dividends | (73,883) | (65,132) |
| C09900 | Employee bonus paid | (10) | (66) |
| CCCC | Net cash provided by (used in) investing activities | (810,893) | 295,790 |
| EEEE | Increase (decrease) in cash and cash equivalents | (136,173) | 14,346 |
| E00100 | Cash and cash equivalents at beginning of period | 640,933 | 626,587 |
| E00200 | Cash and cash equivalents at end of period | $504,760 | $640,933 |

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

## 1. HISTORY AND ORGANIZATION

King Core Electronics Inc. (referred to as "the Company") was established on November 29, 1986.Its main business activities include the manufacture of soft ferrites, magnetic core flyback converters, convergence coil, delay-line filtering, electromagnetic component, micro coil, common mode choke, other coil, multilayer chip inductors, bead core/ chip bead, bead array, high frequency ceramic chip inductor, telecommunications inductor and electromagnetic Interference (EMI), converters and sales of the previously mentioned products.

The Company's stocks have been governmentally approved on October 9, 2001 to be listed and traded in Taiwan Over-The-Counter Securities Exchanges starting March 1, 2002, and have been traded in Taiwan Stock Exchange starting on August 18, 2006. The registered business premise and main operation address are both at No. 269, Nanfeng Rd., Pingzhen Dist., Taoyuan City.

## 2. DATE AND PROCEDURE OF AUTHORIZATION FOR FINANCIAL STATEMENTS ISSUANCE

The Parent-Company-Only financial statements of the Company for the year ended December 31, 2022 and 2021 were authorized for issue by the Board of Directors on February 20, 2023.

## 3. NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

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

The Company applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after January 1, 2022. The new standards and amendments had no material impact on the Company.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(b)IFRS 17 "Insurance Contracts"

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

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

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

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

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

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

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

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

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

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

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (1) Statement of compliance

The parent-company-only financial statements of the Company for the years ended December 31, 2022 and 2021 were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations").

### (2) Basis of preparation

The Company prepared parent-company-only financial statements in accordance with Article 21 of the Regulations, which provided that the profit or loss and other comprehensive income for the period presented in the parent-company-only financial statements shall be the same as the profit or loss and other comprehensive income attributable to stockholders of the parent presented in the consolidated financial statements for the period, and the total equity presented in the parent-company-only financial statements shall be the same as the equity attributable to the parent company presented in the consolidated financial statements. Therefore, the Company accounted for its investments in subsidiaries using equity method and, accordingly, made necessary adjustments.

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

(3) Foreign currency transactions

The Company's parent-company-only financial statements are presented in its functional currency, New Taiwan Dollars (NTD). Items included in the parent-company-only financial statements are measured using that functional currency.

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

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

(a) Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.

(b) Foreign currency items within the scope of IFRS 9 Financial Instruments are accounted for based on the accounting policy for financial instrument.

(c) Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

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

(4) Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into NTD at the closing rate of exchange prevailing at the reporting date and the income and expenses are translated at an average exchange rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. The following are accounted for as disposals even if an interest in the foreign operation is retained by the Company: the loss of control over a foreign operation, the loss of significant influence over a foreign operation, or the loss of joint control over a foreign operation.

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

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

(5) Current and non-current distinction

An asset is classified as current when:

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

All other assets are classified as non-current.

A liability is classified as current when:

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

All other liabilities are classified as non-current.

(6) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and 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 (include fixed-term deposits that have matures equal to or less than six months from the date of acquisition).

(7) Financial instruments

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

The Company determines the classification of its financial assets at initial recognition. In accordance with IFRS 9 and the Regulations, financial assets of the Company are classified as financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, financial assets measured at amortized cost and notes, accounts and other receivables. All financial assets are recognized initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable costs. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the income statement.

(A) Financial assets: Recognition and Measurement

Purchase or sale of financial assets is recognized using trade date accounting.

The Company classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss on the basis of both:

(a) The Company’s business model for managing the financial assets and
(b) The contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

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

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

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

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

(a) Purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

(b)Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial asset measured at fair value through other comprehensive income

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

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

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

(a) A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.

(b) When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.

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

    (i) Purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

    (ii) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

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

Financial asset measured at fair value through profit or loss

Financial assets were measured at amortized cost or measured at fair value through other comprehensive income only if they met particular conditions. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss and trade receivable.

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

(B) Impairment of financial assets

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

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

(a) An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
(b) The time value of money; and
(c) Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measures as follows:

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

(b) At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.

(c) For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

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

(C) Derecognition of financial assets

A financial asset is derecognized when:

(a) The rights to receive cash flows from the asset have expired
(b) The Company has transferred the asset and substantially all the risks and rewards of the asset have been transferred
(c) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

(D) Financial liabilities and equity

Classification between liabilities or equity

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

Equity instruments

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

Financial liabilities

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated as at fair value through profit or loss. A financial liability is classified as held for trading if:

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

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

(a) It eliminates or significantly reduces a measurement or recognition inconsistency; or
(b) A Company of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the Company is provided internally on that basis to the key management personnel.

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

Financial liabilities at amortized cost

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

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

Derecognition of financial liabilities

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

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

(E) Offsetting of financial instruments

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

(8) Fair value measurement

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

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

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

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

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

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

(9) Inventories

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

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

Raw materials - At actual purchase cost, using weighted average method
Finished goods and work in progress – Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity, excluding borrowing costs.

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

(10) Investments accounted for using the equity method

The Company accounted for its investments in subsidiaries using equity method and made necessary adjustments in accordance with Article 21 of the Regulations. Such adjustments were made after the Company considered the different accounting treatments to account for its investments in subsidiaries in the consolidated financial statements under IFRS 10 "Consolidated Financial Statements" and the different IFRSs adopted from different reporting entity's perspectives, and the Company recorded such adjustments by crediting or debiting to investments accounted for under the equity method, share of profit or loss of subsidiaries, associates and joint ventures and share of other comprehensive income of subsidiaries, associates and joint ventures.

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

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

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

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

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

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

(a) Its share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or
(b) The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

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

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

(11) Property, plant and equipment

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

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

| | |
|---|---|
| Buildings | 3 to 20 years |
| Machinery | 3 to 10 years |
| Transportation | 5 years |
| Office equipment | 2 to 5 years |
| Other equipment | 2 to 20 years |

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

The property, plant and equipment's residual values, useful lives and methods of depreciation are reviewed at each financial year. If the expected values differ from the estimates, the differences are recorded as a change in accounting estimate.

(12) Leases

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

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

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

Company as a lessee

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

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

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

After the commencement date, the Company measures the lease liability on an amortised cost basis, which is increasing the carrying amount to reflect interest on the lease liability by using an effective interest method; and reducing the carrying amount to reflect the lease payments made.

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

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

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

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

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

Except for leases that meet and elect short-term leases or leases of low-value assets, the Company presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements comprehensive income.

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

(13) Intangible assets

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

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

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

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

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

The Company's accounting policies for intangible assets are as follows:

| | Cost of Computer Software |
|---|---|
| Useful economic life | 1 year |
| Amortization method | Straight-line method during the contract term |
| Internally generated or acquired externally | Acquired externally |

(14) Impairment of non-financial assets

The Company assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 “Impairment of Assets” may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company would conduct impairment tests at individual or CGU level. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired. An asset’s recoverable amount is the higher of an asset’s net fair value or its value in use.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the recoverable amount of the asset or CGU. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation or amortization, had no impairment loss been recognized for the asset in prior years.

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

Impairment loss or reversals of continuing operations are recognized in profit or loss.

(15) Revenue recognition

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

Sale of goods

The Company mainly manufactures and sells of its products. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. The main product of the Company is Passive Component and revenue is recognized based on the consideration stated in the contract. The remaining sales transactions are usually accompanied by volume discounts (based on the accumulated total sales amount for a specified period). Therefore, revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method. Revenue is only recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. During the period specified in the contract, refund liability is recognized for the products expected to be returned.

The credit period of the Company's sale of goods is from 30 to 150 days. For most of the contracts, when the Company transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The period between the time when the Company transfers the goods to customers and when the customers pay for that goods is usually short and have no significant financing component to the contract. In the case that the Company has the right to transfer the goods to customers but does not has a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets. Besides, in accordance with IFRS 9, the Company measures the loss allowance for a contract asset at an amount equal to the lifetime expected credit losses.

(16) Borrowing costs

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

(17) Post-employment benefits

All regular employees of the Company are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company. Therefore, fund assets are not included in the Company's parent-company-only financial statements.

For the defined contribution plan, the Company will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due. Overseas subsidiaries and branches make contribution to the plan based on the requirements of local regulations and the contribution is expensed as incurred.

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

(a) the date of the plan amendment or curtailment, and
(b) the date that the Company recognizes restructuring-related costs

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

(18) Income tax

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

Current income tax

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

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

Deferred income tax

Deferred income tax is a temporary difference between the tax bases of assets and liabilities and their carrying amounts in balance sheet at the reporting date.

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

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

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

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

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

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

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

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

## 5. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

### Estimates and assumptions

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

(a) Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including income approach (for example, the discounted cash flows model) or the market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

(b) Accounts receivables – estimation of impairment loss

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

(c) Post-employment benefits

The cost of post-employment benefit pension plan and the present value of the defined benefit obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions, including the change in the discount rate and expected salary level. The assumptions used for measuring pension cost and defined benefit obligation are disclosed in Note 6.

(d) Income tax

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

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

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1)Cash and cash equivalents

| | As at December 31, | |
|---|---|---|
| | 2022 | 2021 |
| Cash and petty cash | $585 | $574 |
| Checking accounts and demand deposits | 67,453 | 172,638 |
| Time deposit | 436,722 | 467,721 |
| Total | $504,760 | $640,933 |

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

| | As at December 31, | |
|---|---|---|
| | 2022 | 2021 |
| a. Mandatorily measured at fair value through profit or loss - current: | | |
| Non-derivative financial assets | | |
| Listed companies stocks | $9,522 | $9,522 |
| Fund | 41,020 | 46,020 |
| Subtotal | 50,542 | 55,542 |
| Valuation adjustments of financial assets as measured by fair value through profit or loss | (3,775) | 1,668 |
| Total | $46,767 | $57,210 |
| b. Mandatorily measured at fair value through profit or loss - non-current: | | |
| Non-derivative financial assets | | |
| Listed companies stocks | $5,949 | $5,949 |
| Valuation adjustments of financial assets as measured by fair value through profit or loss | 7,932 | 11,609 |
| Total | $13,881 | $17,558 |

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

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

| | As at December 31, | |
|---|---|---|
| | 2022 | 2021 |
| Equity instruments investments measured at fair value through other comprehensive income - current: | | |
| Listed companies stocks | $15,520 | $15,520 |
| Valuation adjustment of financial assets as measured by fair value through other comprehensive income or loss | 40,699 | 30,021 |
| Total | $56,219 | $45,541 |

| | As at December 31, | |
|---|---|---|
| | 2022 | 2021 |
| Equity instruments investments measured at fair value through other comprehensive income - non-current: | | |
| Listed companies stocks | $91,954 | $88,851 |
| Unlisted companies stocks | 51,886 | 51,913 |
| Subtotal | 143,840 | 140,764 |
| Valuation adjustment of financial assets as measured by fair value through other comprehensive income or loss | (38,035) | (9,900) |
| Total | $105,805 | $130,864 |

The Company's dividend income related to equity instrument investments measured at fair value through other comprehensive income for the year ended December 31, 2022 and 2021 were NT$7,140 thousand and NT$5,236 thousand, respectively.

Financial assets at fair value through other comprehensive income were not pledged.

(4)Financial assets measured at amortized cost

| | As at December 31, | |
|---|---|---|
| | 2022 | 2021 |
| Restricted deposits | $469,098 | $899,356 |
| Time deposits | 5,862 | 7,507 |
| Total | $474,960 | $906,863 |
| | | |
| Current | $474,960 | $906,863 |
| Non-current | - | - |
| Total | $474,960 | $906,863 |

The Company classified certain of its financial assets as financial assetes measured at amortized cost. Please refer to Note 8 for more details on financial assets measured at amortized cost under pledge.

(5)Notes receivable

| | As at December 31, | |
|---|---|---|
| | 2022 | 2021 |
| Notes receivable – from operations | $2,507 | $3,874 |
| Less: loss allowance | - | - |
| Net | $2,507 | $3,874 |

Notes receivable were not pledged.

The Company follows the requirement of IFRS 9 to assess impairment. Please refer to Note 6 (19) for more details on loss allowance and Note 12 for more details on credit risk management.

(6)Accounts receivable and accounts receivable - related parties, net

| | As at December 31, | |
|---|---|---|
| | 2022 | 2021 |
| Accounts receivable, gross | $134,868 | $149,605 |
| Less: loss allowance | (14,219) | (14,219) |
| Net of allowances | 120,649 | 135,386 |
| Accounts receivable - related parties, gross | 5,696 | 11,259 |
| Less: loss allowance | - | - |
| Net of allowances | 5,696 | 11,259 |
| Total accounts receivable, net | $126,345 | $146,645 |

Account receivables were not pledged.

Accounts receivable are generally on 30-150 day terms. The total carrying amount is NT$140,564 thousand and NT$160,864 thousand, as at December 31, 2022 and 2021, respectively. Please refer to Note 6 (19) for more details on loss allowance of accounts receivable for the year ended December 31, 2022 and 2021. Please refer to Note 12 for more details on credit risk management.

(7)Inventory

A.Details of inventory:

| | As at December 31, | |
|---|---|---|
| | 2022 | 2021 |
| Raw material | $46,538 | $38,073 |
| Work in process | 48,807 | 35,288 |
| Finished goods | 61,992 | 53,859 |
| Merchandises | 9,108 | 7,736 |
| Total | $166,445 | $134,956 |

B.For the year ended December 31, 2022 and 2021, the Company recognized NT$476,362 thousand and NT$482,137 thousand under the caption of costs of sale, respectively. The following items were also included in cost:

| | For the year ended December 31, | |
|---|---|---|
| | 2022 | 2021 |
| Loss from physical count | $7,856 | $8,319 |
| Loss from inventory write-off obsolescence | - | 3,767 |
| Unallocated fixed manufacturing overheads | 10,049 | 8,071 |
| Total | $17,905 | $20,157 |

C.The inventories were not pledged.

(8)Investments accounted for under the equity method

| | As at December 31, | | | |
|---|---|---|---|---|
| | 2022 | | 2021 | |
| Investee companies | Carrying amount | Percentage of ownership (%) | Carrying amount | Percentage of ownership (%) |
| Investments in subsidiaries: | | | | |
| King Core (B.V.I.) Electronics Co., Ltd. | $225,041 | 100.00% | $264,458 | 100.00% |
| Investments in associates: | | | | |
| Allied Biolotech Corp. | 258,283 | 18.85% | 239,112 | 18.85% |
| CSX Material Co., Ltd. | 33,545 | 28.39% | 22,004 | 26.47% |
| Total | $516,869 | | $525,574 | |

A.Investments in subsidiaries were present in the parent-company-only financial statements under the caption of investments accounted for under equity method.Valuation adjustment is made if deemed necessary.

B.Investments in associates

Information about affiliated companies that are material to the Company is as follows:

a.Business name : Allied Biolotech Corp.

b.Business location (Registered country) : Taiwan

c.Fair value of open market quotation measurement：

Allied Biolotech Corp. is a listed entity on the emerging market of Taipei Exchange. The fair value of the investment in Allied Biolotech Corp. was NT$252,213 thousand and NT$274,145 thousand, as at December 31 2022, and 2021, respectively.

d.Allied Biolotech Corp. transactd employees' compensation in September, 2021, the Company’s shareholding reduce capital from 18.89% to 18.85%, the company did not purchase the new share according to its ownership ratio recognized additional paid-in capital NT$187 thousand.

For the year ended December 31, 2021, Allied Biolotech Corp. exercised the right of attribution arises generated additional paid-in capital NT$22 thousand, according to the ownership ratio recognized additional paid-in capital NT$4 thousand.

For the year ended December 31, 2022, Allied Biolotech Corp. due to unrecipient dividend increase additional paid-in capital NT$315 thousand, according to the ownership ratio recognized additional paid-in capital NT$59 thousand.

As at August, 2022, Allied Biolotech Corp. transactd employees' compensation. The company shareholding percentage was still 18.85%, according to the ownership ratio recognized additional paid-in capital NT$23 thousand.

The Company accounts for its investment in Allied Biolotech Corp. as an associate given the fact that the Company obtained the ability to exercise significant influence over Allied Biolotech Corp. through representation on its Board of Directors.

e.Reconciliation of the associate's summarized financial information presented to the carrying amount of the Company interest in the associate：

| | As at December 31, | |
|---|---|---|
| | 2022 | 2021 |
| Current assets | $1,510,057 | $1,785,528 |
| Non-current assets | 654,757 | 655,862 |
| Current liabilities | (876,863) | (1,346,741) |
| Non-current liabilities | (104,339) | (13,139) |
| Equity | 1,183,612 | 1,081,510 |
| Percentage of ownership | 18.85% | 18.85% |
| Subtotal | 223,070 | 203,899 |
| Premium on acquisition | 35,213 | 35,213 |
| Carrying amount of investment | $258,283 | $239,112 |

| | For the year ended December 31, | |
|---|---|---|
| | 2022 | 2021 |
| Operating income | $669,229 | $676,757 |
| Profit or loss from continuing operations | 146,741 | 13,042 |
| Other comprehensive income | 2,216 | (3,991) |
| Total comprehensive income | 148,957 | 9,051 |

For the year ended December 31, 2022, due to surplus earnings distribution proposal, according to the ownership ratio reduced investments accounted for under the equity method NT$8,988 thousand.

Information about affiliated companies that are not material to the Company is as follows:

The Company purchased other shareholder shareholding percentage, increased investment capital NT$5,000, acquisition 500 thousand shares. Therefore, shareholding increase capital from 23.53% to 26.47%.

The Company involved CSX Material Co., Ltd. in cash capital increased, and the Company increased investment capital NT$24,350, acquisition 2,029 thousand shares. Therefore, shareholding increased capital from 26.47% to 28.39%, the Company did not purchase the new share according to its ownership ratio recognized additional paid-in capital NT$(2,934) thousand.

The aggregate carrying amounts of the Company's interests in CSX Material Co., Ltd. were NT$33,545 thousand and NT$22,004 thousand as at December 31, 2022 and 2021, respectively. The aggregate financial information of the Company's investments in associates is as follows:

| | For the year ended December 31, | |
|---|---|---|
| | 2022 | 2021 |
| Profit or loss from continuing operations | $(8,977) | $(4,397) |
| Other comprehensive income (after-tax) | (899) | 241 |
| Total comprehensive income | $(9,876) | $(4,156) |

C.The associates had no contingent liabilities or capital commitments and were not pledged as collateral as at December 31, 2022 and 2021, respectively.

(9)Property, plant and equipment

| | Land | Buildings | Machinery | Transportation | Office Equipment | Other Equipment | Construction in progress and equipment awaiting inspection | Total |
|---|---|---|---|---|---|---|---|---|
| Cost: | | | | | | | | |
| As at 1 Jan. 2022 | $144,000 | $68,425 | $176,049 | $4,060 | $917 | $69,710 | $16,757 | $479,918 |
| Additions | - | 1,830 | 10,736 | 7,900 | 315 | 3,261 | 9,201 | 33,243 |
| Disposals | - | (3,382) | (72,579) | (2,062) | (32) | (8,363) | - | (86,418) |
| Transfers | - | - | 19,140 | - | - | - | (19,140) | - |
| As at 31 Dec. 2022 | $144,000 | $66,873 | $133,346 | $9,898 | $1,200 | $64,608 | $6,818 | $426,743 |
| | | | | | | | | |
| As at 1 Jan. 2021 | $144,000 | $73,755 | $215,076 | $6,817 | $597 | $78,347 | $- | $518,592 |
| Additions | - | 365 | 9,484 | - | 464 | 6,885 | 33,007 | 50,205 |
| Disposals | - | (5,695) | (64,761) | (2,757) | (144) | (15,522) | - | (88,879) |
| Transfers | - | - | 16,250 | - | - | - | (16,250) | - |
| As at 31 Dec. 2021 | $144,000 | $68,425 | $176,049 | $4,060 | $917 | $69,710 | $16,757 | $479,918 |
| | | | | | | | | |
| Depreciation and impairment: | | | | | | | | |
| As at 1 Jan. 2022 | $- | $43,308 | $115,491 | $2,342 | $303 | $39,465 | $- | $200,909 |
| Depreciation | - | 3,560 | 21,895 | 1,267 | 289 | 6,152 | - | 33,163 |
| Disposals | - | (3,382) | (72,579) | (1,871) | (32) | (8,363) | - | (86,227) |
| Transfers | - | - | - | - | - | - | - | - |
| As at 31 Dec. 2022 | $- | $43,486 | $64,807 | $1,738 | $560 | $37,254 | $- | $147,845 |
| | | | | | | | | |
| As at 1 Jan. 2021 | $- | $45,000 | $157,301 | $4,251 | $279 | $49,175 | $- | $256,006 |
| Depreciation | - | 4,003 | 22,951 | 848 | 168 | 5,812 | - | 33,782 |
| Disposals | - | (5,695) | (64,761) | (2,757) | (144) | (15,522) | - | (88,879) |
| Transfers | - | - | - | - | - | - | - | - |
| As at 31 Dec. 2022 | $- | $43,308 | $115,491 | $2,342 | $303 | $39,465 | $- | $200,909 |
| | | | | | | | | |
| Net carrying amount: | | | | | | | | |
| As at 12/31/2022 | $144,000 | $23,387 | $68,539 | $8,160 | $640 | $27,354 | $6,818 | $278,898 |
| As at 12/31/2021 | $144,000 | $25,117 | $60,558 | $1,718 | $614 | $30,245 | $16,757 | $279,009 |

Significant components of buildings that have different useful lives are main building structure and the facilities which are depreciated 20 years and 3 to 10 years, respectively.

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

(10) Intangible assets

| | Computer software |
|---|---|
| Cost: | |
| As at January 1, 2022 | $47 |
| Additions – acquired separately | 454 |
| Write-off | (97) |
| As at December 31, 2022 | $404 |
| | |
| As at January 1, 2021 | $- |
| Additions – acquired separately | 97 |
| Write-off | (50) |
| As at December 31, 2021 | $47 |
| | |
| Amortization and Impairment: | |
| As at January 1, 2022 | $4 |
| Amortization | 292 |
| Write-off | (97) |
| As at December 31, 2022 | $199 |
| | |
| As at January 1, 2021 | $- |
| Amortization | 54 |
| Write-off | (50) |
| As at December 31, 2021 | $4 |
| | |
| Carrying amount, net: | |
| As at December 31, 2022 | $205 |
| As at December 31, 2021 | $43 |

Amortization expense of intangible assets were as follows:

| | For the year ended December 31, | |
|---|---|---|
| | 2022 | 2021 |
| Manufacturing expense | $48 | $4 |
| Administrative expense | 244 | 50 |
| Total | $292 | $54 |

(11) Other non-current assets

| | As at December 31, | |
|---|---|---|
| | 2022 | 2021 |
| Prepayment for equipment | $10,640 | $- |

(12) Short-term loans

| | | As at December 31, | |
|---|---|---|---|
| | Interest interval(%) | 2022 | 2021 |
| Secured bank loans | 0.34%~1.51% | $582,000 | $1,024,000 |
| Unsecured bank loans | 0.52%~0.80% | - | 295,000 |
| Total | | $582,000 | $1,319,000 |

The Company’s unused short-term lines of credits amount to NT$188,000 thousand and NT$265,000 thousand as at 31 December 2022, and 2021, respectively.

Please refer to Note 8 for more details on property, plant and equipment and financial assets measured at amortized cost pledged as secured bank loans.

(13) Financial Liabilities at Fair Value Through Profit or Loss

| | As at December 31, | |
|---|---|---|
| | 2022 | 2021 |
| Held for trading-current： | | |
| Foreign Exchange Swaps | $- | $- |
| Foreign Currency Option | 1,051 | 398 |
| Adjustments for change in value of financial liabilities | (618) | (228) |
| Total | $433 | $170 |

(14) Other payable

| | As at December 31, | |
|---|---|---|
| | 2022 | 2021 |
| Accrued expense | $52,709 | $44,029 |
| Accrued interest payable | 138 | 387 |
| Total | $52,847 | $44,416 |

(15) Other non-current liabilities

| | As at December 31, | |
|---|---|---|
| | 2022 | 2021 |
| Defined benefit liability | $10,613 | $15,718 |
| Deposits received | 12 | 12 |
| Total | $10,625 | $15,730 |

(16) Post-employment benefits

Defined contribution plan

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

Expenses under the defined contribution plan for the years ended December 31, 2022 and 2021 were NT$5,640 thousand and NT$5,880 thousand, respectively.

Defined benefits plan

The Company adopts a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company contributes an amount equivalent to 2% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. If the amount is inadequate to pay pensions calculated for workers retiring in the same year, the Company will make up the difference in one appropriation before the end of March the following year.

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under mandate, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Company expects to contribute NT$2,445 thousand to its defined benefit plan during the 12 months beginning after December 31, 2022.

As at December 31, 2022 and 2021, the maturities of the Company's defined benefit plan are in 2029.

Pension costs recognized in profit or loss are as follows:

| | For the year ended December 31, | |
|---|---|---|
| | 2022 | 2021 |
| Current period service costs | $294 | $346 |
| Net interest of defined benefit liability (asset) | 109 | 63 |
| Total | $403 | $409 |

Reconciliation of liability (asset) of the defined benefit plan is as follows:

| | As at | | |
|---|---|---|---|
| | Dec. 31, 2022 | Dec. 31, 2021 | Jan. 1, 2021 |
| Defined benefit obligation | $52,096 | $52,213 | $52,815 |
| Plan assets at fair value | (41,483) | (36,495) | (33,028) |
| Other non-current liabilities – net defined benefit liability | $10,613 | $15,718 | $19,787 |

Reconciliation of liability (asset) of the defined benefit liability is as follows:

| | Present value of defined benefit obligation | Fair value of plan assets | Net defined benefit liability(asset) |
|---|---|---|---|
| As at January 1, 2021 | $52,815 | $(33,028) | $19,787 |
| Current service cost | 346 | - | 346 |
| Interest expense (income) | 169 | (106) | 63 |
| Past service cost and settlement | - | - | - |
| Total | 515 | (106) | 409 |
| Re-measurement on defined benefit liability/assets: | | | |
| Actuarial gains and losses arising from changes in demographic assumptions | 226 | - | 226 |
| Actuarial gain/loss due to change in financial assumptions | (1,764) | - | (1,764) |
| Experience adjustments | 421 | - | 421 |
| Re-measurement on defined benefit assets | - | (460) | (460) |
| Total | (1,117) | (460) | (1,577) |
| Payments from the plan | - | - | - |
| Contributions by employer | - | (2,901) | (2,901) |
| Effect of exchange rate | - | - | - |
| As at December 31, 2021 | 52,213 | (36,495) | 15,718 |
| Current service cost | 294 | - | 294 |

| | Present value of defined benefit obligation | Fair value of plan assets | Net defined benefit liability(asset) |
|---|---|---|---|
| Interest expense (income) | 361 | (252) | 109 |
| Pasts service cost and settlement | - | - | - |
| Total | 655 | (252) | 403 |
| Re-measurement of the net defined benefit liability (asset): | | | |
| Actuarial gains and losses arising from changes in demographic assumptions | 290 | - | 290 |
| Actuarial gains and losses arising from changes in financial assumptions | (202) | - | (202) |
| Experience adjustments | (481) | - | (481) |
| Re-measurement on defined benefit assets | - | (2,669) | (2,669) |
| Total | (393) | (2,669) | (3,062) |
| Payments from the plan | (379) | 379 | - |
| Contributions by employer | - | (2,446) | (2,446) |
| Effect of exchange rate | - | - | - |
| As at December 31, 2022 | $52,096 | $(41,483) | $10,613 |

The following assumptions are used to determine the present value of the defined benefit plan:

| | As at December 31, | |
|---|---|---|
| | 2022 | 2021 |
| Discount rate | 1.23% | 0.69% |
| Expected rate of salary increases | 2.00% | 1.50% |

Sensitivity analysis

| | For the year ended December 31, | | | |
|---|---|---|---|---|
| | 2022 | | 2021 | |
| | Increase in defined benefit | Decrease in defined benefit | Increase in defined benefit | Decrease in defined benefit |
| Discount rate increased by 0.5% | $- | $(1,692) | $- | $(1,958) |
| Discount rate decreased by 0.5% | 2,095 | - | 2,421 | - |
| Expected salary level increased by 0.5% | 2,068 | - | 2,389 | - |
| Expected salary level decreased by 0.5% | - | (1,690) | - | (1,905) |

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

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

(17) Equity

A. Common stock

As at December 31, 2022 and 2021, the Company’s authorized capital were both NT$1,000,000 thousand, each share at par of NT$10.The Company’s paid-in capital were NT$871,477 thousand and NT$869,204 thousand, respevtively, divided into 87,148 thousand shares and 86,920 thousand shares, respectively.

On February 19, 2021 the company was resolved by the board of directors issued NT$1,990 thousand (77,735 shares) by stock to the employee remuneration in 2020, and the capital increase was based on September 17 at the same year. After the capital increase, the rated share capital is NT$ 1,000,000 thousand, and the issued share capital is NT$ 869,204 thousand, with a par value of NT$10 per share, divided into 86,920 thousand shares.

On February 21, 2022 the company was resolved by the board of directors issued NT$5,388 thousand(277,330 shares) by stock to the employee remuneration in 2021, and the capital increase was based on June 29 at the same year. After the capital increase, the rated share capital is NT$ 1,000,000 thousand, and the issued share capital is NT$ 871,477 thousand, with a par value of NT$10 per share, divided into 87,148 thousand shares.

B. Capital surplus

| | As at December 31, | |
|---|---|---|
| | 2022 | 2021 |
| Additional paid-in capital | $72,613 | $69,498 |
| Conversion premium of convertible corporate bonds | 128,041 | 128,041 |
| Changes in equity of investment accounted for using the equity method | - | 618 |
| Total | $200,654 | $198,157 |

According to Taiwan Company Act, the capital surplus shall not be used except for making good the deficit of the Company. When a company incurs no loss, it may distribute the capital surplus related to the income derived from the issuance of new shares at a premium or income from endowments received by the company up to a certain percentage of paid-in capital. The said capital surplus could be distributed in cash to its shareholders in proportion to the number of shares being held by each of them.

C. Appropriation of earnings and dividend policies

(a) Earning distribution

According to the Company's Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:

a. Payment of all taxes and dues;
b. Offset prior years' operation losses;
c. Set aside 10% of the remaining amount as legal reserve. There is no requirement to further make such reserve when legal reserve reaches the capital amount.
d. Set aside or reverse special reserve in accordance with law and regulations; and
e. The adjustment amount of prior period's undistributed earnings and current period's undistributed earnings, shall be proposed by the Board of Directors to allocate 10% to 100%;
f. Recommended by the Board of Directors and resolved in the shareholders' meeting, then distribute the dividends to shareholders.

(b) Dividend policies

The Company is in an industry with versatile environment. For long-term finance planning requirements and to meet the shareholders' demand for cash, the Company's dividend policy aims for steadiness and balancing. Cash dividends distributed each year cannot be less than 10% of the gross amount of dividends.

(c) Legal reserve

According to the Company Act, legal reserve shall be set aside until such amount equal total authorized capital. Legal reserve can be used to offset deficits. When the Company incurs no loss, it may distribute the portion of legal serve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

(d) Special reserve

When the Company distributing distributable earnings, it shall set aside to special reserve, an amount equal to "other net deductions from shareholders" equity for the current fiscal year, provided that if the Company has already set aside special reserve according to the requirements for the adoption of IFRS, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed from the special reserve.

The FSC issued Order No. Financial-Supervisory-Securities-Corporate-1090150022 on March 31, 2021, which sets out the following provisions for compliance:

On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside special reserve. For any subsequent use, disposal or reclassification of related assets, the company can reverse the special reserve by proportion and transfer to retained earnings.

As at December 31, 2022 and 2021, the Company increase NT$6,584 thousand special reserve upon the first-time adoption of T-IFRS.

(e) The appropriations of earnings for the Years 2022 and 2021 were approved through the Board of Directors' meetings and shareholders' meeting held on February 20, 2023 and May 26, 2022, respectively. The details of the distribution are as follows:

| | Appropriation of earnings | | Dividend per share (in NT$) | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| Legal reserve | $19,205 | $8,251 | | |
| Special reserve | 9,252 | - | | |
| Cash dividend | 130,722 | 73,883 | $1.5 | $0.85 |
| Total | $159,179 | $82,134 | | |

Please refer to Note 6(21) for details on employees' compensation and remuneration to directors.

(18) Operating revenue

| | For the year ended December 31, | |
|---|---|---|
| | 2022 | 2021 |
| Revenue from customer contracts | | |
| Sales of goods | $656,496 | $642,179 |

Analysis of revenue from contracts with customers for the year ended December 31, 2022 and 2021 are as follows:

A. Disaggregation of revenue

| | For the year ended December 31, | |
|---|---|---|
| | 2022 | 2021 |
| | Passive Component | Passive Component |
| Sales of goods | $656,496 | $642,179 |
| The timing for revenue recognition: | | |
| At a point in time | $656,496 | $642,179 |

B. Contract balances

(a) Contract liabilities – current

| | As at, | |
|---|---|---|
| | Dec. 31, 2022 | Dec. 31, 2021 |
| Sales of goods | $185 | $245 |

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

| | For the year ended December 31, | |
|---|---|---|
| | 2022 | 2021 |
| The opening balance transferred to revenue | $(245) | $(54) |
| Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period) | 185 | 245 |

(19) Expected credit losses (gains)

| | For the year ended December 31, | |
|---|---|---|
| | 2022 | 2021 |
| Operating expenses – Expected credit losses / (gains) | | |
| Accounts receivable | $- | $- |

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

The Company measures the loss allowance of its trade receivables (including notes receivable and Accounts receivable) at an amount equal to lifetime expected credit losses. The assessment of the Company's loss allowance as at 31 December 2022 and 2021 are as follows:

A. The Company considers the grouping of trade receivables by counterparties' credit rating, by geographical region and by industry sector and its loss allowance is measured by using a provision matrix. Details are as follow:

| As at 12/31/2022 | Not past due | Overdue | | | | | |
|---|---|---|---|---|---|---|---|
| | (Note) | <=30 days | 31-60 days | 61-90 days | 91-120 days | >=121days | Total |
| Gross carrying amount | $125,442 | $3,056 | $1,348 | $36 | $- | $13,189 | $143,071 |
| Loss ratio | -% | -% | 74% | 100% | -% | 100% | |
| Lifetime expected credit losses | - | - | (994) | (36) | - | (13,189) | (14,219) |
| Carrying amount of accounts receivable | $125,442 | $3,056 | $354 | $- | $- | $- | $128,852 |

| As at 12/31/2021 | Not past due | Overdue | | | | | |
|---|---|---|---|---|---|---|---|
| | (Note) | <=30 days | 31-60 days | 61-90 days | 91-120 days | >=121days | Total |
| Gross carrying amount | $148,354 | $2,466 | $541 | $114 | $38 | $13,225 | $164,738 |
| Loss ratio | -% | 12% | 100% | 100% | 100% | 100% | |
| Lifetime expected credit losses | - | (301) | (541) | (114) | (38) | (13,225) | (14,219) |
| Carrying amount of accounts receivable | $148,354 | $2,165 | $- | $- | $- | $- | $150,519 |

Note: The Company's Notes receivable are not overdue.

B. The movement in the provision for impairment of notes receivable, and accounts receivable during the years ended December 31, 2022 and 2021 are as follows:

| | Notes receivable | Accounts receivable |
|---|---|---|
| Beginning balance as at January 1, 2022 | $- | $14,219 |
| Addition/(reversal) for the current period | - | - |
| Ending balance as at December 31, 2022 | $- | $14,219 |
| | | |
| Beginning balance As at January 1, 2021 | $- | $14,219 |
| Addition/(reversal) for the current period | - | - |
| Ending balance As at December 31, 2021 | $- | $14,219 |

(20) Leases

A. Company as a lessee

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

(a) Income and costs relating to leasing activities

| | For the year ended December 31, | |
|---|---|---|
| | 2022 | 2021 |
| The expense relating to short-term leases (rent expenses) | $503 | $596 |
| The expense relating to leases of low-value assets (not included the expense relating to short-term leases of low-value assets) | 2 | 2 |

(b) Cash outflow relating to leasing activities

During the year ended December 31, 2022 and 2021, the Company's total cash outflow for leases amounting to NT$505 thousand and NT$598 thousand, respectively.

(21) Summary statement of employee benefits, depreciation and amortization by function is as follows:

| Function / Nature | 2022 | | | 2021 | | |
|---|---|---|---|---|---|---|
| | Cost of goods sold | Operating expense | Total | Cost of goods sold | Operating expense | Total |
| Employee benefit | | | | | | |
| Salaries & wages | $93,079 | $44,185 | $137,264 | $96,408 | $38,097 | $134,505 |
| Labor and health insurance | 10,644 | 3,212 | 13,856 | 11,100 | 3,202 | 14,302 |
| Pension | 4,595 | 1,448 | 6,043 | 4,813 | 1,476 | 6,289 |
| Directors' remuneration | - | 3,989 | 3,989 | - | 1,973 | 1,973 |
| Other employee benefit | 4,338 | 753 | 5,091 | 4,586 | 696 | 5,282 |
| Depreciation | 23,778 | 9,385 | 33,163 | 24,741 | 9,041 | 33,782 |
| Amortization | 48 | 244 | 292 | 4 | 50 | 54 |

Note 1 :The headcounts of the Company amounted to 249 and 262, respectively, as at December 31, 2022 and 2021. Among the Company's directors, there were both 9 who were not the employees.

Note 2：Companies who have been listed on Taiwan Stock Exchange or Taipei Exchange should disclose the following information:

(1) Average employee benefits of 2022 and 2021 are NT$676 thousand and NT$632 thousand, respectively.
(2) Average salaries of 2022 and 2021 are NT$572 thousand and NT$530 thousand, respectively.
(3) Change in average salaries are 8%
(4) In accordance with the regulations, the Company has established an audit committee to replace the supervisor, so the supervisor's remuneration has not been recognized.

(5) The salary and remuneration policy of the Company:

Employee remuneration is based on individual position, company operating performance and same market salary level, also depand on operating results and individual contribution. According to internal operating regulations, the assessment is carried out twice a year, In addition to the basic salaries, employees' annual salaries are also adjusted based on the Company's performance to motivate and retain outstanding employees. In accordance with the regulations, the compensation committee will make recommendations on directors' remuneration and the salaries of managers, then submit to the Board of Directors for approval.

According to the resolution, 5%-10% of profit of the current year is distributable as employees' compensation and no higher than 2% of profit of the current year is distributable as remuneration to directors and supervisors. However, the Company's accumulated losses shall have been covered.

The Articles of Association of the Company stipulate that if the Company makes profits in the current year, it shall set aside 5-10% as employees' compensation and no more than 2% as the remuneration for directors. However, if the Company has accumulated losses, it shall reserve the amount to make up for them firstly. The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition thereto a report of such distribution is submitted to the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

Based on profit, the Company estimated the amounts of the employees' compensation and remuneration to directors for the year ended December 31, 2022 amounted to NT$12,455 thousand and NT$3,737 thousand, respectively. The employees' compensation and remuneration to directors for the year ended December 31, 2021 amounted to NT$5,388 thousand and NT$1,616 thousand, respectively, recognized as employee benefits expense.

The Company's Board of Directors has determined the employees' compensation in stock, to be NT$12,455 thousand and directors' remuneration in cash, to be NT$3,737 thousand, respectively, in a meeting held on February 20, 2023.

The Company's Board of Directors' meeting has determined the employees' compensation in stocks the amount of NT$5,388 thousand, in a meeting held on February 21, 2022. If the board of directors resolved to distribute employees' compensation in the form of stocks, then the number of stocks distributed as employees' compensation was calculated based on the closing price one day earlier than the date of resolution. The directors' remuneration cash the amount of NT$1,616 thousand. No material differences exist between the estimated amount and the actual distribution of the employee compensation and remuneration to directors for the year ended December 31, 2021.

(22) Non-operating incomes and expenses

A. Interest incomes

| | For the year ended December 31, | |
|---|---|---|
| | 2022 | 2021 |
| Financial assets measured at amortized cost | $13,726 | $4,398 |

B. Other incomes

| | For the year ended December 31, | |
|---|---|---|
| | 2022 | 2021 |
| Dividend income | $8,780 | $6,657 |
| Other income – others | 9,872 | 9,569 |
| Total | $18,652 | $16,226 |

C. Other gains and losses

| | For the year ended December 31, | |
|---|---|---|
| | 2022 | 2021 |
| Gains (losses) on disposal of investments | $(688) | $4,400 |
| Foreign exchange gain (loss), net | 131,503 | (55,051) |
| Gains (losses) on financial assets at fair value through profit or loss | (9,120) | (640) |
| Gains (losses) on financial liabilities at fair value through profit or loss | 390 | 3,626 |
| Gains (losses) from disposal of property, plant and equipment | 543 | - |
| Total | $122,628 | $(47,665) |

D. Finance costs

| | For the year ended December 31, | |
|---|---|---|
| | 2022 | 2021 |
| Interests on bank loans | $7,684 | $7,882 |

(23) Components of other comprehensive income (OCI)

For the year ended December 31, 2022

| | Arising during the period | Reclassification during the period | Subtotal | Income tax benefit (expense) | OCI, Net of tax |
|---|---|---|---|---|---|
| Not reclassified to profit or loss: | | | | | |
| Actuarial gains or losses on defined benefits plan | $3,062 | $- | $3,062 | $- | $3,062 |
| Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income | (17,457) | - | (17,457) | - | (17,457) |
| Actuarial gains or losses on defined benefits plan of subsidiaries, associates and joint ventures | 607 | - | 607 | - | 607 |
| Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income of subsidiaries, associates and joint ventures | (352) | - | (352) | - | (352) |

| | Arising during the period | Reclassification during the period | Subtotal | Income tax benefit (expense) | OCI, Net of tax |
|---|---|---|---|---|---|
| Items that may subsequently be reclassified to profit or loss in subsequent period: | | | | | |
| Exchange differences on translation of foreign operations for subsidiaries, associates, and joint ventures | 6,869 | - | 6,869 | - | 6,869 |
| Total OCI | $(7,271) | $- | $(7,271) | $- | $(7,271) |

For the year ended December 31, 2021

| | Arising during the period | Reclassification during the period | Subtotal | Income tax benefit (expense) | OCI, Net of tax |
|---|---|---|---|---|---|
| To be reclassified to profit or loss: | | | | | |
| Actuarial gains or losses on defined benefits plan | $1,577 | $- | $1,577 | $- | $1,577 |
| Unrealized gain (losses) from equity instruments investments measured at fair value through other comprehensive income | (11,293) | - | (11,293) | - | (11,293) |
| Remeasurements of the defined benefit plan for subsidiaries, associates and joint ventures | 132 | - | 132 | - | 132 |
| Unrealized gain (losses) | (607) | - | (607) | - | (607) |

| | Arising during the period | Reclassification during the period | Subtotal | Income tax benefit (expense) | OCI, Net of tax |
|---|---|---|---|---|---|
| from equity instruments investments measured at fair value through other comprehensive income for subsidiaries, associates, and joint ventures | | | | | |
| Items that may subsequently be reclassified to profit or loss in subsequent period: | | | | | |
| Exchange differences on translation of foreign operations for subsidiaries, associates, and joint ventures | (952) | - | (952) | - | (952) |
| Total OCI | $(11,143) | $- | $(11,143) | $- | $(11,143) |

(24) Income tax

A. The major components of income tax expense (income) are as follows:

Income tax expense (benefit) recognized in profit or loss

| | For the year ended December 31, | |
|---|---|---|
| | 2022 | 2021 |
| Current income tax expense (benefit): | | |
| Current income tax expense | $43,391 | $8,303 |
| Adjustments in respect of current income tax of prior periods | 3,114 | 1,500 |
| Deferred tax expense (benefit): | | |
| Deferred tax expense (benefit) relating to origination and reversal of temporary differences | (339) | 10,150 |
| Tax expense (income) recognized in the period for previously unrecognized tax loss, tax credit or temporary difference of prior periods | (3,868) | - |
| Total income tax expense | $42,298 | $19,953 |

B. A reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates is as follows:

| | For the year ended December 31, | |
|---|---|---|
| | 2022 | 2021 |
| Accounting profit before tax from continuing operations | $232,914 | $100,751 |
| | | |
| Tax payable at the enacted tax rates | $46,583 | $20,150 |
| Tax effect of revenue tax-exempted | (3,531) | (1,697) |
| Adjustments in respect of current income tax of prior periods | 3,114 | 1,500 |
| Adjustments in respect of deferred tax of prior periods | (3,868) | - |
| Total income tax recognized in profit or loss | $42,298 | $19,953 |

C. Deferred tax assets (liabilities) relate to the following:

For the year ended December 31, 2022

| | Beginning balance as at January 1, 2022 | Deferred tax income (expense) recognized in profit or loss | Ending balance as at December 31, 2022 |
|---|---|---|---|
| Temporary differences | | | |
| Unrealized loss on inventory valuation | $4,328 | $- | $4,328 |
| Bad debt expenses | 2,514 | 44 | 2,558 |
| Unrealized profits and losses | 44 | 98 | 142 |
| Outward processing | 180 | 314 | 494 |
| Past due payables transfer revenue | 1 | - | 1 |
| Pay in unused vacation payroll | 935 | - | 935 |
| Investment income | (21,611) | 13,175 | (8,436) |
| Unrealized exchange loss (gain) | 9,005 | (9,345) | (340) |
| Unrealized gain or loss on financial assets | (45) | (79) | (124) |
| Deferred tax income/ (expense) | | $4,207 | |
| Net deferred tax assets/(liabilities) | $(4,649) | | $(442) |
| | | | |
| Reflected in balance sheet as follows: | | | |
| Deferred tax assets | $17,007 | | $8,458 |
| Deferred tax liabilities | $(21,656) | | $(8,900) |

For the year ended December 31, 2021

| | Beginning balance as at January 1, 2022 | Deferred tax income (expense) recognized in profit or loss | Ending balance as at December 31, 2022 |
|---|---|---|---|
| Temporary differences | | | |
| Unrealized loss on inventory valuation | $4,328 | $- | $4,328 |
| Bad debt expenses | 2,553 | (39) | 2,514 |
| Unrealized profits and losses | 23 | 21 | 44 |
| Outward processing | 118 | 62 | 180 |
| Past due payables transfer revenue | 1 | - | 1 |
| Pay in unused vacation payroll | 1,014 | (79) | 935 |
| Investment income | (8,029) | (13,582) | (21,611) |
| Unrealized exchange loss (gain) | 4,813 | 4,192 | 9,005 |
| Unrealized gain or loss on financial assets | 680 | (725) | (45) |
| Deferred tax income/ (expense) | | $(10,150) | |
| Net deferred tax assets/(liabilities) | $5,501 | | $(4,649) |
| Reflected in balance sheet as follows: | | | |
| Deferred tax assets | $13,530 | | $17,007 |
| Deferred tax liabilities | $(8,029) | | $(21,656) |

D. Unrecognized deferred tax assets

As of December 31, 2022 and 2021, deferred tax assets that have not been recognized were both of NT$0.

E. The approval of income tax returns

As at 31 December 2022, the Company's income tax return is approved until 2020.

(25) Earnings per share

Basic earnings per share is calculated by dividing net profit for the year attributable to the common shareholders of the parent entity by the weighted average number of common shares outstanding during the year.

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

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

A. Basic earnings per share

| | For the year ended December 31, | |
|---|---|---|
| | 2022 | 2021 |
| Net income available to common shareholders of the parent | $190,616 | $80,798 |
| Weighted average number of common shares outstanding (in thousand shares) | 87,116 | 86,910 |
| Basic earnings per share (in NT$) | $2.19 | $0.93 |

B. Diluted earnings per share

| | For the year ended December 31, | |
|---|---|---|
| | 2022 | 2021 |
| Net income available to common shareholders of the parent | $190,616 | $80,798 |
| Net income available to common shareholders of the parent after dilution | $190,616 | $80,798 |
| Weighted average number of common shares outstanding (in thousand shares) | 87,116 | 86,910 |
| Effect of dilution: | | |
| Employee bonus (compensation) – stock (in thousand shares) | 543 | 229 |
| Weighted average number of common shares outstanding after dilution (in thousand shares) | 87,659 | 87,139 |
| Diluted earnings per share (in NT$) | $2.17 | $0.93 |

There have been no other transations involving common shares or potential common shares between the reporting date and the date the finincial statements were authorized for issue.

## 7. RELATED PARTY TRANSACTIONS

(1)Deal with related parties As at the end of the reporting period

Related parties and Relationship

| Related parties | Relationship |
|---|---|
| King Core (B.V.I) Electronics Co., Ltd. | Subsidiary |
| King Core Electronics (Suzhou) Co., Ltd | Subsidiary |
| Shenzhen Zhen King Electronics Components Co.,Ltd. | Subsidiary |

(2)Significant transactions with related parties

A.Sales

| | For the year ended December 31, | |
|---|---|---|
| | 2022 | 2021 |
| King Core (B.V.I) Electronics Co., Ltd. | $- | $54,389 |
| King Core Electronics (Suzhou) Co., Ltd | 42,291 | - |
| Shenzhen Zhen King Electronics Components Co.,Ltd. | 70,211 | 85,473 |
| Total | $112,502 | $139,862 |

Selling prices to subsidiaries are similar to those to other customers for the year ended December 31, 2022 and 2021;the selling prices of work in process to subsidiary cannot be compared because they are not sold to other customers with same products.

The collection terms for subsidiaries were offset the credit-debt and 90 days after monthly closing while 30 to 150 days after monthly closing for other customers.

B.Accounts receivable - related parties

| | As at December 31, | |
|---|---|---|
| | 2022 | 2021 |
| King Core (B.V.I) Electronics Co., Ltd. | $- | $2,442 |
| Shenzhen Zhen King Electronics Components Co.,Ltd. | 5,696 | 8,817 |
| Less: loss allowance | - | - |
| Net | $5,696 | $11,259 |

C.Accounts payable - related parties

| | As at December 31, | |
|---|---|---|
| | 2022 | 2021 |
| King Core Electronics (Suzhou) Co., Ltd | $22,627 | $- |

D.The Company recognized conversion expenses amounting to NT$0 and NT$36,689 thousand, respectively, for the year ended December 31, 2022 and 2021, due to delegating its subsidiaries for conversion.The payment was based on the amount agreed by both parties.

E.The Company recognized conversion expenses amounting to NT$39,811 thousand and NT$0, respectively, for the year ended December 31, 2022 and 2021, due to delegating its third-tier subsidiary for conversion. The payment was based on the amount agreed by both parties.

F.The Company charged its subsidiaries for providing service support in amount of NT$2,523 thousand, recorded under the management service incomes, for the year ended December 31, 2021.

G.The Company charged its third-tier subsidiaries for providing service support in amount of NT$2,663 thousand, recorded under the management service incomes, for the year ended December 31, 2022.

H.Salaries and rewards to key management of the Company

| | For the year ended December 31, | |
|---|---|---|
| | 2022 | 2021 |
| Short-term employee benefits | $13,961 | $14,587 |
| Post-employee benefits | 548 | 635 |
| Total | $14,509 | $15,222 |

8. PLEDGED ASSETS

| Items | Carrying amount as at December 31, 2022 | 2021 | Secured liabilities |
|---|---|---|---|
| Property, plant and equipment - land (cost) | $144,000 | $144,000 | Short-term secured loans |
| Property, plant and equipment - bulidings (carrying amount) | 23,387 | 25,117 | Short-term secured loans |
| Financial assets measured at amortized cost | 469,098 | 899,356 | Short-term secured loans |
| Total | $636,485 | $1,068,473 | |

9. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACT COMMITMENTS

As at December 31, 2022, the Company issued NT$500 thousand guaranteed bill for the duty and commodity tax bookkeeping guarantee, which is not included in the financial statements due to the nature of contingent liabilities.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT SUBSEQUENT EVENT

Considering the changes of the global market, stable supply, and increased magnets production capacity, the Company planned to expand the plant and production line of magetic material powder in Pingzhen district, Taoyuan city in 2023. It is expected to have a capital expenditure of approximately NT$250 million.

## 12. OTHERS

(1) Categories of financial instruments

Financial assets

| | As at December 31, | |
|---|---|---|
| | 2022 | 2021 |
| Financial assets at fair value through profit or loss: | | |
| Mandatorily measured at fair value through profit or loss | $60,648 | $74,768 |
| Financial assets at fair value through other comprehensive income | 162,024 | 176,405 |
| Financial assets measured at amortized cost (Note) | 1,110,581 | 1,710,737 |
| Total | $1,333,253 | $1,961,910 |

Financial liabilities

| | As at December 31, | |
|---|---|---|
| | 2022 | 2021 |
| Financial liabilities measured at amortized cost: | | |
| Short-term loans | $582,000 | $1,319,000 |
| Payables | 145,456 | 134,613 |
| Financial liabilities at fair value through profit or loss: | | |
| Financial liability held for trading | 433 | 170 |
| Total | $727,889 | $1,453,783 |

Note:Including cash and cash equivalents, fnancial assets measured at amortized cost, notes receivable, accounts receivable (included related parties) and other receivables.

(2) Financial risk management objectives and policies

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

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

(3) Market risk

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

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

Foreign currency risk

The Company's exposure to foreign currency risk relates primarily to the Company's operating activities (when revenue or expense are denominated in a different currency from the Company's functional currency) and the Company's net investments in foreign operations.

The Company has certain foreign currency receivables to be denominated in the same foreign currency as certain foreign currency payables, therefore natural hedge is achieved. Therefore, hedge accounting is not adopted.Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Company.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Company's profit/loss and equity is performed on significant monetary items denominated in foreign currencies As at the reporting period-end. The Company's foreign currency risk is mainly related to volatility in the exchange rates of US dollars. It is stated as follows:

If NT dollars appreciates/depreciates against US dollars by 1%, the net income (loss) for the years ended December 31, 2022 and 2021 would decrease/increase by NT$7,469 thousand and NT$14,465 thousand, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk relates primarily to the Company's investments with variable interest rates and loans with fixed and variable interest rates, which are all categorized as loans and receivables.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period and presumed to be held for one accounting year, including investments and bank borrowing with variable interest rates. If interest rate increases/decreases by 1%, the net income (loss) for the years ended December 31, 2022 and 2021 would increase/decrease by NT$424 thousand and NT$1,587 thousand, respectively.

Equity price risk

The fair value of the Company's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company's listed and unlisted equity securities are classified under financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income.The Company manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity porfolio are submitted to the Company's senior management on a regular basis.The Company's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, a change of 1% in the price of the listed equity stocks classified as equity instruments investments measured at fair value mandatorily through profit and loss could have an impact of NT$334 thousand and NT$337 thousand on the equity attributable to the Company for the year ended December 31, 2022 and 2021, respectively.

At the reporting date, a change of 1% in the price of the listed companies stocks classified as equity instruments investments measured at fair value through other comprehensive income could have an impact of NT$1,558 thousand and NT$1,684 thousand on the equity attributable to the Company for the year ended December 31, 2022 and 2021, respectively.

(4) Credit risk management

Credit risk is the risk that counterparty will not meet its obligations under a contract and result in a financial loss. The Company is exposed to credit risk from operating activities (primarily for accounts and notes receivable) and financing activities (primarily for bank deposits and other financial instruments).

Customer credit risk is managed by each business unit subject to the Company’s established policy, procedures and control relating to customer credit risk management. Credit risk of all customers are assessed based on a comprehensive review of the customers’ financial status, credit ratings from credit institutions, past transactions, current economic conditions and the Company’s internal credit ratings. The Company also employs some credit enhancement instruments (e.g. prepayment or insurance) to reduce certain customers’ credit risk.

As at December 31, 2022 and 2021, receivables from the top ten customers were accounted for 66% and 60% of the Company’s total accounts receivable, respectively. The concentration of credit risk is relatively not significant for the other remaining receivables.

Credit risk from balances with banks, fixed-income securities and other financial instruments is managed by the Company’s finance division in accordance with the Company’s policy. The counterparties that the Company transacts with are determined by internal control procedures. They are banks with fine credit ratings and financial institutions, corporate and government agencies with investment-grade credit ratings. Consequently, there is no significant credit risk for these counter parties.

The Company adopted IFRS 9 to assess the expected credit losses. Except for trade receivables, the remaining debt instrument investments which are not measured at fair value through profit or loss, low credit risk for these investments is a prerequisite upon acquisition and by using their credit risk as a basis for the distinction of categories.

Financial assets are written off when there is no realistic prospect of future recovery (the issuer or the debtor is in financial difficulties or bankruptcy).

(5) Liquidity risk management

The Company maintains financial flexibility through the use of cash and cash equivalents, highly-liquid marketable securities, bank loans, etc. The table below summarizes the maturity profile of the Company's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted interest payment relating to borrowings with variable interest rates is extrapolated based on the estimated yield curve As at the end of the reporting period.

Non-derivative financial instruments

| | Less than 1 year |
|---|---|
| As at December 31, 2022 | |
| Loans | $582,355 |
| Payables | 145,456 |
| | |
| As at December 31, 2021 | |
| Loans | $1,320,822 |
| Payables | 134,613 |

(6) Movement schedule of liabilities arising from financing activities

Movement schedule of liabilities for the year ended December 31, 2022:

| | Short-term borrowings | Deposits received | Bonus payable | Total liabilities from financing activities |
|---|---|---|---|---|
| As at January 1, 2022 | $1,319,000 | $12 | $242 | $1,319,254 |
| Cash flows | (737,000) | - | (10) | (737,010) |
| As at December 31, 2022 | $582,000 | $12 | $232 | $582,244 |

Movement schedule of liabilities for the year ended December 31, 2021:

| | Short-term borrowings | Deposits received | Bonus payable | Total liabilities from financing activities |
|---|---|---|---|---|
| As at January 1, 2021 | $958,000 | $24 | $308 | $958,332 |
| Cash flows | 361,000 | (12) | (66) | 360,922 |
| As at December 31, 2021 | $1,319,000 | $12 | $242 | $1,319,254 |

(7) Fair values of financial instruments

A. The methods and assumptions applied in determining the fair value of financial instruments:

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

(a) The carrying amount of cash and cash equivalents, receivables, payables and other current liabilities approximate their fair value due to their short maturity terms.

(b) For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (e.g. listed stocks and bonds).

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

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

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

B. Fair value of financial instruments measured at amortized cost

The carrying amount of the Company's financial assets and liabilities measure at amortized cost approximates their fair value.

C. Fair value measurement hierarchy for financial instruments

Please refer to Note 12(9) for Fair value measurement hierarchy for financial instruments of the Company.

(8) Derivative financial instruments

As at December 31, 2022 and December 31, 2021, the relevant information of the Company's holdings of derivatives including Foreign Exchange Swaps and foreign currency options that did not meet the requirements of hedging accounting and have not yet expired are as follows:

Foreign Exchange Swaps

Foreign Exchange Swaps, not designated as a hedging tool：

| Item | Contract Amount | Term |
| --- | --- | --- |
| As at December 31, 2022 | | |
| Foreign Exchange Swaps | Sold USD1,590 | 2022.12.09-2023.06.27 |
| | | |
| As at December 31, 2021 | | |
| None | | |

Foreign currency options

As at December 31, 2022 Unwrite off Foreign Exchange Options：

| Bank | Foreign currency | Vlue date | Settle condition |
| --- | --- | --- | --- |
| First Commercial Bank | USD/TWD | FX≧31.5 | Performance obliganting sale USD 990 thousands |
| First Commercial Bank | USD/TWD | FX≧31.5 | Performance obliganting sale USD 990 thousands |
| First Commercial Bank | USD/TWD | FX≧31.5 | Performance obliganting sale USD 990 thousands |
| First Commercial Bank | USD/TWD | FX≧31.7 | Performance obliganting sale USD 990 thousands |
| First Commercial Bank | USD/TWD | FX≧32.5 | Performance obliganting sale USD 990 thousands |
| First Commercial Bank | USD/TWD | FX≧33.0 | Performance obliganting sale USD 990 thousands |
| First Commercial Bank | USD/TWD | FX≧33.5 | Performance obliganting sale USD 990 thousands |

As at December 31, 2021 Unwrite off Foreign Exchange Options：

| Bank | Foreign currency | Vlue date | Settle condition |
|---|---|---|---|
| First Commercial Bank | USD/TWD | FX≧28.6 | Performance obliganting sale USD 950 thousands |
| First Commercial Bank | USD/TWD | FX≧28.6 | Performance obliganting sale USD 950 thousands |
| First Commercial Bank | USD/TWD | FX≧29 | Performance obliganting sale USD 950 thousands |

(9) Fair value measurement hierarchy

A. Fair value measurement hierarchy

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

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

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

Level 3 – Unobservable inputs for the asset or liability

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

B. Fair value measurement hierarchy of the Company's assets and liabilities

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

As at December 31, 2022

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Financial assets: | | | | |
| Financial assets at fair value through profit or loss | | | | |
| Funds | $27,270 | $- | $- | $27,270 |
| Stocks | 33,378 | - | - | 33,378 |
| Measured at fair value through other comprehensive income | | | | |
| Equity instrument measured at fair value through other comprehensive income | 155,816 | - | 6,208 | 162,024 |
| Financial liabilities: | | | | |
| Measured at fair value through profit or loss | | | | |
| Foreign Exchange Swaps | - | 229 | - | 229 |
| Foreign currency option | - | 204 | - | 204 |

As at December 31, 2021

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Financial assets: | | | | |
| Financial assets at fair value through profit or loss | | | | |
| Funds | $41,102 | $- | $- | $41,102 |
| Stocks | 33,666 | - | - | 33,666 |
| Measured at fair value through other comprehensive income | | | | |
| Equity instrument measured at fair value through other comprehensive income | 168,381 | - | 8,024 | 176,405 |
| Financial liabilities: | | | | |
| Measured at fair value through profit or loss | | | | |
| Foreign currency option | - | 170 | - | 170 |

Transfers between Level 1 and Level 2 during the period

For the year ended December 31, 2022 and 2021, there were no transfers between Level 1 and Level 2 fair value hierarchy.

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

| | Assets |
|---|---|
| | Financial assets at fair value through other comprehensive income |
| | Stock |
| As at January 1, 2022 | $8,024 |
| Amount recognized in OCI (presented in "Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income) | (1,789) |
| Disposals | (27) |
| As at December 31, 2022 | $6,208 |

| | Assets |
|---|---|
| | Financial assets at fair value through other comprehensive income |
| | Stock |
| As at January 1, 2021 | $8,024 |
| Total gains and losses recognized for the year ended December 31, 2021 | - |
| As at December 31, 2021 | $8,024 |

Information on significant unobservable inputs to valuation

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

As at December 31, 2022

| | Valuation techniques | Significant unobservable inputs | Quantitative information | Relationship between inputs and fair value | Sensitivity of the input to fair value |
|---|---|---|---|---|---|
| Financial assets at fair value through other comprehensive income | | | | | |
| Stocks | Market approach | Discount for lack of marketability | 20% | The higher the discount for lack of marketability, the lower the fair value of the stocks | 5% increase (decrease) in the discount for lack of marketability would result in decrease (increase) in the Company’s equity by NT$248 thousand |

As at December 31, 2021

| | Valuation techniques | Significant unobservable inputs | Quantitative information | Relationship between inputs and fair value | Sensitivity of the input to fair value |
|---|---|---|---|---|---|
| Financial assets at fair value through other comprehensive income | | | | | |
| Stocks | Market approach | Discount for lack of marketability | 10%~ 20% | The higher the discount for lack of marketability, the lower the fair value of the stocks | 5% increase (decrease) in the discount for lack of marketability would result in decrease (increase) in the Company's equity by NT$361 thousand |

(10)Significant financial assets and liabilities denominated in foreign currencies

Information regarding the Company's significant financial assets and liabilities denominated in foreign currencies was listed below: (In Thousands)

| | As at | | | | | |
|---|---|---|---|---|---|---|
| | Dec. 31, 2022 | | | Dec. 31, 2021 | | |
| | Foreign Currencies | Exchange Rate | NTD | Foreign Currencies | Exchange Rate | NTD |
| Financial assets | | | | | | |
| Monetary items: | | | | | | |
| USD | $25,539 | 30.66 | $783,009 | $52,533 | 27.63 | $1,451,485 |
| EUR | 6,539 | 32.52 | $212,662 | | | |
| Non-monetary item: | | | | | | |
| USD | $7,351 | 30.61 | $225,041 | $9,562 | 27.66 | $264,458 |

The above information is disclosed based on the carrying amount of foreign currency (after being converted to functional currency).

Foreign exchange gain/loss on monetary financial assets and liabilities is shown as below.

| Foreign currency resulting in exchange gain or loss | For the year ended December 31, 2022 | 2021 |
|---|---|---|
| USD | $94,721 | $(33,510) |
| Others | 36,782 | (21,541) |

(11)Capital management

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

## 13. ADDITIONAL DISCLOSURES

(1) Information on significant transactions

A. Financing provided to others: None.

B. Endorsement/Guarantee provided to others: None.

C. Marketable securities held As at December 31, 2022 (excluding investments in subsidiaries, associates and joint ventures): Please refer to attachment 1.

D. Individual securities acquired or disposed of with accumulated amount of at least NT$300 million or 20 percent of the paid-in capital for the year ended December 31, 2022: None.

E. Acquisition of individual real estate with amount of at least NT$300 million or 20 percent of the paid-in capital for the year ended December 31, 2022: None.

F. Disposal of individual real estate with amount of at least NT$300 million or 20 percent of the paid-in capital for the year ended December 31, 2022: None.

G. Related party transactions with purchase or sales amount of at least NT$100 million or 20 percent of the paid-in capital for the year ended December 31, 2022: None.

H. Receivables from related parties of at least NT$100 million or 20 percent of the paid-in capital as at December 31, 2022: None.

I. Derivative instrument transactions: Please refer to Note 12(8).

(2) Information on investees

A. Investees over whom the Company exercises significant influence or control (excluding investees in Mainland China): Please refer to attachment 2.

B. Investees over which the Company exercises control shall be disclosed of information under Note 13(1):

(a) Financing provided to others: None.

(b) Endorsement/Guarantee provided to others: None.

(c) Marketable securities held As at December 31, 2022 (excluding investments in subsidiaries, associates and joint ventures): None.

(d) Individual securities acquired or disposed of with accumulated amount of at least NT$300 million or 20 percent of the paid-in capital for the year ended December 31, 2022: None

(e) Acquisition of individual real estate with amount of at least NT$300 million or 20 percent of the paid-in capital for the year ended December 31, 2022: None.

(f) Disposal of individual real estate with amount of at least NT$300 million or 20 percent of the paid-in capital for the year ended December 31, 2022: None.

(g) Related party transactions with purchase or sales amount of at least NT$100 million or 20 percent of the paid-in capital for the year ended December 31, 2022: None.

(h) Receivables from related parties of at least NT$100 million or 20 percent of the paid-in capital As at December 31, 2022: None.

(i) Derivative instrument transactions: None.

(3) Information on investments in Mainland China:

A. Name of investee in China, main business, paid-in capital, method of investment, investment flows, percentage of ownership, investment gain or loss, carrying amount at the end of reporting period, inward remittance of earning or loss and the upper limit on investment in China:

(In Thousands of New Taiwan Dollars)

| Name of Investee in China | Main Business | Paid-in Capital | Method of Investment | Accumulated Outflow of Investment from Taiwan as at January 1, 2022 | Investment Flows | | Accumulated Outflow of Investment from Taiwan as at December 31, 2022 | Profit/Loss of Investee | Percentage of Ownership (Direct or Indirect Investment | Share of Profit/Loss | Carrying Amount as at December 31, 2022 | Accumulated Inward Remittance of Earnings as at December 31, 2022 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Outflow | Inflow | | | | | | |
| King Core Electronics Factory Dab Lane, Guanlan district, Bao’ an district. | Manufacturing and sales business of operating soft iron core and yoke iron expect for rare earth group magnets. | $- (Note 2) | Reinvest through a third-region company. | $- | $- | $- | $- | $- | -% | $- (Note 2) | $- (Note 2) | $- |

| Name of Investee in China | Main Business | Paid-in Capital | Method of Investment | Accumulated Outflow of Investment from Taiwan as at January 1, 2022 | Investment Flows | | Accumulated Outflow of Investment from Taiwan as at December 31, 2022 | Profit/Loss of Investee | Percentage of Ownership (Direct or Indirect Investment | Share of Profit/Loss | Carrying Amount as at December 31, 2022 | Accumulated Inward Remittance of Earnings as at December 31, 2022 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Outflow | Inflow | | | | | | |
| King Core Electronics (Suzhou) Co., Ltd | Manufacturing and sales business of operating soft iron core and yoke iron expect for rare earth group magnets. | $170,441 (Note 4) | (Note 3) | $170,441 (Note 4) | $- | $- | $170,441 (Note 4) | $(6,414) (Note 4 and 6) | 100% | $(6,414) (Note 4 and 6) | $223,442 (Note 4 and 6) | $119,575 |

| Name of Investee in China | Main Business | Paid-in Capital | Method of Investment | Accumulated Outflow of Investment from Taiwan as at January 1, 2022 | Investment Flows | | Accumulated Outflow of Investment from Taiwan as at December 31, 2022 | Profit/Loss of Investee | Percentage of Ownership (Direct or Indirect Investment | Share of Profit/Loss | Carrying Amount as at December 31, 2022 | Accumulated Inward Remittance of Earnings as at December 31, 2022 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Outflow | Inflow | | | | | | |
| Shenzhen Zhen King Electronics Components Co.,Ltd. | Sales business of operating soft iron core and yoke iron expect for rare earth group magnets. | $2,209 (Note 4 and Note 5) | (Note 3) | $- | $- | $- | $- | $6,981 (Note 4 and 6) | 100% | $6,981 (Note 4 and 6) | $31,468 (Note 4 and 6) | $- |

| Accumulated investment in Mainland China as at Decembeer 30, 2022 | Investment amounts authorized by Investment Commission, MOEA | Upper Limit on Investment in China by Investment Commission, MOEA |
|---|---|---|
| $171,976 | $171,976 | $920,482 |

Note 1：King Core (B.V.I.) Electronics Co., Ltd. 100% Shares of subsidiary owned by King Cove Electronics Factory , Dab Lane, Guanlan district, Bao'an district, established as a processing plant in mainland, therefore, not applicable.

Note 2：Paid-in capital was written off during 2013. .

Note 3：Reinvest in mainland China through a third-region company.

Note 4：Amounts in foreign currencies are translated into New Taiwan dollars using the exchange rates on the balance sheet date.

Note 5：100% Shares of Shenzhen Zhen King Electronics Components Co.,Ltd. owned and directly invested by King Core Electronics (Suzhou) Co., Ltd.

Note 6：Gain/loss on investment is recognized based on the financial statements which were audited by the independent auditors of the parent company in Taiwan.

B. Significant transactions with investees in China.

(a) Purchase and balances of related accounts payable as at December 31, 2022: None.

(b) Sale and balance of related accounts receivable as at December 31, 2022:

| | Sales | | Accounts Receivable | |
|---|---|---|---|---|
| | Amount | % to Net Sales | Amount | % to Account Balance |
| Sales of Company to King Core Electronics (Suzhou) Co., Ltd | $42,291 | 6.44% | $- | -% |
| Sales of Company to Shenzhen Zhen King Electronics Components Co.,Ltd. | $70,211 | 10.69% | $5,696 | 4.42% |

The product price is similar to other customers. Payment term for King Core Electronics (Suzhou) Co., Ltd and Shenzhen Zhen King Electronics Components Co.,Ltd. are 60 to 90 days and offset the credir-debt. The payment terms for other customers are 30 to 150 days from the end of delivery month.

(c) Property transaction amounts and resulting gain or loss: None.

(d) Ending balance of endorsements/guarantees or collateral provided and the purposes: None.

(e) Maximum balance, ending balance, interest rate range and total interest for current period from financing provided to others: None.

(f) Transactions that have significant impact on profit or loss of current period or the financial position, such as services provided or rendered:

a.The Company recognized conversion expenses King Core Electronics (Suzhou) Co., Ltd conversion expenses amounting to NT$39,811 thousand, for the year ended December 31, 2022.

As at December 31, 2022, recognized accounts payables King Core Electronics (Suzhou) Co., Ltd amounting to NT$22,627 thousand.

b.The Company charged King Core Electronics (Suzhou) Co., Ltd providing service support in amount of NT$2,663 thousand for the year ended December 31, 2022.。

(4) Information on major shareholders:

| Ownership of shares / Name | Number of shares held (shares) | Ownership ratio |
|---|---|---|
| Sheng Bao Investment Corp. | 10,459,530 | 12.00% |
| Jin Bao Investment Corp. | 8,230,406 | 9.44% |

14. OPERATING SEGMENT INFORMATION

The Company has provided the operating segment disclosure in the consolidated financial statements.

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

King Core Electronics Inc.

Marketable Securities Held (Excluding Investments in Subsidiaries, Associates and Joint Ventures)

As at December 31, 2022

Attachment 1

(In Thousands of New Taiwan Dollars)

| Name of Held Company | Type and Name of Marketable Securities (Note1) | Relationship with the Issuer | Financial Statement Account | As of December 31, 2021 | | | | Note |
|---|---|---|---|---|---|---|---|---|
| | | | | Shares / Units | Carrying Amount | Shareholding % | Fair Value | |
| | Financial assets at fair value through profit or loss - current | | | | | | | |
| KING CORE ELECTRONICS INC. | Equity Funds－Shin Kong China Growth Fund USD | NA | Financial assets at fair value through profit or loss - current | 1,495,005 | $21,020 | | $10,091 | |
| KING CORE ELECTRONICS INC. | Asset Securitization Funds－FSITC Global REITs | NA | Financial assets at fair value through profit or loss - current | 2,000,320 | 20,000 | | 17,179 | |
| KING CORE ELECTRONICS INC. | Listed stock－Planet Technology Corporation | NA | Financial assets at fair value through profit or loss - current | 204,277 | 7,200 | 0.32% | 18,344 | |
| KING CORE ELECTRONICS INC. | Listed stock－Darwin Precisions Corporation | NA | Financial assets at fair value through profit or loss - current | 130,900 | 2,322 | 0.02% | 1,153 | |
| | Subtotal | | | | 50,542 | | $46,767 | |
| | Add: Valuation adjustments of financial assets at fair value through profit or loss- current | | | | (3,775) | | | |
| | Total | | | | $46,767 | | | |
| | Financial assets at fair value through other comprehensive income - current | | | | | | | |
| KING CORE ELECTRONICS INC. | Listed stock－Johnson Health Tech .Co., Ltd. | NA | Financial assets at fair value through other comprehensive income - current | 808,904 | $15,520 | 0.27% | $56,219 | |
| | Add: Valuation adjustments of financial assets at fair value through other comprehensive income- current | | | | 40,699 | | | |
| | Total | | | | $56,219 | | | |
| | Financial assets at fair value through profit or loss - non-current | | | | | | | |
| KING CORE ELECTRONICS INC. | Shin Kong Financial Holding Co., Ltd. | NA | Financial assets at fair value through profit or loss - non-current | 556,163 | $5,173 | -% | $5,120 | |
| KING CORE ELECTRONICS INC. | Thinking Electronic Industrial Co., Ltd. | NA | Financial assets at fair value through profit or loss - non-current | 70,653 | 776 | 0.06% | 8,761 | |
| | Subtotal | | | | 5,949 | | $13,881 | |
| | Add: Valuation adjustments of financial assets at fair value through profit or loss | | | | 7,932 | | | |
| | Total | | | | $13,881 | | | |
| | Financial assets at fair value through other comprehensive income - non-current | | | | | | | |
| KING CORE ELECTRONICS INC. | Everlight Electronics Co., Ltd. | The company is their director<br>The chairman of the Company is juristic person of this company<br>The chairman of their Company is director of the company | Financial assets at fair value through other comprehensive income - non-current | 1,924,354 | $72,466 | 0.43% | $71,105 | |
| KING CORE ELECTRONICS INC. | Mutto Optronics Coroporation | NA | Financial assets at fair value through other comprehensive income - non-current | 115,000 | 2,185 | 0.25% | 2,461 | |
| KING CORE ELECTRONICS INC. | ATECH OEM INC. | The chairman of their Company is director of the company | Financial assets at fair value through other comprehensive income - non-current | 1,723,903 | 17,303 | 2.60% | 26,031 | |
| KING CORE ELECTRONICS INC. | 5V TECHNOLOGIES, TAIWAN LTD. | NA | Financial assets at fair value through other comprehensive income - non-current | 471 | 16,201 | 0.03% | 27 | |
| KING CORE ELECTRONICS INC. | SUNENGINE CORPORATION LTD. | NA | Financial assets at fair value through other comprehensive income - non-current | 149,033 | 27,715 | 2.61% | - | |
| KING CORE ELECTRONICS INC. | TYFONE INC. | NA | Financial assets at fair value through other comprehensive income - non-current | 186,598 | 6,181 | 1.06% | 6,181 | |
| KING CORE ELECTRONICS INC. | ICASHE INC. | NA | Financial assets at fair value through other comprehensive income - non-current | 18,438 | 611 | 1.32% | - | |
| KING CORE ELECTRONICS INC. | AUSPINEN LLC. | NA | Financial assets at fair value through other comprehensive income - non-current | 35,580 | 1,178 | 0.23% | - | |
| | Subtotal | | | | 143,840 | | $105,805 | |
| | Add: Valuation adjustments of financial assets at fair value through other comprehensive income- non-current | | | | (38,035) | | | |
| | Total | | | | $105,805 | | | |

Note1：The marketable securities mentioned in attachment refer to stock, bonds, beneficiary certificates and securities derived from abovmetioned item within in the scope of IFRS 9 Financial Instruments.

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

King Core Electronics Inc.

The Company exercise significant influence or control (excluding investees in mainland china) as at December 31, 2022

Attachment 2

(In Thousands of New Taiwan Dollars)

| Investor | Investee | Business Location | Main Business and Product | Original Investment Amount | | Balance as of December 31, 2022 | | | Net Income (Loss) of the Investee | Share of Income (Loss) of the Investee |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | As of December 31, 2022 | As of December 31, 2021 | Shares | % | Carrying Value | | |
| King Core Electronics Co., Ltd. | King Core (B.V.I.) Electronics Co., Ltd. | British Virgin Islands | Operating soft core and yoke iron except for rare earth group magnets | USD 5,600 | USD 5,600 | 5,600,000 | 100.00% | $225,041 | $(8,957) | $(8,957) |
| King Core Electronics Co., Ltd. | Allied Biotech Corporation | Da-an District, Taipei | Research, manufacturing and development of carotenoid products and otherss | $235,617 | $235,617 | 17,976,721 | 18.85% | $258,283 | $146,741 | $27,660 |
| King Core Electronics Co., Ltd. | CSX Material Co., Ltd. | Da-an District, Taipei | Operating electronic parts and components manufacturing | $73,251 | $43,900 | 6,529,200 | 28.39% | $33,545 | $(33,010) | $(8,977) |

King Core Electronics Inc.

1. Statement of Cash and Cash Equivalents

As at December 31, 2022

(In Thousands of New Taiwan Dollars)

| Item | Description | Amount | Note |
|---|---|---|---|
| Cash and petty cash | | $585 | 1.Exchange Rate |
| | | | USD：NT＝30.66：1 |
| | | | EUR：NT＝32.52：1 |
| | | | HKD：NT=3.908：1 |
| | | | JPY：NT=0.2304：1 |
| | | | CNY：NT=4.383：1 |
| Checking accounts and demand deposits: | | | USD588、HKD384、EUR352、CNY1 and JPY1,110 |
| First Commercial Bank－ZhongLi Branch | Foreign currency #008699 | 31,232 | |
| First Commercial Bank－ZhongLi Branch | Demand Deposits #07695 | 6,235 | |
| Taiwan Business Bank Co., Ltd.－Yang Mei Branch | Demand Deposits #137042 | 24,353 | |
| Others | | 5,633 | |
| Subtotal | | 67,453 | |
| Time deposits: | | | |
| First Commercial Bank－ZhongLi Branch | | 225,780 | USD 1,000 and EUR6,000 |
| Taiwan Business Bank Co., Ltd.－Yang Mei Branch | | 54,238 | USD 1,769 |
| Taiwan Business Bank Co., Ltd.－Shuanghe Branch | | 31,886 | USD 1,040 |
| King's Town Bank Co., Ltd.－ZhongLi Branch | | 63,498 | USD 2,000 and CNY497 |
| King's Town Bank Co., Ltd.－Taoyuan Branch | | 61,320 | USD 2,000 |
| Subtotal | | 436,722 | |
| Total | | $504,760 | |

King Core Electronics Inc.

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

As at December 31, 2022

(In Thousands of New Taiwan Dollars)

| Financial Instruments | Description/Contract amount | Shares/Units | Par Value | Amount | Interest Rate | Acquisition Cost | Fair Value | | Note |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Unit Price | Amount | |
| Asset Securitization Funds : | | | | | | | | | |
| FSITC Global REITs | | 2,000,320 | $- | $- | - | $20,000 | $8.59 | $17,179 | |
| Equity Funds : | | | | | | | | | |
| Shin Kong China Growth Fund USD | | 1,495,005 | - | - | - | 21,020 | 6.75 | 10,091 | |
| Listed stock : | | | | | | | | | |
| Planet Technology Corporation | | 204,277 | 10 | 2,043 | - | 7,200 | 89.80 | 18,344 | |
| Darwin Precisions Corporation | | 130,900 | 10 | 1,309 | - | 2,322 | 8.81 | 1,153 | |
| Subtotal | | | | 3,352 | | 9,522 | | 19,497 | |
| Total | | | | $3,352 | | 50,542 | | $46,767 | |
| Add: Valuation adjustments of financial assets at fair value through profit or loss- current | | | | | | (3,775) | | | |
| Net value | | | | | | $46,767 | | | |

King Core Electronics Inc.

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

As at December 31, 2022

(In Thousands of New Taiwan Dollars)

| Financial Instruments | Shares/Units | Par Value | Amount | Interest Rate | Acquisition Cost | Accumulated Impairment Loss | Fair Value: Unit Price | Fair Value: Amount | Note |
|---|---|---|---|---|---|---|---|---|---|
| Listed stock : | | | | | | | | | |
| Johnson Health Tech .Co., Ltd. | 808,904 | $10 | $8,089 | - | $15,520 | | $69.50 | $56,219 | |
| Add: Valuation adjustments of financial assets at fair value through other comprehensive income- current | | | | | 40,699 | | | | |
| Net value | | | | | $56,219 | | | | |

King Core Electronics Inc.

4. Statement of Financial Assets Measured at Amortized Cost－current

As at December 31, 2022

(In Thousands of New Taiwan Dollars or foreign currency)

| Item | Description | Unit | Par value | Amount | Interest Rates | Carrying Amount | Note |
|---|---|---|---|---|---|---|---|
| First Commercial Bank－ZhongLi Branch | Time deposits | 15 | USD150~USD2,000 | $469,098 | 3.80%~4.50% | $469,098 | Please refer to Note 8 for more details on financial assets measured at amortized cost under pledge. |
| First Commercial Bank－ZhongLi Branch | Time deposits | 1 | ZAR3,310 | 5,862 | 3.70% | 5,862 | |
| Total | | | | | | $474,960 | |

King Core Electronics Inc.

5.Statetment of Notes Receivable

As at December 31, 2022

(In Thousands of New Taiwan Dollars)

| Client Name | Amount | Note |
|---|---|---|
| Client A | $454 | The balance of other accounts does not exceed 5% |
| Client B | 432 | of the account balance and were not related parties. |
| Client C | 245 | |
| Client D | 227 | |
| Client E | 198 | |
| Client F | 146 | |
| Others | 805 | |
| Subtotal | 2,507 | |
| Less: loss allowance | - | |
| Net | $2,507 | |

King Core Electronics Inc.

6.Statetment of Accounts Receivable, net

As at December 31, 2022

(In Thousands of New Taiwan Dollars)

| Client Name | Amount | Note |
|---|---|---|
| Client G | $49,915 | The balance of other accounts does not exceed 5% |
| Client H | 10,870 | of the account balance and were not related parties. |
| Client I | 7,771 | |
| Others | 66,312 | |
| Subtotal | 134,868 | |
| Less: loss allowance | (14,219) | |
| Net | $120,649 | |

King Core Electronics Inc.

7.Statement of Accounts Receivables － Related Parties

As at December 31, 2022

(In Thousands of New Taiwan Dollars)

| Related Parties | Amount | Note |
|---|---|---|
| Shenzhen Zhen King Electronics Components Co.,Ltd. | $5,696 | The trade receivables in the left column were due to operation |

King Core Electronics Inc.

8. Statement of Other Receivables

As at December 31, 2022

(In Thousands of New Taiwan Dollars)

| Item | Amount | Note |
|---|---|---|
| Income tax refund receivable | $1,163 | |
| Interest receivable | 1,431 | |
| Total | $2,594 | |

King Core Electronics Inc.

9.Statement of Inventories

As at December 31, 2022

(In Thousands of New Taiwan Dollars)

| Item | Amount | | Note |
|---|---|---|---|
| | Cost | Net Realizable Value | |
| Raw materials | $49,412 | $46,731 | 1.Inventories are valued at lower of cost or net realizable value item by item. |
| Work in progress | 51,891 | 50,350 | |
| Finished goods | 76,393 | 81,501 | |
| Merchandises | 10,391 | 12,718 | |
| Subtotal | 188,087 | $191,300 | |
| Less: allowance for inventory valuation losses | (21,642) | | |
| Net | $166,445 | | |

King Core Electronics Inc.

10.Statement of Prepayments

As at December 31, 2022

(In Thousands of New Taiwan Dollars)

| Item | Amount | Note |
|---|---|---|
| Prepaid payroll | $900 | |
| Prepaid insurance | 146 | |
| Other prepayments | 3,690 | |
| Total | $4,736 | |

King Core Electronics Inc.

11.Statement of Other Current Assets

As at December 31, 2022

(In Thousands of New Taiwan Dollars)

| Item | Amount | Note |
|---|---|---|
| Temporary payments | $206 | |

King Core Electronics Inc.

12.Statement of Financial Assets at Fair Value Through Profit or Loss - Non-Current

For the year ended December 31, 2022

(In Thousands of New Taiwan Dollars)

| Financial Instruments | As at January 1, 2022 | | Additions | | Decrease | | As at December 31, 2022 | | Collateral | Note |
|---|---|---|---|---|---|---|---|---|---|---|
| | Shares/Units | Fair Value | Shares/Units | Fair Value | Shares/Units | Fair Value | Shares/Units | Fair Value | | |
| Financial assets at fair value through profit or loss | | | | | | | | | | |
| Shin Kong Financial Holding Co., Ltd. | 556,163 | $5,173 | - | $- | - | $- | 556,163 | $5,173 | None | |
| Thinking Electronic Industrial Co., Ltd. | 70,653 | 776 | - | - | - | - | 70,653 | 776 | None | |
| Total | | 5,949 | | - | | - | | 5,949 | | |
| Add: Valuation adjustments of financial assets at fair value through profit or loss | | 11,609 | | - | | - | | 7,932 | | |
| Net value | | $17,558 | | $- | | $- | | $13,881 | | |

King Core Electronics Inc.

13. Statement of Financial assets at fair value through other comprehensive income - Non-Current

For the year ended December 31, 2022

(In Thousands of New Taiwan Dollars)

| Name | As at January 1, 2022 | | Additions | | Decrease | | As at December 31, 2022 | | Collateral | Note |
|---|---|---|---|---|---|---|---|---|---|---|
| | Shares/Units | Fair Value | Shares/Units | Fair Value | Shares/Units | Fair Value | Shares/Units | Fair Value | | |
| Everlight Electronics Co., Ltd. | 1,924,354 | $72,466 | - | $- | - | $- | 1,924,354 | $72,466 | None | |
| Mutto Optronics Coroporation | 115,000 | 2,185 | - | - | - | - | 115,000 | 2,185 | None | |
| ATECH OEM INC. | 1,600,000 | 14,200 | 258,583 | 3,103 | 134,680 | - | 1,723,903 | 17,303 | None | |
| 5V TECHNOLOGIES, TAIWAN LTD. | 3,144 | 16,228 | - | - | 2,673 | 27 | 471 | 16,201 | None | |
| SUNENGINE CORPORATION LTD. | 149,033 | 27,715 | - | - | - | - | 149,033 | 27,715 | None | |
| TYFONE INC. | 186,598 | 6,181 | - | - | - | - | 186,598 | 6,181 | None | |
| ICASHE INC | 18,438 | 611 | | - | - | - | 18,438 | 611 | None | |
| AUSPINEN LLC. | 35,580 | 1,178 | | - | - | - | 35,580 | 1,178 | None | |
| Total | | 140,764 | | 3,103 | | 27 | | 143,840 | | |
| Add: Valuation adjustments of financial assets at fair value through other comprehensive income- non-current | | (9,900) | | (28,135) | | - | | (38,035) | | |
| Net value | | $130,864 | | $(25,032) | | $27 | | $105,805 | | |

King Core Electronics Inc.

14.Statement of Changes in Investment Accounted for Under Equity Method

As at December 31, 2022

(In Thousands of New Taiwan Dollars)

| Item | As at January 1, 2022 | | Additions | | Decrease | | As at December 31, 2022 | | | Fair Value/Net assets value | | Collateral |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Shares | Amount | Shares | Amount | Shares | Amount | Shares | % | Amount | Unit price (NTD) | Total amount | |
| long-term equity investment: | | | | | | | | | | | | |
| King Core (B.V.I.) Electronics Co., Ltd. | 5,600,000 | $264,458 | - | $- | - | $(39,417) | 5,600,000 | 100.00% | $225,041 | $40.31 | $225,747 | None |
| Allied Biolotech Corp. | 17,976,721 | 239,112 | - | 19,171 (Note 2) | - | - | 17,976,721 | 18.85% | 258,283 | 14.03 | 252,213 | None |
| CSX Material Co., Ltd. | 4,500,000 | 22,004 | 2,029,200 | 24,350 (Note 3) | - | (12,809) (Note 4) | 6,529,200 | 28.39% | 33,545 | 4.72 | 30,845 | None |
| Total | | $525,574 | | $43,521 | | $(52,226) | | | $516,869 | | | |

Note1: Including investment gain recognized amounted to NT$(8,957) thousand, realized profit from sales amounted to NT$(487) thousand, foreign currency statements translation adjustments amounted to NT$7,605 thousand and surplus repatriation NT$(37,578) thousand .

Note2: Including investment gain recognized amounted to NT$27,660 thousand, remeasurement of defined benefit plans NT$607 thousand, unrealized profit on financial assets at fair value through other comprehensive income amounted to NT$(352) thousand, foreign currency statements translation adjustments amounted to NT$1 cash dividend amounted to NT$(8,988) and not recognizing the new shares by percentage of ownership NT$82 thousand.

Note3: Investment of NT$24,350 thousand was increasd during the period.

Note4: Including investment gain recognized amounted to NT$(8,977) thousand and foreign currency statements translation adjustments amounted to NT$(898) thousand, not purchase the new share by percentage of ownership NT$(2,934) thousand.

King Core Electronics Inc.

15.Statement of Short-term Loans

As at December 31, 2022

(In Thousands of New Taiwan Dollars)

| Description | Type | As at December 31, 2022 | Contract Period | Interest Rates | Loan Commitments | Collateral | Note |
|---|---|---|---|---|---|---|---|
| First Commercial Bank | Secured bank loans | $85,000 | 2022/12/09~2023/01/06 | 1.07% | (Note1) | Certificate of Deposit | Note 8 |
| First Commercial Bank | Secured bank loans | 20,000 | 2022/12/09~2023/01/06 | 1.07% | (Note 1) | Certificate of Deposit | Note 8 |
| First Commercial Bank | Secured bank loans | 24,000 | 2022/12/12~2023/01/06 | 1.07% | (Note 1) | Certificate of Deposit | Note 8 |
| First Commercial Bank | Secured bank loans | 99,000 | 2022/12/23~2023/01/19 | 1.19% | (Note 1) | Certificate of Deposit | Note 8 |
| First Commercial Bank | Secured bank loans | 99,000 | 2022/12/30~2023/01/19 | 1.19% | (Note 1) | Certificate of Deposit | Note 8 |
| First Commercial Bank | Secured bank loans | 73,000 | 2022/12/30~2023/01/19 | 1.19% | (Note 1) | Certificate of Deposit | Note 8 |
| First Commercial Bank | Secured bank loans | 99,000 | 2022/12/30~2023/01/06 | 1.51% | (Note 1) | Land and Building | Note 8 |
| First Commercial Bank | Secured bank loans | 83,000 | 2022/12/30~2023/01/06 | 1.51% | (Note 1) | Land and Building | Note 8 |
| | Total | $582,000 | | | | | |

Note1:The loan commitments of First Commercial Bank is 450,000 thousands.

King Core Electronics Inc.

16.Statement of Financial Liabilities at Fair Value Through Profit or Loss - Current

As at December 31, 2022

(In Thousands of New Taiwan Dollars/Foreign currency)

| Financial Instruments | Description | Shares/Units | Par value (NTD) | Amount (Nominal principal) | Interest Rates | Fair Value Unit price (NTD) | Fair Value Amount | Note |
|---|---|---|---|---|---|---|---|---|
| Foreign Exchange Swaps | First Commercial Bank | - | $- | USD 1,590 | - | - | $- | |
| Foreign Currency Option | First Commercial Bank | - | - | USD 6,930 | - | - | 1,051 | |
| Add: Valuation adjustments of financial liabilities at fair value through profit or loss-current | | | | | | | (618) | |
| Total | | | | | | | $433 | |

King Core Electronics Inc.

17.Statement of Notes Payable

As at December 31, 2022

(In Thousands of New Taiwan Dollars)

| Vendor Name | Amount | Note |
|---|---|---|
| Vendor A | $404 | |

King Core Electronics Inc.

18.Statement of Accounts Payable

As at December 31, 2022

(In Thousands of New Taiwan Dollars)

| Vendor Name | Amount | Note |
|---|---|---|
| Vendor C | $11,088 | 1.The amount of individual vendor included in others does not exceed 5% of the account balance and non related parties. |
| Vendor D | 9,211 | |
| Vendor E | 5,125 | |
| Vendor F | 3,901 | |
| Vendor G | 3,546 | |
| Others | 36,707 | |
| Total | $69,578 | |

King Core Electronics Inc.

19.Statement of Accounts Payable － Related Parties

As at December 31, 2022

(In Thousands of New Taiwan Dollars)

| Name | Amount | Note |
|---|---|---|
| King Core Electronics (Suzhou) Co., Ltd | $22,627 | The trade payable in the left column were due to operation. |

King Core Electronics Inc.

20.Statement of Other Payables

As at December 31, 2022

(In Thousands of New Taiwan Dollars)

| Item | Amount | Note |
|---|---|---|
| Accrued Payroll | $10,625 | |
| Accrued Year-end Bonus | 13,567 | |
| Accrued Interest Payable | 138 | |
| Accrued Unused Vacation Payroll | 4,675 | |
| Accrued Pension | 1,469 | |
| Accrued Professional Service Fees | 991 | |
| Accrued Insurance | 2,177 | |
| Accrued Employees' Compensation | 12,455 | |
| Accrued Compensation Payable To Directors and Supervisors | 3,737 | |
| Others | 3,013 | |
| Total | $52,847 | |

King Core Electronics Inc.

21.Statement of Changes in Current Tax Liablities

For the year ended December 31, 2022

(In Thousands of New Taiwan Dollars)

| Item | Amount | Note |
|---|---|---|
| As at January 1, 2022 | $5,478 | |
| Add: Income tax accrual for 2022 | 43,391 | |
| Income tax refund receivable | 11,861 | |
| Adjustments in respect of current income tax of prior periods | 3,114 | |
| Less: Current provisional and interest withholding tax | (17,524) | |
| Income tax refund receivable | (11,861) | |
| As at December 31, 2022 | $34,459 | |

King Core Electronics Inc.

22.Statement of Other Current Liabilities

As at December 31, 2022

(In Thousands Of New Taiwan Dollars)

| Item | Amount | Note |
| --- | --- | --- |
| Accrued Employees Bonus | $232 | |
| Temporary Receipts | 1,737 | |
| Receipts under custody | 2,132 | |
| Total | $4,101 | |

King Core Electronics Inc.

23.Statement of Other Non-Current Liabilities

As at December 31, 2022

(In Thousands Of New Taiwan Dollars)

| Item | Amount | Note |
|---|---|---|
| Defined benefit plan | $10,613 | |
| Guarantee deposits | 12 | |
| Total | $10,625 | |

King Core Electronics Inc.

24.Statement of Operating Revenues

For the Year ended December 31, 2022

(In Thousands of New Taiwan Dollars)

| Item | Quanity | Amount | Note |
|---|---|---|---|
| Sale of goods | | | |
| Core | 189,545 | $406,614 | |
| Chip | 622,341 | 131,065 | |
| Coil | 81,082 | 78,400 | |
| Sale of merchandise | 14,920 | 40,417 | |
| Net opearating revenues | | $656,496 | |

King Core Electronics Inc.

25.Statement of Operating Costs

For the Year ended December 31, 2022

(In Thousands of New Taiwan Dollars)

| Item | Amount | Note |
|---|---|---|
| Cost of goods | | |
| Direct Materials | | |
| Beginning of year | $40,235 | |
| Add： Raw materials purchased | 205,826 | |
| Less： End of year | (49,412) | |
| Transferred to other | (21,087) | |
| Loss from physical | (301) | |
| Direct Materials used | 175,261 | |
| Direct labor | 69,679 | |
| Manufacturing overhead (see the table 26) | 217,616 | |
| Manufacturing cost | 462,556 | |
| Add：Work in process, beginning of year | 37,526 | |
| Work in process purchased | 11,449 | |
| Less：Work in process, end of year | (51,891) | |
| Loss from physical | (7,510) | |
| Cost of finished goods | 452,130 | |
| Add：Finished goods, beginning of year | 68,851 | |
| Transferred to Merchandises | 3,900 | |
| Gain on physical | 258 | |
| Less：Finished goods, end of year | (76,393) | |
| Transferred to other | (48) | |
| Unallocated fixed manufacturing overheads | (10,049) | |
| Cost of goods sold at normal production level | 438,649 | |
| Cost of Merchandises | | |
| Merchandises, beginning of year | 9,986 | |
| Add：Merchandises purchased | 24,860 | |
| Less：Merchandises, end of year | (10,391) | |
| Loss from physical | (303) | |
| Transferred to other | (98) | |
| Transferred to Finished goods | (3,900) | |
| Cost of goods sold at Merchandises level | 20,154 | |
| Loss from physical | 7,856 | |
| Unallocated fixed manufacturing overheads | 10,049 | |
| Revenue from sale of scraps | (346) | |
| Total | $476,362 | |

King Core Electronics Inc.

26.Statement of Manufacting Overhead

For the Year ended December 31, 2022

(In Thousands of New Taiwan Dollars)

| Item | Amount | Note |
|---|---|---|
| Indirect labor | $27,995 | |
| Indirect material | 5,616 | |
| Rent expense | 4 | |
| Supplies expense | 95 | |
| Traveling expense | 572 | |
| Shipping expense | 2,760 | |
| Postage expense | 13 | |
| Repair and maintenance | 8,779 | |
| Utilities | 33,293 | |
| Insurance expense | 10,817 | |
| Tax | 61 | |
| Depreciation | 23,778 | |
| Amortization | 48 | |
| Meal expense | 4,338 | |
| Employee benefits | 331 | |
| Packaging expense | 8,996 | |
| Processing fee | 62,527 | |
| Molding expense | 6,922 | |
| Miscellaneous purchase | 12,087 | |
| Miscellaneous expense | 8,577 | |
| Training expense | 7 | |
| Total | $217,616 | |

King Core Electronics Inc.

27.Statement of Selling

For the Year ended December 31, 2022

(In Thousands of New Taiwan Dollars)

| Item | Amount | Note |
|---|---|---|
| Salaries and wages | $10,078 | |
| Rent expense | 399 | |
| Supplies expense | 22 | |
| Traveling expense | 420 | |
| Shipping expense | 6,834 | |
| Postage expense | 685 | |
| Repair and maintenance | 237 | |
| Advertising expense | 86 | |
| Utilities | 110 | |
| Insurance expense | 1,115 | |
| Entertainment expense | 427 | |
| Tax | 71 | |
| Depreciation | 505 | |
| Meal expense | 207 | |
| Employee benefits | 37 | |
| Export fee | 3,329 | |
| Sales expense | 6,837 | |
| Test expense | 129 | |
| Miscellaneous purchase | 55 | |
| Miscellaneous expense | 32 | |
| Total | $31,615 | |

King Core Electronics Inc.

28.Statement of General and Administrative

For the Year ended December 31, 2022

(In Thousands of New Taiwan Dollars)

| Item | Amount | Note |
|---|---|---|
| Salaries and wages | $14,706 | |
| Employee compensation expense | 12,455 | |
| Directors and supervisors compensation expense | 3,737 | |
| Rent expense | 102 | |
| Supplies expense | 105 | |
| Traveling expense | 242 | |
| Shipping expense | 1 | |
| Postage expense | 363 | |
| Repair and maintenance | 2,502 | |
| Advertising expense | 330 | |
| Utilities | 1,312 | |
| Insurance expense | 1,666 | |
| Entertainment expense | 2,806 | |
| Tax | 941 | |
| Depreciation | 5,746 | |
| Amortization | 244 | |
| Meal expense | 339 | |
| Employee benefits | 48 | |
| Training expense | 31 | |
| Professional service expense | 2,545 | |
| Miscellaneous purchase | 1,456 | |
| Miscellaneous expense | 6,169 | |
| Total | $57,846 | |

King Core Electronics Inc.

29.Statement of Research and Development

For the Year ended December 31, 2022

(In Thousands of New Taiwan Dollars)

| Item | Amount | Note |
|---|---|---|
| Salaries and wages | $8,645 | |
| Traveling expense | 53 | |
| Shipping expense | 6 | |
| Utilities | 823 | |
| Insurance expense | 1,040 | |
| Depreciation | 3,134 | |
| Meal expense | 207 | |
| Employee benefits | 30 | |
| Research and development expense | 252 | |
| Miscellaneous expense | 38 | |
| Miscellaneous purchase | 92 | |
| Total | $14,320 | |

King Core Electronics Inc.

30.Statement of Non-Operaring Incomes and Expenses

For the Year ended December 31, 2022

(In Thousands of New Taiwan Dollars)

| Item | Description | Amount | Note |
|---|---|---|---|
| Interest incomes | | | |
| | Financial Assets Measured at Amortized Cost | $13,726 | |
| Other incomes | | | |
| | Dividend income | $8,780 | |
| | Other income-others | 9,872 | |
| | Total | $18,652 | |
| Other gains and losses | | | |
| | Loss on disposal of investments | $(688) | |
| | Foreign exchange losses, net | 131,503 | |
| | Loss on financial assets at fair value through profit or loss | (9,120) | |
| | Gain on financial liabilities at fair value through profit or loss | 390 | |
| | Gains on disposal of property, plant and equipment | 543 | |
| | Total | $122,628 | |
| Finance costs | | | |
| | Interest on borrowings from bank loans | $7,684 | |
| Share of profit or loss of subsidiaries, associates and joint ventures accounted for using equity method | Investment profits | $9,726 | |