Stock Code:2433

Huxen Corporation and Subsidiaries

Consolidated Financial Statements and Independent Auditors’ Report

For the Years Ended December 31, 2022 and 2021

Address: 12F., No. 2, Sec. 5, Xinyi Rd., Xinyi Dist., Taipei City

Tel: (02)2345-8009

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Notice to readers

The reader is advised that this annual report has been prepared originally in Chinese. In the event of a conflict between this annual report and the original Chinese version or difference in interpretation between the two versions, the Chinese language Consolidated Financial Statements and Independent Auditors' Report shall prevail.

Declaration of Consolidated Financial Statements of Affiliated Enterprises

The entities that are required to be included in the combined financial statements of Huxen Corporation and Subsidiaries as of and for the year ended December 31, 2022, under the “Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10. Further, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Hence, Huxen Corporation and Subsidiaries do not prepare a separate set of combined financial statements.

Sincerely,

Name of Company: Huxen Corporation

Person in charge: Liao, Ching-Chang

March 10, 2023

Independent Auditor's Report

To Huxen Corporation:

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards, and International Accounting Standards, IFRIC interpretations and SIC interpretations as endorsed and issued into effect by the Financial Supervisory Commission.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Company and its subsidiaries in accordance with the Norm of Professional Ethics for certified Public Accountants in Republic of China, and we have fulfilled our other ethical responsibilities in accordance with the requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Group's Financial Report for the years ended December 31, 2022. These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters.

The key audit matter for the Group's consolidated financial statements for the year ended December 31, 2022 is stated as follows:

Key audit matter: sales revenue

The main business of the Group is the purchase, sale and lease of multi-function printers. Revenue per transaction from the sale of multi-function printers, peripherals, and consumables is large and variable compared to rental revenue that is generally collected on a monthly basis. Hence, this type of revenue is expected to be highly risky and has a material impact on the financial statements. The primary risk is whether the revenue was actually earned and, accordingly, we have identified this as a key audit matter.

Please refer to Note 4(13) for the accounting policy on operating revenues.

We understand and have tested the design, implementation and effectiveness of internal controls over the recognition of sales revenue. We also selected appropriate samples from sales transactions (revenue from sales of multi-function printers, peripherals and consumables) and reviewed the transaction applications, signed receipt documents from customers, and we have checked whether the recipients were the same as the counterparties in order to confirm whether there were material misstatements in sales revenues.

Other Matter

We have also audited the parent company only financial statements of Huxen Corporation as of and for the years ended December 31, 2022 and 2021 on which we have issued an unqualified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the

Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is 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 auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the auditing standards, we exercise professional judgement and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management and the directors.

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

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

We also provide the directors 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, actions taken to eliminate threats or safeguards applied.

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

Deloitte & Touche

CPA: Chih, Jui-Chuan

CPA: Hsieh, Chien-Hsin

Approval number of the Financial Supervisory Commission
Chin-Kuan-Cheng-Shen-Tzu number 1060023872

Approval Number of Securities and Futures Commission
Tai-Tsai-Cheng-Liu-Tzu No. 0920123784

March 10, 2023

Huxen Corporation and Subsidiaries

Consolidated Balance Sheet

December 31, 2022 and 2021

Unit: NTD In Thousands

Code	Assets	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current assets				
1100	Cash and cash equivalents (Note 4 & 6)	$ 689,960	9	$ 690,520	9
1120	Financial assets at fair value through other comprehensive income – current (Note 4 & 7)	1,717,310	22	1,979,647	25
1136	Financial assets at amortized cost – current (Note 4 & 8)	771,420	10	440,468	5
1150	Notes receivable (Note 4 & 9)	65,769	1	69,427	1
1172	Accounts receivable (Note 4, 9 & 30)	85,156	1	88,761	1
1175	Lease receivables (Note 4, 10 & 30)	218,705	3	203,738	3
1200	Other receivables (Note 4 & 30)	14,130	-	36,764	-
130X	Inventories (Note 4 & 11)	207,951	2	135,969	2
1479	Other current assets (Note 13)	150,489	2	188,263	2
11XX	Total current assets	3,920,890	50	3,833,557	48
	Non-current assets				
1517	Financial assets at fair value through other comprehensive income – non-current (Note 4 & 7)	637,331	8	734,689	9
1600	Property, plant and equipment (Note 4, 14 & 30)	2,532,608	33	2,709,833	34
1755	Right-of-use assets (Notes 4, 15 & 30)	37,443	1	52,660	1
1760	Investment property (Note 4, 16 & 31)	231,999	3	235,540	3
1805	Goodwill (Note 4 & 17)	238,979	3	238,979	3
1821	Other intangible assets (Note 4 & 17)	600	-	404	-
1840	Deferred income tax assets (Notes 4 & 25)	43,804	1	48,148	1
1935	Lease receivables – non-current (Note 4, 10 & 30)	112,504	1	122,386	1
1990	Refundable deposits (Note 30)	9,721	-	8,724	-
15XX	Total non-current assets	3,844,989	50	4,151,363	52
1XXX	Total assets	$ 7,765,879	100	$ 7,984,920	100

Code	Liabilities and equity	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current liabilities				
2100	Short-term loans (Notes 18)	$ 650,000	9	$ 1,600,024	20
2110	Short-term bills payables (Notes 18)	879,759	11	79,995	1
2170	Accounts payable (Note 19)	102,293	1	97,427	1
2180	Accounts payable – related parties (Note 19 & 30)	92,766	1	97,561	1
2219	Other payables (Note 20 & 30)	89,939	1	94,328	1
2230	Current tax liabilities (Note 4 & 25)	46,687	1	49,983	1
2280	lease liabilities – current (Note 4, 15 & 30)	23,848	-	24,667	-
2399	Other current liabilities (Note 20)	47,175	1	45,299	1
21XX	Total current liabilities	1,932,467	25	2,089,284	26
	Non-current liabilities				
2540	Long-term loans (Note 18)	740,000	9	500,000	6
2570	Deferred income tax liabilities (Note 4 & 25)	1,601	-	1,425	-
2580	Lease liabilities – non-current (Note 4, 15 & 30)	13,797	-	28,559	1
2640	Net defined benefit liability (Note 4 & 21)	149,589	2	167,570	2
2670	Guarantee deposits (Note30)	287,120	4	318,328	4
25XX	Total non-current liabilities	1,192,107	15	1,015,882	13
2XXX	Total liabilities	3,124,574	40	3,105,166	39
	Equity attributable to owners of the Company (Note 22)				
	Capital stock				
3110	Common stock	1,444,960	19	1,444,960	18
3200	Capital surplus	42,643	-	42,643	1
	Retained earnings				
3310	Legal reserve	934,760	12	879,732	11
3350	Unappropriated earnings	587,701	8	575,980	7
3300	Total retained earnings	1,522,461	20	1,455,712	18
3400	Other equity	945,164	12	1,282,546	16
31XX	Equity attributable to owners of the Company	3,955,228	51	4,225,861	53
36XX	Non – controlling interests (Note 12)	686,077	9	653,893	8
3XXX	Total equity	4,641,305	60	4,879,754	61
	Total liabilities and equity	$ 7,765,879	100	$ 7,984,920	100

The accompanying notes are an integral part of the consolidated financial statements.

Chairman: Liao, Ching-Chang   Manager: Weng, Kuo-Hua   Comptroller: Hsieh, Shu-Hui

Huxen Corporation and Subsidiaries

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2022 and 2021

Unit: NTD in Thousands (Earnings per Share in Dollars)

		2022		2021	
Code		Amount	%	Amount	%
4000	Operating revenue (Note 4, 23 & 30)	$3,193,629	100	$3,883,788	100
5000	Opertating Costs (Note 4, 11, 24 & 30)	2,162,017	68	2,841,594	73
5900	Gross profit	1,031,612	32	1,042,194	27
	Operating expenses (Note 4, 9, 24 & 30)				
6100	Marketing expenses	424,979	13	464,387	12
6200	Administrative expenses	124,342	4	122,466	3
6450	Expected credit loss	8,597	-	6,588	1
6000	Total operating expenses	557,918	17	593,441	16
6900	Net income from operations	473,694	15	448,753	11
	Non-operating income and expenses (Note 4, 24 & 30)				
7100	Interest income	20,731	1	7,546	-
7010	Other income	209,902	6	211,802	6
7020	Other gain and loss	9,161	-	13,460	-
7050	Finance costs	(23,005)	(1)	(13,764)	-
7000	Total non-operating income and expenses	216,789	6	219,044	6
7900	Net income before income tax	690,483	21	667,797	17
7950	Income tax expense (Note 4 & 25)	(106,687)	(3)	(101,629)	(2)
8200	Net income for the period	583,796	18	566,168	15

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Code		2022 Amount	2022 %	2021 Amount	2021 %
	Other comprehensive income (Note 4, 12, 21, 22 & 25)				
8310	Items not reclassified to profit/loss				
8311	Remeasurements of defined benefit plans	$ 14,138	-	$ 1,033	-
8316	Unrealized gains/losses from investments in equity instruments measured at fair value through other comprehensive income	(359,695)	(11)	27,204	1
8349	Income tax related to items not reclassified to profit/loss	(2,828)	-	(207)	-
		(348,385)	(11)	28,030	1
8360	Items that may be reclassified subsequently to profit/loss				
8361	Exchange differences on translation of foreign operation's financial statements	31,876	1	(16,086)	(1)
8300	Total other comprehensive income	(316,509)	(10)	11,944	-
8500	Total comprehensive income for the period	$ 267,287	8	$ 578,112	15
	Net income attributable to:				
8610	owners of the Company	$ 561,175	17	$ 549,456	14
8620	Non-controlling interests	22,621	1	16,712	1
8600		$ 583,796	18	$ 566,168	15
	Total comprehensive income attributable to:				
8710	owners of the Company	$ 235,103	7	$ 566,226	15
8720	Non-controlling interests	32,184	1	11,886	-
8700		$ 267,287	8	$ 578,112	15
	Earnings per share (Note 26)				
9710	Basic	$ 3.88		$ 3.80	
9810	Diluted	$ 3.88		$ 3.80	

The accompanying notes are an integral part of the consolidated financial statements.

Chairman: Liao, Ching-Chang Manager: Weng, Kuo-Hua Comptroller: Hsieh, Shu-Hui

Huxen Corporation and Subsidiaries

Consolidated Statements of Changes in Equity

For the years ended December 31, 2022 and 2021

Unit: NTD In Thousands

Code		Capital stock	Capital surplus	Retained earnings: Legal reserve	Retained earnings: Unappropriated earnings	Other equity: Exchange differences on translation of foreign operation's financial statements	Other equity: Unrealized valuation gains/loss from financial assets measured at fair value through other comprehensive income	Total equity attributable to shareholders of the parent company	Non-controlling interests	Total equity
A1	Balance, January 1, 2021	$ 1,444,960	$ 42,643	$ 823,154	$ 602,462	($ 130,997)	$ 1,397,599	$ 4,179,821	$ 642,007	$ 4,821,828
	Appropriations of earnings for 2020									
B1	Legal capital reserve	-	-	56,578	(56,578)	-	-	-	-	-
B5	Cash dividends to shareholders of the Company	-	-	-	(520,186)	-	-	(520,186)	-	(520,186)
D1	Net income in 2021	-	-	-	549,456	-	-	549,456	16,712	566,168
D3	Other comprehensive income in 2021	-	-	-	826	(11,260)	27,204	16,770	(4,826)	11,944
D5	Total comprehensive income in 2021	-	-	-	550,282	(11,260)	27,204	566,226	11,886	578,112
Z1	Balance, December 31, 2021	1,444,960	42,643	879,732	575,980	(142,257)	1,424,803	4,225,861	653,893	4,879,754
	Appropriations of earnings for 2021									
B1	Legal reserve	-	-	55,028	(55,028)	-	-	-	-	-
B5	Cash dividends to shareholders of the Company	-	-	-	(505,736)	-	-	(505,736)	-	(505,736)
D1	Net income in 2022	-	-	-	561,175	-	-	561,175	22,621	583,796
D3	Other comprehensive income in 2022	-	-	-	11,310	22,313	(359,695)	(326,072)	9,563	(316,509)
D5	Total comprehensive income in 2022	-	-	-	572,485	22,313	(359,695)	235,103	32,184	267,287
Z1	Balance, December 31, 2022	$ 1,444,960	$ 42,643	$ 934,760	$ 587,701	($ 119,944)	$ 1,065,108	$ 3,955,228	$ 686,077	$ 4,641,305

The accompanying notes are an integral part of the consolidated financial statements.

Chairman: Liao, Ching-Chang   Manager: Weng, Kuo-Hua   Comptroller: Hsieh, Shu-Hui

Huxen Corporation and Subsidiaries

Consolidated Statements of Cash Flows

For the years ended December 31, 2022 and 2021

Unit: NTD In Thousands

Code		2022	2021
	Cash flows from operating activities		
A10000	Net income before income tax	$ 690,483	$ 667,797
A20010	Gain/loss		
A20100	Depreciation expense	1,206,736	1,288,484
A20200	Amortization expense	312	365
A20300	Expected credit loss	8,597	6,588
A20400	Gain on financial assets at fair value through profit or loss, net	(14,042)	(18,785)
A20900	Finance costs	23,005	13,764
A21200	Interest income	(20,731)	(7,546)
A21300	Dividend income	(181,359)	(181,359)
A22500	Loss on disposal of property, plant and equipment	191,669	236,413
A22900	Gain on modification of lease	-	(73)
A30000	Changes in operating assets and liabilities, net		
A31130	Notes receivable	3,658	(15,222)
A31150	Accounts receivable	(20,738)	(6,737)
A31180	Other receivables	22,634	1,256
A31200	Inventories	(335,115)	(257,000)
A31240	Other current assets	37,774	46,378
A31990	Lease receivables – non-current	10,661	12,589
A32150	Accounts payables	4,866	11,492
A32160	Accounts payable – related parties	973	(975)
A32180	Other payables	(4,450)	4,804
A32230	Other current liabilities	1,876	1,785
A32240	Net defined benefit liabilities	(3,843)	(14,054)
A33000	Cash generated from operations	1,622,966	1,789,964
A33100	Interest received	4,739	1,478
A33300	Interest paid	(22,944)	(13,464)
A33500	Income tax paid	(103,082)	(96,721)
AAAA	Net cash generated from operating activities	1,501,679	1,681,257

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Code		2022	2021
	Cash flows from investing activities		
B00040	Purchase of financial assets at amortized cost	($ 314,960)	($ 440,468)
B00100	Purchase of financial assets at fair value through profit/loss	(2,299,388)	(2,951,336)
B00200	Disposal of financial assets at fair value through profit/loss	2,313,430	2,970,121
B02700	Payments for property, plant and equipment (Note 27)	(1,014,627)	(1,125,733)
B02800	Proceeds from disposal of property, plant and equipment	100,793	118,774
B03700	Increase in refundable deposits	(997)	-
B03800	Refundable deposits refunded	-	685
B04500	Payments for intangible assets	(508)	(259)
B07600	Dividends received	181,359	181,359
BBBB	Net cash used in from investing activities	(1,034,898)	(1,246,857)
	Cash flows from financing activities		
C00100	Increase in short-term loans	-	800,424
C00200	Decrease in short-term loans	(950,024)	-
C00500	Proceeds from short-term bill payables	799,764	-
C00600	Repayments of short-term bill payables	-	(799,457)
C01600	Long-term loans	240,000	-
C01700	Repayment on long-term loans	-	(20,000)
C03100	Payment of guarantee deposits	(31,208)	(22,593)
C04020	Repayment of lease liabilities	(28,907)	(28,612)
C04500	Dividends paid	(505,736)	(520,186)
CCCC	Net cash used in financing activities	(476,111)	(590,424)
DDDD	Effect of exchange rate changes on cash and cash equivalents	8,770	(5,427)
EEEE	Decrease in cash and cash equivalents, net	(560)	(161,451)
E00100	Cash and cash equivalents at beginning of year	690,520	851,971
E00200	Cash and cash equivalents at end of year	$ 689,960	$ 690,520

The accompanying notes are an integral part of the consolidated financial statements.

Chairman: Liao, Ching-Chang　　Manager: Weng, Kuo-Hua　　Comptroller: Hsieh, Shu-Hui

Huxen Corporation and Subsidiaries

Notes to Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

(Amounts Unit: NTD in Thousands, Unless Specified Otherwise)

I. Company Profile

Huxen Corporation (hereinafter referred to as the Company; the Company and entities controlled by the Company are referred to as "the Group") was established in Taipei City in August 1984. The Company's main business is the sales, import and export, repair and rental of multi-function printers, faxes and communication products.

The Company's shares have been listed and traded on the Taiwan Stock Exchange since September 2000.

The consolidated financial statements are presented in the Company's functional currency, the New Taiwan dollar.

II. Date of Authorization for Financial statements and Procedures for Authorization

The accompanying consolidated financial statements were approved by the Board of Directors on March 10, 2023.

III. Application of New Standards, Amendments and Interpretations

(I) Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC did not have any material effect on the accounting policies of the Group.

(II) IFRSs endorsed by FSC for application starting from 2023

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
Amendment to IAS 1 "Disclosure of Accounting Policies”	January 1, 2023 (Note1)
Amendment to IAS 8 "Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendment to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

Note 1: This amendment applies to annual reporting periods beginning after January 1, 2023.

Note 2: This amendment applies to changes in accounting estimates and changes in accounting policies that occur in annual reporting periods beginning after January 1, 2023.

Note 3: The amendment applies to transactions occurring after January 1, 2022, except for the recognition of deferred income taxes on temporary differences between leases and decommissioning obligations as of January 1, 2022.

The Group has assessed that as of the publication date of this consolidated financial report, the amendments to other standards and interpretations will not have a material impact on its financial position and financial performance.

(III) IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB (Note1)
Amendment to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined
Amendment to IFRS 16 "Lease Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendment to IFRS 17	January 1, 2023
Amendment to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 – Comparative Information”	January 1, 2023
Amendment to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendment to IAS 1 "Non-current Liabilities with Covenants”	January 1, 2024

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: Sellers and lessees should apply the amendments to IFRS 16 retroactively to sale-and-leaseback transactions entered into after the date of initial application of IFRS 16.

Up to the date of this consolidated financial statements were authorized for issue, the Group continues in evaluating the impact on its financial position and financial performance from the amendments to other standards and interpretations. The related impact will be disclosed when the Group completes its evaluation.

IV. Summary of Significant Accounting Policies

(I) Statement of compliance

The consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed by the FSC.

(II) Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis, except for financial instruments which are measured at fair value and net defined benefit liabilities which are measurement at the present value of the defined benefit obligations less the fair value of the plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the materiality of the inputs, are described as follows:

1. Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that are available at the measurement date.
2. Level 2 inputs: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
3. Level 3 inputs: unobservable inputs for the asset or liability.

(III) Criteria for classification of current and non-current assets and liabilities

Current assets include:

1. Assets held mainly for the purpose of trading;

2. Assets expected to be realized within 12 months after the reporting period; and
3. Cash and cash equivalents (notwithstanding, those restricted for exchange or settlement of liabilities exceeding 12 months after the balance sheet date are excluded).

Current liabilities include:

1. Liabilities held mainly for the purpose of trading;
2. Liabilities due to be settled within 12 months after the reporting period; and
3. Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

All other assets and liabilities are classified as non-current.

(IV) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (the subsidiaries). Adjustments have been made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this attribution results in the non-controlling interests having a deficit balance.

For list, shareholding ratio and operating activities of the subsidiaries, please refer to Note 12 and Table 5 and 6 of Note 35.

(V) Foreign Currencies

In preparing the financial statements of each group entity, transactions in currencies other than the entity’s functional currency (foreign currencies) are recognized at the rates of exchange prevailing on the dates of the transactions.

Monetary items denominated in foreign currencies are retranslated at the closing rate on the dates of balance sheet. Exchange differences resulting from the settlement or translation of monetary items are recognized in profit/loss in the period when these differences arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit/loss for the year except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in foreign currencies are not retranslated.

When preparing consolidated financial statements, the assets and liabilities of the foreign operations (including subsidiaries that operate in countries or use a currency different from that of the Company) are translated into New Taiwan dollars at exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences are recognized in other comprehensive income (attributed to owners' equity or non-controlling interests).

(VI) Inventories

The inventories include merchandise and supplies. The costs of inventories are calculated by the weighted-average method, and the inventories are measured at the lower of cost or net realizable value. When comparing costs and net realizable value, the comparison is based on individual items, except for the same type of inventories. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale in normal circumstances.

(VII) Property, Plant and Equipment

Property, plant and equipment are recognized at cost and subsequently measured at cost minus accumulated depreciation.

Depreciation of property, plant and equipment is recognized using the straight-line method and units of production method. Each material part of an item is depreciated separately. The Group reviews the estimated useful lives, residual values and depreciation methods at least at the end of each year and defers the effect of changes in applicable accounting estimates.

The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit and loss when property, plant, and equipment are derecognized.

(VIII) Investment property

Investment properties are properties held for the purpose of earning rentals or capital appreciation, or both.

Owned investment property is initially measured at cost (including transaction costs) and subsequently measured at cost less accumulated depreciation and accumulated impairment losses. Depreciation of investment property is based on the straight-line basis.

(IX) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses.

For the purposes of impairment testing, goodwill is allocated to each of cash-generating units, or groups of cash-generating units (collectively referred to as CGUs) of the acquirer, that are expected to benefit from the synergies of the combination.

CGUs to which goodwill has been allocated is tested for impairment annually, (or when there is an indication that the unit may be impaired), by comparing its carrying amount, including the attributable goodwill, with its recoverable amount. However, if the goodwill allocated to a CGU is acquired in a business combination during the current annual period, that unit should be tested for impairment before the end of the current annual period. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit/loss. An impairment loss recognized on goodwill shall not reversed in subsequent periods.

(X) Intangible assets

1. Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for prospectively.

2. Derecognition

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

(XI) Impairment of property, plant and equipment, right-of-use assets, investment property and intangible assets (except goodwill)

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right of use assets, investment property and intangible assets (excluding goodwill) for any indication of impairment loss. If any such indication exists, the recoverable amount of the asset is estimated When it is not possible to estimate the recoverable amount of each asset, the asset is tested for impairment in the context of the CGU to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount, with the resulting impairment loss recognized in profit/loss.

When impairment loss is reversed later, the carrying amount of the asset or CGU to the amount that can be recovered after the revision. However, the increased carrying amount shall not exceed the carrying amount (minus amortization or depreciation) determined by the asset or cash generating unit where the impairment loss was not recognized in the previous year. A reversal of an impairment loss is recognized in profit/loss.

(XII) Financial instruments

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

On initial recognition, financial assets and financial liabilities that are not measured at fair value through profit/loss are measured at fair value plus transaction costs that are directly attributable to the acquisition or issuance of the financial assets or financial liabilities. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1. Financial assets

   Regular trades of financial assets are recognized and derecognized on a trade date basis.

   (1) Measurement category

   Financial assets are classified into financial assets at fair value through profit or loss, financial assets at amortized cost and equity instruments at fair value through other comprehensive income.

   A. Financial assets at fair value through profit or loss

   Financial assets at fair value through profit or loss include financial assets at fair value through profit or loss that are required to be measured at fair value and financial assets that are designated as at fair value through profit or loss. Financial assets at fair value through profit or loss that are required to be measured at fair value include equity instrument investments not designated as at fair value through other comprehensive income or loss and debt instrument investments that do not qualify under the classification of investments measured at amortized cost or at fair value through other comprehensive income .

   Financial assets at fair value through profit or loss are measured at fair value; their dividends, interest and remeasurement gains or losses are recognized in other gains and losses. The dividends and interest generated are recognized in other income and interest income, respectively; gains or losses arising from remeasurement are recognized in other gains/losses.

   B. Financial assets at amortized cost

   The Group’s financial assets are classified as financial assets at amortized cost if both of the following conditions are met:

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.

Subsequent to initial recognition, financial assets at amortized cost are measured at amortized cost, which equals the gross carrying amount determined by the effective interest method less any impairment loss. Any exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate times the gross carrying amount of such a financial asset, except for:

a. Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate times the amortized cost of such financial assets.
b. Financial asset that is not a purchased or originated credit-impaired financial asset but subsequently has become credit-impaired, interest income shall be calculated by applying the effective interest rate times the amortized cost balance from the next reporting period after the impairment.

Cash equivalents, for the purpose of meeting short-term cash commitments, consist of highly liquid time deposits and investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value within 3 months from the date of acquisition.

C. Investments in equity instruments at fair value through other comprehensive income

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at fair value through other comprehensive income. Designation as at fair value through other comprehensive income is permitted if the equity investment is not held for trading or if it is not a contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at fair value through other comprehensive income are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on the investments in equity instruments are recognized in profit or loss when the group that has a right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

(2) Impairment of financial assets

The Group recognizes loss allowance for expected credit losses on financial assets at amortized cost on each balance sheet date.

Allowances for expected credit losses are recognized for Accounts receivables, trade receivables and lease receivables based on their lifetime. For all other financial assets, the Group recognizes lifetime expected credit loss when there has been a significant increase in credit risk since initial recognition based on the lifetime. If the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance at an amount equal to 12-month expected credit loss.

Expected credit losses are the average credit losses weighted by the risk of default. The 12-month expected credit loss represents the expected credit loss arising from default events on a financial instrument that are possible within the 12 months after the reporting date, while the expected credit loss over the lifetime of the financial instrument represents the expected credit loss resulting from all default events on a financial instrument that are possible over the expected life.

For internal credit risk management purposes, the Group determines, without considering the collateral held, whether there is internal or external information indicating that debtors are unlikely to settle their debts, which means that the financial assets are in default.

The Group recognizes an impairment loss in profit or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

(3) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the financial asset to another entity.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at fair value through other comprehensive income, the cumulative gain or loss is transferred directly to retained earnings, without reclassifying through profit or loss.

2. Financial liabilities

(1) Subsequent measurement

Financial liabilities are measured at the amortized costs through effective interest rate.

(2) Derecognition of financial liability

When derecognizing the financial liability, the difference between its carrying amount and the consideration (including any non-cash asset transferred or the liability borne) paid will be recognized as income.

(XIII) Revenue recognition

The Group allocates the transaction price to each performance obligation after the performance obligation is identified in the customer contract and recognizes revenue when each performance obligation is satisfied.

1. Revenue from merchandise sales

   Revenues from merchandise sales consist of sales of multi-function printers, faxes and communication products. When multi-functional printers, faxes and communication products are shipped to the customers' designated locations, the customers have the right to set the prices, use the products, bear the primary responsibility for re-selling the products and bear the risk of obsolescence; therefore, the Group recognizes revenue and Accounts receivables at this point of time.

2. Service revenue

   Service revenue is from equipment maintenance services, and the related revenue is recognized when the services are rendered.

(XIV) Lease

The Group assesses whether a contract is (or contains) a lease at the contract inception date.

1. The Group as lessor

   Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

   Under finance leases, the lease payments comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives payable. The net investment in a lease is measured at the present value of the sum of the lease payments receivable and any unguaranteed residual value accrued plus initial direct costs and is presented as a finance lease receivable. Finance lease income is allocated to the relevant accounting periods so as to reflect a constant, periodic rate of return on the Group's net investment outstanding in respect of leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms. When a lease asset is derecognized, the difference between the net proceeds of disposal and the carrying amount of the asset is recognized in operating costs.

2. The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for low-value leases and short-term asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the underlying asset or the end of the lease term.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. Lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Group accounts for the remeasurement of the lease liability by (a) decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease; (b) making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the balance sheets.

(XV) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period they occur. Remeasurement, comprising actuarial gains and losses, and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Group’s defined benefit retirement plan.

(XVI) Income tax

Income tax expense represents the sum of the current tax and deferred tax.

1. Current income tax

Income tax payable is based on taxable profit for the year. Some of the gains and losses are taxable or deductible in other periods, or are not taxable or deductible under the applicable tax laws; therefore, the taxable income is different from the net income before income tax reported in the consolidated statements of income. The Consolidated Company’s income tax-related liabilities for the current year are calculated at the statutory tax rate as of the balance sheet date.

The Group determines it’s yearly income (loss) in accordance with applicable regulations of regional tax authority, and calculates the income tax payable (recoverable) accordingly.

Income tax on undistributed earnings calculated in accordance with the R.O.C. Income Tax Act is recognized in the year when the shareholders resolve to retain the earnings.

Adjustments to prior years’ income tax payable are included in the current year’s income tax.

2. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Notwithstanding, deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3. Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income.

V. Major accounting judgments and key sources of estimation and uncertainty

In the application of the accounting policies, the Group is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The management reviews the estimates and underlying assumptions on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

Regarding the Group's accounting policies, estimates and underlying assumptions, there were no significant uncertainties in the accounting judgments, estimates and assumptions based on the assessment of the management of the Group.

VI. Cash and Cash Equivalents

	December 31, 2022	December 31, 2021
Cash on hand	$ 960	$ 940
Checking accounts and demand deposits	689,000	385,500
Cash equivalent		
Time deposits with original maturities within 3 months	-	304,080
	$689,960	$690,520

The market interest rates for RMB time deposits with original maturities within 3 months as of December 31, 2021 is 2.10%.

VII. Financial assets at fair value through other comprehensive income

Investments in equity instruments measured at fair value through other comprehensive income

	December 31, 2022	December 31, 2021
Domestic listed shares		
Aurora Corporation	$2,354,641	$2,714,336
Current	$1,717,310	$1,979,647
Non-current	637,331	734,689
	$2,354,641	$2,714,336

The Group invested in the common shares of Aurora Corporation for strategic purposes and expects to earn a profit from these investments. Accordingly, the management elected to designate these investments in equity instruments as at fair value through other comprehensive income as they believe that recognizing fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments.

VIII. Financial assets at amortized cost – current

	December 31, 2022	December 31, 2021
Time deposits with original maturity more than 3 months	$771,420	$440,468

The market interest rates for RMB bank time deposits with original maturity over 3 months as of December 31, 2022 and 2021 are 3.40% to 4.10% and 3.55% to 3.74%, respectively.

Please refer to Table 1 of Note 35 for the marketable securities held as of December 31, 2022.

IX. Notes receivable and Accounts receivable

	December 31, 2022	December 31, 2021
Notes receivable		
Lease payments	$ 922	$ 75
Total carrying amount measured at amortized cost	64,847	69,352
Less: Allowance for impairment loss	-	-
	$ 65,769	$ 69,427
Accounts receivable		
Total carrying amount measured at amortized cost	$ 86,513	$ 89,591
Less: Allowance for impairment loss	(1,357)	(830)
	$ 85,156	$ 88,761
Nonaccrual loan		
Nonaccrual loan	$ 17,864	$ 15,069
Less: Allowance for impairment loss	(17,864)	(15,069)
	$ -	$ -

Accounts receivable

The average credit period for the Group’s merchandise sales is 60–90 days. To mitigate credit risk, the management of the Group assigns a dedicated team for other monitoring procedures to ensure that appropriate actions are taken to collect overdue receivables. In addition, the Group reviews the recoverable amounts of receivables on a case-by-case basis at the balance sheet date to ensure that appropriate impairment losses are recorded for uncollectible receivables. Accordingly, the Group’s management believes that the Group’s credit risk has been significantly reduced.

The Group uses the simplified approach of IFRS 9 to recognize an allowance for losses on Accounts receivables based on lifetime expected credit losses. The lifetime expected credit losses are calculated using a provision matrix, which takes into account the customer's past default history and current financial position, as well as the GDP forecast. As the Group's credit loss history shows that there is no significant difference in the loss patterns of different customer segments. Therefore, the reserve matrix does not further differentiate between customer segments, but only sets the expected credit loss rate based on the overdue days of Accounts receivables.

If there is evidence that the transaction counterparties are facing serious financial difficulties and the Group cannot reasonably expect the recoverable amount, the Group will write off the relevant Accounts receivables but will continue to pursue collection, and the collected amount will be recognized in the profit and loss.

The Group's loss allowance for Accounts receivables based on the provision matrix is as follows:

December 31, 2022

	Not past due	Past due 1–90 days	Past due Over 91 days	Total
Expected credit loss rate	0.31%	18.46%	100%	
Total carrying amount	$ 82,658	$ 3,375	$ 480	$ 86,513
Loss allowance (expected credit losses during the period)	(254)	(623)	(480)	(1,357)
Amortized cost	$ 82,404	$ 2,752	$ -	$ 85,156

December 31, 2021

	Not past due	Past due 1–90 days	Past due Over 91 days	Total
Expected credit loss rate	0.14%	10.13%	100%	
Total carrying amount	$ 86,880	$ 2,231	$ 480	$ 89,591
Loss allowance (expected credit losses during the period)	(124)	(226)	(480)	(830)
Amortized cost	$ 86,756	$ 2,005	$ -	$ 88,761

Information on the changes in the allowance for receivables (Accounts receivables, lease receivables and nonaccrual loan) is as follows:

	2022	2021
Balance – beginning of year	$ 19,100	$ 17,879
Plus: recognized impairment loss of the current year	8,597	6,588
Less: write-off in the current year	(3,284)	(5,258)
Plus (less): Foreign currency conversion difference	209	(109)
Balance – end of year	$ 24,622	$ 19,100

X. Lease receivables

	December 31, 2022	December 31, 2021
Total lease receivables		
Less than 1 year	$232,253	$214,492
More than 1 year but not more than 5 years	133,465	144,896
More than 5 years	1,722	2,479
Less: Allowance for impairment loss	(5,401)	(3,201)
	362,039	358,666
Less: Unearned finance income	(30,830)	(32,542)
Present value of minimum lease payment receivables	$331,209	$326,124
Lease receivables		
Less than 1 year	$223,848	$205,902
More than 1 year but not more than 5 years	111,326	121,347
More than 5 years	1,436	2,076
	336,610	329,325
Less: Bad debt reserve	(5,401)	(3,201)
Lease receivables	$331,209	$326,124
Current	$218,705	$203,738
Non-current	112,504	122,386
	$331,209	$326,124

The above lease receivables under operating leases of less than one year were transferred to the Group on a monthly basis from the related parties entrusted by the Group to collect the rent from the lessees. For related information, please refer to Note 30.

The Group leases multi-function printers under operating and capital leases, and all lease payments are expected to be received on the agreed schedule in accordance with the terms of the leases. To mitigate credit risk, the management of the Group assigns a dedicated team for other monitoring procedures to ensure that appropriate actions are taken to collect overdue lease receivables. In addition, the Group reviews the recoverable amounts of lease receivables on a case-by-case basis at the balance sheet date to ensure that appropriate impairment losses are recorded for uncollectible lease receivables. Accordingly, the Group's management believes that the credit risk has been significantly reduced.

The Group uses the simplified approach of IFRS 9 to recognize an allowance for losses on lease receivable based on lifetime expected credit losses. The lifetime expected credit losses are calculated using a provision matrix, which takes into account the customer's past default history and current financial position, as well as the GDP forecast. As the Group's credit loss history shows that there is no significant difference in the loss patterns of different customer segments. Therefore, the reserve matrix does not further differentiate between customer segments, but only sets the expected credit loss rate based on the overdue days of lease receivable.

If there is evidence that the transaction counterparties are facing serious financial difficulties and the Group cannot reasonably expect the recoverable amount, the Group will write off the relevant lease receivable but will continue to pursue collection, and the collected amount will be recognized in the profit and loss.

The Group's loss allowance for lease receivables based on the provision matrix is as follows:

December 31, 2022

	Not past due	Past due 1–90 days	Past due Over 91 days	Total
Expected credit loss rate	0.00%~4.43%	7.96%~24.46%	21.03%~100%	
Total carrying amount	$ 346,836	$ 12,434	$ 8,170	$ 367,440
Loss allowance (expected credit losses during the period)	(1,865)	(1,775)	(1,761)	(5,401)
Amortized cost	$ 344,971	$ 10,659	$ 6,409	$ 362,039

December 31, 2021

	Not past due	Past due	Past due	Total

		1–90 days	Over 91 days	
Expected credit loss rate	0.40%~0.90%	4.69%~8.81%	45.95%~100%	
Total carrying amount	$ 350,064	$ 9,270	$ 2,533	$ 361,867
Loss allowance (expected credit losses during the period)	(1,051)	(82)	(2,068)	(3,201)
Amortized cost	$ 349,013	$ 9,188	$ 465	$ 358,666

XI. Inventories

	December 31, 2022	December 31, 2021
Merchandise	$146,338	$ 87,737
Supplier	56,875	47,920
Inventory in transit	4,738	312
	$207,951	$135,969

The operating costs related to inventories were NT$604,436 thousand (Including a loss of NT$291 thousand on decline in value of inventories) and NT$601,668 thousand in 2022 and 2021, respectively.

XII. Subsidiaries

(I) Subsidiaries included in consolidated financial statements

Entities included in the Group's consolidated financial statements were as follows:

			Percentage of Ownership	
Name of investor	Subsidiary name	Main Businesses	December 31, 2022	December 31, 2021
The Company	Aurora Leasing Corporation	Trading and leasing of multi-function printers	100%	100%
The Company	Huxen (China) Co., Ltd.	Maintenance and lease of multi-function printers	70%	70%

Aurora Leasing Corporation

Aurora Leasing Corporation (hereinafter referred to as Aurora Leasing Corporation.) was established on January 15, 1986 under the approval of the Ministry of Economic Affairs with the original name of "Chien Hsing Co., Ltd." In May 2006, the Company's name was changed to Aurora Leasing Corporation. and at the same time, the main business items were changed to the following: (1) Leasing business. (II) Wholesale, retail and service of multi-function printers (III) Wholesale, retail and service of computer software;

developing capital type and operating type office equipment leasing business proactively.

Huxen (China) Co., Ltd.

Huxen (China) Co., Ltd. (hereinafter referred to as Huxen (China)), a foreign investment limited company established in November 2012 in Shanghai, China, is mainly engaged in the business of sales, maintenance services and leasing of multi-function printers. The main operating risks are the political risk arising from the changes in governmental regulations and cross-strait relations, and exchange risk.

(II) Subsidiaries excluded from the consolidated financial statements: None

(III) Details of subsidiaries that have material non-controlling interests

		Proportion of ownership and voting rights held by non-controlling interests	
Subsidiary name	Principal place of business.	December 31, 2022	December 31, 2021
Huxen (China)	Shanghai, China	30%	30%

	Profit/loss allocated to non-controlling interests		Non-controlling interests	
Subsidiary name	2022	2021	December 31, 2022	December 31, 2021
Huxen (China)	$ 22,621	$ 16,712	$686,077	$653,893

The summarized financial information of Huxen (China) represents amounts before intragroup eliminations.

Huxen (China)

	December 31, 2022	December 31, 2021
Current assets	$1,554,942	$1,328,730
Non-current assets	1,036,428	1,183,633
Current liabilities	(21,466)	(18,517)
Non-current liabilities	(282,980)	(314,202)
Equity	$2,286,924	$2,179,644
Equity attributable to:		
owners of the Company	$1,600,847	$1,525,751
Non-controlling interests of Huxen (China)	686,077	653,893
	$2,286,924	$2,179,644

	2022	2021
Operating revenue	$1,133,489	$1,817,878
Net income for the period	$ 75,404	$ 55,707
Other comprehensive income	31,876	(16,086)
Total comprehensive income	$ 107,280	$ 39,621

Profit attributable to:		
owners of the Company	$ 52,783	$ 38,995
Non-controlling interests of Huxen (China)	22,621	16,712
	$ 75,404	$ 55,707
Total comprehensive income attributable to:		
owners of the Company	$ 75,096	$ 27,735
Non-controlling interests of Huxen (China)	32,184	11,886
	$ 107,280	$ 39,621

(IV) For the main businesses, principal place of business and registered nationalities information of the above subsidiaries, please refer to Tables 5 and 6 of Note 35.

XIII. Other current assets

	December 31, 2022	December 31, 2021
Tax overpaid retained for offsetting the future tax payable	$149,225	$187,082
Others	1,264	1,181
	$150,489	$188,263

XIV. Property, plant and equipment

	December 31, 2022	December 31, 2021
Assets for own use	$ 18,799	$ 19,642
Assets for operating leases	2,513,809	2,690,191
	$2,532,608	$2,709,833

(I) Assets for own use

	Own land	House and buildings	Office equipment	Total
Cost				
Balance, January 1, 2022	$ 11,927	$ 9,946	$ 6,694	$ 28,567
Additions	-	-	685	685
Inventories transferred to property, plant and equipment	-	-	30	30
Disposals	-	-	(3,061)	(3,061)
Balance, December 31, 2022	11,927	9,946	4,348	26,221
Accumulated depreciation				
Balance, January 1, 2022	-	4,855	4,070	8,925
Depreciation expense	-	177	1,381	1,558
Disposals	-	-	(3,061)	(3,061)
Balance, December 31, 2022	-	5,032	2,390	7,422
Carrying amounts, December 31, 2022	$ 11,927	$ 4,914	$ 1,958	$ 18,799
Cost				
Balance, January 1, 2021	$ 11,927	$ 9,946	$ 7,640	$ 29,513
Additions	-	-	955	955
Disposals	-	-	(1,901)	(1,901)
Balance, December 31, 2021	11,927	9,946	6,694	28,567
Accumulated depreciation				
Balance, January 1, 2021	-	4,677	4,354	9,031
Depreciation expense	-	178	1,612	1,790
Disposals	-	-	(1,896)	(1,896)
Balance, December 31, 2021	-	4,855	4,070	8,925
Carrying amounts, December 31, 2021	$ 11,927	$ 5,091	$ 2,624	$ 19,642

There is no indication of impairment in the 2022 and 2021 assessments.

Depreciation expenses are recognized on a straight-line method based on the following useful lives:

Houses and buildings	55 years
Office equipment	1–5 years

(II) Office equipment – operating lease

	2022	2021
Cost		
Balance – beginning of year	$5,604,090	$6,046,156
Additions	1,008,174	1,120,830
Inventories transferred to property, plant and equipment	268,756	281,836
Property, plant and equipment transferred to inventories	(72,539)	(66,883)
Disposals	(1,539,817)	(1,759,123)
Effects of exchange rate	31,892	(18,726)
Balance – end of year	5,300,556	5,604,090
Accumulated depreciation		
Balance – beginning of year	2,913,899	3,131,143
Depreciation expense	1,173,094	1,253,999
Property, plant and equipment transferred to inventories	(66,886)	(59,280)
Disposals	(1,247,355)	(1,403,941)
Effects of exchange rate	13,995	(8,022)
Balance – end of year	2,786,747	2,913,899
Carrying amounts – end of year	$2,513,809	$2,690,191

The Group leases business machines under operating leases; the lease terms are from 1 to 6 years. At the end of the lease period, lessees do not have bargain purchase options for the leased multi-function printers.

The total future lease payments to be received under operating leases (excluding paper-based revenue) are as follows:

	December 31, 2022	December 31, 2021
Year 1	$1,138,695	$1,229,880
Year 2	864,110	920,842
Year 3	594,129	619,623
Year 4	399,390	398,627
Year 5	268,977	275,840
More than 5 years	21,153	21,058
	$3,286,454	$3,465,870

Depreciation expenses are recognized on a straight-line method based on the following useful lives:

Lease assets (multi-function printers)	
Used machines	1–2 years
New machines	3–7 years

XV. Lease arrangements

(I) Right-of-use assets

	2022		
	Land and buildings	Vehicles	Total
Cost			
Balance – beginning of year	$ 59,731	$ 5,091	$ 64,822
Additions	11,818	1,508	13,326
Disposals	(5,903)	(1,564)	(7,467)
Balance – end of year	65,646	5,035	70,681
Accumulated depreciation			
Balance – beginning of year	9,802	2,360	12,162
Depreciation expense	26,536	2,007	28,543
Disposals	(5,903)	(1,564)	(7,467)
Balance – end of year	30,435	2,803	33,238
Carrying amounts – end of year	$ 35,211	$ 2,232	$ 37,443

	2021		
	Land and buildings	Vehicles	Total
Cost			
Balance – beginning of year	$ 48,956	$ 4,746	$ 53,702
Additions	58,074	2,121	60,195
Disposals	(47,299)	(1,776)	(49,075)
Balance – end of year	59,731	5,091	64,822
Accumulated depreciation			
Balance – beginning of year	16,445	2,137	18,582
Depreciation expense	27,154	1,999	29,153
Disposals	(33,797)	(1,776)	(35,573)
Balance – end of year	9,802	2,360	12,162
Carrying amounts – end of year	$ 49,929	$ 2,731	$ 52,660

(II) Lease liabilities

	December 31, 2022	December 31, 2021
Carrying amounts of lease liabilities		
Current	$23,848	$24,667
Non-current	$13,797	$28,559

Range of discount rate for lease liabilities was as follows:

	December 31, 2022	December 31, 2021
Buildings	0.702%~0.886%	0.778%~0.886%
Vehicles	0.702%~0.829%	0.778%~0.829%

(III) Material leasing activities and terms – as lessee

The Group leases land, buildings and vehicles for operating purposes for periods ranging from one to six years. Upon termination of the lease period, the Group does not have bargain purchase options to acquire the leased vehicles and business premises.

(IV) Other lease information

For the Group's properties, plant and equipment, and investment properties leased out under operating leases, please refer to Note 14 and Note 16 respectively; for the assets leased out under finance leases, please refer to Note 10.

	2022	2021
Total cash outflow for leases		
-Principal repayment	($28,907)	($28,612)
-Interest payments	(341)	(257)
	($29,248)	($28,869)

Lease commitments for the lease period commencing after the balance sheet date are as follows:

	December 31, 2022	December 31, 2021
Lease commitment	$ 2,782	$ 3,299

XVI. Investment properties

	Land	Houses and buildings	Total
Cost			
Balance, January 1, 2022	$ 188,071	$ 106,795	$ 294,866
Balance, December 31, 2022	188,071	106,795	294,866
Accumulated depreciation			
Balance, January 1, 2022	-	59,326	59,326
Depreciation expense	-	3,541	3,541
Balance, December 31, 2022	-	62,867	62,867
Carrying amounts, December 31, 2022	$ 188,071	$ 43,928	$ 231,999
Cost			
Balance, January 1, 2021	$ 188,071	$ 106,795	$ 294,866
Balance, December 31, 2021	188,071	106,795	294,866
Accumulated depreciation			
Balance, January 1, 2021	-	55,784	55,784
Depreciation expense	-	3,542	3,542
Balance, December 31, 2021	-	59,326	59,326
Carrying amounts, December 31, 2021	$ 188,071	$ 47,469	$ 235,540

The lease periods for investment properties are 4 to 5 years. The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms.

The total lease payments to be received in the future for investment property leased under operating leases are as follows:

	December 31, 2022	December 31, 2021
Year 1	$ 13,552	$ 13,553
Year 2	12,049	13,552
Year 3	8,748	12,049
Year 4	-	8,748
Year 5	-	-
	$ 34,349	$ 47,902

Depreciation expenses are recognized on a straight-line method based on the following useful lives:

Main Buildings	55 years
Decoration works	5-10 years

For the amount of investment property pledged as collateral for loans, please refer to Note 31.

The fair values of investment properties were evaluated by the management itself based on local market information as follows:

	December 31, 2022	December 31, 2021
Fair values	$371,750	$412,938

XVII. Intangible assets

(I) Goodwill

	December 31, 2022	December 31, 2021
Carrying amount		
Goodwill	$238,979	$238,979

There is no indication of impairment of goodwill in 2022 and 2021.

(II) Other intangible assets

	December 31, 2022	December 31, 2021
Computer software	$ 600	$ 404

	2022	2021
Cost		
Balance – beginning of year	$ 734	$ 719
Additions	508	259
Disposals	(93)	(244)
Balance – end of year	1,149	734
Accumulated amortization		
Balance – beginning of year	330	209
Amortization expense	312	365
Disposals	(93)	(244)
Balance – end of year	549	330
Carrying amounts – end of year	$ 600	$ 404

There is no indication of impairment of the assets listed above in 2022 and 2021.

Amortization expenses are recognized on a straight-line method for periods of 1–3 years.

XVIII. Borrowings

(I) Short-term borrowings

	December 31, 2022	December 31, 2021
Unsecured borrowings		
—Line of credit borrowings	$ 650,000	$1,550,000
—Inventory financing	-	50,024
	$ 650,000	$1,600,024
Credit loan		
NTD	1.455%-1.80%	0.70%-0.78%
Inventory financing		
USD	-	0.62%-0.70%

(II) Short-term bills payable

December 31, 2022

Guarantor/ accepting institution	Face amount	Discount amount	Carrying amount	Interest rate range	Name of collateral
Commercial Paper payable					
Dah Chung Bills Finance	$ 280,000	($ 51)	$ 279,949	1.928%-1.998%	None
Taiwan Finance	200,000	(27)	199,973	1.928%-2.058%	None
Mega Bills	200,000	(43)	199,957	1.928%-1.958%	None
Bank of Taiwan	200,000	(120)	199,880	1.820%	None
	$ 880,000	($ 241)	$ 879,759		

December 31, 2021

Guarantor/ accepting institution	Face amount	Discount amount	Carrying amount	Interest rate range	Name of collateral
Commercial Paper payable					
Dah Chung Bills Finance	$ 80,000	($ 5)	$ 79,995	0.785%	None

(III) Long-term loans

	December 31, 2022	December 31, 2021
Secured loans		
Bank loans	$440,000	$ -
Unsecured loans		
Bank loans	300,000	500,000
	$740,000	$500,000

The bank loans are secured by pledges of the Group's own land and buildings and the issuance of guarantee notes (see Notes 31 and 32), which bear interest at floating rates. As of December 31, 2022, the effective interest rate is 1.50% per annum, with interest payable monthly and principal repaid at maturity.

The unsecured loans were borrowed from banks at floating interest rates. The effective interest rates as of December 31, 2022 and 2021 are 1.48% and 0.71% to 0.825% per annum, respectively, with interest payable monthly. The principal amount of the loan as of December 31, 2021 was repaid in 2022 and then renewed.

XIX. Accounts payable

The average payment period is 2 months, and the Group has established a financial risk management policy to ensure that all payables are repaid within the agreed credit periods.

XX. Other liabilities

	December 31, 2022	December 31, 2021
Other payables		
Salaries and bonuses payable	$ 53,807	$ 56,621
Commission payables	6,414	5,873
Remuneration payables	6,112	6,524
Tax payables	6,088	7,038
Leave payment payables	418	254
Others	17,100	18,018
	$ 89,939	$ 94,328
Other current liabilities		
Temporary receipts	$ 32,337	$ 28,113
Temporary tax receipts – financial lease	8,851	9,535
Others	5,987	7,651
	$ 47,175	$ 45,299

XXI. Retirement benefit plans

(I) Defined contribution plans

The Company and subsidiaries of the Group adopted a pension plan under the Labor Pension Act, which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

(II) Defined benefit plans

The Company's pension plan under the Labor Standards Act is a defined benefit pension plan administered by the government. Employees' pension payments are calculated based on the service years and average salary for the six months prior to the approved retirement date. The Group contributes 5% of the employees' monthly salaries to the pension fund, which is deposited in the name of the Supervisory Committee of Business Entities' Labor Retirement Reserve in a special account at the Bank of Taiwan. Before the end of the year, the difference will be contributed in one lump sum by the end of March of the following year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor; the Group has no right to influence the pension fund investment policy and strategy.

The amounts included in the consolidated balance sheets on of the Group's defined benefit plans were as follows:

	December 31, 2022	December 31, 2021
Present value of the defined benefit obligation	$169,977	$191,390
Fair value of plan assets	(20,388)	(23,820)
Net defined benefit liabilities	$149,589	$167,570

Changes in net defined benefit liability (assets) were as follows:

	Present value of the defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities (assets)
January 1, 2022	$ 191,390	($ 23,820)	$ 167,570
Service cost			
Current service cost	189	-	189
Interest expense (income)	1,196	(166)	1,030
Recognized in profit or loss	1,385	(166)	1,219
Remeasurement			
Return on plan assets (excluding interest income calculated at discount rate)	-	(1,492)	(1,492)
Actuarial loss – changes in demographic assumptions	193	-	193
Actuarial loss – changes in financial assumptions	(9,053)	-	(9,053)
Actuarial gain – experience adjustments	(3,786)	-	(3,786)
Recognized in other comprehensive income	(12,646)	(1,492)	(14,138)
Contributions from the employer	-	(5,062)	(5,062)
Payment of benefits	(10,152)	10,152	-
December 31, 2022	$ 169,977	($ 20,388)	$ 149,589
January 1, 2021	$ 191,960	($ 9,303)	$ 182,657
Service cost			
Current service cost	271	-	271
Interest expense (income)	960	(60)	900
Recognized in profit or loss	1,231	(60)	1,171
Remeasurement			
Return on plan assets (excluding interest income calculated at discount rate)	-	(161)	(161)
Actuarial loss – changes in demographic assumptions	5,156	-	5,156
Actuarial loss – changes in financial assumptions	(2,174)	-	(2,174)
Actuarial gain – experience adjustments	(3,854)	-	(3,854)
Recognized in other comprehensive income	(872)	(161)	(1,033)
Contributions from the employer	-	(15,225)	(15,225)
Payment of benefits	(929)	929	
December 31, 2021	$ 191,390	($ 23,820)	$ 167,570

The Group is exposed to the following risks as a result of the Labor Standards Act pension scheme:

1. Investment risk: The Bureau of Labor Funds of the Ministry of Labor invests the Labor Retirement Fund in domestic and foreign equity and debt securities and bank deposits at its own discretion and on a discretionary basis, provided that the amount of the Group's plan assets to be allocated is based on the earnings at an interest rate not less than the local bank's two-year time deposit rate.
2. Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
3. Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. Hence, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used in the actuarial valuations were as follows:

	December 31, 2022	December 31, 2021
Discount rate	1.250%	0.625%
Long-term average salary adjustment rate	2.000%	2.000%

If possible reasonable change in each of the significant actuarial assumptions occurs and all other assumptions remain constant, the present value of the defined benefit obligation would increase(decrease) as follows:

	December 31, 2022	December 31, 2021
Discount rate		
0.25% increase	($ 3,434)	($ 4,347)
0.25% decrease	$ 3,539	$ 4,490
Expected rate of salary increase		
0.25% increase	$ 3,449	$ 4,352
0.25% decrease	($ 3,364)	($ 4,235)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31, 2022	December 31, 2021
Expected contributions to the plan within one year	$ 4,959	$ 5,473
Average duration of the defined benefit obligation	8.2 years	9.2 years

XXII. Equity

(I) Capital stock

Common stock

	December 31, 2022	December 31, 2021
Number of shares authorized (in thousands)	190,000	190,000
Shares authorized	$1,900,000	$1,900,000
Number of shares issued and fully paid (in thousands)	144,496	144,496
Issued capital stock	$1,444,960	$1,444,960

(II) Capital surplus

	December 31, 2022	December 31, 2021
Capital surplus which can be used to offset losses, to distribute cash dividends or to supply share capital (1)		
Capital surplus from merger	$ 36,172	$ 36,172
Capital surplus which can only be used to offset losses		
Dividends unclaimed by shareholders with claim period elapsed	1,490	1,490
Changes in ownership interests in subsidiaries (2)	4,981	4,981
	$ 42,643	$ 42,643

1. Such capital surplus may be used to offset a deficit, in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital. However, the capital contributions shall be limited to a certain percentage of the paid-in capital each year.
2. This type of capital surplus represents the effect of equity transactions recognized for changes in the Company's equity when the Company has not actually acquired or disposed of shares in a subsidiary or adjustments to the capital surplus recognized by the equity method for the Company's subsidiaries.

(III) Retained earnings and dividend policy

The Company's shareholders' meeting on June 8, 2022 resolved to amend the Articles of Incorporation. The Board of Directors is authorized to resolve, with at least two-thirds of the directors present and the consent of a majority of the directors, that all or part of the dividends and bonuses, capital surplus or legal reserve to be distributed shall be paid in cash and reported to the shareholders' meeting.

In accordance with the provisions of the Company's earnings distribution policy prior to the amendment of the Articles of Incorporation, appropriation for legal reserve should be made at 10% of annual net income, less any statutory tax payables and accumulated deficit. From the remainer of the net income, appropriation for special reserve will be made based on relevant laws and regulations. After setting aside the special surplus reserve, the Board of Directors shall prepare a proposal for distribution of earnings and submit it to the shareholders' meeting for resolution to distribute dividends to shareholders. For the policy of employee remuneration estimation and distribution, please refer to Note 24(6) Employee Remuneration.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Company’s paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company’s paid-in capital, the excess may be transferred to capital or distributed in cash.

When special reserve is provided for the net decrease in other equity accumulated in prior periods, only the undistributed earnings of prior periods are provided for.

The Company's industry is now in a stable growth stage, and its capital requirements have been eased; as a result, the Company will endeavor to return operating results to its shareholders in the future. In consideration of the Company's business development, capital and financial position, the balance between capital expansion and shareholders' equity, the Company adopts a dividend policy based on a combination of stock dividends and cash dividends, of which the ratio of cash dividends shall not be less than 10% of the amount of dividends distributed in the year.

The appropriation of earnings for 2021 and 2020 had been approved by the shareholders' meeting on June 18, 2022 and July 14, 2021, respectively. The appropriations were as follows:

	Appropriation of earnings		Dividends per share ($)	
	2021	2020	2021	2020
Legal reserve	$ 55,028	$ 56,578		
Cash dividends	505,736	520,186	$ 3.5	$ 3.6

The appropriation of earnings for 2022 had been approved by the meeting of board of directors on March 10, 2023. The appropriations were as follows:

	Appropriation of earnings	Dividends per share ($)
Legal reserve	$ 57,249	
Cash dividends	520,186	$ 3.6

The appropriation of earnings for 2022 will be resolved by the shareholders' meeting to be held on June 16, 2023.

(IV) Others equity

	December 31, 2022	December 31, 2021
Exchange differences on translation of foreign operation's financial statements	($ 119,944)	($ 142,257)
Unrealized valuation gains/loss from financial assets measured at fair	1,065,108	1,424,803

value through other comprehensive income	$ 945,164	$1,282,546

1. Exchange differences on translating foreign operation's financial statements

   Exchange differences arising from the translation of the net assets of foreign operations from their functional currency into the presentation currency of the Group ("NTD") are recognized directly as exchange differences on translating the financial statements of foreign operations under other comprehensive income. The accumulated exchange differences on translating the financial statements of foreign operations will be reclassified to profit or loss when the foreign operating companies are disposed of.

2. Unrealized gain/loss on financial assets at fair value through other comprehensive income

	2022	2021
Balance – beginning of year	$1,424,803	$1,397,599
Generated in the current year		
Unrealized gains or losses		
Equity instruments	(359,695)	27,204
Other comprehensive income in the current year	(359,695)	27,204
Balance – end of year	$1,065,108	$1,424,803

XXIII. Revenue

Disaggregation of revenue

Product type	2022	2021
Lease	$1,969,375	$2,675,780
Machine rental revenue, paper-based revenue, etc.	599,757	601,380
Multi-function printers, peripherals and consumables	624,497	606,628
	$3,193,629	$3,883,788

Region	2022	2021
Asia	$3,193,629	$3,883,788

XXIV. Net income

(I) Other income

	2022	2021
Lease revenue		
Lease revenue from operating leases – investment property	$ 16,103	$ 15,983
Dividend income	181,359	181,359
Miscellaneous income	12,440	14,460
	$209,902	$211,802

(II) Other gains and losses

	2022	2021
Financial assets mandatorily classified as at fair value through profit or loss	$ 14,042	$ 18,785
Loss on disposal of property, plant and equipment	-	(4)
Gain from lease modifications	-	73
Net foreign exchange gain (loss)	(608)	400
Others	(4,273)	(5,794)
	$ 9,161	$ 13,460

(III) Finance costs

	2022	2021
Interest on bank loans	$ 22,632	$ 13,475
Interest on lease liabilities	341	257
Accrued interest on guarantee deposits	32	32
	$ 23,005	$ 13,764

(IV) Depreciation and amortization

	2022	2021
Property, plant and equipment	$1,174,652	$1,255,789
Right-of-use asset	28,543	29,153
Investment property	3,541	3,542
Intangible asset	312	365
	$1,207,048	$1,288,849

	2022	2021
Summary of depreciation by functions		
Operating costs	$1,173,094	$1,253,999
Operating expenses	30,101	30,943
Non-operating expenses and losses	3,541	3,542
	$1,206,736	$1,288,484
Summary of amortization by functions		
Operating expenses	$ 312	$ 365

(V) Employee benefit expense

	2022	2021
Short-term employee benefits	$324,913	$327,139
Retirement benefit (Note21)		
Defined contribution plans	12,946	13,114
Defined benefit plans	1,219	1,171
Total employee benefit expenses	$339,078	$341,424
Summary by Function		
Operating expenses	$339,078	$341,424

(VI) Remuneration to employees

In accordance with the Company's Articles of Incorporation, the Company appropriates 1% to 10% of the pre-tax income before the distribution of employee remuneration for the year. The remuneration to employees for 2022 and 2021 were resolved by the Board of Directors on March 10, 2023 and March 14, 2022, respectively, as follows:

Estimated ratio

	2022	2021
Remuneration to employees	1%	1%

Amount

	2022	2021
Remuneration to employees	$ 6,166	$ 6,012

If there is any change in the annual consolidated financial statements after the date of adoption, the change in accounting estimate will be treated as an adjustment in the following year.

There was no difference between the actual amount of remuneration to employees for 2021 and 2020, and the amount recognized in the 2021 and 2020 consolidated financial statements.

Information on the remuneration to employees by the Company's Board of Directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

XXV. Income Tax

(I) Major components of tax expense (gain) recognized under profit or loss

	2022	2021
Current tax		
Current tax expense recognized in the current year	$105,503	$100,809
Income tax adjustments on prior years	(838)	(864)
Surtax on undistributed retained earnings	279	-
	104,944	99,945
Deferred income tax		
Current tax expense recognized in the current year	1,743	1,684
Income tax expense recognized in profit or loss	$106,687	$101,629

A reconciliation of income before income tax and income tax expense recognized in profit or loss was as follows:

	2022	2021
Net income before income tax	$690,483	$667,797
Income tax expense calculated at the statutory rate	$138,096	$133,559
Nondeductible expenses in determining taxable income	265	746
Tax-exempt income	(36,275)	(36,272)

	2022	2021
Effect of different tax rates of entities in the Group operating in other jurisdictions	5,015	3,765
Adjustments for prior years' tax in the current year	(838)	(864)
Surtax on undistributed retained earnings	279	-
Unrecognized deductible temporary differences	145	695
Income tax expense recognized in profit or loss	$106,687	$101,629

The tax rate applicable to the subsidiary in mainland China is 25%.

(II) Income tax expense recognized in other comprehensive income

	2022	2021
Deferred income tax		
Re-measurement of defined benefit plans in respect of the current year	$ 2,828	$ 207

(III) Current tax liabilities

	December 31, 2022	December 31, 2021
Current tax liabilities		
Income tax payables	$ 46,687	$ 49,983

(IV) Deferred income tax assets and liabilities

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

2022

Deferred tax assets	Balance – beginning of year	Recognized in profit or loss	Recognized in other comprehensive income	Effects of exchange rate	Balance – end of year
Temporary differences					
Deferred revenue	$ 19,897	($ 2,246)	$ -	$ -	$ 17,651
Allowance for losses	3,964	1,444	-	51	5,459
Allowance for inventory write-down	689	(8)	-	-	681
Leave payment payables	51	34	-	-	85
Book-tax difference in pensions	2,093	(769)	-	-	1,324
Defined benefit plans	21,382	-	(2,828)	-	18,554
Unrealized exchange losses	72	(22)	-	-	50
	$ 48,148	($ 1,567)	($ 2,828)	$ 51	$ 43,804

Deferred income tax liabilities	Balance – beginning of year	Recognized in profit or loss	Recognized in other comprehensive income	Balance – end of year
Temporary differences				
Lease receivables	$ 1,425	$ 176	$ -	$ 1,601

2021

Deferred tax assets	Balance – beginning of year	Recognized in profit or loss	Recognized in other comprehensive income	Effects of exchange rate	Balance – end of year
Temporary differences					
Deferred revenue	$17,970	$ 1,927	$ -	$ -	$19,897
Allowance for losses	3,733	258	-	(27	3,964
Allowance for inventory write-down	683	6	-	-	689
Leave payment payables	136	(85)	-	-	51
Book-tax difference in pensions	4,904	(2,811)	-	-	2,093
Defined benefit plans	21,589	-	(207)	-	21,382
Unrealized exchange losses	8	64	-	-	72
	$49,023	($ 641)	($ 207)	($ 27	$48,148

Deferred income tax liabilities	Balance – beginning of year	Recognized in profit or loss	Recognized in other comprehensive income	Balance – end of year
Temporary differences				
Lease receivables	$ 382	$ 1,043	$ -	$ 1,425

(V) Amount of temporary differences in unrecognized deferred income tax liabilities related to investments

As of December 31, 2022 and 2021, the taxable temporary differences related to the investment in subsidiaries not recognized as deferred income tax liabilities amounted to NT$75,071 thousand and NT$64,514 thousand, respectively.

(VI) Income tax assessment

The corporate income tax of the Company and its subsidiaries have been assessed by the Tax Authorities. There is no difference between the assessment result and the filing. The assessment years are as follows.

	Assessment year
The Company	2020
Aurora Leasing Company	2020

XXVI. Earnings per Share

Net income and weighted average number of common shares used for calculation of earnings per share are as follows:

Net income for the period

	2022	2021
Net income attributable to owners of the Company	$561,175	$549,456

Number of shares

Unit: Thousands of shares

	2022	2021
Weighted average number of common shares used for calculation of basic earnings per share	144,496	144,496
Effect of potentially dilutive common shares:		
Remuneration to employees	153	216
Weighted average number of common shares used for calculation of diluted earnings per share	144,649	144,712

If the Company chooses to offer employee compensation or share profits in the form of cash or stock, while calculating diluted earnings per share, and assuming that the compensation is paid in the form of stock, the dilutive potential common shares will be included in the weighted average number of outstanding shares to calculate diluted earnings per share. The dilutive effect of such potential common shares shall continue to be considered when calculating diluted earnings per share before the number of shares to be distributed as employee compensation is approved in the following year.

XXVII. Non-cash transactions

The Group’s transactions of investing activities for the acquisition of property, plant and equipment in 2022 and 2021 that also affect cash and non-cash items are as follows.

	2022	2021
Payments for property, plant and equipment	$1,008,859	$1,121,785
Add: Decrease in payables in equipment (recognized as accounts payable – related parties and other payables)	5,768	3,948

Cash paid for acquisition of property, plant and equipment	$1,014,627	$1,125,733
Inventories transferred to property, plant and equipment	$ 268,786	$ 281,836
Property, plant and equipment transferred to inventories	$ 5,653	$ 7,603

XXVIII. Capital risk management

The Group manages capital management under the precondition for sustainable development to ensure that it is able to maximize the benefit for its shareholders by optimizing debt and equity.

The management reviews the capital structure of the Group from time to time in light of the economic environment and business considerations. According to the management's opinions and statutory requirements, the Group balances the overall capital structure through the payment of dividends, issuance of shares, and financing.

XXIX. Financial instruments

(I) Information on fair value

1. Financial instruments not measured at fair value

The management of the Group considers that the carrying amounts of financial assets and financial liabilities not measured at fair value are close to their fair value.

2. Financial instruments measured at fair value on a recurring basis

The following financial instruments of the Group have an observable level of fair value in Level 1.

	December 31, 2022	December 31, 2021
Financial assets measured at fair value through other comprehensive income		
Investments in equity instruments		
-Domestic listed securities	$2,354,641	$2,714,336

There were no transfers between Level 1 and Level 2 fair value measurements in 2022 and 2021.

(II) Types of financial instruments

	December 31, 2022	December 31, 2021
Financial assets		
Financial assets at amortized cost (Note 1)	$1,635,234	$1,334,590
Financial assets measured at fair value through other comprehensive income – investments in equity instruments	2,354,641	2,714,336
Financial liabilities		
Measured at amortized cost (Note 2)	2,781,564	2,723,750

Note 1: The balance includes cash and cash equivalents, financial assets at amortized cost – current, Accounts receivables (excluding lease receivables), other receivables, refundable deposits, and other financial assets at amortized cost.

Note 2: The balance includes short-term loans, short-term notes and bills payable, accounts payable, other payables (excluding employee benefits payable and business tax payable), long-term loans, guarantee deposits received, and other financial liabilities at amortized cost.

(III) Financial risk management objectives and policies

The main financial instruments of the Group include equity instrument investments, Accounts receivable, accounts payable, loans, and lease liabilities. The financial management department of the Group provides services to each business division, coordinates domestic and international market operations, supervises and manages financial risks related to the operation of the Group by analyzing the internal risk reports of the risks according to the level and scope of risks. Such risk includes market risk (including foreign exchange risk and interest rate risk), credit risk, and liquidity risk.

1. Market risk

The main financial risks the Group is exposed to in the business activities are foreign exchange risk, interest rate risk and other price risk.

Market risk in relation to the Group's financial instruments and its management and measurement approaches remain unchanged.

(1) Exchange risk

For the monetary assets and liabilities of the Group denominated in non-functional currencies on the balance sheet date (includes monetary items offset in the consolidated financial statements that are not denominated in functional currency), please refer to Note 34.

Sensitivity analysis

The Group is mainly impacted by the exchange rate fluctuations in USD.

The sensitivity analysis below Indicates the amount of decrease/increase in net income before tax arising from foreign exchange losses/gains on net monetary assets and liabilities when the New Taiwan dollar (functional currency) against each foreign currency appreciated by 3% for the years ended December 31, 2022 and 2021. When the New Taiwan dollar depreciated, its impact on net income before tax was the reverse equivalent amount. The foregoing sensitivity rate of 3% is used internally when foreign exchange risk is reported to the management. It also represents the management's assessment on the reasonably possible scope of foreign exchange rates.

	Impact of USD	
	2022	2021
Gian or loss	($ 612)	$ 1,501

The effect of the above gains and losses mainly resulted from the valuation of U.S. dollar-denominated demand deposits and purchase loans that were outstanding and not cash flow hedged at the balance sheet date of the Consolidated Company. The Consolidated Company's sensitivity to the U.S. dollar exchange rate decreased during the year, mainly due to the increase in net assets held in U.S. dollars.

(2) Interest rate risk

The carrying amounts of financial assets and financial liabilities of the Group exposed to interest rate risk on the balance sheet date are as follows:

	December 31, 2022	December 31, 2021
Fair value interest rate risk		
- Financial liabilities	$ 917,404	$ 133,221
Cash flow interest rate risk		
- Financial assets	1,413,237	1,111,764
- Financial liabilities	740,000	500,000

Sensitivity analysis

The sensitivity analysis below is prepared based on the risk exposure of non-derivative instruments to the interest rates at balance sheet date. The rate of change adopted is 25 basis points increase/decrease in the interest rate, which also represents the management's assessment on the reasonably possible scope of the interest rate.

If interest rates were to increase/decrease by 25 basic points, with all other variables held constant, the Consolidated Company's net income before income taxes would increase/decrease by NT$1,683 thousand and NT$1,529 thousand in 2022 and 2021, respectively, mainly due to the exposure to interest rate risk on demand deposits and long-term borrowings of the Consolidated Company.

(3) Other price risk

The Group was exposed to equity price risk through its investments in listed equity securities.

Sensitivity analysis

The following sensitivity analysis was performed based on the risk exposure of equity prices as of the balance sheet date.

If the equity price increases/decreases by 5%, other comprehensive income before income tax will increase/decrease by NT$117,732 thousand and NT$135,717 thousand in 2022 and 2021, respectively, due to the change in fair value of financial assets measured at fair value through other comprehensive income.

2. Credit risk

Credit risk refers to risk that causes the financial loss of the Company due to a counterparty's delay in performing contractual obligations. As of the balance sheet date, the Group's largest credit risk exposure from a counterparty's failure to fulfill obligations came from the carrying amount of financial assets recognized in the consolidated balance sheets.

The Group uses obtainable financial information and past transaction records to grade main customers while monitoring its credit risk exposure and credit ratings of the counterparties constantly.

The Group's credit risk is not concentrated in the Group's major customers, except for related parties.

3. Liquidity risk

The Group supports the operations and reduces the impact of fluctuating cash flows by managing and maintaining sufficient cash and cash equivalents. The management of the Group supervises the use of the credit line from banks and ensures compliance with the terms of the loan contracts.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to repay.

December 31, 2022

	Weighted average effective rate (%)	Payment on sight or within 1 month	1–3 months	3–12 months	1–5 years
Non-derivative financial liabilities					
Zero-interest-bearing liabilities		$ 21,301	$ 202,195	$ 1,189	$ 287,120
Lease liabilities		2,342	4,440	17,252	13,896
Variable-rate instruments	1.06%	-	-	-	740,000
Instruments with fixed interest rates	1.01%	499,871	729,888	300,000	-
		$ 523,514	$ 936,523	$ 318,441	$1,041,016

December 31, 2021

	Weighted average effective rate (%)	Payment on sight or within 1 month	1–3 months	3–12 months	1–5 years
Non-derivative financial liabilities					
Zero-interest-bearing liabilities		$ 9,375	$ 214,476	$ 2,118	$ 317,762
Lease liabilities		2,228	4,285	18,432	28,694
Variable-rate instruments	0.74%	-	-	-	500,000
Instruments with fixed interest rates	0.77%	1,031,301	299,995	348,723	-
		$1,042,904	$$518,756	$ 369,273	$ 846,456

Line of credit

	December 31, 2022	December 31, 2021
Unsecured banking facilities		
- Amount utilized	$1,875,959	$2,222,411
- Amount not utilized	4,157,041	4,099,589
	$6,033,333	$6,322,000
Secured banking facilities		
- Amount utilized	$ 440,000	$ -
- Amount not utilized	60,000	428,000
	$ 500,000	$ 428,000

XXX. Related party transactions

Transactions, balances, gains and losses between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are, therefore, not disclosed in this note. Details of transactions between the Group and its related parties are disclosed below.

(I) Names and relations of related parties

Name of related party	Relationship with the Group
Aurora Corporation (Aurora)	Investor of significant influence
Aurora Development Corp. (Aurora Development)	Other related party
Aurora Holdings Incorporated (Aurora Holdings)	Other related party
Aurora Telecom Corporation (Aurora Telecom)	Other related party
Aurora Office Automation Corporation (Aurora Office Automation)	Other related party
Aurora Office Automation Sales Co., Ltd. Shanghai (AOA)	Other related party
Aurora Home Furniture Co., Ltd. (Aurora Home)	Other related party
Aurora Museum	Other related party
Aurora Office Equipment Co., Ltd. Shanghai (AOE)	Other related party
Aurora (China) Co., Ltd. (AOF)	Other related party
General Integration Technology Co., Ltd. (General Integration)	Other related party
KM Developing Solutions Co., Ltd. (KM Developing)	Other related party
Aurora (Jiangsu) Enterprise Development Co., Ltd. (Aurora Jiangsu)	Other related party
Aurora Interior Design Co., Ltd. (Aurora Interior Design)	Other related party
Chen Yung Tai Sustainability Foundation (formerly AURORA Sustainability Foundation) (Sustainability Foundation)	Other related party

(II) Operating revenue

Type/name of related party	2022	2021
Other related party	$ 4,143	$ 4,236
Investor of significant influence	797	150
	$ 4,940	$ 4,386

Sales by the Group to related parties are made based on the market price, with payments collected within 1-2 month.

(III) Purchase of goods

Type/name of related party	2022	2021
AOA	$389,593	$955,697
Investor of significant influence	5,947	7,201
Other related party	2,684	1,595
	$398,224	$964,493

Purchases (including paper-based cost) from related parties are made based on the market price, with payments made in cash within 1–4 months.

(IV) Operating expenses

Type/name of related party	2022	2021
Aurora	$ 71,883	$ 74,146
AOA	57,221	58,537
Other related party	709	10,088
	$129,813	$142,771

Operating expenses represent expenses paid to related parties for logistics management, commissions paid to business intermediaries, marketing expenditures of operational consulting and service fees.

(V) Lease agreements

Assets for operating leases

The operating lease receivables are summarized as follows:

Type/name of related party	December 31, 2022	December 31, 2021
Investor of significant influence	$ 35	$ 31

The total lease payments to be received in the future are as follows:

Type/name of related party	December 31, 2022	December 31, 2021
Investor of significant influence	$ 2,200	$ -
Other related party	230	110
	$ 2,430	$ 110

Lease revenues are summarized as follows:

Type/name of related party	2022	2021
Investor of significant influence	$ 2,404	$ 2,285
Other related party	120	120
	$ 2,524	$ 2,405

The Group leases the right of use of office spaces to related parties under operating leases. The rents are charged based on the standard rates of similar assets, and the fixed lease payments are received on a monthly basis in accordance with the lease agreements.

(VI) Receivables from related parties

Accounting subject	Type/name of related party	December 31, 2022	December 31, 2021
Accounts receivables	Other related party	$ 188	$ 14
	Investor of significant influence	13	-
		$ 201	$ 14
Lease receivables	Aurora	$ 38,791	$ 41,133
	Aurora Office Automation	23,923	24,031
	Other related party	13	70
		$ 62,727	$ 65,234
Other receivables	Other related party	$ 891	$ 723
	Investor of significant influence	1,463	664
		$ 2,354	$ 1,387

The above other receivables represent the receivables from the disposal of the used copiers and multi-function printers to related parties.

(VII) Payables to related parties

Accounting subject	Type/name of related party	December 31, 2022	December 31, 2021
Account payables	Aurora	$ 55,444	$ 57,306
	Aurora Office Automation	37,322	39,423
	Other related party	-	832
		$ 92,766	$ 97,561
Other payables	Investor of significant influence	$ 5,057	$ 5,004
	AOA	4,754	3,991
	Other related party	-	617
		$ 9,811	$ 9,612

The above accounts payable were mainly generated from the Group's purchase of assets from related parties for use in operating and capital leases.

(VIII) Acquisition of property, plant, and equipment

Type/name of related party	2022	2021
AOA	$ 498,681	$ 597,420
Aurora	321,743	343,213
Aurora Office Automation	206,506	205,943
	$ 1,026,930	$ 1,146,576

The Group purchased assets from related parties for operating and financing leases, and payments are made within 2–4 months from the month of purchase; the transaction prices are based on the market price.

(IX) Disposal of property, plant and equipment

	2022		2021	
	Disposal proceed	Disposal loss	Disposal proceed	Disposal loss
AOA	$ 55,049	($177,426)	$ 66,262	($223,556)
Aurora	24,683	(12,026)	29,284	(13,612)
Aurora Office Automation	20,010	(5,011)	22,077	(5,180)
	$ 99,742	($194,463)	$117,623	($242,348)

The transaction prices are determined according to market conditions.

(X) Lease agreements

Type/name of related party	2022	2021
Acquisition of right-of-use assets		
Aurora Holdings	$ 968	$ 19,570

Accounting subject	Type/name of related party	December 31, 2022	December 31, 2021
Lease liabilities – current	Aurora Holdings	$ 9,401	$ 9,756
	Investor of significant influence	42	71
		$ 9,443	$ 9,827
Lease liabilities – non-current	Aurora Holdings	$ -	$ 9,401
	Investor of significant influence	-	42
		$ -	$ 9,443

Type/name of related party	2022	2021
Interest expenses		
Aurora Holdings	$ 101	$ 48
Investor of significant influence	1	1
	$ 102	$ 49

The Group leased offices from related parties for the years ended December 31, 2022 and 2021, respectively, with the lease terms of 2 to 3 years; the rent is payable on a monthly basis and the terms are not materially different from those of the general clients.

(XI) Others

The balances of refundable deposits from related party transactions as of the balance sheet date are as follows:

Accounting subject	Type/name of related party	December 31, 2022	December 31, 2021
Refundable deposits	Aurora Holdings	$ 1,642	$ 1,642
Guarantee deposits	Investor of significant influence	$ 566	$ 566
	Other related party	21	21
		$ 587	$ 587

(XII) Remuneration to the management

	2022	2021
Short-term employee benefits	$ 13,874	$ 13,692
Retirement benefits	457	477
	$ 14,331	$ 14,169

The remuneration to directors and the management is determined by the Remuneration Committee based on personal performances and market trends.

XXXI. Pledged assets

The following assets of the Group have been provided for banks as collateral for loans:

	Contents	December 31, 2022	December 31, 2021
Investment property	Land, houses and buildings	$231,999	$235,540
Investments accounted for using the equity method	8,400 thousand shares of Aurora Leasing (Note)	$183,056	$198,533

Note: The shares have been offset due to consolidapion.

XXXII. Significant contingent liabilities and unrecognized contract commitments

In addition to those disclosed in other Notes, information on significant commitments and contingent liabilities on the balance sheet date is as follows:

(I) As of December 31, 2022 and 2021, the Group had unused letters of credit amounting to USD 998 thousand and USD 1,139 thousand, respectively. The performance bonds issued by financial institutions in favor of the Group amounted to NT$12,270 thousand and NT$10,790 thousand, respectively.

(II) As of December 31, 2022 and 2021, the total amount of guaranteed notes issued by the Group to financial institutions to meet short-term bills and short-term and long-term borrowing lines was NT$6,030,000 thousand.

(III) Significant contracts of the Group are disclosed as follows:

Type of contract	Contracting party	Contract duration Date	Contract content	Restrictions
Long-term supply/sales contracts	Ricoh Asia Pacific Ricoh Taiwan	April 1, 2022–March 31, 2023 (Note)	Digital multi-function devices (Ricoh Asia Pacific); laser printers, projectors and other products (Ricoh Taiwan)	1. Non-compete clauses are applied 2. Sales are only in Taiwan region

Note: The term will be automatically extended for one year if no objection is raised by both parties.

XXXIII. Significant events after the balance sheet date: None.

XXXIV. Assets and liabilities denominated in foreign currencies with significant influence

The following information is aggregated by the foreign currencies other than the functional currency of the Group and the exchange rates between foreign currencies and the functional currency are disclosed. The significant impact on assets and liabilities recognized in foreign currencies is as follows:

	December 31, 2022		
	Foreign currencies	Exchange rate	NTD
Foreign currency liabilities			
Monetary items			
USD	$ 666	30.71 (USD:NTD)	$ 20,405

	December 31, 2021		
	Foreign currencies	Exchange rate	NTD
Foreign currency liabilities			
Monetary items			
USD	1,804	27.68 (USD:NTD)	50,024

Unrealized foreign exchange gains and losses that have significant impact are as follows:

	2022		2021	
Foreign currencies	Exchange rate	Net unrealized foreign exchange gains (losses)	Exchange rate	Net unrealized foreign exchange gains (losses)
USD	1: 29.805 (USD:NTD)	($ 248)	1: 27.68 (USD:NTD)	($ 360)

XXXV. Additional disclosures

(I) Significant transactions.

1. Financings provided: None
2. Endorsement/guarantee provided: None
3. Marketable securities held (excluding investments in subsidiaries): Please see Table 1
4. Accumulated Purchase or Sale of the Same Securities Amounting to NT$300 Million or 20% of Paid-in Capital or More: Please see Table 2
5. Acquisition of individual real estate properties at costs of at least NT$300 million or 20% of the paid-in capital: None
6. Disposal of individual real estate properties at prices of at least NT$300 million or 20% of the paid-in capital: None
7. Purchases or Sales with Related Parties Amounting to NT$100 Million or 20% of Paid-up Capital or More: Please see Table 3
8. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None
9. Information about the derivative financial instruments transaction: None
10. Business Relationship and Circumstances of any Significant Transactions between the Parent and the Subsidiaries: Please see Table 4

(II) Information on the investment business: Please see Table 5

(III) Information on investment in Mainland China

1. The name of the investee in Mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, shareholding, income (losses) of the investee, share of profits/losses of investee, ending balance, amount received as dividends from the investee, and the limitation on investee: Please see Table 6.
2. Any of the following significant transactions with investee companies in Mainland China, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses: Please see Table 7.

(IV) Information on major shareholders: Names of shareholders with a shareholding ratio of 5% or more as well as the number and proportion of shares held: Please see Table 8.

XXXVI. Segment information

(I) Segment revenues and business performance result

The information provided to the chief operating decision maker for allocating resources and evaluating departmental performance is focused on a company-specific measurement. The Group's reportable segments are Huxen Co., Ltd., Aurora Leasing Corporation. and Huxen (China) Co., Ltd.; each company is mainly engaged in the purchase, sale, import, repair and lease of multi-function printers, faxes and communication products.

The following was an analysis of the Group's revenue and business performance results from operations by reportable segment:

	Huxen	Aurora Leasing	Huxen (China)	Elimination of intersegment revenues, profits or losses	Total
2022					
Revenues from external customers	$1,224,254	$ 835,886	$1,133,489	$ -	$3,193,629
Intersegment revenues	191,382	-	-	(191,382)	-
Total revenues	$1,415,636	$ 835,886	$1,133,489	($ 191,382)	$3,193,629
Segment profits(losses)	$ 610,376	$ 287,550	$ 100,300	($ 307,743)	$ 690,483
2021					
Revenues from external customers	$1,208,008	$ 857,902	$1,817,878	$ -	$3,883,788
Intersegment revenues	206,995	-	-	(206,995)	-
Total revenues	$1,415,003	$ 857,902	$1,817,878	($ 206,995)	$3,883,788
Segment profits(losses)	$ 595,136	$ 307,505	$ 75,309	($ 310,153)	$ 667,797

Interdepartmental sales are based on market prices.

(II) Segment total assets

	December 31, 2022	December 31, 2021
Huxen	$2,030,723	$2,136,304
Aurora Leasing	3,143,787	3,336,253
Huxen (China)	2,591,369	2,512,363
Total consolidated assets	$7,765,879	$7,984,920

Huxen Corporation and Subsidiaries

Marketable Securities Held at End of Period

December 31, 2022

Table 1

Unit: NTD in Thousands/Thousand Shares

Holding company	Type and name of marketable securities	Relationship with issuer of securities	Accounting subject	End of the period				Remark
				Number of shares	Carrying amount	Shareholding %	Market price (Note1)	
Huxen Corporation	Share							
	Aurora Corporation	Company with investment in the Company measured by the equity method	Financial assets at fair value through other comprehensive income – current	9,435	$ 735,001	3.99	$ 735,001	
Aurora Leasing Corporation	Share							
	Aurora Corporation	Aurora uses the equity method to evaluate its investment in the Company. Aurora Leasing Corporation is a subsidiary of the Company	Financial assets at fair value through other comprehensive income – current	12,610	982,309	5.34	982,310	
			Financial assets at fair value through other comprehensive income – non-current	8,181	637,331	3.46	637,330	
Huxen (China) Co., Ltd.	Industrial Bank — large-denomination certificate of deposit	None	Financial assets at amortized cost – current	-	234,594	-	234,594	
	China Minsheng Bank — large-denomination certificate of deposit	None	Financial assets at amortized cost – current		316,387		316,387	
	Cathay United Bank — large-denomination certificate of deposit	None	Financial assets at amortized cost – current		220,439		220,439	

Note1: Market prices of stocks with open market prices refer to the closing prices as of December 31, 2022. The fair value of financial instruments is based on discounted cash flows.

Note2: For information on investments in subsidiaries, please refer to Tables 5 and 6.

Huxen Corporation and Subsidiaries

Accumulated Purchase or Sale of the Same Securities Amounting to NT$300 Million or 20% of Paid-in Capital or More

For the Year Ended December 31, 2022

Table 2

Unit: NTD in Thousands/Thousand Shares (unless stated otherwise)

Company name	Type and name of securities	Accounting subject	Counterparty	Relationship	Transaction currency	Beginning of period		Reclassification of period		Purchase		Sale				Increase/decrease of period		End of the period	
						Number of shares (in thousand shares or thousand units)	Amount	Number of shares (in thousand shares or thousand units)	Amount	Number of shares (in thousand shares or thousand units)	Amount	Number of shares (in thousand shares or thousand units)	Price	Carrying cost	Gains (losses) on disposal	Number of shares (in thousand shares or thousand units)	Amount	Number of shares	Amount
Huxen (China) Co., Ltd.	Structured deposits	Financial assets at fair value through profit or loss – current	Industrial Bank	None	RMB	-	$ -	-	$ -	-	$ 150,000	-	$ 151,018	$ 150,000	$ 1,018	-	$ -	-	$ -
	Golden Snowball Stable Monthly Profit	Financial assets at fair value through profit or loss – current	Industrial Bank	None	RMB	-	-	-	-	-	110,000	-	110,227	110,000	227	-	-	-	-
	Profit Express	Financial assets at fair value through profit or loss – current	Industrial Bank	None	RMB	-	-	-	-	-	60,000	-	60,336	60,000	336	-	-	-	-
	Structured deposits	Financial assets at fair value through profit or loss – current	Bank Sinopac	None	RMB	-	-	-	-	-	100,000	-	100,732	100,000	732	-	-	-	-

Huxen Corporation and Subsidiaries

Purchases or Sales with Related Parties Amounting to NT$100 Million or 20% of Paid-up Capital or More

For the Year Ended December 31, 2022

Table 3

Unit: NTD in Thousands

Company name	Counterparty	Relationship	Transaction situation				Unusual transaction terms and reasons		Notes and Accounts receivables (payable)		Remark
			Purchases (Sales)	Amount	Percentage of total purchases (sales) (%)	Credit period	Unit price	Credit period	Balance	Percentage of Notes and Accounts receivables (payable) (%) Note 6)	
Huxen Corporation	Aurora Leasing Corporation	Subsidiary	Sales	($ 191,383)	14%	In principle, payments shall be paid in cash in next month.	Transaction prices are based on market conditions; hence there is no material difference.	In principle, payments shall be paid in cash in next month.	$ 31,870	18%	Note 7
Aurora Leasing Corporation	Huxen Corporation	Subsidiary	Purchase	191,383	Note 1	In principle, purchase payments shall be paid in cash in next month.	Transaction prices are based on market conditions; hence there is no material difference.	In principle, purchase payments shall be paid in cash in the next month.	(31,870)	(26%)	Note 7
〃	Aurora Corporation	Company using the equity method for the investment in the Company	Purchase	321,741	Note 2	〃	〃	〃	(55,421)	(44%)	
〃	Aurora Office Automation Corporation	Subsidiary of Aurora Corporation	Purchase	206,506	Note 3	〃	〃	〃	(37,322)	(30%)	
Huxen (China) Co., Ltd.	Aurora Office Automation Sales Co., Ltd. Shanghai	Sub-sub-sub-subsidiary of Aurora Corporation	Purchase	498,680	Note 4	In principle, purchase payments shall all be paid within 4 months.	Transaction prices are based on market conditions; hence there is no material difference.	In principle, purchase payments shall all be paid within 4 months.			
〃	〃	〃	Purchase	389,591	Note 5	〃	〃	〃			

Note 1: The goods sold by the Company to Aurora Leasing Corporation. were recognized as property, plant and equipment by Aurora Leasing Corporation.
Note 2: The goods sold by Aurora Co., Ltd to Aurora Leasing Corporation were recognized as property, plant and equipment by Aurora Leasing Corporation.
Note 3: The goods sold by Aurora Office Automation Corporation to Aurora Leasing Corporation were recognized as property, plant and equipment by Aurora Leasing Corporation.
Note 4: The goods sold by Aurora Office Automation Co., Ltd. Shanghai to Huxen (China) Co., Ltd. were recognized as property, plant and equipment by Huxen (China) Co., Ltd.
Note 5: The goods sold by Aurora Office Automation Co., Ltd. Shanghai to Huxen (China) Co., Ltd. were recognized as service cost by Huxen (China) Co., Ltd.
Note 6: The above percentage is calculated based on the ratio of the balance of notes and Accounts receivables (payable) with related parties to the balance of investee companies' notes and Accounts receivables (payable).
Note 7: When preparing the consolidated financial statements, the amounts were offset due to consolidation.

Huxen Corporation and Subsidiaries

Business Relationship and Circumstances of any Significant Transactions between the Parent and the Subsidiaries

For the Year Ended December 31, 2022

Table 4

Unit: NTD in Thousands

Number	Company name	Counterparty	Relationship	Transaction details			
				Accounting subject	Amount (Note)	Transaction terms	Percentage to consolidated total revenue or total assets
0	Huxen Corporation	Aurora Leasing Corporation	Subsidiary of the company	Sales revenue	$ 191,383	Market prices are used as a basis for the transaction prices, and there no significant difference	6%
				Other income	8,737	Market prices are used as a basis for the transaction prices, and there no significant difference	-
				Purchase	27,308	In principle, purchase payments shall be paid within 2 months.	-
				Accounts receivables	31,870	In principle, payments shall be paid in cash in next month.	-
				Account payables	2,193	In principle, payments shall be paid in cash in next month.	-
				Other payables	24,185	In principle, payments shall be paid in cash in next month.	-

Note: The above transactions have been offset due to consolidation when preparing the consolidated financial statements.

Huxen Corporation and Subsidiaries

Information on Investee Companies, Locations thereof Etc.

For the Year Ended December 31, 2022

Table 5

Unit: NTD in Thousands

Name of investor	Name of investee	Location	Main business activities	Initial investment amount		Ending balance			Profit (loss) of investee for the period	Investment profit (loss) recognized for the period	Distribution of dividends by investee for the period		Remark
				Ending balance for the current period	Ending balance for the previous period	Number of shares	Ratio %	Carrying amount			Stock dividends	Cash dividends	
Huxen Corporation	Aurora Leasing Corporation	Taiwan	(1) Import, export, lease and repair of multi-function printers; (2) The re-leasing business of the foregoing products; (3) Import and export of toner, metal powders, cards, rollers, and papers.	$ 865,491	$ 865,491	119,237	100	$2,598,452	$ 254,960	$ 254,960	$ -	$ 238,474	Subsidiary

Note: The amounts have been offset due to consolidation.

Huxen Corporation and Subsidiaries

Investment in Mainland China

For the Year Ended December 31, 2022

Table 6

1. Name of the investee company in Mainland China, main businesses, paid-in capital, investment method, capital remittance, shareholding ratio, investment gain or loss, carrying amounts of investment, and remittance of investment gain or loss:

Unit: NTD in Thousands, RMB thousand or USD thousand

Investee company in mainland china	Main business activities	Paid-in capital	Method of investment	Accumulated outward remittance for investment from Taiwan as of the beginning of the period	Remittance of funds		Accumulated outward remittance for investment from Taiwan	Net income of investee of the period	The Company's Shareholding % of direct or indirect investment	Investment gains/losses recognized for the period (Note 2)	Carrying amount as of the end of the period	Accumulated repatriation of investment income to Taiwan as of the end of the period
					Outward	Inward						
Huxen (China) Co., Ltd.	Sales, repair services and leasing of multi-function printers	$1,922,054 (RMB$ 400,000)	Note 1 (I)	$1,339,010 (US$ 2,885 RMB$ 262,000)	$ -	$ -	$1,339,010 (US$ 2,885 RMB$ 262,000)	$ 75,404	70	$ 52,783	$1,600,847	$ -

2. Limit on the amount of investment in the Mainland Area:

Accumulated outward remittance for investment in Mainland China from Taiwan at the end of the period（Note 3）	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs（Note 3）	Investment limit in Mainland China according to the Investment Commission of the Ministry of Economic Affairs（Note 4）
$ 1,339,010 (US$ 2,885) (RMB$ 262,000)	$ 1,489,900 (RMB$ 310,000)	$2,784,783

Note 1: The following three types of investment methods are distinguished and can be labeled as follows:
(I) Direct investment in Mainland China.
(II) Indirect investment in companies of Mainland China through a third place.
(III) Other method (through third region remittance).

Note 2: In the column of investment income or loss recognized for the period:
(I) If it is in preparation, and there is no investment gains and losses, notes shall be made.
(II) The amounts of investment gain (loss) was recognized on following 3 bases:
1. Financial statements audited by a ROC CPA firm cooperating with an international CPA firm.
2. Financial statements audited by the auditor of parent company.
3. Others

Note 3: The amount was calculated based on the exchange rate approved by the Investment Commission of the Ministry of Economic Affairs at the time. The accumulated outward remittance (foreign currency) for investment in Mainland China from Taiwan at the end of the period did not exceed the Investment amount (foreign currency) approved by the Investment Commission of the Ministry of Economic Affairs

Note 4: The net worth of the Group as of December 31, 2022 was NT$4, 641,305thousand. According to V and IX of "Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China," the limit formula is $4,641,305 thousand x 60% = $2, 784,783thousand.

Huxen Corporation and Subsidiaries

Major Transactions with Any Investee Company in Mainland China Directly or Indirectly through a Third Region, and Their Prices, Payment terms, Unrealized Gains (Losses), and Other Information

For the Year Ended December 31, 2022

Table 7

Unit: NTD in Thousands

Investee company in mailand china	Relationship between the Company and related party	Type of transaction	Amount	Transaction terms			Notes and Accounts receivables (payable)		Unrealized gains or losses	Remark
				Price	Payment terms	Comparison with general transactions	Balance	Percentage (%) (Note)		
Huxen (China) Co., Ltd.	Subsidiary	Purchase	$ 498,680	Price is made based on market conditions	Payment is made within 4 months	No material discrepancy	-	-	$ -	
		Purchase	389,591	〃	〃	〃	-	-	-	

Note: The above percentage is calculated as the ratio of the balance of notes and Accounts receivables (payable) with related parties to the balance of total notes and Accounts receivables (payable) of the Company.

Huxen Corporation

Information on Major Shareholders

December 31, 2022

Table 8

Name of major shareholders	Shares	
	Shares held	Shareholding (%)
Aurora Corporation	47,010,591	32.53
Aurora Holdings Incorporated	39,359,689	27.23
Aurora Office Automation Corporation	11,170,023	7.73
Ni Sheng Investment Co., Ltd.	8,086,000	5.59

Note 1: The major shareholders in this table are shareholders holding more than 5% of the common and preferred shares that have completed delivery without physical registration (including treasury shares) on the last business day of each quarter calculated by the Taiwan Depository & Clearing Corporation. Share capital indicated in the Company's consolidated financial statements may differ from the actual number of shares that have been issued and delivered without physical registration as a result of different basis of preparation.

Note 2: If a shareholder delivers its shareholdings to the trust, the foregoing information shall be disclosed by the individual trustee who opened the trust account. Please refer to the MOPS for information on shareholders who declare themselves to be insiders holding more than 10% of shares in accordance with the Securities and Exchange Act and their shareholdings plus their delivery of trust and shares with the right to make decisions on trust property.