Stock Code: 2433

Huxen Corporation

Parent Company only Financial Statements and Independent Auditors' Report

For the Years Ended December 31, 2022 and 2021

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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 Parent Company Only Financial Statements and Independent Auditors' Reportshall prevail.

Independent Auditors' Report

To Huxen Corporation:

Opinion

We have audited the financial report of Huxen Corporation, (the Company) which comprise the parent company only balance sheets as of December 31, 2022 and 2021, and the parent company only statement of comprehensive income, changes in equity and cash flows for the years ended December 31, 2022 and 2021, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2022 and 2021, and its parent company only financial performance and its parent company only 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.

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 in the R.O.C. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for certified Public Accountant 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 Company's Financial Report of for the years ended December 31, 2022. These matters were addressed in the context of our audit of the Parent Company only Financial Report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters.

Key audit matter for the Company's parent company only financial statements for the year ended December 31, 2022 is stated as follows:

<u>Key audit matter: sales revenue</u>

The main business of the Company 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 (12) for the accounting policy on operating revenue.

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 has checked whether the recipients were the same as the counterparties in order to confirm whether there were material misstatements in sales revenue.

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

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

In preparing the parent company only financial statements, management is responsible for assessing the Company'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 Company 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 Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this parent company only 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 parent company only 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 Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of 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 Company's ability to continue as a going concern. If we conclude that a material

uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structures and contents of the parent company only 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 parent company only financial information of the entities or business activities within the Company to express an opinion on the parent company only financial report. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

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

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

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

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 number 0920123784

March 10, 2023

Huxen Corporation

Parent Company Only Balance Sheet

December 31, 2022 and 2021

Unit: NTD in Thousand

Code	Assets	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current assets				
1100	Cash (Note 4 and 6)	$ 113,092	2	$ 47,297	1
1120	Financial assets at fair value through other comprehensive income – current (Note 4 & 7)	735,001	12	847,280	14
1150	Notes receivable (Note 4 & 8)	64,847	1	68,548	1
1172	Accounts receivable (Note 4 & 8)	84,955	1	88,747	1
1180	Accounts receivable – related parties (Note 4, 8 & 27)	32,071	1	34,703	1
1200	Other receivables (Note 4 & 27)	3,550	-	28,849	-
130X	Inventories (Note 4 & 9)	207,951	4	135,969	2
1479	Other current assets	887	-	948	-
11XX	Total current assets	1,242,354	21	1,252,341	20
	Non-current assets				
1550	Investments accounted for using the equity method (Note 4, 10 & 28)	4,199,299	70	4,343,903	70
1600	Property, plant and equipment (Note 4, 11 & 27)	263,689	4	273,616	4
1755	Right-of-use assets (Notes 4, 12 & 27)	37,401	-	52,548	1
1760	Investment property (Note 4, 13 & 28)	231,999	4	235,540	4
1821	Other intangible assets (Note 4 & 14)	600	-	404	-
1840	Deferred income tax assets (Notes 4 & 22)	38,599	1	44,307	1
1990	Refundable deposits (Note 27)	8,971	-	8,091	-
15XX	Total non-current assets	4,780,558	79	4,958,409	80
1XXX	Total assets	$ 6,022,912	100	$ 6,210,750	100
Code	**Liabilities and equity**				
	Current liabilities				
2100	Short-term loans (Notes 15)	$ 400,000	7	$ 1,000,024	16
2110	Short-term bills payables (Notes 15)	499,872	8	-	-
2170	Accounts payable (Note 16)	102,291	2	96,787	2
2180	Accounts payable – related parties (Note 16 & 27)	2,216	-	2,444	-
2219	Other payables (Note 17 & 27)	74,005	1	105,324	2
2230	Current tax liabilities (Note 4 & 22)	24,191	-	24,172	-
2280	Lease liabilities – current (Note 4, 12 & 27)	23,806	-	24,596	-
2300	Other current liabilities (Note 17)	33,482	1	30,954	1
21XX	Total current liabilities	1,159,863	19	1,284,301	21
	Non-current liabilities				
2540	Long-term loans (Note 15)	740,000	12	500,000	8
2570	Deferred income tax liabilities (Note4 & 22)	295	-	374	-
2580	Lease liabilities – non-current (Note 4, 12 & 27)	13,797	-	28,517	-
2640	Net defined benefit liability – non-current (Note 4 & 18)	149,589	3	167,570	3
2670	Guarantee deposits (Note 27)	4,140	-	4,127	-
25XX	Total non-current liabilities	907,821	15	700,588	11
2XXX	Total liabilities	2,067,684	34	1,984,889	32
	Equity (Note 19)				
	Capital stock				
3110	Common stock	1,444,960	24	1,444,960	23
3200	Capital surplus	42,643	1	42,643	1
	Retained earnings				
3310	Legal reserve	934,760	15	879,732	14
3350	Unappropriated earnings	587,701	10	575,980	9
3300	Total retained earnings	1,522,461	25	1,455,712	23
3400	Other equity	945,164	16	1,282,546	21
3XXX	Total equity	3,955,228	66	4,225,861	68
	Total liabilities and equity	$ 6,022,912	100	$ 6,210,750	100

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

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

Huxen Corporation

Parent Company Only Statements of Comprehensive Income

For the years ended December 31, 2022 and 2021

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

		2022		2021	
Code		Amount	%	Amount	%
	Operating revenue (Note 4, 20 & 27)				
4100	Sales revenue				
4110	Sales revenue	$ 1,422,424	100	$ 1,420,649	100
4170	Sales return	(6,270)	-	(5,386)	-
4190	Sales allowances	(517)	-	(260)	-
4000	Total operating revenue	1,415,637	100	1,415,003	100
5000	Operating costs (Note 4, 9, 21 & 27)	739,381	52	733,507	52
5900	Gross profit	676,256	48	681,496	48
5910	Unrealized sales profit from subsidiaries	(54,150)	(4)	(74,047)	(5)
5920	Realized sales profit from subsidiaries	65,380	5	64,414	4
5950	Realized gross profit	687,486	49	671,863	47
	Operating expenses (Note 4, 8, 12, 21 & 27)				
6100	Marketing expenses	323,850	23	333,055	23
6200	Administrative expenses	123,646	9	121,771	9
6450	Expected credit loss	749	-	723	-
6000	Total operating expenses	448,245	32	455,549	32
6900	Net income from operations	239,241	17	216,314	15
	Non-operating income and expenses (Note 4, 10, 21 & 27)				
7100	Interest income	100	-	17	-
7010	Other income	84,615	6	82,931	6

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Code		2022 Amount	2022 %	2021 Amount	2021 %
7020	Other gain and loss	($ 4,476)	(1)	($ 3,840)	-
7050	Finance costs	(16,847)	(1)	(10,440)	(1)
7070	Share of profits/losses of subsidiaries	307,743	22	310,154	22
7000	Total non-operating income and expenses	371,135	26	378,822	27
7900	Net income before income tax	610,376	43	595,136	42
7950	Income tax expense (Note 4 & 22)	49,201	3	45,680	3
8200	Net income for the period	561,175	40	549,456	39
	Other comprehensive income (Note 4, 10, 18,19 & 22)				
8310	Items not reclassified to profit/loss				
8311	Remeasurements of defined benefit plans	14,138	1	1,033	-
8316	Unrealized gains/losses from investments in equity instruments measured at fair value through other comprehensive income	(112,279)	(8)	8,492	1
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures	(247,416)	(18)	18,712	1
8349	Income tax related to items not reclassified to profit/loss	(2,828)	-	(207)	-
		(348,385)	(25)	28,030	2
8360	Items that may be reclassified subsequently to profit/loss				
8361	Exchange differences on translation of foreign operation’s financial statements	22,313	2	(11,260)	(1)
8300	Total net other comprehensive income	(326,072)	(23)	16,770	1
8500	Total comprehensive income for the period	$ 235,103	17	$ 566,226	40

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Code		2022 Amount	2022 %	2021 Amount	2021 %
	Earnings per share (Note 23)				
9710	Basic	$ 3.88		$ 3.80	
9810	Diluted	$ 3.88		$ 3.80	

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

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

Huxen Corporation

Parent Company Only Statements of Changes in Equity

For the years ended December 31, 2022 and 2021

Unit: NTD in Thousand

				Retained earnings		Other equity		
Code		Capital stock	Capital surplus	Legal reserve	Unappropriated earnings	Exchange differences on translation of foreign operation’s financial statements	Unrealized valuation gains/loss from financial assets measured at fair value through other comprehensive income	Total equity
A1	Balance, January 1, 2021	$1,444,960	$ 42,643	$ 823,154	$ 602,462	($ 130,997)	$1,397,599	$4,179,821
	Appropriations of earnings for 2020							
B1	Legal reserve	-	-	56,578	(56,578)	-	-	-
B5	Cash dividends to shareholders of the Company	-	-	-	(520,186)	-	-	(520,186)
D1	Net income in 2021	-	-	-	549,456	-	-	549,456
D3	Other comprehensive income after tax in 2021	-	-	-	826	(11,260)	27,204	16,770
D5	Total comprehensive income in 2021	-	-	-	550,282	(11,260)	27,204	566,226
Z1	Balance, December 31, 2021	1,444,960	42,643	879,732	575,980	(142,257)	1,424,803	4,225,861
	Appropriations of earnings for 2021							
B1	Legal reserve	-	-	55,028	(55,028)	-	-	-
B5	Cash dividends to shareholders of the Company	-	-	-	(505,736)	-	-	(505,736)
D1	Net income in 2022	-	-	-	561,175	-	-	561,175
D3	Other comprehensive income after tax in 2022	-	-	-	11,310	22,313	(359,695)	(326,072)
D5	Total comprehensive income in 2022	-	-	-	572,485	22,313	(359,695)	235,103
Z1	Balance, December 31, 2022	$1,444,960	$ 42,643	$ 934,760	$ 587,701	($ 119,944)	$1,065,108	$3,955,228

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

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

Huxen Corporation

Parent Company Only Statements of Cash Flows

For the years ended December 31, 2022 and 2021

Unit: NTD inThousand

Code		2022	2021
	Cash flows from operating activities		
A10000	Net income before income tax	$ 610,376	$ 595,136
A20010	Gain/loss		
A20100	Depreciation expense	168,517	166,251
A20200	Amortization expense	312	365
A20300	Expected credit loss	749	723
A20900	Finance costs	16,847	10,408
A21200	Interest income	(100)	(17)
A21300	Dividend income	(56,611)	(56,611)
A22300	Share of profits/losses of subsidiaries	(307,743)	(310,154)
A29900	Gain on modification of lease	-	(73)
A22500	Loss on disposal of property, plant and equipment	274	154
A23900	Unrealized (realized) profits/losses from Subsidiaries	(11,230)	9,633
A30000	Changes in operating assets and liabilities, net		
A31130	Notes receivable	3,701	(14,398)
A31150	Accounts receivable	3,043	(7,332)
A31160	Accounts receivable – related parties	2,632	(2,183)
A31180	Other receivables	25,299	(2,606)
A31200	Inventories	(198,148)	(124,137)
A31240	Other current assets	61	45
A32150	Accounts payable	5,504	10,870
A32160	Accounts payable – related parties	(228)	503
A32180	Other payables	(31,296)	5,563
A32230	Other current liabilities	2,528	4,671
A32240	Net defined benefit liabilities	(3,843)	(14,054)
A33000	Cash generated from operations	230,644	272,757
A33100	Interest received	100	17
A33300	Interest paid	(16,870)	(10,177)
A33500	Income tax paid	(46,381)	(38,384)
AAAA	Net cash generated from operating activities	167,493	224,213

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Code		2022	2021
	Cash flows from investing activities		
B02700	Payments for property, plant and equipment	($ 685)	($ 955)
B02800	Disposal of property, plant and equipment	1	-
B03700	Increase in refundable deposits	(880)	-
B03800	Refundable deposits refunded	-	724
B04500	Payments for intangible assets	(508)	(259)
B07600	Dividends received	295,085	307,009
BBBB	Net cash generated from investing activities	293,013	306,519
	Cash flows from financing activities		
C00100	Increase in short-term loans	-	470,424
C00200	Decrease in short-term loans	(600,024)	-
C00500	Proceeds from short-term bill payables	499,872	-
C00600	Repayments of short-term bill payables	-	(429,784)
C01600	Long-term loans	240,000	-
C01700	Repayment on long-term loans	-	(20,000)
C03000	Receipt of guarantee deposits	13	-
C04020	Repayment of lease liabilities	(28,836)	(28,540)
C04500	Dividends paid	(505,736)	(520,186)
CCCC	Net cash used in financing activities	(394,711)	(528,086)
EEEE	Increase in cash, net	65,795	2,646
E00100	Cash at beginning of year	47,297	44,651
E00200	Cash at end of year	$ 113,092	$ 47,297

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

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

Huxen Corporation

Notes to Parent Company Only Financial Statements

For the years ended December 31, 2022 and 2021

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

I. Company Profile

Huxen Corporation (hereinafter referred to as the Company) was established in Taipei City in August 1984. The Company's main businesses are 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 parent company only 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 parent company only financial statements were approved by the Board of Directors on March 13, 2023.

III. Application of New Standards, Amendments and Interpretations

(I) Initial application of 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 Company.

(II) IFRSs endorsed by FSC for application starting from 2022

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
Amendment to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
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: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occur from January 1, 2022.

The Group has assessed that as of the publication date of this 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 the parent company only financial statements were authorized for issue, the Company 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 Company completes its evaluation.

IV. Summary of Significant Accounting Policies

(I) Statement of compliance

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

(II) Basis of preparation

The parent company only 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.

The subsidiaries are incorporated in the parent company only financial statements under the equity method. To make profit/loss for the year, other comprehensive income and equity in the parent company only financial statements equal to those attributed to owners of the Company on parent company only financial statements, the effect of the differences between basis of parent company only and basis of consolidation are adjusted in the “investments accounted for using equity method,” “share of profits/losses of subsidiaries,” share of other comprehensive income of subsidiaries and related equity.

(III) Criteria for classification of current and noncurrent 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 Company 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 noncurrent.

(IV) Foreign Currencies

In preparing the financial statements, transactions in currencies other than the Company'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 parent company only 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.

(V) Inventories

The inventories include merchandise and supplies. The cost of inventories is 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.

(VI) Investments in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries. A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary and distribution of dividends. In addition, the Company also recognizes the changes in the share of other equity of subsidiaries based on the shareholding ratios.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized.

The Company assesses its investment for any impairment by comparing the carrying amount with the recoverable amount as assessed based on the entire financial statements of the cash generating unit. If the recoverable amount of the investment subsequently increases, the Company recognizes the reversal of the impairment loss; however, the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

Profits or losses resulting from downstream transactions are eliminated in full only in the parent's company only financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized only in the parent’s company financial statements only to the extent of interests in the subsidiaries that are not related to the Company.

(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. Each material part of an item is depreciated separately. The Company 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. Depreciation of investment property is based on the straight-line basis.

(IX) 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. Amortization is recognized on a straight-line basis during the useful lives of Intangible assets. 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 of the period.

(X) 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 Company 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 Cash generating unit (collectively referred to as CGUs) 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 can be recovered to the recoverable amount. However, the increased carrying amount shall not exceed the carrying amount (minus amortization or depreciation) determined by the asset or CGU where the impairment loss was not recognized in the previous year. A reversal of an impairment loss is recognized in profit/loss.

(XI) Financial instruments

Financial assets and financial liabilities are recognized when the Company 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

The Company’s financial assets are classified into financial assets at amortized cost and equity instruments at fair value through other comprehensive income.

A. Financial assets at amortized cost

The Company’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.

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

On initial recognition, the Company 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 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 Company’s 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 Company estimates impairment loss based on expected credit losses of financial assets at amortized cost on each balance sheet date.

Allowances for expected credit losses are recognized for Accounts receivable based on their lifetime. For all other financial assets, the Company recognizes lifetime expected credit loss when there has been a significant increase in credit risk since initial recognition base on the lifetime. If the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for 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 Company 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 Company recognizes impairment losses in profit or loss for all financial assets with a corresponding adjustment to their carrying amount through loss allowance accounts.

(3) Derecognition of financial assets

The Company 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

The Company 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.

(XII) Income recognition

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

1. Income from merchandise sales

    Incomes from merchandise sales consist of sales of multi-function printers, faxes and communication products. When multi-function 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 Company recognizes income and Accounts receivable at this point of time.

2. Service income

    Service income is generated from equipment maintenance services, and the related incomes are recognized when the services are rendered.

(XIII) Lease

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

1. The Company as lessor

    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 Company as lessee

    The Company 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 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 Company 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 Company 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 Company 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; and (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.

(XIV) 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 benefit plans are determined using the projected unit credit method. Service cost (including current service cost and past service cost) and net interest on the net defined benefit liability are recognized as employee benefits expense in the period they occur. Remeasurement, comprising actuarial gains and losses (assets), 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 represents the actual deficit in the Company’s defined benefit plan.

(XV) Income tax

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

1. Current income tax

Income tax payables are 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 comprehensive income tax reported in the parent company only statements of comprehensive income. The Company’s income tax-related liabilities for the current year are calculated at the statutory tax rate as of the balance sheet date.

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, except where the Company 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.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset is realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, on the balance sheet date, 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, 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 management 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 Company'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 Company.

VI. Cash

	December 31, 2022	December 31, 2021
Cash on hand and working fund	$ 960	$ 940
Checking accounts and demand deposits	112,132	46,357
	$113,092	$ 47,297

VII. Financial assets at fair value through other comprehensive income

Investments in equity instruments

	December 31, 2022	December 31, 2021
Current		
Domestic listed shares		
Aurora Corporation	$735,001	$847,280

The Company has 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 Company's strategy of holding these investments.

VIII. Notes receivable and Accounts receivable

	December 31, 2022	December 31, 2021
Notes receivable		
Total carrying amount measured at amortized cost	$ 64,847	$ 68,548
Less: Allowance for impairment loss	-	-
	$ 64,847	$ 68,548
Accounts receivable		
Total carrying amount measured at amortized cost	$ 86,312	$ 89,577
Less: Allowance for impairment loss	(1,357)	(830)
	$ 84,955	$ 88,747
Accounts receivable – related parties		
Total carrying amount measured at amortized cost	$ 32,071	$ 34,703
Less: Allowance for impairment loss	-	-
	$ 32,071	$ 34,703
Nonaccrual loan		
Nonaccrual loan	$ 1,764	$ 1,732
Less: Allowance for impairment loss	(1,764)	(1,732)
	$ -	$ -

Accounts receivable

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

The Company uses the simplified approach of IFRS 9 to recognize an allowance for losses on Accounts 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 Company’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 receivable.

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

The Company’s loss allowance for Accounts receivable 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	$ 82,457	$ 3,375	$ 480	$ 86,312
Loss allowance (expected credit losses during the period)	(254)	(623)	(480)	(1,357)
Amortized cost	$ 82,203	$ 2,752	$ -	$ 84,955

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	$ 86,866	$ 2,231	$ 480	$ 89,577
Loss allowance (expected credit losses during the period)	(124)	(226)	(480)	(830)
Amortized cost	$ 86,742	$ 2,005	$ -	$ 88,747

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

	2022	2021
Balance – beginning of year	$ 2,562	$ 2,055
Plus: recognized impairment loss of the current year	749	723
Less: write-off in the current year	(190)	(216)
Balance – end of year	$ 3,121	$ 2,562

IX. Inventories

	December 31, 2022	December 31, 2021
Merchandise	$146,338	$ 87,737
Supplies	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 and NT$601,668 thousand in 2022 and 2021, respectively.

X. Investments accounted for using the equity method

	December 31, 2022	December 31, 2021
Investments in subsidiaries		
Non listed (OTC) Company		
Aurora Leasing Corporation	$2,598,452	$2,818,152
Huxen (China) Co., Ltd.	1,600,847	1,525,751
	$4,199,299	$4,343,903

The percentage of the Company's equity and voting rights in subsidiaries as of the balance sheet date are as follows:

	December 31, 2022	December 31, 2021
Aurora Leasing Corporation	100%	100%
Huxen (China) Co., Ltd.	70%	70%

Aurora Leasing Corporation

Aurora Leasing Corporation (hereinafter referred to as Aurora Leasing Co.) 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: (I) 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, with a paid-in capital of RMB400,000 thousand as of December 31, 2022, 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.

The breakdown of the shares profit/loss and other comprehensive income of the Company's investments in subsidiaries accounted for using equity method is as follows

(I) Investments in subsidiaries accounted for using equity method

	2022		2021	
	Subsidiary's profit (loss) for the year	Investment gain (loss) recognized by the Company	Subsidiary's profit (loss) for the year	Investment gain (loss) recognized by the Company
Aurora Leasing Corporation	$ 254,960	$ 254,960	$ 271,159	$ 271,159
Huxen (China) Co., Ltd.	75,404	52,783	55,707	38,995
		$ 307,743		$ 310,154

(II) Share of other comprehensive income of subsidiaries for using equity method

	2021		2020	
	Other comprehensive income of subsidiaries of the period	Other comprehensive income(loss) recognized by the Company	Other comprehensive income of subsidiaries of the period	Other comprehensive income(loss) recognized by the Company
Aurora Leasing Corporation	($ 247,416)	($ 247,416)	$ 18,712	$ 18,712
Huxen (China) Co., Ltd.	31,858	22,313	(16,086)	(11,260)
		($ 225,103)		$ 7,452

The shares of profit or loss and other comprehensive income of the subsidiaries accounted for under the equity method in 2022 and 2021 are recognized based on each subsidiary's financial statements audited by independent auditors for the same period.

Please refer to Note 28 for the pledge of the shares of the subsidiary – Aurora Leasing Corporation. as collateral for loans.

For the main businesses, principal place of business and registered nationalities information of the above subsidiaries, please refer to Tables 4 and 5 of Note 32.

XI. Property, plant and equipment

	December 31, 2022	December 31, 2021
Assets for own use	$ 18,799	$ 19,642
Assets for leases	244,890	253,974
	$263,689	$273,616

(I) Assets for own use

	Own land	House and buildings	Office equipment	Total
Cost				
Balance, January 1, 2021	$ 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	$ 7,597	$ 29,470
Additions	-	-	955	955
Disposals	-	-	(1,858)	(1,858)
Balance, December 31, 2021	11,927	9,946	6,694	28,567
Accumulated depreciation				
Balance, January 1, 2021	-	4,677	4,316	8,993
Depreciation expense	-	178	1,612	1,790
Disposals	-	-	(1,858)	(1,858)
Balance, December 31, 2021	-	4,855	4,070	8,925
Carrying amount, December 1, 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:

House and buildings	55 years
Office equipment	1–5 years

(II) Office equipment – operating lease

	2022	2021
Cost		
Balance – beginning of year	$865,837	$856,900
Inventories transferred to property, plant and equipment	131,789	148,973
Property, plant and equipment transferred to inventories	(72,539)	(66,883)
Disposals	(50,498)	(73,153)
Balance – end of year	874,589	865,837
Accumulated depreciation		
Balance – beginning of year	611,863	612,304
Depreciation expense	134,945	131,838
Property, plant and equipment transferred to inventories	(66,886)	(59,280)
Disposals	(50,223)	(72,999)
Balance – end of year	629,699	611,863
Carrying amounts – end of year	$244,890	$253,974

The Company leases business machines under operating leases; 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 income) are as follows:

	December 31, 2022	December 31, 2021
Year 1	$ 59,183	$ 56,824
Year 2	41,498	39,469
Year 3	27,140	25,335
Year 4	15,890	14,947
Year 5	5,223	6,360
More than 5 years	538	625
	$149,472	$143,560

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	3–5 years

XII. Lease arrangements

(I) Right-of-use assets

	Land and buildings	Vehicles	Total
Cost			
Balance, January 1, 2022	$ 59,517	$ 5,091	$ 64,608
Additions	11,818	1,508	13,326
Disposals	(5,903)	(1,564)	(7,467)
Balance, December 31, 2022	65,432	5,035	70,467
Accumulated depreciation			
Balance, January 1, 2022	9,700	2,360	12,060
Depreciation expense	26,466	2,007	28,473
Disposals	(5,903)	(1,564)	(7,467)
Balance, December 31, 2022	30,263	2,803	33,066
Carrying amounts, December 31, 2022	$ 35,169	$ 2,232	$ 37,401
Cost			
Balance, January 1, 2021	$ 48,742	$ 4,746	$ 53,488
Additions	58,074	2,121	60,195
Disposals	(47,299)	(1,776)	(49,075)
Balance, December 31, 2021	59,517	5,091	64,608
Accumulated depreciation			
Balance, January 1, 2021	16,415	2,137	18,552
Depreciation expense	27,082	1,999	29,081
Disposals	(33,797)	(1,776)	(35,573)
Balance, December 31, 2021	9,700	2,360	12,060
Carrying amount, December 1, 2021	$ 49,817	$ 2,731	$ 52,548

(II) Lease liabilities

	December 31, 2022	December 31, 2021
Carrying amounts of lease liabilities		
Current	$ 23,806	$ 24,596
Non-current	$ 13,797	$ 28,517

Range of discount rate for lease liabilities is as follows:

	December 31, 2022	December 31, 2021
Buildings	0.702%~0.823%	0.778%~0.829%
Vehicles	0.702%~0.829%	0.778%~0.829%

(III) Material leasing activities and terms

The Company leases land, buildings and vehicles for operating purposes for periods ranging from 1 to 6 years. Upon termination of the lease period, the Company does not have bargain purchase options to acquire the leased vehicles and business premises.

(IV) Other lease information

For the Company’s properties, plant and equipment, and investment properties leased out under operating leases, please refer to Note 11 and Note 13 respectively.

	2022	2021
Total cash outflow for leases		
-Principal repayment	($28,836)	($28,540)
-Interest payments	(340)	(256)
	($29,176)	($28,796)

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

XIII. Investment properties

	Land	House 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 amount, December 1, 2021	$ 188,071	$ 47,469	$ 235,540

The lease periods for investment properties are 4 to 5 years. The Company 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:

House and Building	
Main Buildings	55 years
Decoration works	10 years

For the amount of investment property pledged as collateral for loans, please refer to Note 28.

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

XIV. 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.

XV. Loans

(I) Short-term loans

	December 31, 2022	December 31, 2021
Unsecured loans		
- Line of credit loans	$ 400,000	$ 950,000
- Inventory financing	-	50,024
	$ 400,000	$1,000,024

Credit loan		
NTD	1.57%～1.80%	0.70%～0.75%
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	$200,000	($ 31)	$199,969	1.928%	None
Taiwan Finance Corporation	100,000	(16)	99,984	1.928%	None
Mega Bills	100,000	(21)	99,979	1.928%	None
Bank of Taiwan	100,000	(60)	99,940	1.820%	None
	$500,000	($ 128)	$499,872		

(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 28 and 29), 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.

XVI. 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.

XVII. Other liabilities

	December 31, 2022	December 31, 2021
Other payables		
Salaries and bonuses payable	$ 53,666	$ 56,470
Tax payables	4,132	5,210
Labor remuneration payable	4,121	4,428
Leave payment payables	418	254
Others	11,668	38,962
	$ 74,005	$105,324
Other current liabilities		
Temporary receipts	$ 32,218	$ 27,986
Others	1,264	2,968
	$ 33,482	$ 30,954

XVIII. Retirement benefit plans

(I) Defined contribution plans

The Company 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 Company 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 Company has no right to influence the pension fund investment policy and strategy.

The amounts included in the parent company only balance sheets of the Company's defined benefit plans are 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 (asset) are 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 Company 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 Company'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: Interest risk: A decrease in the government bonds/corporate bonds 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 present value of the Company's defined benefit obligation was actuarially determined by a qualified actuary. The significant assumptions at the measurement date are 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 will occur, and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

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

XIX. Equity

(I) Capital stock

Common stock

	December 31, 2022	December 31, 2021
Number of shares authorized (in thousands)	190,000	190,000
Authorized Capital	$1,900,000	$1,900,000
Number of shares issued and fully paid (in thousand)	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 capital 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 21(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.

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 8, 2022 and July 14, 2021, respectively. The appropriations are 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 is approved by the meeting of board of directors on March 10, 2023. The appropriation is 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		
Attributable to the Company	($ 119,944)	($ 142,257)
Unrealized valuation gains/loss from financial assets measured at fair value through other comprehensive income		
Attributable to the Company	292,275	404,554
Subsidiaries recognized under the equity method	772,833	1,020,249
	1,065,108	1,424,803
	$ 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 Company (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 operations 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	(112,279)	8,492
Share of the subsidiaries accounted for using equity method	(247,416)	18,712
Other comprehensive income in the current year	(359,695)	27,204
Balance – end of year	$1,065,108	$1,424,803

XX. Revenue

Disaggregation of revenue

Product type	2022	2021
Multi-function printers, peripherals and consumables	$ 815,880	$ 813,623
Machine rental income, paper-based income, etc.	599,757	601,380
	$1,415,637	$1,415,003

Region	2022	2021
Asia	$1,415,637	$1,415,003

XXI. Net income

(I) Other income

	2022	2021
Lease income		
Lease income from operating leases		
– Investment property	$ 16,103	$ 15,983
Dividend income	56,611	56,611
Miscellaneous income	11,901	10,337
	$ 84,615	$ 82,931

(II) Other gains and losses

	2022	2021
Net foreign exchange gain (loss)	($ 608)	$ 400
Gain from lease modifications	-	73
Miscellaneous expenses	(3,868)	(4,313)
	($ 4,476)	($ 3,840)

(III) Finance costs

	2022	2021
Interest on bank loans	$ 16,475	$ 10,152
Interest on lease liabilities	340	256
Accrued interest on guarantee deposits	32	32
	$ 16,847	$ 10,440

(IV) Depreciation and amortization

	2022	2021
Property, plant and equipment	$136,503	$133,628
Right-of-use asset	28,473	29,081
Investment property	3,541	3,542
Intangible asset	312	365
	$168,829	$166,616
Summary of depreciation by functions		
Operating costs	$134,945	$131,838
Operating expenses	30,031	30,871
Non-operating expenses and losses	3,541	3,542
	$168,517	$166,251
Summary of amortization by functions		
Operating expenses	$ 312	$ 365

(V) Employee benefit expense

	2022	2021
Short-term employee benefits	$324,247	$326,475
Retirement benefits (Note18)		
Defined contribution plans	12,916	13,083
Defined benefit plans	1,219	1,171
Total employee benefit expenses	$338,382	$340,729
Summary by function		
Operating expenses	$338,382	$340,729

(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 as employee remuneration for the year. The remuneration of employees for the years 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 parent company only financial statements after the date of adoption, the change in accounting estimate will be treated as an adjustment and recognized 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 parent company only financial statements.

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

XXII. Income Tax

(I) Major components of tax expense (gain) recognized under profit or loss are as follows:

	2022	2021
Current tax		
Tax expense generated in the current year	$ 46,400	$ 44,843
Deferred income tax		
Tax expense generated in the current year	2,801	837
Income tax expense recognized in profit or loss	$ 49,201	$ 45,680

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	$610,376	$595,136
Income tax expense calculated at the statutory rate	$122,075	$119,027
Nondeductible expenses in determining taxable income	-	6
Tax-exempt income	(62,317)	(65,554)
Unrecognized deductible temporary differences	(10,557)	(7,799)
Income tax expense recognized in profit or loss	$ 49,201	$ 45,680

(II) Income tax expense recognized in other comprehensive income

	2022	2021
Deferred income tax		
Remeasurement 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	$ 24,191	$ 24,172

(IV) Deferred income tax assets and liabilities

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

2022

Deferred income tax assets	Balance – beginning of year	Recognized in profit or loss	Recognized in other comprehensive income	Balance – end of year
Temporary differences				
Deferred income	$ 19,897	($ 2,246)	$ -	$ 17,651
Allowance for losses	123	131	-	254
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
	$ 44,307	($ 2,880)	($ 2,828)	$ 38,599

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	$ 374	($ 79)	$ -	$ 295

2021

Deferred income tax assets	Balance – beginning of year	Recognized in profit or loss	Recognized in other comprehensive income	Balance – end of year
Temporary differences				
Deferred income	$ 17,970	$ 1,927	$ -	$ 19,897
Allowance for losses	69	54	-	123
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
	$ 45,359	($ 845)	($ 207)	$ 44,307

Deferred income tax	Balance –	Recognized	Recognized	Balance –

liabilities	beginning of year	in profit or loss	in other comprehensive income	end of year
Temporary differences				
Lease receivables	$ 382	($ 8)	$ -	$ 374

(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 has been assessed by the Tax Authorities to 2020. There is no difference between the assessment result and the filing.

XXIII. 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 for the period	$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.

XXIV. Non-cash transactions

The Company'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
Inventories transferred to property, plant and equipment	$131,819	$148,973
Property, plant and equipment transferred to inventories	$ 5,653	$ 7,603

XXV. Capital risk management

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

XXVI. Financial instruments

(I) Information on fair value

1. Financial instruments not measured at fair value

The management of the Company 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 Company 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	$735,001	$847,280

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)	$ 307,486	$ 276,235
Financial assets measured at fair value through other comprehensive income – investments in equity instruments	735,001	847,280
Financial liabilities		
measured at amortized cost (Note 2)	1,764,308	1,646,772

Note 1: The balance includes cash, Accounts receivable, other receivables, refundable deposits and other financial assets measured 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 measured at amortized cost.

(III) Financial risk management objectives and policies

The main financial instruments of the Company include equity instrument investments, Accounts receivable, accounts payable, loans, and lease liabilities. The financial management department of the Company provides services to each business division, coordinates domestic and international market operations, supervises and manages financial risks related to the operation of the Company 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 Company exposed to in the business activities are foreign exchange risk, interest rate risk and other price risk.

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

   (1) Exchange risk

   For the monetary assets and liabilities of the Company denominated in non-functional currencies on the balance sheet date, please refer to Note 31.

   Sensitivity analysis

   The Company 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 currencies 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 had been 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
Gain or loss	($ 612)	$ 1,501

   The impact of profit or loss was mainly attributable to the demand deposits and loans for material purchasing denominated in USD that were still outstanding and not hedged in cash flows on the balance sheet date. The Company's sensitivity to the exchange rate of USD increased in the current period due to the increase in the net liability denominated in USD held by the Company.

(2) Interest rate risk

The carrying amounts of financial assets and financial liabilities of the Company 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	$ 537,475	$ 53,113
Cash flow interest rate risk		
- Financial assets	64,949	28,073
- 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 the interest rate increased or decreased by 25 basis points, the Company's net income before tax in 2022 and 2021 would have decreased or increased by NT$1, 688 thousand and NT$1, 180 thousand, respectively, with all other variables remaining constant. This is mainly attributable to the exposure to the risks of interest rates of the Company's demand deposits and long-term loans.

(3) Other price risk

The Company 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$36,750 thousand and NT$42,364 thousand in 2022 and 2021, respectively, due to the changes 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 Company’s largest credit risk exposure from a counterparty’s failure to fulfill obligations came from the carrying amount of financial assets recognized in the parent company only balance sheets.

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

3. Liquidity risk

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

The following tables detail the Company’s remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company 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		$ 10,289	$ 108,918	$ 1,089	$ 4,140
Lease liabilities		2,336	4,428	17,228	13,896
Variable-rate instruments	1.008%	-	-	-	740,000
Instruments with fixed interest rates	1.201%	499,872	250,000	150,000	-
		$ 512,497	$ 363,346	$ 168,317	$ 758,036

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		$ 1,033	$ 140,037	$ 2,118	$ 3,560
Lease liabilities		2,222	4,273	18,378	28,652
Variable-rate instruments	0.73%	-	-	-	500,000
Instruments with fixed interest rates	0.69%	651,300	-	348,724	-
		$ 654,555	$ 144,310	$ 369,220	$ 532,212

Line of credit

	December 31, 2022	December 31, 2021
Unsecured bank line		
- Amount utilized	$1,242,959	$1,542,411
- Amount not utilized	3,007,041	2,579,589
	$4,250,000	$4,122,000
Secured bank line		
- Amount utilized	$ 440,000	$ -
- Amount not utilized	-	428,000
	$ 440,000	$ 428,000

XXVII. Related parties transactions

Details of transactions between the Company and its related parties are disclosed below.

(I) Names and relations of related parties

Name of related parties	Relationship with the Company
Aurora Corporation (Aurora)	Investor of significant influence
Aurora Leasing Corporation (Aurora Leasing)	Subsidiary
Aurora Development Corp. (Aurora Development)	Other related parties
Aurora Holdings Incorporated (Aurora Holdings)	Other related parties
Aurora Telecom Corporation (Aurora Telecom)	Other related parties
Aurora Office Automation Corporation (Aurora Office Automation)	Other related parties
KM Developing Solutions Co., Ltd. (KM Developing)	Other related parties
General Integration Technology Co., Ltd. (General Integration)	Other related parties
Aurora Interior Design Co., Ltd. (Aurora Interior Design)	Other related parties

(II) Operating income

Type/name of related parties	2022	2021
Aurora Leasing	$191,383	$206,995
Investor of significant influence	797	150
Other related parties	1,985	360
	$194,165	$207,505

Sales by the Company to related parties are made based on the market price, with payments collected within 1–2 months.

(III) Purchase of goods

Type/name of related parties	2022	2021
Subsidiary	$ 27,308	$ 31,183
Investor of significant influence	5,947	7,201
Other related parties	2,684	1,595
	$ 35,939	$ 39,979

Purchased by the Company from related parties are made based on the market price, with payments collected within 1–2 months.

(IV) Operating expenses

Type/name of related parties	2022	2021
Investor of significant influence	$ 39,291	$ 39,224
Other related parties	709	1,109
	$ 40,000	$ 40,333

Operating expenses represent expenses paid to related parties for marketing expenditures of operational consulting and service fees.

(V) Other income

Type/name of related parties	2022	2021
Subsidiary	$ 8,737	$ 8,994

Other income is mainly from commissioned services for rental equipment maintenance and warranty services received from its subsidiaries based on their operating incomes. Other receivables from commissioned services are collected on a monthly basis.

(VI) Lease agreements

Assets for operating leases

The operating lease receivables are summarized as follows:

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

Lease incomes are summarized as follows:

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

The Company leases the right of use of office spaces to related parties under operating leases. The rent 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.

(VII) Receivables from related parties

Accounting subject	Type/name of related parties	December 31, 2022	December 31, 2021
Accounts receivable	Aurora Leasing	$ 31,870	$ 34,689
	Other related parties	188	14
	Investor of significant influence	13	-
		$ 32,071	$ 34,703
Other receivables	Other related parties	$ 17	$ 4

No guarantee is received for outstanding accounts receivable from related parties. No allowance for loss has been provided for accounts receivable from related parties in 2022 and 2021.

(VIII) Payables to related parties

Accounting subject	Type/name of related parties	December 31, 2022	December 31, 2021
Account payables	Subsidiary	$ 2,193	$ 905
	Investor of significant influence	23	707
	Other related parties	-	832
		$ 2,216	$ 2,444
Other payables	Aurora Leasing	$ -	$ 23,769
	Investor of significant influence	3,479	3,483
	Other related parties	-	617
		$ 3,479	$ 27,869

The outstanding balance of related party accounts payable is not guaranteed.

(IX) Acquisition of property, plant, and equipment

	2022	2021
Investor of significant influence	$ 2	$ 153

The transaction prices are determined according to market conditions.

(X) Lease agreements

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

Accounting subject	Type/name of related parties	December 31, 2022	December 31, 2021
Lease liabilities – current	Aurora Holdings	$ 9,401	$ 9,756
Lease liabilities – non-current	Aurora Holdings	$ -	$ 9,401

Type/name of related parties	2022	2021
Interest expenses		
Aurora Holdings	$ 101	$ 48

The Company leased offices from related parties in 2022 and 2021, respectively, with the lease terms of 2 years; the rent is payable on a monthly basis, and the terms are not materially different from those of the general clients.

(XI) Others

Accounting subject	Type/name of related parties	December 31, 2022	December 31, 2021
Refundable deposits	Aurora Holdings	$ 1,642	$ 1,642
Guarantee deposits	Aurora	$ 566	$ 566
	General Integration	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.

XXVIII. Pledged assets

The following assets of the Company 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	$183,056	$198,533

XXIX. 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$4,230,000 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.

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

XXXI. 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 disclosed are the rates at which these foreign currencies are exchanged for the functional currency. The significant impact on assets and liabilities denominated in foreign currencies is as follows:

Unit: various Foreign currencies/NTD Thousand

	December 31, 2022		
	Foreign currency	Exchange rate	Carrying amount
Foreign currency assets			
Monetary items			
USD	$ 666	30.710 (USD:NTD)	$ 20,405
Non-monetary items			
Subsidiaries accounted for using the equity method			
RMB	363,169	4.408 (RMB:NTD)	1,600,847

	December 31, 2021		
	Foreign currencies	Exchange rate	Carrying amount
Foreign currencies assets			
Non-monetary items			
Subsidiary accounted for using the equity method			
RMB	$ 351,232	4.344 (RMB: NTD)	$ 1,525,751
Foreign currencies liabilities			
Monetary items			
USD	1,804	27.680 (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)

XXXII. Additional disclosures

(I) Significant transactions:

1. Financings provided to others: None.
2. Endorsement/guarantee provided to others: 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 Morel: 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.

(II) Information on the investment business: Please see Table 4.

(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 5
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 6.

(IV) Information on major shareholders: Names of shareholders with a shareholding ratio of 5% or more as well as number and proportion of shares held: Please see Table 7.

Huxen Corporation

Marketable securities held at end of period

December 31, 2022

Table 1

Unit: NTD in Thousand/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 – noncurrent	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 fair value through other comprehensive income – noncurrent		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.

Note 2: For information on investments in subsidiaries, please refer to Tables 4 and 5.

Huxen Corporation

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

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 receivable (payable)		Remark
			Purchases (Sales)	Amount	Percentage of total purchases (sales) (%)	Credit period	Unit price	Credit period	Balance	Percentage of Notes and Accounts receivable (payable) (%) （Note 6）	
Huxen Corporation	Aurora Leasing Corporation	Subsidiary	Sales	($ 191,383)	14%	In principle, payments shall be collected in cash in next month.	Transaction prices are based on market conditions; hence there is no material difference.	In principle, payments shall be collected in cash in next month.	$ 31,870	18%	
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 next month.	(31,870)	(26%)	
〃	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.	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 Company had sales of NT$191,383 thousand to Aurora Leasing Corporation, for which Aurora Leasing Corporation recognized NT$191,108 thousand of property, plant and equipment - assets leased to others and NT$275 thousand of other expenses.

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 Sales Co., Ltd. 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 Sales Co., Ltd. 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 receivable (payable) with related parties to the balance of investee companies' notes and Accounts receivable (payable).

Huxen Corporation

Information on investee companies, locations thereof etc.

For the Year Ended December 31, 2022

Table 4

Unit: NTD in Thousands/Thousand Shares

Name of investor	Name of investee Name	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	Nuimber of shares	Ratio %	Carrying amount			Stock dividends	Cash dividends	
Huxen Corporation	Aurora Leasing Corporation	Taiwan, R.O.C.	(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

Huxen Corporation

Investment in Mainland China

For the Year Ended December 31, 2022

Table 5

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 as of the end of the period	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 (In Mainland 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/losses, notes shall be made.
(II) The amounts of investment gain/loss were recognized on following three 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 currencies) for investment in Mainland China from Taiwan at the end of the period did not exceed the Investment amount (Foreign currencies) approved by the Investment Commission of the Ministry of Economic Affairs

Note4: The net worth of the Consolidated Company as of December 31, 2022 was NT$4,641,305 thousand. In accordance with the "Principles Governing the Examination of Investments or Technical Cooperation in China," the calculation of the limit is $4,641,305 thousand × 60% = NT$2,784,783 thousand.

Huxen Corporation

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 6

Unit: NTD in Thousands

Investee company in mainland china	Relationship between the Group and related parties	Type of transaction	Amount	Transaction terms			Notes and Accounts receivable (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 receivable (payable) with related parties to the balance of total notes and Accounts receivable (payable) of the Group.

Huxen Corporation

Information on major shareholders

December 31, 2022

Table 7

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 prefered 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 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 shareholding information to the trust, the foregoing information shall be disclosed by the individual trustee who opened the trust account. Please refer to 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 including their shareholdings plus their delivery of trust and shares with the right to make decisions on trust property

§ STATEMENTS OF SIGNIFICANT ACCOUNTING SUBJECTS§

Huxen Corporation

Statement of Financial Assets Measured at Fair Value through Other Comprehensive Income – Current

December 31, 2022

Statement 1

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

Name of financial instrument	Summary	Quantity of shares	Face value	Total	Interest rate (%)	Acquisition cost	Accumulated impairment	Fair values	
								Unit price ($)	Total
Current									
Aurora Corporation	Share	9,435	94,350	$ 735,001	-	$ 442,726	N/A	77.90	$ 735,001

Note: The unrealized valuation gain on financial assets at fair value through other comprehensive income – current as of the end of the period is 404,554 NTD thousand.

Huxen Corporation

Statement of Notes Receivable

December 31, 2022

Statement 2 Unit: NTD in Thousands

Item	Summary	Amount
Company A	Payment	$ 6,592
Others (Note)	〃	58,255
Less: Allowance for impairment loss		-
		$ 64,847

Note: The balance of each item does not exceed 5% of the balance of this account.

Huxen Corporation

Statement of Accounts receivable/Accounts receivable – Related Parties

December 31, 2022

Statement 3 Unit: NTD in Thousands

Item	Summary	Amount
Non-related parties		
Other (Note)	Payment	$ 86,312
Less: Allowance for impairment loss		(1,357)
		$ 84,955
Related parties		
Aurora Leasing Corporation	Payment	$ 31,870
Other (Note)	〃	201
		$ 32,071

Note: The balance of each item does not exceed 5% of the balance of this account.

Huxen Corporation

Statement of Changes in Investments Accounted for Using the Equity Method

For the Year Ended December 31, 2022

Statement 4

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

	Beginning balance		Increase of the period		Decrease of the period						Ending balance			Market Value/Net Equity Value (Note 4 & 5)		
Name	Quantity of shares	Amount	Quantity of shares	Amount	Quantity of shares	Amount (Note1)	Gain (loss) on investments (Note2)	Deferred realized profit	Foreign financial exchange differences on translation of statements	Investment gains/losses financial instrument of the period (Note 3)	Quantity of shares	Shareholding (%)	Amount	Unit price ($)	Total	Guarantee or pledge
Unlisted companies																
Aurora Leasing Corporation	119,237,000	$2,818,152	-	$ -	-	($ 238,474)	$ 254,960	$ 11,230	$ -	($ 247,416)	119,237,000	100.00	$2,598,452	20.53	$2,447,725	Note 6
Huxen (China) Co., Ltd.	-	1,525,751	-	-	-	-	52,783	-	22,313	-	-	70.00	1,600,847	5.72	1,600,847	
		$4,343,903		$ -		($ 238,474)	$ 307,743	$ 11,230	$ 22,313	($ 247,416)			$4,199,299		$4,048,572	

Note 1: The decrease of the period is due to the cash dividends paid by Aurora Leasing.

Note 2: The calculation is based on the financial statements audited by the independent auditors.

Note 3: Unrealized gains or losses on financial instruments are recognized in accordance with the shareholding percentage in the investee company.

Note 4: These are the net equity of the investee company based on the financial statements audited by independent auditors for the same period.

Note 5: The difference between the ending balance of investment in Aurora Leasing and its net equity is NT$150,727 thousand, which represents the investment premium of NT$238,980 thousand and the deferred gross profit of NT$88,253 thousand.

Note 6: As of the end of the period, 8,400 thousand shares of investments held under the equity method were pledged as collateral for financing.

Huxen Corporation

Statement of Short-term Loans

December 31, 2022

Statement 5

Unit: NTD in Thousands

Type of loans	Creditor	Ending balance	Loan period	Interest rate range	Line of credit	Pledge or guarantee
Credit loan	First Bank					
	Fubon Bank	$ 150,000	2022.11.21-2023.05.19	1.800%	$ 300,000	None
	Bank of Communications	150,000	2022.12.21-2023.02.21	1.570%	150,000	〃
	First Bank	100,000	2022.11.22-2023.02.20	1.585%	200,000	〃
		$ 400,000				

Huxen Corporation

Statement of Accounts Payable

December 31, 2022

Statement 6 Unit: NTD in Thousands

Item	Summary	Amount
Non-related parties		
Company B	Payment	$ 12,028
Company C	〃	11,651
Company D	〃	8,774
Company E	〃	7,906
Company F	〃	6,943
Other (Note)		54,989
		$102,291
Related parties		
Aurora Leasing Corporation	Payment	$ 2,193
Aurora Corporation	〃	23
		$ 2,216

Note: The balance of each item does not exceed 5% of the balance of this account.

Huxen Corporation

Statement of Long-term Loans

December 31, 2022

Statement 7

Unit: NTD in Thousands

Creditor	Summary	Borrowing amount	Contract period	Interest rate %	Pledge or guarantee
Yuanta Bank	Guaranteed Borrowings (interest payable on a monthly basis, principal repayable in one lump sum on maturity)	$ 440,000	2022.12.30-2024.05.14	1.50%	Please refer to Note 28
Yuanta Bank	Credit loans (interest payable on a monthly basis, principal repayable in one lump sum on maturity)	300,000	2022.12.06-2024.05.14	1.48%	None
		$ 740,000			

Huxen Corporation

Statement of Operating Income

For the Year Ended December 31, 2022

Statement 8 | Unit: NTD in Thousands

Item	Quantity (thousand sets)	Amount
Multi-function printers, peripherals and consumables	8,318	$ 815,880
Machine rental income, paper-based income, etc.		599,757
		$1,415,637

Huxen Corporation

Statement of Operating Costs

For the Year Ended December 31, 2022

Statement 9 | Unit: NTD in Thousands

Item	Amount
Beginning inventory	$135,969
Net purchases for the period	802,425
Property, plant and equipment transferred to inventories	5,653
Others	159
Less: Ending inventory	(207,951)
Those reclassified to property, plant and equipment	(131,819)
Machine rental cost (depreciation)	134,945
Operating costs	$739,381

Huxen Corporation

Statement of Operating Expenses

For the Year Ended December 31, 2022

Statement 10 Unit: NTD in Thousands

	Amount	
Item	Marketing expenses	Administrative and general expenses
Salary expenses	$230,038	$ 52,560
Insurance expenses	25,028	4,866
Depreciation expenses	17,956	12,075
Service expense	2	42,061
Miscellaneous expenses	50,826	12,084
	$323,850	$123,646

Note: The balance of each item exceeded 5% of the balance of this account is stated as above.

Huxen Corporation

Summary Statement of Current Period Employee Benefits, Depreciation, Depletion and Amortization Expenses by Function

For the years ended December 31, 2022 and 2021

Statement 11

Unit: NTD in Thousands

	2022				2021			
	Operation costs	Operation expenses	Non-operation expenses	Total	Operation costs	Operation expenses	Non-operation expenses	Total
Employee benefits								
Salaries	$ -	$ 245,592	$ -	$ 245,592	$ -	$ 248,438	$ -	$ 248,438
Labor and health insurance	-	29,433	-	29,433	-	30,055	-	30,055
Pensions	-	14,135	-	14,135	-	14,254	-	14,254
Remuneration paid to directors	-	6,680	-	6,680	-	6,199	-	6,199
Other employee benefits	-	42,542	-	42,542	-	41,783	-	41,783
	$ -	$ 338,382	$ -	$ 338,382	$ -	$ 340,729	$ -	$ 340,729
Depreciation	$ 134,945	$ 30,031	$ -	$ 164,976	$ 131,838	$ 30,871	$ 3,542	$ 166,251
Amortization	$ -	$ 312	$ -	$ 312	$ -	$ 365	$ -	$ 365

Note 1: As of December 31, 2022 and 2021, the number of employees of the Company is 410 and 424, respectively, among which the number of directors who are not concurrently employees is 7.

Note 2: Companies whose shares are listed on the Taiwan Stock Exchange or traded over-the-counter on the Taipei Exchange should disclose additional information on the following:

(1) The Company’s average employee benefit expense for the current year was NT$823 thousand ("Total employee benefit expense for the current year - total directors' remuneration" / "Number of employees for the current year - number of directors who did not also serve as employees").

The Company’s average employee benefit expense for the previous year was NT$802 thousand ("Total employee benefit expense for the previous year - total directors' remuneration" / "Number of employees for the previous year - number of directors who did not also serve as employees").

(2) The average employee salary expense for the current year was NT$609 thousand (total salary expense for the current year / "number of employees for the current year - number of directors who did not also serve as employees").

The average employee salary expense for the previous year was NT$596 thousand (total salary expense for the previous year / "number of employees for the previous year - number of directors who did not also serve as employees").

(3) Change in average employee salary expense was 2.18% ("Average employee salary cost for the current year - Average employee salary cost for the previous year"/ Average employee salary cost for the previous year).

(4) The remuneration of the independent directors for both the current and the previous year was NT$0 thousand.

Note 3: The Company’s salary and compensation policy:

(1) Directors and independent directors: All are subject to the relevant provisions of the Company's Articles of Incorporation and the remuneration shall be approved in accordance with the principles of fairness and impartiality and the performance of each employee and paid based on the resolution of the Board of Directors.

(2) Managerial officers: The payment standard and combination are divided into fixed and variable remuneration. Fixed remuneration is ratified based on the responsibility of the position and the Company’s operational goals, while variable remuneration is paid based on the achieved operating performance and contribution.

(3) Employees: Their salary consists of fixed and variable salary. Fixed salary is determined based on the value created by the job positions, their level of professionalism and skills, and their experience in their job positions, etc., with reference to the salary level of the industry.

The variable salary includes year-end bonuses, appraisal bonuses, and profits distributed to the employees, which are allocated by the Board of Directors based on the Company’s annual profitability.

(4) Employee salary adjustment: In accordance with the Company's performance appraisal rules, the salary adjustment range is determined by factors, such as the assessment indicators of the employees' job responsibilities and the degree of accomplishment of the work plan every year. The accountable managers of the employees are tasked to perform comprehensive assessment to decide the range of salary adjustment while considering the Company's operating environment.

Relationship between operating performance and remuneration

Remuneration of the Company is based on the results of operating performance to align individual performances with the overall operating performance.