

Top Union Electronics Corp. and  
Subsidiaries

Consolidated Financial Statements  
and Independent Auditors' Report  
December 31, 2022 and 2021

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## REPRESENTATION LETTER

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

Very truly yours,

TOP UNION ELECTRONICS CORP.

Vincent Tsuei  
Chairman  
March 20, 2023

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors and Shareholders of Top Union Electronics Corp.

### **Opinion**

We have audited the accompanying consolidated financial statements of Top Union Electronics Corp. and its subsidiaries (hereinafter referred to as the “Company”), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

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

### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these 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 judgment, were of most significance in our audit of the Company's consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

### Revenue Recognition

The net operating revenue of the Company for the year ended December 31, 2022 is in the amount of NT\$3,294,689 thousand, the revenue of which majorly depends on the business of PCB Assembly and Manufacturing, etc., bringing the significant effect on the consolidated financial statements. Please refer to Notes 4 and 19 to the consolidated financial statements for the relevant accounting policies and information on revenue recognition.

The Company's sales businesses are concentrated on the major customers including domestic and foreign listed companies and private companies, among which when the sales growth rate from a customer exceeds the average sales growth rate and also its sales growth amount exceeds the significant amount of the Company for the year ended December 31, 2022, whether there are certain orders in fact unshipped to the aforesaid customers but the amount of those unshipped orders is still recognized on the revenue is regarded as the risks, considered by us to be a key audit matter for the year ended December 31, 2022.

We performed the following key audit procedures in respect of the above key audit matter:

1. Understand and examine the major internal control design on the process related to sales revenue and the execution effectiveness thereof.
2. Sample the aforesaid customers regarded as the risks on the lists of the sales revenue, check over the original orders confirmed by the sampled customers, the signed delivery receipt or export declaration and Taiwan uniform invoice or commercial invoice, and verify the correspondence between the remittance proof slip reflecting to the actual amount received and the amount recognized on the revenue; for those whose accounts payable have not been received, check whether the relevant documents of the accounts are within the credit period.

### **Other Matter**

We have also audited the parent company only financial statements of Top Union Electronics Corp. as of and for the years ended December 31, 2022 and 2021 on which we have issued an unmodified opinion.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the 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 Consolidated Financial Statements**

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all

relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2022 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.

The engagement partners on the audits resulting in this independent auditors' report are Su-Li Fang and Ming-Hui Chen.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China  
March 20, 2023

Financial Supervisory Commission Approved-certified No.:  
Jin-Guan-Certificate No. 0940161384

Ministry of Finance Approved-certified No.:  
Jin-Guan-Certificate-6 No. 0930128050

TOP UNION ELECTRONICS CORP. and Subsidiaries  
CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars)

Code	ASSETS	December 31, 2022		December 31, 2021		Code	LIABILITIES AND EQUITY	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%			Amount	%	Amount	%
	<b>CURRENT ASSETS</b>						<b>CURRENT LIABILITIES</b>				
1100	Cash and cash equivalents (Notes 4, 6 and 25)	\$ 693,248	22	\$ 300,476	10	2100	Short-term loans (Notes 4, 15, 25 and 27)	\$ 58,000	2	\$ 400,000	13
1136	Current financial assets at amortized cost (Notes 4, 7, 25 and 27)	94,677	3	86,171	3	2130	Current contract liabilities (Notes 4 and 19)	167,343	5	102,455	3
1150	Notes receivable (Notes 4, 8 and 25)	15,019	-	18,534	1	2170	Accounts payable (Note 25)	491,811	15	607,010	20
1170	Accounts receivable, net (Notes 4, 5, 8, 19 and 25)					2206	Accrued profit sharing bonus to employees and compensation to directors (Note 20)	36,788	1	18,175	1
		344,682	11	536,293	18	2230	Current income tax liabilities (Notes 4 and 21)	50,678	2	19,915	1
1220	Current income tax assets (Notes 4 and 21)	-	-	6,282	-	2280	Current lease liabilities (Notes 4, 12 and 25)	14,769	1	7,613	-
130X	Inventories (Notes 4, 5 and 9)	1,143,502	36	1,192,712	40	2399	Other payables and other current liabilities (Notes 16 and 25)	128,537	4	139,005	5
1479	Other current assets (Note 14)	43,826	1	61,325	2	21XX	Total current liabilities	947,926	30	1,294,173	43
11XX	Total current assets	2,334,954	73	2,201,793	74		<b>NON-CURRENT LIABILITIES</b>				
	<b>NON-CURRENT ASSETS</b>					2570	Deferred income tax liabilities (Notes 4 and 21)	16,278	-	5,205	-
1535	Non-current financial assets at amortized cost (Notes 4, 7 and 25)	242,440	8	173,760	6	2580	Non-current lease liabilities (Notes 4, 12 and 25)	22,643	1	4,695	-
1600	Property, plant and equipment (Notes 4, 11 27 and 30)	553,750	18	561,394	19	2640	Net defined benefit liability (Notes 4 and 17)	13,521	-	29,356	1
1755	Right-of-use assets (Notes 4, 12 and 30)	37,551	1	12,740	1	2645	Guarantee deposits (Note 25)	31,454	1	9,268	1
1780	Intangible assets (Notes 4, 13 and 30)	4,726	-	1,653	-	25XX	Total non-current liabilities	83,896	2	48,524	2
1840	Deferred income tax assets (Notes 4 and 21)	7,942	-	9,510	-	2XXX	Total liabilities	1,031,822	32	1,342,697	45
1915	Prepayments for business facilities (Note 30)	1,055	-	6,024	-		<b>EQUITY (Notes 4, 18 and 23)</b>				
1920	Refundable deposits (Notes 4 and 25)	5,445	-	4,100	-		Share capital				
15XX	Total non-current assets	852,909	27	769,181	26	3110	Common stock	1,234,226	39	1,023,598	34
						3200	Capital surplus	257,983	8	138,283	5
							Retained earnings				
						3310	Appropriated as legal capital reserve	198,419	6	182,652	6
						3350	Unappropriated earnings	427,810	14	254,278	9
						3300	Total retained earnings	626,229	20	436,930	15
						3400	Other equity interest	37,603	1	29,466	1
						3XXX	Total equity	2,156,041	68	1,628,277	55
1XXX	Total assets	\$ 3,187,863	100	\$ 2,970,974	100		Total liabilities and equity	\$ 3,187,863	100	\$ 2,970,974	100

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

Chairman: Vincent Tsuei

Managerial Officer: James Wang

Accounting Officer: Vicky Chou



TOP UNION ELECTRONICS CORP. and Subsidiaries  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

Code		2022		2021	
		Amount	%	Amount	%
4000	OPERATING REVENUE (Notes 4, 19 and 30)	\$ 3,294,689	100	\$ 2,549,100	100
5000	COST OF REVENUE (Notes 4, 9, 17 and 20)	<u>2,705,401</u>	<u>82</u>	<u>2,184,170</u>	<u>86</u>
5900	GROSS PROFIT	<u>589,288</u>	<u>18</u>	<u>364,930</u>	<u>14</u>
	OPERATING EXPENSES (Notes 4, 8, 17 and 20)				
6100	Sales and marketing	45,661	1	37,959	1
6200	General and administrative	132,919	4	100,574	4
6300	Research and development	21,684	1	19,219	1
6450	Expected credit impairment losses	-	-	<u>3,418</u>	-
6000	Total operating expenses	<u>200,264</u>	<u>6</u>	<u>161,170</u>	<u>6</u>
6900	INCOME FROM OPERATIONS	<u>389,024</u>	<u>12</u>	<u>203,760</u>	<u>8</u>
	NON-OPERATING INCOME AND EXPENSES (Note 20)				
7100	Interest income	8,695	-	6,103	-
7010	Other income	1,140	-	1,140	-
7020	Other gains and losses	34,590	1	( 2,545)	-
7050	Finance costs	( 5,799)	-	( 3,060)	-
7000	Total non-operating income and expenses	<u>38,626</u>	<u>1</u>	<u>1,638</u>	-
7900	INCOME BEFORE INCOME TAX	427,650	13	205,398	8
7950	INCOME TAX EXPENSE (Notes 4 and 21)	<u>98,224</u>	<u>3</u>	<u>42,860</u>	<u>2</u>
8200	NET INCOME	<u>329,426</u>	<u>10</u>	<u>162,538</u>	<u>6</u>

(Continued)

(Continued)

Code		2022		2021	
		Amount	%	Amount	%
	OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 17 and 18)				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit obligation	\$ 1,129	-	(\$ 4,867)	-
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences arising on translation of foreign operations	<u>8,137</u>	<u>-</u>	<u>( 3,944)</u>	<u>-</u>
8300	Other comprehensive income (loss), net of income tax	<u>9,266</u>	<u>-</u>	<u>( 8,811)</u>	<u>-</u>
8500	TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 338,692</u>	<u>10</u>	<u>\$ 153,727</u>	<u>6</u>
	EARNINGS PER SHARE (NT\$, Note 22)				
9750	Basic earnings per share	<u>\$ 3.00</u>		<u>\$ 1.49</u>	
9850	Diluted earnings per share	<u>\$ 2.97</u>		<u>\$ 1.48</u>	

(Concluded)

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

Chairman: Vincent Tsuei      Managerial Officer: James Wang      Accounting Officer: Vicky Chou

TOP UNION ELECTRONICS CORP. and Subsidiaries  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars)

Code		Share Capital – Common Stock		Capital Surplus	Retained Earnings		Other Equity Interest	Total Equity
		Shares (In Thousands)	Amount		Legal Capital Reserve	Unappropriated Earnings	Foreign Currency Translation Reserve	
A1	BALANCE, JANUARY 1, 2021	98,946	\$ 989,462	\$ 138,283	\$ 167,464	\$ 248,340	\$ 33,410	\$ 1,576,959
	Appropriations of 2020 retained earnings							
B1	Legal capital reserve	-	-	-	15,188	( 15,188)	-	-
B5	Cash dividends to the Company's shareholders	-	-	-	-	( 102,409)	-	( 102,409)
B9	Stock dividends to the Company's shareholders	3,414	34,136	-	-	( 34,136)	-	-
D1	Net income in 2021	-	-	-	-	162,538	-	162,538
D3	Other comprehensive income (loss) in 2021, net of income tax	-	-	-	-	( 4,867)	( 3,944)	( 8,811)
D5	Total comprehensive income (loss) in 2021	-	-	-	-	157,671	( 3,944)	153,727
Z1	BALANCE, DECEMBER 31, 2021	102,360	1,023,598	138,283	182,652	254,278	29,466	1,628,277
	Appropriations of 2021 retained earnings							
B1	Legal capital reserve	-	-	-	15,767	( 15,767)	-	-
B5	Cash dividends to the Company's shareholders	-	-	-	-	( 70,628)	-	( 70,628)
B9	Stock dividends to the Company's shareholders	7,063	70,628	-	-	( 70,628)	-	-
D1	Net income in 2022	-	-	-	-	329,426	-	329,426
D3	Other comprehensive income (loss) in 2022, net of income tax	-	-	-	-	1,129	8,137	9,266
D5	Total comprehensive income (loss) in 2022	-	-	-	-	330,555	8,137	338,692
N1	Share-based compensation	-	-	7,700	-	-	-	7,700
E1	Seasoned equity offerings	14,000	140,000	112,000	-	-	-	252,000
Z1	BALANCE, DECEMBER 31, 2022	123,423	\$ 1,234,226	\$ 257,983	\$ 198,419	\$ 427,810	\$ 37,603	\$ 2,156,041

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

Chairman: Vincent Tsuei

Managerial Officer: James Wang

Accounting Officer: Vicky Chou

TOP UNION ELECTRONICS CORP. and Subsidiaries  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars)

Code		2022	2021
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Income before income tax	\$ 427,650	\$ 205,398
A20000	Adjustments to reconcile profit (loss):		
A20100	Depreciation expense	116,359	100,918
A20200	Amortization expense	3,195	3,656
A20300	Expected credit impairment losses	-	3,418
A20400	Gains on financial assets at fair value through profit or loss	( 908)	-
A20900	Finance costs	5,799	3,060
A21200	Interest income	( 8,695)	( 6,103)
A21900	Share-based compensation	7,700	-
A22500	Gains on disposal of property, plant and equipment, net	( 832)	( 4,010)
A23700	Loss for market price decline and obsolete and slow-moving inventories	7,331	13,168
A24100	Loss (gain) on foreign exchange, net	( 4,579)	756
A29900	Gains on lease modification	-	( 4)
A30000	Changes in operating assets and liabilities		
A31130	Notes receivable	3,515	3,968
A31150	Accounts receivable	192,833	( 201,395)
A31200	Inventories	41,851	( 617,454)
A31240	Other current assets	25,809	( 42,019)
A32125	Contract liabilities	64,888	53,773
A32150	Accounts payable	( 111,371)	318,127
A32180	Accrued profit sharing bonus to employees and compensation to directors	18,613	2,076
A32230	Accrued expenses and other current liabilities	4,085	26,980
A32240	Net defined benefit liability	( 14,706)	( 975)
A33000	Cash generated from operations	778,537	( 136,662)
A33100	Interest received	5,132	9,171
A33300	Interest paid	( 5,899)	( 2,989)
A33500	Income tax paid	( 48,538)	( 21,578)
AAAA	Net cash generated by (used in) operating activities	<u>729,232</u>	<u>( 152,058)</u>

(Continued)

TOP UNION ELECTRONICS CORP. and Subsidiaries  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars)

(Continued)

Code		2022	2021
	<b>CASH FLOWS FROM INVESTING</b>		
	<b>ACTIVITIES</b>		
B00040	Acquisition of financial assets at amortized cost	(\$ 66,747)	(\$ 34,452)
B00050	Proceeds from disposal of financial assets at amortized cost	-	43,113
B00100	Acquisition of financial instruments at fair value through profit or loss	( 10,000)	-
B00200	Sale of financial instruments at fair value through profit or loss	10,908	-
B02700	Acquisition of property, plant and equipment	( 97,531)	( 120,565)
B02800	Proceeds from disposal or redemption of property, plant and equipment	989	4,284
B03700	Refundable deposits paid	( 1,303)	-
B03800	Refundable deposits refunded	19	37
B04500	Acquisition of intangible assets	( 6,264)	( 257)
B07100	Increase in prepaid of equipment	( 1,055)	( 5,989)
BBBB	Net cash used in investing activities	<u>( 170,984)</u>	<u>( 113,829)</u>
	<b>CASH FLOWS FROM FINANCING</b>		
	<b>ACTIVITIES</b>		
C00100	Increase in short-term loans	1,048,000	1,217,000
C00200	Decrease in short-term loans	( 1,390,000)	( 979,000)
C03000	Increase in guarantee deposits received	22,186	-
C04020	Repayment of the principal portion of lease liabilities	( 18,986)	( 15,492)
C04500	Cash dividends paid	( 70,628)	( 102,409)
C04600	Seasoned equity offerings	<u>252,000</u>	<u>-</u>
CCCC	Net cash generated by (used in) financing activities	<u>( 157,428)</u>	<u>120,099</u>
DDDD	EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>( 8,048)</u>	<u>( 1,056)</u>
EEEE	NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	392,772	( 146,844)
E00100	CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>300,476</u>	<u>447,320</u>
E00200	CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 693,248</u>	<u>\$ 300,476</u>

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

Chairman: Vincent Tsuei    Managerial Officer: James Wang    Accounting Officer: Vicky Chou

Top Union Electronics Corp. and Subsidiaries  
Notes to Consolidated Financial Statements  
Years Ended December 31, 2022 and 2021  
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

**1. GENERAL**

Top Union Electronics Corp. (hereinafter referred to as “TUEC”), a Taiwan-based company, was established on February 15, 1990, starting business operation in August of the same year. TUEC is principally engaged in the design, manufacture and technical support of electronic products and communication equipment, as well as providing surface mount technology (SMT) services, processing and international trade business. TUEC’s stocks have been traded on the over-the-counter (OTC) market on the Taipei Exchange since April 2004.

The accompanying consolidated financial statements are expressed in TUEC’s functional currency, New Taiwan Dollars.

TUEC and its subsidiaries are hereinafter referred to as the “Company” for the following contents.

**2. THE AUTHORIZATION OF FINANCIAL STATEMENTS**

The accompanying consolidated financial statements were authorized for issuance by the Board of Directors on February 22, 2023.

**3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS**

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

The initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC did not have a significant effect on the accounting policies of the Company.

(2) The IFRSs endorsed by the FSC with effective date starting 2023

<b>New, Revised or Amended Standards and Interpretations</b>	<b>Effective Date Issued by IASB</b>
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023(Note a.)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023(Note b.)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023(Note c.)

Note a. These amendments apply to the annual reporting periods beginning on or after January 1, 2023.

Note b. These amendments apply to the changes in accounting estimates and changes in accounting policies occurring on the annual reporting periods beginning on or after January 1, 2023.

Note c. Except that deferred taxes were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments apply to transactions occurring on or after January 1, 2022.

As of the date the accompanying consolidated financial statements were authorized for issuance, the above standards and interpretations have no significant impact on the Company's financial position and financial performance based on the Company's assessment.

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

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

Note a. Unless specified otherwise, the above new, revised or amended standards and interpretations are effective for annual reporting periods beginning on or after their respective effective dates.

Note b. The seller-lessee shall retrospectively apply the amendments of IFRS 16 to the sale and leaseback transactions signed after the initial application to IFRS 16.

As of the date the accompanying consolidated financial statements were authorized for issuance, the Company continues evaluating the impact on its financial position and financial performance from the initial adoption of the aforementioned standards or interpretations. The related impact will be disclosed when the Company completes its evaluation.

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **(1) Statement of Compliance**

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

##### **(2) Basis of Preparation**

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

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 significance of the inputs to the fair value measurement in its entirety, are described as follows:

- a. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- b. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices); and
- c. Level 3 inputs are unobservable for the asset or liability.

**(3) Standard in determining whether the assets or liabilities are current or non-current**

Current assets include:

- a. Assets held mainly for transaction purposes;
- b. Assets to be realized within 12 months after the balance sheet date; and
- c. Cash and cash equivalents (unless the asset is to be used for an exchange or to settle a liability, or otherwise remains restricted, at more than 12 months after the balance sheet date).

Current liabilities include:

- a. Liabilities held mainly for transaction purposes;
- b. Liabilities to be settled when due within 12 months after the balance sheet date; and
- c. Liabilities for which the settlement date cannot be extended unconditionally to at least 12 months after the balance sheet date.

Assets or liabilities not meeting the above criteria are classified as non-current assets or non-current liabilities.

**(4) Basis of Consolidation**

The consolidated financial statements incorporate the financial statements of TUEC and entities controlled by TUEC (i.e. its subsidiaries). When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company.

See Notes 10 and 29(2)&(3) for the detailed information of subsidiaries, the percentages of ownership and business operation items.

**(5) Foreign Currencies**

When preparing financial statements, the Company prepares records in a currency other than the functional currency of the Company (i.e. foreign currencies) and converts them to the functional currency based on the exchange rate on the transaction date.



Monetary items denominated in foreign currencies are translated at the closing rate on each balance sheet date. Exchange differences arising from the settlement of monetary items or the translation of monetary items are recognized in profit or loss in the year in which they occur.

Non-monetary items measured at fair value in a foreign currency are translated at the exchange rate on the date the fair value was determined. The resulting exchange differences are recognized in profit or loss, except for those recognized in other comprehensive income (loss) when fair value changes are recognized in other comprehensive income (loss).

Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the exchange rate prevailing on the transaction date and are not retranslated.

In preparing the consolidated financial statements, the assets and liabilities of TUEC's foreign operations (including those of its subsidiaries operating in countries or currencies different from those of TUEC) are translated into New Taiwan Dollars at the exchange rates prevailing on each balance sheet date. Income and expense items are translated at the average exchange rate in the period, with the resulting exchange differences recognized in other comprehensive income (loss).

**(6) Inventories**

Inventories consist of raw materials, finished goods and work in process. Inventories are measured at the lower of cost or net realizable value. Comparisons between cost and net realizable value are made on an item-by-item basis, except for inventories of the same type. Net realizable value is the selling price estimated under normal circumstances less estimated costs to complete the process and estimated costs to complete the sale. The cost of inventories is calculated by using the weighted-average method.

**(7) Property, Plant and Equipment**

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

Property, plant and equipment are depreciated separately over their useful lives on a straight-line basis for each significant component. The Company reviews the estimated useful lives, residual values and depreciation methods at least at the end of each fiscal year.

When property, plant and equipment are derecognized, the difference between the net disposal price and the carrying amount of the asset is recognized in profit or loss.

**(8) Intangible Assets**

a. Separately Acquired

Intangible assets acquired separately with finite useful lives are measured initially at cost and subsequently measured at cost less accumulated amortization and accumulated impairment losses. Intangible assets are amortized on a straight-line

basis over their useful lives, and the Company reviews the estimated useful lives, residual values and amortization methods at least at the end of each fiscal year.

b. Derecognition

When an intangible asset is derecognized, the difference between the net disposal price and the carrying amount of the asset is recognized in profit or loss in the year in which it occurs.

**(9) Impairment of Property, Plant and Equipment, Right-of-use Assets and Intangible Assets**

The Company assesses at each balance sheet date whether there is any indication that property, plant and equipment, right-of-use assets and intangible assets may have been impaired. If any indication of impairment exists, the recoverable amount of the asset is estimated. Where the recoverable amount of an individual asset cannot be estimated, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of the fair value less costs to sell and its value in use. If the recoverable amount of an asset or cash -generating unit is less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount and the impairment loss is recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised recoverable amount, provided that the increased carrying amount does not exceed the carrying amount (net of amortization or depreciation) that had been determined but had no impairment loss be recognized for the asset or cash-generating unit in prior years. Reversals of impairment losses are recognized in profit or loss.

**(10) Financial Instruments**

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

When the financial assets and financial liabilities are recognized initially, financial assets or financial liabilities, which are not measured at fair value through profit or 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 that are directly attributable to the acquisition or issuance of financial assets or financial liabilities measured at fair value through profit or loss are recognized immediately in profit or loss.

a. Financial Assets

Regular transactions of financial assets are recognized and derecognized by using trade date accounting.

a-1. Type of Measurement

The type of financial assets held by the Company is financial assets measured at amortized cost.

The Company's investments in financial assets are classified as financial assets measured at amortized cost if both of the following conditions are met:

a-1-1.They are held within a business model whose objective is to hold financial assets to collect contractual cash flows; and

a-1-2.The contractual terms give rise to cash flows on a specific date that are solely payments of principal and interest on the principal amount circulated outside.

Financial assets measured at amortized cost (including cash and cash equivalents, restricted deposit, pledged time deposit, notes receivable and accounts receivable measured at amortized cost and guarantee deposits paid) are measured at their total carrying amount determined by using the effective interest method less amortized cost of any impairment loss, and any foreign currency exchange gain or loss is recognized in profit or loss after initial recognition.

Interest income is calculated by multiplying the effective interest rate by the total carrying amount of the financial asset.

Cash equivalents include time deposits that are highly liquid, readily convertible into fixed amounts of cash and subject to a low risk of change in value within 3 months from the date of acquisition, and are used to meet short-term cash commitments.

a-2. Impairment of Financial Assets

The Company assesses impairment losses on financial assets at amortized cost (including accounts receivable) at each balance sheet date based on expected credit losses.

Accounts receivables are recognized as an allowance for expected credit losses over the period of continuation.

Expected credit losses are the weighted-average credit losses weighted by the risk of default. The 12-month expected credit loss represents the expected credit loss arising from possible defaults of the financial instrument within 12 months after the reporting date, and the lifetime expected credit loss represents the expected credit loss arising from all possible defaults of the financial instrument during the expected life of the financial instrument.

All impairment losses on financial assets are reversed by reducing the carrying amount through an allowance account.

#### a-3. Derecognition of Financial Assets

The Company derecognizes financial assets only when the contractual rights to the cash flows from the financial assets have lapsed, or when the financial assets have been transferred and substantially all the risks and rewards of ownership of the assets have been transferred to other enterprises.

#### b. Equity Instruments

Debt and equity instruments issued by the Company are classified as financial liabilities or equity based on the substance of the contractual agreements and the definitions of financial liabilities and equity instruments.

Equity instruments issued by the Company are recognized at the acquisition price less direct issuance costs.

If the Company reacquires its own equity instruments, those instruments are recognized and deducted from equity. Purchase, sale, issuance or cancellation of the Company's own equity instruments is not recognized in profit or loss.

#### c. Financial Liabilities

##### c-1. Subsequent Measurement

Financial liabilities of the Company are measured at amortized cost by using the effective interest method.

##### c-2. Derecognition of Financial Liabilities

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

### **(11) Provisions**

The amount recognized as a provision is the best estimate of the consideration required to settle the obligation on the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. A provision is the carrying amount measured at the present value of the cash flows estimated to settle the obligation.

### **(12) Revenue Recognition**

After the Company has identified performance obligations in customer contracts, the transaction price is apportioned to each performance obligation, and revenue is recognized when each performance obligation is satisfied.

#### a. Merchandise Sales Revenue

Merchandise sales revenue is generated from the sales of electronic products. The Company recognizes the revenue and accounts receivable based on the point of time, at which merchandise arrives at/departs from the designated places bound from the different conditions and terms shown on the customer contracts; at the same point of time, customers have rights to determine the prices and rights of use of the merchandise, as well as bearing the main responsibility for reselling the

merchandise and the risk of the merchandise turning into obsolescence. Advance receipts for merchandise are recognized as contract liabilities prior to arrival time of the shipped merchandise.

During the machining process to remove the materials from the parts, the control of the ownership of such work in process is not transferred yet, which is not recognized in the revenue.

b. Service Revenue

Service revenue is recognized when the performance obligation is satisfied.

**(13) Leases**

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

When the Company is as lessee, leases are recognized as right-of-use assets and lease liabilities at the lease commencement date, except for leases of low-value subject assets and short-term leases to which recognition exemptions apply, for which lease payments are recognized as expenses on a straight-line basis over the lease term.

The right-of-use assets are measured initially at cost (including the original measurement of the lease liabilities) and subsequently measured at cost less accumulated depreciation, adjusted for the remeasurement of the lease liabilities. The right-of-use assets are presented separately in the consolidated balance sheet.

The right-of-use assets are depreciated on a straight-line basis from the commencement date of the lease to the earlier of the end of the useful life or the end of the lease term.

The lease liabilities are measured initially at the present value of the lease payments (including fixed payment). If the interest rate implied by the lease is readily determinable, the lease payments are discounted by using that rate. If the interest rate is not readily determinable, the lessee's incremental borrowing rate is used.

Subsequently, the lease liabilities are measured on an amortized cost basis using the effective interest method and the interest expense is allocated over the lease term. The Company remeasures the lease liabilities and adjusts the right-of-use assets accordingly, except that if the carrying amount of the right-of-use assets is reduced to zero, the remaining remeasurement amount is recognized in profit or loss. The lease liabilities are presented separately in the consolidated balance sheet.

**(14) Borrowing Costs**

All borrowing costs are recognized in profit and loss in the year in which they occur.

**(15) Employee Benefits**

a. Short-term Employee Benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for service rendered by employees.

b. Retirement Benefits

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

Defined benefit costs (including service cost, net interest and rereasurement) under the defined retirement benefit plans are determined by using the Projected Unit Credit Method. Current service cost and net interest on the net defined benefit liability are recognized as employee benefits expense in the period they occur. Rereasurement (comprising actuarial gains and losses and the return on plan assets excluding interest) is recognized in other comprehensive income in the period in which they occur, as well as being reflected immediately in retained earnings, which afterwards will not be reclassified to profit or loss.

Net defined benefit liability represents the actual deficit in the Company's defined retirement benefit plans.

**(16) Share-based Payment Arrangements - Employee Share Options**

Employee share options are recognized in the expense on a straight-line basis over the vesting period, based on the fair value at the grant date of equity instrument and the Company's best estimate of the number expected to ultimately vest, with a corresponding increase in capital surplus - employee share options, among which if those are immediately vested on the grant date, they are recognized in the expense on the date. The Company conducts seasoned equity offerings reserved for employees to subscribe, and the date of approval by the board of directors is the grant date.

On each balance sheet date, the Company revises its estimate of the number of employee share options that are expected to vest. The impact from such revision is recognized in profit or loss so that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital surplus - employee share options.

**(17) Income Tax**

Income tax expense represents the sum of the tax currently payable and deferred tax.

a. Current Tax

The Company determines current income (loss) in accordance with the regulations of each jurisdiction in which it files income tax returns and calculates the amount of income tax payable (recoverable).

Income tax on unappropriated earnings, which is calculated in accordance with the Income Tax Act of Taiwan, is recognized in the year in which the shareholders' meeting resolves.

Adjustments to the prior years' income tax payable are included in the current tax.

b. Deferred Tax

Deferred tax is from calculating temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences, and 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. Deductible temporary differences associated with such investments are only 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, which can be recognized as the deferred tax assets.

The carrying amount of deferred tax assets is reviewed on each balance sheet date 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 deferred tax asset to be recovered. The deferred tax assets originally not recognized is also reviewed on each balance sheet date and their carrying amounts are increased to the extent that it is probable that taxable profits will be generated to allow all or part of the deferred tax 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.

c. Current and Deferred Tax for the Year

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

## **5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION AND UNCERTAINTY**

In adopting accounting policies, the Company's management is required to make judgments, estimation and assumptions that are based on historical experience and other

relevant factors where relevant information is not readily available from other sources. Actual results may differ from those estimates.

The Company has considered the last development of COVID-19 pandemic and the economic implications from it on cash flow projections, growth rates, discount rates and profitability, etc. related to critical accounting estimates. The Company's management will continue to review the estimates and underlying assumptions. Revisions will be made to the recognition listed in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and also future years if the revision affects both current and future years.

#### Key Sources of Estimation and Uncertainty

##### a. Estimated Impairment of Financial Assets

The provision for estimated impairment of accounts receivables is based on the Company's assumptions about risk of default and loss rates of default. The Company uses judgement in making these assumptions and in selecting the inputs to the estimated impairment calculation, based on the Company's historical experience. Please refer to Note 8 for the adoption of the important assumptions and the inputs. Where the actual future cash flows are less than the Company's expectation, a significant impairment loss may arise.

##### b. Impairment of Inventories

Net realizable value of inventories is, under the normal operation process, the estimated selling price of inventories less all estimated costs of completion and estimated costs necessary to make the sale, the estimation of which is based on the current market status and the historical sales experience judged for the similar products. Changes of market status may significantly affect the result from that estimation.

## 6. CASH AND CASH EQUIVALENTS

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash on Hand and Working Capital	\$ 60	\$ 95
Bank Checks and Demand Deposits	688,581	278,853
Cash Equivalents		
Bank Time Deposits	<u>4,607</u>	<u>21,528</u>
	<u>\$693,248</u>	<u>\$300,476</u>

Interest rate ranges for bank deposits on the balance sheet date were as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Bank Deposits	0.001%~3.100%	0.001%~2.025%

## 7. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Current</u>		
Pledged Time Deposit (Note 27)	\$ 9,917	\$ 9,774
Restricted Bank Deposits (Note a.)	<u>84,760</u>	<u>76,397</u>
	<u>\$ 94,677</u>	<u>\$ 86,171</u>

(Continued)



(Concluded)

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Non-current</u>		
Time Deposits with Original Maturity Date over One Year	<u>\$242,440</u>	<u>\$173,760</u>

Note a. TUEC followed the regulations named “Regulations on Industries Investment from Repatriated Offshore Funds” and obtained approval from National Taxation Bureau, Ministry of Finance, which allowed TUEC to repatriate funds 3,000,000 U.S. Dollars from overseas; and also, an investment plan is required to be submitted to the Ministry of Economic Affairs, R.O.C. Based on the regulations, the repatriated funds shall only be used to invest according to the approved plan without withdrawing the funds for other purposes outside the approved plan.

## 8. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Notes Receivable</u>		
Occurs from Operation	<u>\$ 15,019</u>	<u>\$ 18,534</u>
<u>Accounts Receivable</u>		
At Amortized Cost		
Gross Carrying Amount	\$351,264	\$542,875
Less: Loss Allowance	<u>( 6,582 )</u>	<u>( 6,582 )</u>
	<u>\$344,682</u>	<u>\$536,293</u>

The average credit period for the Company's merchandise sales ranges from 30 to 60 days, and accounts receivables are not interest-bearing. The policy of conducting transactions adopted by the Company is to trade with the counterparties who have certain good level ratings. Credit rating information is to use publicly available financial information and trading history records to rate major customers. The credit exposure and the credit ratings of the counterparties are continuously monitored by the Company, and the aggregate value of transactions disperses to different customers with the qualified credit ratings. Moreover, credit exposure is controlled by the counterparties' credit ratings that are periodically reviewed and approved by the Company.

The Company recognizes loss allowance of accounts receivables at an amount equal to lifetime expected credit losses (ECLs). The lifetime ECLs uses the provision matrix computation with reference to past default records and current financial position of customers, general economic conditions of the industry, as well as consideration to industrial prospects. Because the Company's historical credit losses experience indicates that the loss pattern amongst different customer segments does not show outstanding differences, the customer segments are not to be further differentiated by the provision matrix, but only the ratio of ECLs are determined by overdue days of accounts receivables.

The following table details the loss allowance of accounts receivables based on the provision matrix:

December 31, 2022

	<u>Not Past Due</u>	<u>Due in 1 ~ 60 Days</u>	<u>Due in 61 ~ 90 Days</u>	<u>Due in 91 ~ 120 Days</u>	<u>Due in More than 121 Days</u>	<u>Total</u>
Gross Carrying Amount	\$ 341,058	\$ 10,206	\$ -	\$ -	\$ -	\$ 351,264
Loss Allowance (Lifetime ECLs)	( <u>1,727</u> )	( <u>4,855</u> )	<u>-</u>	<u>-</u>	<u>-</u>	( <u>6,582</u> )
Amortized Cost	<u>\$ 339,331</u>	<u>\$ 5,351</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 344,682</u>

December 31, 2021

	<u>Not Past Due</u>	<u>Due in 1 ~ 60 Days</u>	<u>Due in 61 ~ 90 Days</u>	<u>Due in 91 ~ 120 Days</u>	<u>Due in More than 121 Days</u>	<u>Total</u>
Gross Carrying Amount	\$ 517,658	\$ 15,432	\$ 26	\$ 901	\$ 8,858	\$ 542,875
Loss Allowance (Lifetime ECLs)	( <u>644</u> )	( <u>828</u> )	( <u>3</u> )	( <u>157</u> )	( <u>4,950</u> )	( <u>6,582</u> )
Amortized Cost	<u>\$ 517,014</u>	<u>\$ 14,604</u>	<u>\$ 23</u>	<u>\$ 744</u>	<u>\$ 3,908</u>	<u>\$ 536,293</u>

Information on the changes in loss allowance for accounts receivables is as follows:

	<u>Years Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Balance at the Beginning of Year	\$ 6,582	\$ 3,164
Add: Impairment Losses for the Year	<u>-</u>	<u>3,418</u>
Balance at the End of Year	<u>\$ 6,582</u>	<u>\$ 6,582</u>

**9. INVENTORIES**

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Finished Goods	\$ 28,137	\$ 46,336
Work in Process	131,932	141,546
Raw Materials	<u>983,433</u>	<u>1,004,830</u>
	<u>\$ 1,143,502</u>	<u>\$ 1,192,712</u>

Cost of sales related to inventories for 2022 and 2021 is \$2,705,401 thousand and \$2,184,170 thousand, respectively. Cost of sales included a loss of \$7,331 thousand and \$13,168 thousand, respectively, on the decline in the value of inventories.

## 10. SUBSIDIARIES

The subsidiaries included in the consolidated financial statements are as follows:

Investor	Investee	Nature of Activities	Proportion of Ownership (%)	
			December31, 2022	December31, 2021
TUEC	ALLIED ORIENTAL INTERNATIONAL LTD. (ORIENTAL)	Investment	100%	100%
	TOP UNION ELECTRONICS (SHANGHAI) CORP. (TOP UNION SHANGHAI)	Manufacture of Electronic Products and Communication Equipment, Technical Support and SMT Processing, etc.	100%	100%
	TOP UNION ELECTRONICS (SUZHOU) CORP. (TOP UNION SUZHOU)	Manufacture of Electronic Products and Communication Equipment, Technical Support and SMT Processing, etc.	100%	100%

## 11. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings and Structures	Machinery and Equipment	Transport Equipment	Wealth Generating Equipment	Lease Improvement	Other Equipment	Total
<b>Cost</b>								
January1,2021- Balance	\$ 80,113	\$ 368,272	\$ 830,471	\$ 25,611	\$ 28,496	\$ 28,436	\$ 50,626	\$1,412,025
Additions	-	30,784	93,535	1,147	2,673	2,756	2,961	133,856
Disposals	-	-	( 14,132 )	( 1,824 )	( 465 )	( 1,087 )	( 2,312 )	( 19,820 )
Effect of foreign currency exchange differences	-	-	( 3,417 )	( 84 )	( 87 )	( 213 )	( 205 )	( 4,006 )
December31,2021- Balance	<u>\$ 80,113</u>	<u>\$ 399,056</u>	<u>\$ 906,457</u>	<u>\$ 24,850</u>	<u>\$ 30,617</u>	<u>\$ 29,892</u>	<u>\$ 51,070</u>	<u>\$1,522,055</u>
<b>Accumulated Depreciation</b>								
January1,2021- Balance	\$ -	\$ 152,148	\$ 654,060	\$ 18,317	\$ 19,835	\$ 22,103	\$ 32,285	\$ 898,748
Depreciation expenses	-	14,530	56,321	2,761	3,791	2,272	5,454	85,129
Disposals	-	-	( 14,111 )	( 1,595 )	( 465 )	( 1,064 )	( 2,311 )	( 19,546 )
Effect of foreign currency exchange differences	-	-	( 3,230 )	( 64 )	( 64 )	( 165 )	( 147 )	( 3,670 )
December31,2021- Balance	<u>\$ -</u>	<u>\$ 166,678</u>	<u>\$ 693,040</u>	<u>\$ 19,419</u>	<u>\$ 23,097</u>	<u>\$ 23,146</u>	<u>\$ 35,281</u>	<u>\$ 960,661</u>
December31,2021- Net	<u>\$ 80,113</u>	<u>\$ 232,378</u>	<u>\$ 213,417</u>	<u>\$ 5,431</u>	<u>\$ 7,520</u>	<u>\$ 6,746</u>	<u>\$ 15,789</u>	<u>\$ 561,394</u>
<b>Cost</b>								
January1,2022- Balance	\$ 80,113	\$ 399,056	\$ 906,457	\$ 24,850	\$ 30,617	\$ 29,892	\$ 51,070	\$1,522,055
Additions	-	-	78,863	5,429	1,467	1,114	1,872	88,745
Disposals	-	-	( 9,366 )	( 248 )	( 332 )	( 818 )	( 646 )	( 11,410 )
Effect of foreign currency exchange differences	-	-	6,413	161	176	439	395	7,584
December31,2022- Balance	<u>\$ 80,113</u>	<u>\$ 399,056</u>	<u>\$ 982,367</u>	<u>\$ 30,192</u>	<u>\$ 31,928</u>	<u>\$ 30,627</u>	<u>\$ 52,691</u>	<u>\$1,606,974</u>
<b>Accumulated Depreciation</b>								
January1,2022- Balance	\$ -	\$ 166,678	\$ 693,040	\$ 19,419	\$ 23,097	\$ 23,146	\$ 35,281	\$ 960,661
Depreciation expenses	-	15,664	67,347	2,660	3,419	2,508	5,114	96,712
Disposals	-	-	( 9,341 )	( 233 )	( 329 )	( 805 )	( 545 )	( 11,253 )
Effect of foreign currency exchange differences	-	-	6,198	138	139	337	292	7,104
December31,2022- Balance	<u>\$ -</u>	<u>\$ 182,342</u>	<u>\$ 757,244</u>	<u>\$ 21,984</u>	<u>\$ 26,326</u>	<u>\$ 25,186</u>	<u>\$ 40,142</u>	<u>\$1,053,224</u>
December31,2022- Net	<u>\$ 80,113</u>	<u>\$ 216,714</u>	<u>\$ 225,123</u>	<u>\$ 8,208</u>	<u>\$ 5,602</u>	<u>\$ 5,441</u>	<u>\$ 12,549</u>	<u>\$ 553,750</u>

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	35 Years
Machinery and Equipment	5 – 6 Years
Transport Equipment	5 – 6 Years
Wealth Generating Equipment	3 – 6 Years
Other Equipment	5 – 8 Years
Lease Improvement	5 – 6 Years

The Company's property, plant and equipment are all for self-use.

For the amount of property, plant and equipment pledged by the Company as a loan amount, please refer to Note 27.

## 12. LEASE ARRANGEMENTS

### (1) Right-of-use Assets

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Carrying Amounts		
Buildings	\$ 35,164	\$ 9,579
Wealth Generating Equipment	<u>2,387</u>	<u>3,161</u>
	<u>\$ 37,551</u>	<u>\$ 12,740</u>
	<u>Years Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Additions to Right-of-use Assets	<u>\$ 44,322</u>	<u>\$ -</u>
Depreciation of Right-of-use Assets		
Buildings	\$ 18,873	\$ 15,015
Wealth Generating Equipment	<u>774</u>	<u>774</u>
	<u>\$ 19,647</u>	<u>\$ 15,789</u>

Except for the above expenses recognized to the items of additions and depreciation, there were no significant sublease and impairment happening to the Company's right-of-use assets for the years ended December 31, 2022 and 2021.

### (2) Lease Liabilities

	<u>December 31, 2022</u>	<u>December 31, 2022</u>
Carrying Amounts		
Current Portion	<u>\$ 14,769</u>	<u>\$ 7,613</u>
Non-current Portion	<u>\$ 22,643</u>	<u>\$ 4,695</u>

Ranges of discount rates for lease liabilities are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Buildings	1.43%~4.30%	3.85%~4.30%
Wealth Generating Equipment	0.99%~1.16%	0.99%~1.16%

### (3) Significant Leasing Activities and Terms

Top Union Shanghai leased the factory building from Shanghai Interunited Co., Ltd. in the form of operating lease, and the lease period is 3 years. Top Union Suzhou leased the factory building from Suzhou Xiangcheng Economic Development company in the form of operating lease, and the lease period is 2 years; Top Union Suzhou also leased houses and dormitories, and the lease period is 2 – 4 years. TUEC leased houses and dormitories from individuals in the form of operating lease, and the lease period is 5 years. When the contractual lease period is terminated, the Company has no preferential purchase rights for the factory buildings, houses and dormitories previously leased.

#### (4) Other Lease Information

	Years Ended December 31	
	2022	2021
Expenses Relating to		
Short-term Leases	<u>\$ 5,549</u>	<u>\$ 3,290</u>
Total Cash Outflow for Leases	<u>\$ 25,357</u>	<u>\$ 19,491</u>

The Company leases the wealth generating equipment that is classified as a short-term lease, applicable for using recognition exemption, the lease of which is not to be recognized as the relevant right-of-use assets and lease liabilities.

#### 13. INTANGIBLE ASSETS

	Years Ended December 31	
	2022	2021
<u>Cost</u>		
Balance at the beginning of year	\$ 22,861	\$ 22,628
Acquisition	6,264	257
Effect of foreign currency exchange differences	<u>52</u>	<u>( 24)</u>
Balance at the end of year	<u>29,177</u>	<u>22,861</u>
<u>Accumulated amortization</u>		
Balance at the beginning of year	21,208	17,575
Amortization expenses	3,195	3,656
Effect of foreign currency exchange differences	<u>48</u>	<u>( 23)</u>
Balance at the end of year	<u>24,451</u>	<u>21,208</u>
Net amount	<u>\$ 4,726</u>	<u>\$ 1,653</u>

Amortization expenses are calculated on a straight-line basis over the item with its estimated useful life as follows:

Software 3 Years

#### 14. OTHER CURRENT ASSETS

	December 31, 2022	December 31, 2021
Temporary Debits	\$ 9,700	\$ 10,114
Business Tax Receivable Refund	7,913	13,059
Interest Receivable	7,894	4,331
Prepayments to Suppliers	1,196	6,135
Others	<u>17,123</u>	<u>27,686</u>
	<u>\$ 43,826</u>	<u>\$ 61,325</u>

#### 15. SHORT-TERM BORROWINGS

	December 31, 2022	December 31, 2021
<u>Unsecured Borrowings</u>		
Bank Loans	<u>\$ 58,000</u>	<u>\$400,000</u>

The interest rates on revolving bank loans were 1.835% ~ 1.950% and 0.981% ~ 1.210% as of December 31, 2022 and 2021, respectively.

## 16. OTHER PAYABLES AND OTHER CURRENT LIABILITIES

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Payable for salaries or bonuses	\$ 70,896	\$ 65,086
Temporary credits and Receipts under custody	5,860	4,628
Payable on machinery and equipment	-	14,810
Others	<u>51,781</u>	<u>54,481</u>
	<u>\$128,537</u>	<u>\$139,005</u>

## 17. RETIREMENT BENEFIT PLANS

### (1) Defined Contribution Plans

TUEC adopted the pension plan under the “Labor Pension Act (LPA)”, which is a government-managing defined contribution plan. Under the LPA, an entity makes monthly contributions to employees’ individual pension account at 6% of monthly salaries and wages.

### (2) Defined Benefit Plans

TUEC handles the pension plan based on the R.O.C. “Labor Standards Law”, which is a government-managing defined retirement benefit plan. Pension amounts paid to retired employees is calculated based on years of service and average monthly salary for the 6 months prior to the approved retirement date. TUEC contributes a pension for an employee by 3.5% of his/her total monthly salary as the labor pension reserve funds, which shall be deposited in the pension fund account of Bank of Taiwan, set up in the name of the labor pension reserve supervision committee of the business entity. When the balance in the pension fund account, checked prior to the year end, is insufficient to pay the pensions to the labors who will be expected to reach their retirement requirements before the next year end, the difference contributed to the account shall be fully made up at a time before the end of next March. The aforesaid pension fund account is entrusted to the Bureau of Labor Funds, Ministry of Labor with management, in which TUEC has no rights to influence the investment policies and strategies.

The amounts of the defined benefit plans are recognized in the consolidated balance sheets as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Present value of the defined benefit obligations	\$ 61,883	\$ 64,176
Fair value of plan assets	<u>( 48,362 )</u>	<u>( 34,820 )</u>
Net defined benefit liabilities	<u>\$ 13,521</u>	<u>\$ 29,356</u>

Movements in net defined benefit liability are as follows:

	Present value of the defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities
January 1, 2022	\$ 64,176	(\$ 34,820)	\$ 29,356
Service cost			
Current service cost	368	-	368
Interest expense (income)	401	( 251)	150
Recognized in profit or loss	769	( 251)	518
Remeasurements			
Actuarial loss arising from changes in financial assumptions	( 114)	-	( 114)
Actuarial loss (gain) arising from experience adjustments	2,323	( 3,338)	( 1,015)
Recognized in other comprehensive income	2,209	( 3,338)	( 1,129)
Contributions from employer	-	( 15,224)	( 15,224)
Benefits paid	( 5,271)	5,271	-
December 31, 2022	\$ 61,883	(\$ 48,362)	\$ 13,521
January 1, 2021	\$ 70,607	(\$ 45,143)	\$ 25,464
Service cost			
Current service cost	550	-	550
Interest expense (income)	353	( 230)	123
Recognized in profit or loss	903	( 230)	673
Remeasurements			
Actuarial loss arising from changes in demographic assumptions	1,148	-	1,148
Actuarial loss arising from changes in financial assumptions	( 778)	-	( 778)
Actuarial loss (gain) arising from experience adjustments	5,074	( 577)	4,497
Recognized in other comprehensive income	5,444	( 577)	4,867
Contributions from employer	-	( 1,648)	( 1,648)
Benefits paid	( 12,778)	12,778	-
December 31, 2021	\$ 64,176	(\$ 34,820)	\$ 29,356

The amounts of the defined benefit plans recognized in profit or loss are classified according to their function by the following categories:

	Years Ended December 31	
	2022	2021
Cost of revenue	\$ 395	\$ 517
Marketing expenses	28	35
General and administrative expenses	65	80
Research and development expenses	30	41
	<u>\$ 518</u>	<u>\$ 673</u>

Through the defined benefit plans under the R.O.C. “Labor Standards Law”, TUEC is exposed to the following risks:

- a. Investment risk: The pension funds are invested in domestic/foreign equity and debt securities, bank deposits, etc. by the methods of its own discretion and commissioned operations of the Bureau of Labor Funds, Ministry of Labor. However, the earnings appropriated from the plan assets of the Company shall not be less than the average interest rate on a two-year time deposit published by the local banks.
- b. Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation, but the return on the debt investments of the plan assets will also increase accordingly, which brings the effect of partially offsetting the net defined benefit liabilities.
- c. Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the TUEC’s present value of the defined benefit obligation were carried out by qualified actuaries. The principal assumptions of the measurement date were as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Discount rate	1.38%	0.63%
Forecasted salary increase rate	2.75%	2.00%

When the possible changes in the principal assumptions of the actuarial valuations reasonably happen respectively, based on the circumstances of all other assumptions kept the same, the increased (decreased) amounts in the present value of the defined benefit obligation will be as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Discount rate		
Increase 0.50%	( <u>\$ 2,658</u> )	( <u>\$ 3,015</u> )
Decrease 0.50%	<u>\$ 2,847</u>	<u>\$ 3,242</u>
Forecasted salary increase rate		
Increase 0.50%	<u>\$ 2,754</u>	<u>\$ 3,136</u>
Decrease 0.50%	( <u>\$ 2,599</u> )	( <u>\$ 2,948</u> )

Since assumptions of actuarial valuations are possibly correlated with one another, the possibility of changes in only one assumption is small. Therefore, the above sensitivity analyses are possibly unable to reflect the actual status of the changes in the present value of the defined benefit obligation.

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Forecasted amount contributed within one year	<u>\$ 1,031</u>	<u>\$ 10,211</u>
Average due-period of defined benefit obligation	8.9 Years	9.6 Years



## 18. EQUITY

### (1) Capital Stock

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Authorized shares (in thousands)	<u>180,000</u>	<u>120,000</u>
Authorized capital	<u>\$ 1,800,000</u>	<u>\$ 1,200,000</u>
Issued and received shares (in thousands)	<u>123,423</u>	<u>102,360</u>
Issued capital	<u>\$ 1,234,226</u>	<u>\$ 1,023,598</u>

A holder of issued common shares with par value of NT\$10 per share is entitled to vote and to receive dividends.

The authorized shares include 3,800 thousand shares allocated for the exercise of employee stock options.

On May 20, 2022 and July 16, 2021, the stock dividends were distributed by TUEC in a total of NT\$70,628 thousand and NT\$34,136 thousand respectively according to the resolution of the shareholders' meeting, and took effect through the corresponding registration approved by Financial Supervision Commission Securities and Futures Bureau; then the dates of June 26, 2022 and August 22, 2021 were determined respectively to be the reference date of ex-rights in accordance with the resolution of the board of directors.

On August 4, 2022, TUEC issued the stocks in a total of 14,000 thousand shares, with a par value of NT\$10 per share and a premium of NT\$18 per share issuance, as the seasoned equity offerings resolved by the board of directors. After the capital increased, the actual paid-in share capital was NT\$1,234,226 thousand. The project of the aforementioned seasoned equity offerings took effect through the registration approved by Financial Supervision Commission Securities and Futures Bureau on October 17, 2022 and the date of November 11, 2022 was determined to be the reference date of increased-capital by the authorized chairman in accordance with the resolution of the board of directors.

### (2) Capital Surplus

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>May be used to compensate a deficit, distributed as cash dividends, or transferred to share capital (Note a.)</u>		
Additional paid-in capital	\$235,826	\$123,826
Employee share options	7,700	-
Treasury shares transaction	<u>14,457</u>	<u>14,457</u>
	<u>\$257,983</u>	<u>\$138,283</u>

Note a. Such capital surplus may be used to compensate a deficit; in addition, when the business entity has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital; in terms of transfer to share capital, it is limited to a certain percentage of the actual paid-in share capital each year.

(3) Retained Earnings and Dividend Policy

TUEC's earnings distribution policy in the Articles of Incorporation provides that, when a profit is made in a fiscal year, TUEC shall first compensate its losses (including the amount of adjustment in undistributed retained earnings) and set aside a legal capital reserve at 10% of the remaining earnings until the accumulated legal capital reserve equals TUEC's total paid-in capital, and then set aside or reverse a special capital reserve in accordance with relevant laws or regulations or as requested by the authorities in charge. Any balance of earnings still left over, together with the undistributed retained earnings from the beginning of period (including the amount of adjustment in undistributed retained earnings), shall be used by the board of directors as the basis for their proposing a surplus distribution proposal to obtain the resolution in the shareholders' meeting for distribution of dividends and bonuses to shareholders; when distribution of earnings is by the way in cash, it shall be handled according to the resolution of the board of directors and reported in the shareholders' meeting. See Note 20(7) Profit Sharing Bonus to Employees and Compensation to Directors for TUEC's distribution policy of profit sharing bonus to employees and compensation to directors in the Articles of Incorporation.

In addition, according to TUEC's dividend policy in the Articles of Incorporation, based on the principle of profit sharing, 50% or more of the distributable surplus for the year shall be used for distribution of dividends and bonuses to shareholders, among which the dividends distributed by the way in stocks shall be less than 50%, and the rest dividends shall be in cash.

Appropriation of earnings to the legal capital reserve shall be made until the accumulated legal capital reserve equals the company's total paid-in capital. The legal capital reserve may be used to compensate deficit. If the company has no deficit, the legal capital reserve exceeds 25% of the company's total paid-in capital may be appropriated for capital stocks but also distributed in cash.

The appropriations of TUEC's earnings for the years ended December 31, 2021 and 2020 are as follows:

	<u>Appropriations of Earnings</u>		<u>Dividends per share(NT\$)</u>	
	<u>Years Ended December 31</u>		<u>Years Ended December 31</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Legal Capital Reserve	\$ 15,767	\$ 15,188		
Cash Dividends	70,628	102,409	\$ 0.690	\$ 1.035
Stock Dividends	70,628	34,136	0.690	0.345

The appropriations of the above cash dividends were resolved by the board of directors on February 24, 2022 and February 24, 2021, respectively; the appropriations of the remainder were also resolved in the shareholders' general meetings held on May 20, 2022 and July 16, 2021, respectively.

The appropriations of TUEC's earnings for the year ended December 31, 2022 were resolved by the board of directors on February 22, 2023 are as follows:

	<u>Appropriations of Earnings</u>	<u>Dividends per share(NT\$)</u>
Legal Capital Reserve	\$ 33,056	
Cash Dividends	148,107	\$ 1.2
Stock Dividends	148,107	1.2

The appropriations of the above cash dividends have been resolved by the board of directors, and the remainder is subject to resolution in the shareholders meeting expected to be held on May 19, 2023.

(4) Others

Foreign Currency Translation Reserve

	Years Ended December 31	
	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 29,466	\$ 33,410
Occur in the current year		
Exchange differences arising on translation of foreign operations	<u>8,137</u>	<u>( 3,944)</u>
Balance, end of year	<u>\$ 37,603</u>	<u>\$ 29,466</u>

**19. REVENUE**

	Years Ended December 31	
	<u>2022</u>	<u>2021</u>
Revenue from contracts with customers		
Sales	\$ 2,511,208	\$ 1,760,600
Processing	<u>783,481</u>	<u>788,500</u>
	<u>\$ 3,294,689</u>	<u>\$ 2,549,100</u>

(1) Contract Balances

	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>January 1, 2021</u>
Accounts receivable (Note 8)	<u>\$ 344,682</u>	<u>\$ 536,293</u>	<u>\$ 338,736</u>
Current contract liabilities			
Merchandise sales	<u>\$ 167,343</u>	<u>\$ 102,455</u>	<u>\$ 48,682</u>

The changes in the contract liability balances primarily result from the timing difference between the satisfaction of performance obligation and the customer's payment.

(2) Disaggregation of revenue from contracts with customers

	Years Ended December 31	
	<u>2022</u>	<u>2021</u>
America	\$ 1,494,719	\$ 1,184,058
China	1,047,172	713,873
Taiwan	<u>752,798</u>	<u>651,169</u>
Total	<u>\$ 3,294,689</u>	<u>\$ 2,549,100</u>

## 20. PROFIT BEFORE TAX

### (1) Interest Income

	Years Ended December 31	
	2022	2021
Bank deposits	<u>\$ 8,695</u>	<u>\$ 6,103</u>

### (2) Other Income

	Years Ended December 31	
	2022	2021
Rent income	<u>\$ 1,140</u>	<u>\$ 1,140</u>

### (3) Other benefits and losses

	Years Ended December 31	
	2022	2021
Net foreign currency exchange gain (loss)	\$ 26,127	(\$ 9,092)
Gain on financial assets		
Financial assets at fair value through profit or loss	908	-
Gain on disposal of property, plant and equipment	832	4,010
Others	<u>6,723</u>	<u>2,537</u>
	<u>\$ 34,590</u>	<u>(\$ 2,545)</u>

### (4) Finance Costs

	Years Ended December 31	
	2022	2021
Interest of bank loans	\$ 4,977	\$ 2,351
Interest of lease liabilities	<u>822</u>	<u>709</u>
	<u>\$ 5,799</u>	<u>\$ 3,060</u>

### (5) Depreciation and Amortization

	Years Ended December 31	
	2022	2021
An analysis of depreciation by function		
Operating costs	\$101,176	\$ 85,624
Operating expenses	<u>15,183</u>	<u>15,294</u>
	<u>\$116,359</u>	<u>\$100,918</u>
An analysis of amortization by function		
Operating costs	\$ 1,286	\$ 3,044
Operating expenses	<u>1,909</u>	<u>612</u>
	<u>\$ 3,195</u>	<u>\$ 3,656</u>

(6) Employee benefits expense

	Years Ended December 31	
	2022	2021
Short-term employee benefits	\$540,565	\$471,511
Post-employment benefits (Note 17)		
Defined contribution plans	10,264	8,614
Defined benefit plans	518	673
Share-based payment		
Equity-settled	<u>7,700</u>	<u>-</u>
Employee benefits		
expense-total	<u>\$559,047</u>	<u>\$480,798</u>
An analysis of employee benefits expense by function		
Operating costs	\$422,890	\$381,037
Operating expenses	<u>136,157</u>	<u>99,761</u>
	<u>\$559,047</u>	<u>\$480,798</u>

(7) Profit Sharing Bonus to Employees and Compensation to Directors

In accordance with TUEC's Articles of Incorporation, the appropriations of 6% and no more than 2.3% of the pre-tax benefit in the current year shall be made for profit sharing bonus and compensation distributed to employees and directors, respectively. The Profit Sharing Bonus to Employees and Compensation to Directors for the years ended December 31, 2022 and 2021 were resolved by the board of directors on February 22, 2023 and February 24, 2022 respectively as follows:

Accrual Rate

	Years Ended December 31	
	2022	2021
Profit sharing bonus to employees	6%	6%
Compensation to directors	2.3%	2.3%

Amount

	Years Ended December 31			
	2022		2021	
	Cash	Stock	Cash	Stock
Profit sharing bonus to employees	<u>\$ 26,594</u>	<u>\$ -</u>	<u>\$ 13,139</u>	<u>\$ -</u>
Compensation to directors	<u>\$ 10,194</u>	<u>\$ -</u>	<u>\$ 5,036</u>	<u>\$ -</u>

If there is a change in the amount after the annually consolidated financial statements is authorized for issuance, the difference shall be handled as the changes in accounting estimates to adjust its recognition in the next year.

There was no difference between the actual distribution amount of the profit sharing bonus to employees and compensation to directors and the amount recognized in the consolidated financial statements for the years ended December 31, 2021 and 2020.

For information on TUEC's profit sharing bonus to employees and compensation to directors resolved by the board of directors for the years ended 2022 and 2021, please visit the website of Market Observation Post System (MOPS) of the Taiwan Stock Exchange.

(8) Foreign Exchange Gains and Losses

	Years Ended December 31	
	2022	2021
Total amount of gains on foreign exchange	\$186,399	\$ 30,948
Total amount of losses on foreign exchange	( 160,272)	( 40,040)
Net, gains (losses)	<u>\$ 26,127</u>	<u>( \$ 9,092)</u>

**21. INCOME TAX**

(1) Income Tax Expense Recognized in Profit or Loss

Income tax expense consisted of the following:

	Years Ended December 31	
	2022	2021
Current income tax expense		
Current tax expense recognized in the current year	\$ 88,410	\$ 41,811
Income tax adjustments on prior years	( 2,828)	( 2,295)
Differed income tax		
Differed income tax recognized in the current year	<u>12,642</u>	<u>3,344</u>
Income tax expense recognized in profit or loss	<u>\$ 98,224</u>	<u>\$ 42,860</u>

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

	Years Ended December 31	
	2022	2021
Profit from continuing operations before tax	<u>\$427,650</u>	<u>\$205,398</u>
Income tax expense at the statutory rate	\$ 99,553	\$ 49,964
Nondeductible items in determining taxable income	1,167	886
The deductible temporary differences for which no income tax assets have been recognized	332	( 5,695)
Adjustments to current income tax expense in respect of prior years	( 2,828)	( 2,295)
Income tax expense recognized in profit or loss	<u>\$ 98,224</u>	<u>\$ 42,860</u>

The tax rate applicable to the subsidiary in the PRC is 25%; for other jurisdictions, taxes are calculated by using the applicable tax rate for each individual jurisdiction.

(2) Income Tax Assets and Liabilities in the Current Year

	December 31, 2022	December 31, 2021
Income tax assets		
Income tax refund receivable	<u>\$ -</u>	<u>\$ 6,282</u>
Income tax liabilities		
Income taxes payable	<u>\$ 50,678</u>	<u>\$ 19,915</u>

(3) Deferred Income Tax Assets and Liabilities

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

Year ended December 31, 2022

<u>Deferred Income Tax Assets</u>	<u>Balance, Beginning of Year</u>	<u>Recognized in Profit or Loss</u>	<u>Balance, End of Year</u>
Temporary differences			
Inventory valuation loss	\$ 8,339	\$ 1,461	\$ 9,800
Property, plant and equipment	343	( 340)	3
Unrealized exchange losses	373	( 2,810)	( 2,437)
Others	<u>455</u>	<u>121</u>	<u>576</u>
	<u>\$ 9,510</u>	<u>(\$ 1,568)</u>	<u>\$ 7,942</u>

  

<u>Deferred Income Tax Liabilities</u>	<u>Balance, Beginning of Year</u>	<u>Recognized in Profit or Loss</u>	<u>Balance, End of Year</u>
Temporary differences			
Unappropriated earnings of subsidiaries	<u>\$ 5,205</u>	<u>\$ 11,073</u>	<u>\$ 16,278</u>

Year ended December 31, 2021

<u>Deferred Income Tax Assets</u>	<u>Balance, Beginning of Year</u>	<u>Recognized in Profit or Loss</u>	<u>Balance, End of Year</u>
Temporary differences			
Inventory valuation loss	\$ 5,751	\$ 2,588	\$ 8,339
Property, plant and equipment	1,013	( 670)	343
Unrealized exchange losses	363	10	373
Others	<u>522</u>	<u>( 67)</u>	<u>455</u>
	<u>\$ 7,649</u>	<u>\$ 1,861</u>	<u>\$ 9,510</u>

  

<u>Deferred Income Tax Liabilities</u>	<u>Balance, Beginning of Year</u>	<u>Recognized in Profit or Loss</u>	<u>Balance, End of Year</u>
Temporary differences			
Unappropriated earnings of subsidiaries	<u>\$ -</u>	<u>\$ 5,205</u>	<u>\$ 5,205</u>

(4) Income Tax Examination

The tax authorities have examined income tax returns of TUEC through to the year ended December 31, 2020.

**22. EARNINGS PER SHARE (EPS)**

Unit: NT\$ per share

	<u>Years Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Basic EPS	<u>\$ 3.00</u>	<u>\$ 1.49</u>
Diluted EPS	<u>\$ 2.97</u>	<u>\$ 1.48</u>

The earnings per share was calculated after the retrospective adjustment as a result of outstanding shares distribution; the reference date of the shares outstanding distribution was determined to be June 26, 2022. Due to making the retrospective adjustment, the changes in basic and diluted EPS for the year ended December 31, 2021 were as follows:

	Before Retrospective Adjustment	After Retrospective Adjustment
Basic EPS	<u>\$ 1.59</u>	<u>\$ 1.49</u>
Diluted EPS	<u>\$ 1.58</u>	<u>\$ 1.48</u>

Net income for the year and weighted average number of common shares outstanding used in the computation of EPS are as follows:

Net Income

	Years Ended December 31	
	2022	2021
For computation of basic and diluted EPS	<u>\$329,426</u>	<u>\$162,538</u>

Number of Common Shares Outstanding

	Unit: Thousand Shares Years Ended December 31	
	2022	2021
Weighted average number of common shares outstanding used in the computation of basic EPS	109,768	109,423
Effects of all dilutive potential common shares:		
Profit sharing bonus to employees	<u>1,189</u>	<u>541</u>
Weighted average number of common shares outstanding used in the computation of diluted EPS	<u>110,957</u>	<u>109,964</u>

If TUEC has the option to pay profit sharing bonus to employees in shares or cash, the calculation of diluted earnings per share assumes that compensation of employees will be paid in shares and is included in the weighted average number of shares when the potential common shares have a dilutive effect. The number of shares outstanding is included in the weighted average number of shares for the purpose of calculating dilutive earnings per share. The dilutive effect of these potential common shares will also continue to be taken into account when dilutive earnings per share calculated prior to the number of shares resolved in shareholders' meetings for distribution of profit sharing bonus to employees in the following year.

## **23. SHARE-BASED PAYMENT ARRANGEMENTS**

### Seasoned Equity Offerings Reserved for Employee Share Options

On August 4, 2022, TUEC conducted seasoned equity offerings, resolved by the board of directors, and according to the regulations of Company Act reserved the number of shares, i.e. 1,400 thousand shares, which was 10% of the total number of



the issued shares for employee share options. The grant date was October 27, 2022 with the fair value by using the Black-Scholes evaluation model, the parameters of which were adopted as follows:

	<u>October 27, 2022</u>
Stock price at grant date (NT\$ / Share)	\$ 23.4
Exercise Price (NT\$ / Share)	18
Share option at fair value (NT\$ / Share)	5.5
Expected price volatility	43.12%
Risk-free interest rate	1.04%
Expected option life	0.14 Years

The compensation cost recognized for the year ended December 31, 2022 was NT\$7,700 thousand.

#### **24. CAPITAL RISK MANAGEMENT**

The Company manages its capital on the premise that it is ensured each entity in the group will be able to continue its business operations, from which the return to stakeholders can be maximized through the optimization in the debts and equity balances. The Company manages its capital in a manner to ensure that it has sufficient and necessary financial resources to fund its working capital needs, capital expenditures, research and development activities, dividend payments, debt service requirements and other business requirements associated with its existing operations over the next 12 months.

#### **25. FINANCIAL INSTRUMENTS**

(1) Fair Value Information - Financial instruments are not measured at fair value.

The Company's management believed that the carrying amounts of financial assets and financial liabilities measured at amortized cost approximate their fair values.

(2) Categories of Financial Instruments

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial assets</u>		
Measured at amortized cost		
Cash and cash equivalents	\$693,248	\$300,476
Financial assets measured at amortized cost	337,117	259,931
Notes receivable	15,019	18,534
Accounts receivable, net	344,682	536,293
Guarantee deposits paid	5,445	4,100

(Continued)

(Concluded)

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial liabilities</u>		
Measured at amortized cost		
Short-term borrowings	\$ 58,000	\$400,000
Accounts payable	491,811	607,010
Other payables and other current liabilities	128,537	139,005
Guarantee deposits received	31,454	9,268

### (3) Financial Risk Management Objectives and Policies

The Company's major financial instruments include receivables, payables and bank borrowings. The Company's financial management department provides services to each business unit, organizes and coordinates business operations for entering domestic and international financial markets, as well as supervising and managing financial risks related to the Company's operations through referring to degree of risks and internal risk reports made with wide analyses of risk exposure; those risks contain market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk.

#### a. Market Risk

The Company's operation activities expose the Company primarily to the financial risks of changes in foreign currency exchange rates (see (a-1) shown as below) and changes in interest rates (see (a-2) shown as below).

The Company's financial instruments are exposed in market risk, and the methods used by the Company to manage and measure that risk exposure have no change.

#### (a-1) Foreign Exchange Risk

The Company uses foreign currency to conduct transactions of sales and procurement, which expose the Company to be engaged in risk of changes in foreign currency exchange rates.

For the carrying amounts of the Company's monetary assets and monetary liabilities denominated in non-functional currency on the consolidated balance sheets date (including monetary items denominated in non-functional currency that have been offset in the consolidated financial statements), as well as the carrying amounts of derivative instruments with risk exposure to foreign exchange risk, see Note 28.

#### Sensitivity analysis

The Company is primarily affected by fluctuations in the exchange rates of the U.S. dollar.

Sensitivity analysis of foreign exchange risk mainly provides that, as of the end of the reporting period, foreign currency monetary items are calculated; when the exchange rate of New Taiwan Dollar comparing with foreign

currency has a hypothetically adverse fluctuation up to 10%, the Company would have increased the profit before tax by NT\$42,079 thousand and NT\$17,477 thousand, respectively for the years ended December 31, 2022 and 2021.

(a-2) Interest Rate Risk

Interest rate risk arises because individuals in the Company borrow funds at floating rates.

The carrying amounts of the Company's financial assets and financial liabilities with risk exposure to interest rates on the consolidated balance sheets date were as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Fair value of interest rate risk		
Financial assets	\$341,724	\$281,459
Financial liabilities	37,412	12,308
Cash flows of interest rate risk		
Financial assets	688,544	278,811
Financial liabilities	58,000	400,000

b. Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial losses to the Company. As of the consolidated balance sheets date, the Company's maximum credit risk (regardless of collateral or other credit enhancement tools, also the amount with maximum exposure unable to be withdrawn) exposure to a counterparty, who will possibly default on its obligations resulting in financial losses to the Company, comes from the carrying amounts of financial assets recognized in the consolidated balance sheets.

The policy of conducting transactions adopted by the Company is to trade with the counterparties who have certain good level ratings, and obtain sufficient guarantee under necessary circumstances to reduce the risk of financial losses due to default. The Company uses publicly available financial information and mutual trading history records to rate major customers. The credit exposure and the credit ratings of the counterparties are continuously monitored by the Company, and the aggregate value of transactions disperses to each customer with the qualified credit ratings. Moreover, credit exposure is controlled by the counterparties' credit limit that is periodically reviewed and approved by the Company.

Except for A company, the Company's largest customer, the Company does not have any significant credit exposure to any single counterparty or any group of counterparties with similar characteristics. When the counterparty is an associated enterprise, the Company defines it as the counterparty with similar characteristics. In 2022 and 2021, the percentages of total accounts receivable from the aforementioned customers were 32% and 42%, respectively.

c. Liquidity Risk

The Company manages and maintains sufficient cash to support the group's operations and mitigate the impact of cash flows fluctuations. The Company's management monitors the use of the bank's financing facilities and ensures compliance with the terms of the loan agreements.

A bank loan is a significant source of liquidity for the Company. As of the years ended December 31, 2022 and 2021, the bank's short-term financing facilities unused by the Company were described in the following section “(c-2) Financing Facilities”.

(c-1) Liquidity and Interest Rate Risk Tables of Non-derivative Financial Liabilities

The analysis of the remaining contractual maturities of non-derivative financial liabilities is prepared based on the undiscounted cash flows (including principal and estimated interest) of financial liabilities according to the earliest possible date on which the Company may be required to make repayment.

December 31, 2022

	On Demand or Within 1 Month	1-3 Month	3 Months to 1 Year	1-5 Years	Over 5 Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	\$ 59,474	\$ 314,727	\$ 175,251	\$ -	\$ -
Variable interest rate liabilities	28,000	30,000	-	-	-
Lease liabilities	<u>2,699</u>	<u>1,034</u>	<u>11,656</u>	<u>23,196</u>	<u>-</u>
	<u>\$ 90,173</u>	<u>\$ 345,761</u>	<u>\$ 186,907</u>	<u>\$ 23,196</u>	<u>\$ -</u>

December 31, 2021

	On Demand or Within 1 Month	1-3 Month	3 Months to 1 Year	1-5 Years	Over 5 Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	\$ 82,768	\$ 428,182	\$ 169,979	\$ -	\$ -
Variable interest rate liabilities	-	315,000	85,000	-	-
Lease liabilities	<u>703</u>	<u>2,568</u>	<u>6,846</u>	<u>2,460</u>	<u>-</u>
	<u>\$ 83,471</u>	<u>\$ 745,750</u>	<u>\$ 261,825</u>	<u>\$ 2,460</u>	<u>\$ -</u>

(c-2) Financing Facilities

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Unsecured bank loan amount		
Amount used	\$ 61,000	\$403,000
Amount unused	<u>569,000</u>	<u>42,000</u>
	<u>\$630,000</u>	<u>\$445,000</u>
Guaranteed bank loan amount		
Amount used	\$ -	\$ -
Amount unused	<u>400,000</u>	<u>250,000</u>
	<u>\$400,000</u>	<u>\$250,000</u>

## 26. RELATED PARTY TRANSACTIONS

Intercompany transactions, balances, income and expenses between TUEC and its subsidiaries, which are related parties of TUEC, have been eliminated upon consolidation; therefore, those items are not disclosed in this note. Please refer to Note 29(5).

The compensation to key management personnel was as follows:

	Years Ended December 31	
	2022	2021
Short-term employee benefits	\$ 28,714	\$ 15,433
Post-employment benefits	140	128
	<u>\$ 28,854</u>	<u>\$ 15,561</u>

The compensation to directors and other key management personnel is determined by the Compensation Committee of TUEC in accordance with the individual performance and market trends.

## 27. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets of the Company were provided as collateral security for short-term loan amount, tariff guarantee for imported raw materials, Performance Letter of Guarantee and Letter of Credit:

	December 31, 2022	December 31, 2021
Property, plant and equipment – net	\$296,827	\$312,491
Pledged time deposits (classified as financial assets measured at amortized cost - current)	9,917	9,774
	<u>\$306,744</u>	<u>\$322,265</u>

## 28. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was summarized according to the foreign currencies other than each individual's functional currency of the Company. The exchange rates disclosed were used to translate the foreign currencies into the functional currency. The significant assets and liabilities denominated in foreign currencies were as follows:

December 31, 2022

	Unit: Each Foreign Currency in Thousands		
	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Assets denominated in foreign currencies</u>			
<u>Monetary items</u>			
USD	\$ 29,855	30.71	<u>\$ 916,847</u>
<u>Liabilities denominated in foreign currencies</u>			
<u>Monetary items</u>			
USD	16,153	30.71	<u>\$ 496,059</u>

December 31, 2021

Unit: Each Foreign Currency in Thousands

	Foreign Currencies	Exchange Rate	Carrying Amount
Assets denominated in foreign currencies			
<u>Monetary items</u>			
USD	\$ 24,020	27.68	<u>\$ 664,874</u>
Liabilities denominated in foreign currencies			
<u>Monetary items</u>			
USD	17,706	27.68	<u>\$ 490,102</u>

The significant unrealized foreign exchange gains (losses) were as follows:

Foreign currencies	Year Ended December 31, 2022		Year Ended December 31, 2021	
	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
USD	30.71(USD: NTD)	\$ 12,226	27.68(USD: NTD)	(\$ 2,283 )
USD	6.96(USD: RMB)	( 1,305 )	6.38(USD: RMB)	( 275 )
		<u>\$ 10,921</u>		<u>( \$ 2,558 )</u>

## 29. ADDITIONAL DISCLOSURES

Except for the items (1) – (5), there are no other significant transactions information, information on investees, information on investment in mainland China and the business relationship between the parent and the subsidiaries and significant transactions between them that should be disclosed. The significant transactions between the parent and the subsidiaries and balances thereof have been all eliminated upon consolidation.

- (1) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital:

Company of Purchase / Sales	Related Party	Nature of Relationships	Transactions				Conditions and Reasons for Special Business Terms		Notes, Accounts Receivable (Payable)		Remark
			Purchase / Sales	Amount	% of Total Purchase / Sales	Credit Period	Unit Price	Credit Period	Balance	% of Total Notes, Accounts Receivable (Payable)	
The Company	Top Union Suzhou	The subsidiary indirectly held by the company with 100% equity	Sales	\$342,945	10.41%	O/A 90 Days	\$ -	-	\$ 6,562	1.82%	-
			Processing	148,883	5.50%	O/A 90 Days	-	-	43,775	8.90%	-

- (2) Names, locations, and related information of investees over which TUEC exercises significant influence:

Investor Company Name	Investee Company Name	Location	Business Items	Original Investment Amount		Holding, End of Period			Investee Profit or Loss at Current Period	Gains (Losses) on investment recognized in current period(Note)
				End of Current Period	Last Year End	Shares (in Thousands)	%	Carrying Amount		
The Company	ORIENTAL company	British Virgin Islands	Investment and Sales	\$ 401,974	\$ 401,974	12.200	100	\$ 649,034	\$ 54,195	\$ 54,195

Unit: Amounts in Thousands of NTS, Unless Specified Otherwise

Note: It was recognized by investee according to financial statements audited by auditors for the same period.

(3) Information on investment in mainland China:

- a. 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, percentage of ownership, 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: (See the following table for the details.)

Unit: Amounts in Thousands of NTS, Unless Specified Otherwise

China Investee Company Name	Business Items	Paid-in Capital	Investment method	Beginning of Period, Remit Cumulated Investment Funds out from Taiwan	Current Period, Outward Remit / Repatriate Investment Funds		End of Period, Remit Cumulated Investment Funds out from Taiwan	Investee Profit or Loss at Current Period	The Company Holding % of Shares from Direct or Indirect Investment	Current Period, Investment Amount Recognized in Profit or Loss(Note 2)	Investment at End of Period, Carrying Amount	As of End of Current Period, Income of Repatriated Investment Funds
					Outward Remittance	Repatriation						
Top Union Shanghai	Manufacture of Electronic Products and Communication Equipment, Technical Support and SMT Processing, etc.	\$ 212,858 US\$ 6,659 (In Thousand)	(Note 1)	Cash \$ 83,720 Price of Machinery&Equipment 129,138	\$ -	\$ -	Cash \$ 83,720 Price of Machinery&Equipment 129,138	(\$ 8,879)	100%	(\$ 8,879)	\$ 194,782	\$ 105,908
Top Union Suzhou	Manufacture of Electronic Products and Communication Equipment, Technical Support and SMT Processing, etc.	278,844 US\$ 8,500 (In Thousand)	(Note1)	Cash \$230,262 Price of Machinery&Equipment 48,582	-	-	Cash \$230,262 Price of Machinery&Equipment 48,582	60,727	100%	60,727	432,788	88,440
End of Current Period, Remit Cumulated Investment Funds out from Taiwan for Investment in China				Investment Amount approved by MOEAIC			Investment Limits for Areas in China, Based on MOEAIC's Regulations					
Cash \$313,982				\$491,702								
Price of Machinery&Equipment \$177,720				US\$15,159 (In Thousand)			\$1,293,625					

Note 1: Invest China companies after establishing ORIENTAL company located at British Virgin Islands.

Note 2: It was recognized and disclosed by Top Union Shanghai and Top Union Suzhou according to financial statements audited by auditors for the same period.

- b. Significant direct or indirect transactions listed as below with the investee at the third area, and its prices, terms of payment and unrealized gain or loss. (See the item (4) for the details.)

(4) The business relationship between the parent and the subsidiaries and significant transactions between them:

No.	Trader Name	Transaction Counterparties	Relation with Trader (Note 3)	Transaction Status			
				Subject	Amount	Transaction Terms	% of Total Consolidated Revenue or Assets
0	TUEC	Top Union Suzhou	1	Operating Costs	\$ 148,883	Note 1	5%
		Top Union Suzhou	1	Unrealized Gross Profit	1,548	Note 1	-
		Top Union Suzhou	1	Accounts Payable	43,775	Note 2	1%
		Top Union Suzhou	1	Accounts Receivable	6,562	Note 2	-
		Top Union Suzhou	1	Operating Revenue	342,945	Note 1	10%
2	Top Union Shanghai	Top Union Suzhou	2	Rent expense	258	Note 1	-

Note 1: Process transactions based on terms and prices contracted by mutual parties.

Note 2: Collect payment temporarily according to funds status of the transaction counterparty during credit period.

Note 3: "1" means transactions by the parent to the subsidiaries; "2" means transactions between subsidiaries.

- (5) Information of major shareholders: List of all shareholders with ownership of 5% or greater showing the names and percentage of ownership held by each shareholder: None.

### 30. SEGMENT INFORMATION

- (1) Segment Revenue, Operating Results and Total Assets and Liabilities of Segments  
TUEC's chief operating decision makers periodically review operating results, used for resource allocation and performance assessment; the Company belongs to one

operating segment. The basis for the measurement of income from operations, assets and liabilities is the same as that for the preparation of consolidated financial statements. Therefore, segment revenue and operating results reported for the years ended December 31, 2022 and 2021 can refer to the consolidated statements of comprehensive income of the same period, and assets of segments reported at the end of the years 2022 and 2021 can refer to the consolidated balance sheets dated on December 31, 2022 and 2021

(2) Major Products and Service Revenue:

The major products and service revenue of the Company's ongoing business units are analyzed as follows:

	Years Ended December 31	
	2022	2021
Sales revenue	\$ 2,511,208	\$ 1,760,600
Processing revenue	783,481	788,500
	<u>\$ 3,294,689</u>	<u>\$ 2,549,100</u>

(3) Geographic Information:

The following table was made through classifying the countries, located by the customers outside the group, who generated the revenue to the Company's ongoing business units; and also the non-current assets were classified by the countries to which the assets were allocated.

	Revenue from customers outside the group		Non-current Assets	
	Years Ended December 31		December 31	
	2022	2021	2022	2021
USA	\$ 1,494,719	\$ 1,184,058	\$ -	\$ -
China	1,047,172	713,873	114,728	58,483
Taiwan	752,798	651,169	482,354	523,328
	<u>\$ 3,294,689</u>	<u>\$ 2,549,100</u>	<u>\$ 597,082</u>	<u>\$ 581,811</u>

Non-current assets excluded non-current financial assets measured at amortized costs, guarantee deposits paid and deferred tax assets.

(4) Major Customers Information

The list of the customers who occupied 10% or more of the Company's net operating revenue is as follows:

Customer Name	Years Ended December 31	
	2022	2021
Customer A	\$ 1,747,030	\$ 1,173,379
Customer B	444,410	426,195
	<u>\$ 2,191,440</u>	<u>\$ 1,599,574</u>