

**KUNG LONG BATTERIES INDUSTRIAL
CO.,LTD.**

PARENT COMPANY ONLY FINANCIAL

STATEMENTS AND INDEPENDENT AUDITORS’

REPORT

DECEMBER 31, 2022 AND 2021

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

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of
Kung Long Batteries Industrial Co., Ltd.

Opinion

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

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

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's 2022 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming

our opinion thereon, we do not provide a separate opinion on these matters.

Revenue recognition timing

Description

Refer to Note 4(25) for accounting policies on revenue. For the year ended December 31, 2022, the Company's operating revenue was NT\$ 5,574,513 thousand.

The Company is primarily engaged in the manufacture and sales of lead-acid batteries. The sales channels of products are located globally and sales to customers involve different kinds of transaction terms, which are based on the transaction terms agreed upon by individual customers. Depending on the different transaction terms, control of the goods is transferred only when the goods have been shipped or delivered, and the shipment date or delivery date is used as revenue recognition timing in accordance with the transaction terms. Certain processes of revenue recognition often involves a high degree of manual judgment and operations, which may result in revenue recognition not being properly recorded in the correct period. As the aforementioned issues also applied to the subsidiaries held by the Company, which are accounted for under equity method, thus, we consider revenue recognition timing of the Company and subsidiaries as a key audit matter.

How our audit addressed the matter

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

1. Obtained an understanding and assessing on the process and internal controls of sales transactions and tested the effectiveness of the controls.
2. Verified the Company's sales transactions around the balance sheet date to check whether revenues are recorded in the correct period. We also tested whether changes in inventory were recorded in the proper period in order to assess the appropriateness of revenue recognition timing.
3. Performed confirmation procedures and substantive test on the ending balance of accounts receivable, and checked whether accounts receivable and sales revenue have been recorded in the proper period in order to assess the reasonableness of the sales revenue recognition timing.

Assessment of allowance for inventory valuation losses

Description

Refer to Note 4(13) for accounting policies on inventory valuation, Note 5(2) for the uncertainty of accounting estimates and assumptions related to inventory valuation, and Note 6(6) for description of allowance for inventory valuation losses. As of December 31, 2022, the balances of inventory and allowance for inventory valuation losses were NT\$ 388,449 thousand and NT\$ 1,013 thousand, respectively.

The Company is primarily engaged in the manufacture and sales of lead-acid batteries. Inventories aged over a certain period of time and individually identified as obsolete inventories are measured at the lower of cost and net realisable value and provided allowance for inventory valuation losses based on individually identified reasonable net realizable value and usable condition of obsolete or slow-moving inventories. As the aforementioned issues also applied to the subsidiaries held by the Company which are accounted for under equity method. Considering the inventory and allowance for inventory valuation losses were material to the consolidated financial statements and the determination of net realisable value as at the balance sheet date for inventory valuation involved judgments and estimates, thus, we considered assessment of allowance for inventory valuation loss of the Company and subsidiaries as a key audit matter.

How our audit addressed the matter

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

1. Obtained an understanding of the Company's operation and the consistency of the related accounting policies. Assessed the reasonableness of accounting policies and procedures on allowance for inventory valuation losses.
2. Obtained an understanding of the Company's warehousing control procedures, reviewed the annual physical inventory stocktaking plan and observed the process of stocktaking, in order to assess the classification of obsolete inventory and effectiveness of obsolete inventory internal control.
3. Verified the accuracy of inventory aging reports which was used in valuation, recalculated and assessed the reasonableness of allowance for inventory valuation losses, in order to ensure that the information on the report was consistent with its policy.
4. Obtained evaluation data of the inventory costs and net realisable value which was compiled by

management, randomly checked separate inventory against vouchers of purchases and sales and its records, and checked the calculation accuracy of the report, in order to assess the basis and reasonableness of net realisable value.

Other matter – Reference to the audits of other auditors

We did not audit the financial statements of the investee company, Kung Tay Viet Nam Co., Ltd. which are accounted for under the equity method. The balance of these investments accounted for under the equity method amounted to NT\$409,119 thousand and NT\$354,590 thousand, constituting 7.16% and 7.33% of total assets as of December 31, 2022 and 2021, respectively, and comprehensive income was NT\$57,905 thousand and NT\$38,256 thousand, constituting 5.16% and 6.32% of total comprehensive income for the years then ended, respectively. The financial statements of these investees were audited by other auditors whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts and the information disclosed in Note 13 included in the financial statements relative to the investee company is based solely on the audit reports of the other auditors.

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the parent company only financial 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 parent company only financial statements.

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

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

represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

Hsu, Chien-Yeh

Wu, Sung-Yuan

For and on behalf of PricewaterhouseCoopers, Taiwan

March 24, 2023

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

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

KUNG LONG BATTERIES INDUSTRIAL CO.,LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2022		December 31, 2021		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 1,245,002	22	\$ 846,732	18
1110	Financial assets at fair value through profit or loss - current	6(2)	11,326	-	73,018	2
1150	Notes receivable, net	6(5)	37,516	-	19,657	1
1170	Accounts receivable, net	6(5)	560,135	10	545,189	11
1180	Accounts receivable - related parties	7(2)	-	-	19,948	-
1200	Other receivables		1,655	-	7,413	-
130X	Inventories	6(6)	387,436	7	162,193	3
1470	Other current assets		1,716	-	1,645	-
11XX	Current Assets		<u>2,244,786</u>	<u>39</u>	<u>1,675,795</u>	<u>35</u>
Non-current assets						
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	55,822	1	72,272	1
1535	Non-current financial assets at amortised cost	6(4)	50,000	1	50,000	1
1550	Investments accounted for under equity method	6(7)	3,155,671	55	2,766,942	57
1600	Property, plant and equipment	6(8)	120,486	2	124,943	3
1760	Investment property - net	6(9)	51,636	1	52,073	1
1840	Deferred income tax assets	6(25)	32,984	1	99,266	2
1900	Other non-current assets		4,323	-	2,487	-
15XX	Non-current assets		<u>3,470,922</u>	<u>61</u>	<u>3,167,983</u>	<u>65</u>
1XXX	Total assets		<u>\$ 5,715,708</u>	<u>100</u>	<u>\$ 4,843,778</u>	<u>100</u>

(Continued)

KUNG LONG BATTERIES INDUSTRIAL CO.,LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2022		December 31, 2021	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(10)	\$ 3,000	-	\$ 40,000	1
2150	Notes payable		9,324	-	4,776	-
2170	Accounts payable		27,008	1	28,974	1
2180	Accounts payable - related parties	7(2)	245,125	4	-	-
2200	Other payables	6(11)	173,728	3	144,390	3
2230	Current income tax liabilities		433,219	8	365,022	7
2300	Other current liabilities	6(18)	62,558	1	63,814	1
21XX	Current Liabilities		<u>953,962</u>	<u>17</u>	<u>646,976</u>	<u>13</u>
Non-current liabilities						
2570	Deferred income tax liabilities	6(25)	394,560	7	380,736	8
2600	Other non-current liabilities	6(12)	22,370	-	29,201	1
25XX	Non-current liabilities		<u>416,930</u>	<u>7</u>	<u>409,937</u>	<u>9</u>
2XXX	Total Liabilities		<u>1,370,892</u>	<u>24</u>	<u>1,056,913</u>	<u>22</u>
Equity						
	Share capital	6(14)				
3110	Share capital - common stock		820,664	14	820,664	17
	Capital surplus	6(15)				
3200	Capital surplus		701,951	12	701,951	15
	Retained earnings	6(16)				
3310	Legal reserve		1,019,359	18	956,785	20
3320	Special reserve		195,134	3	184,799	4
3350	Unappropriated retained earnings		1,558,563	27	1,317,801	27
	Other equity interest	6(17)				
3400	Other equity interest		49,145	2	(195,135)	(5)
3XXX	Total equity		<u>4,344,816</u>	<u>76</u>	<u>3,786,865</u>	<u>78</u>
	Significant events after the balance sheet date	11				
3X2X	Total liabilities and equity		<u>\$ 5,715,708</u>	<u>100</u>	<u>\$ 4,843,778</u>	<u>100</u>

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

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

Items	Notes	Year ended December 31				
		2022		2021		
		AMOUNT	%	AMOUNT	%	
4000	Sales revenue	6(18)	\$ 5,574,513	100	\$ 4,428,931	100
5000	Operating costs	6(6)	(4,657,197)	(83)	(3,644,056)	(82)
5900	Net operating margin		917,316	17	784,875	18
5910	Unrealized profit from sales	7(2)	(2,376)	-	(3,805)	-
5950	Net operating margin		914,940	17	781,070	18
	Operating expenses	6(23)(24)				
6100	Selling expenses		(237,718)	(4)	(141,982)	(3)
6200	General and administrative expenses		(84,120)	(2)	(71,110)	(2)
6300	Research and development expenses		(11,620)	-	(10,541)	-
6000	Total operating expenses		(333,458)	(6)	(223,633)	(5)
6900	Operating profit		581,482	11	557,437	13
	Non-operating income and expenses					
7100	Interest income	6(19)	4,730	-	2,267	-
7010	Other income	6(20)	10,410	-	11,163	-
7020	Other gains and losses	6(21)	175,017	3	(10,105)	-
7050	Finance costs	6(22)	(199)	-	(481)	-
7070	Share of profit of associates and joint ventures accounted for using equity method, net	6(7)				
			324,861	6	215,976	5
7000	Total non-operating income and expenses		514,819	9	218,820	5
7900	Profit before income tax		1,096,301	20	776,257	18
7950	Income tax expense	6(25)	(214,726)	(4)	(156,219)	(4)
8200	Profit for the year		\$ 881,575	16	\$ 620,038	14
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Other comprehensive income, before tax, actuarial gains (losses) on defined benefit plans	6(12)	\$ 6,621	-	\$ 7,124	-
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(3)(17)	(16,450)	-	45,184	1
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(25)	(1,324)	-	(1,425)	-
8310	Components of other comprehensive income that will not be reclassified to profit or loss		(11,153)	-	50,883	1
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Other comprehensive income, before tax, exchange differences on translation	6(17)	324,228	5	(80,562)	(2)
8367	Unrealised gains (losses) from investments in debt instruments measured at fair value through other comprehensive income	6(17)	(7,344)	-	(34)	-
8399	Income tax relating to the components of other comprehensive income	6(17)(25)	(64,845)	(1)	16,112	1
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss		252,039	4	(64,484)	(1)
8300	Other comprehensive income (loss) for the year		\$ 240,886	4	(\$ 13,601)	-
8500	Total comprehensive income for the year		\$ 1,122,461	20	\$ 606,437	14
	Basic earnings per share	6(26)				
9750	Basic earnings per share		\$ 10.77		\$ 7.58	
9850	Diluted earnings per share		\$ 10.72		\$ 7.53	

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

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

	Notes	Retained Earnings					Financial statements translation differences of foreign operations	Total equity
		Share capital - common stock	Capital surplus, additional paid-in capital	Legal reserve	Special reserve	Unappropriated retained earnings		
<u>2021</u>								
Balance at January 1		\$ 820,684	\$ 702,215	\$ 868,963	\$ 14,770	\$ 1,768,271	(\$ 184,799)	\$ 3,990,104
Profit for the year		-	-	-	-	620,038	-	620,038
Other comprehensive income (loss)	6(3)(12)(17)	-	-	-	-	5,699	(19,300)	(13,601)
Total comprehensive income (loss)		-	-	-	-	625,737	(19,300)	606,437
Appropriation and distribution of 2020 earnings: 6(16)								
Legal reserve		-	-	87,822	-	(87,822)	-	-
Special reserve		-	-	-	170,029	(170,029)	-	-
Cash dividends		-	-	-	-	(818,356)	-	(818,356)
Share-based payments	6(13)(15)	(20)	(264)	-	-	-	8,964	8,680
Balance at December 31		\$ 820,664	\$ 701,951	\$ 956,785	\$ 184,799	\$ 1,317,801	(\$ 195,135)	\$ 3,786,865
<u>2022</u>								
Balance at January 1		\$ 820,664	\$ 701,951	\$ 956,785	\$ 184,799	\$ 1,317,801	(\$ 195,135)	\$ 3,786,865
Profit for the year		-	-	-	-	881,575	-	881,575
Other comprehensive income	6(3)(12)(17)	-	-	-	-	5,297	235,589	240,886
Total comprehensive income		-	-	-	-	886,872	235,589	1,122,461
Appropriation and distribution of 2021 earnings: 6(16)								
Legal reserve		-	-	62,574	-	(62,574)	-	-
Special reserve		-	-	-	10,335	(10,335)	-	-
Cash dividends		-	-	-	-	(573,201)	-	(573,201)
Share-based payments	6(13)(15)	-	-	-	-	-	8,691	8,691
Balance at December 31		\$ 820,664	\$ 701,951	\$ 1,019,359	\$ 195,134	\$ 1,558,563	\$ 49,145	\$ 4,344,816

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

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

	Notes	Year ended December 31	
		2022	2021
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 1,096,301	\$ 776,257
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense	6(8)(9)(23)	7,057	7,172
Amortisation charge	6(23)	900	765
Gain on financial assets at fair value through profit or loss, mandatorily measured at fair value	6(2)(21)	(10,717)	(9,787)
Gains on disposals of investments	6(21)	-	(1,760)
Compensation cost of employee restricted shares	6(13)(19)	8,691	8,702
Interest income	6(19)	(4,730)	(2,267)
Dividend income	6(20)	(5,373)	(2,038)
Finance costs	6(22)	199	481
Share of profit (loss) of subsidiaries accounted for under equity method	6(7)	(324,861)	(215,976)
Unrealised (gain) loss on inter-affiliate accounts	7(2)	2,376	3,805
Changes in operating assets and liabilities			
Changes in operating assets			
Current financial assets at fair value through profit or loss, mandatorily measured at fair value		72,409	(23,297)
Notes receivable, net		(17,859)	18,075
Accounts receivable, net		(14,946)	192,793
Accounts receivable - related parties		19,948	(19,948)
Inventories		(225,243)	63,406
Other receivables		5,758	(5,010)
Other current assets		(71)	3,018
Changes in operating liabilities			
Notes payable		4,548	(3,501)
Accounts payable		(1,966)	(19,804)
Accounts payable to related parties		245,125	(637,965)
Other payables		29,344	(39,566)
Other current liabilities		(1,256)	(8,708)
Other non-current liabilities		(210)	(348)
Cash inflow generated from operations		885,424	84,499
Interest received		4,730	2,267
Interest paid		(205)	(475)
Income taxes paid		(132,592)	(75,108)
Dividends received		5,373	2,038
Net cash flows from operating activities		<u>762,730</u>	<u>13,221</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Purchase of property, plant and equipment	6(8)	(2,163)	(650)
Increase in other non-current assets		(2,736)	(1,008)
Acquisition of cash dividends from investments accounted for using equity method		250,640	221,920
Net cash flows from investing activities		<u>245,741</u>	<u>220,262</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Changes in short-term borrowings	6(27)	(37,000)	40,000
(Decrease) increase in guarantee deposits received		-	100
Cash dividends paid	6(16)(27)	(573,201)	(818,356)
Retirement of employees' restricted stock	6(14)	-	(20)
Net cash flows used in financing activities		(610,201)	(778,276)
Net increase (decrease) in cash and cash equivalents		398,270	(544,793)
Cash and cash equivalents at beginning of year		846,732	1,391,525
Cash and cash equivalents at end of year		<u>\$ 1,245,002</u>	<u>\$ 846,732</u>

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

KUNG LONG BATTERIES INDUSTRIAL CO., LTD.
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organisation

- A. The Company was incorporated as a company limited by shares under the provisions of the Company Law of the Republic of China (R.O.C.) on January 25, 1990. On September 17, 1999, the Company merged with LE LONG VIET NAM CO., LTD. After the issuance of 20,000 thousand shares and the successive capital increases, as of December 31, 2022, the paid-in capital was \$820,664 thousand. The Company is primarily engaged in the manufacture and sales of lead-acid batteries.
- B. On January 22, 2002, the Company's common stock was officially listed on the Taiwan Stock Exchange Corporation.

2. The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

These parent company only financial statements were authorised for issuance by the Board of Directors on March 24, 2023.

3. Application of New Standards, Amendments and Interpretations

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

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

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

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

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

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

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

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

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</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 International Accounting Standards Board
Amendments to IFRS 16, ‘Lease liability in a sale and leaseback’	January 1, 2024
IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendment to IFRS 17, ‘Initial application of IFRS 17 and IFRS 9 - comparative information’	January 1, 2023
Amendments to IAS 1, ‘Non-current liabilities with covenants’	January 1, 2024
Amendments to IAS 2, ‘Classification of liabilities as current or non-current’	January 1, 2024

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

4. Summary of Significant Accounting Policies

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

(1) Compliance statement

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

(2) Basis of preparation

A. Except for the following items, the parent company only financial statements have been prepared under the historical cost convention:

(a) Financial assets and financial liabilities (including derivative instruments) at fair value through

profit or loss.

(b) Financial assets at fair value through other comprehensive income.

(c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with “Regulations Governing the Preparation of Financial Reports by Securities Issuers” requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

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

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

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

(d) All foreign exchange gains and losses are presented in the statement of comprehensive income within ‘other gains and losses’.

B. Translation of foreign operations

The operating results and financial position of all the group entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) Assets and liabilities for each balance sheet presented are translated at the closing exchange

rate at the date of that balance sheet;

- (b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
- (c) All resulting exchange differences are recognised in other comprehensive income.

(4) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
 - (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
 - (b) Assets held mainly for trading purposes;
 - (c) Assets that are expected to be realised within twelve months from the balance sheet date;
 - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
 - (a) Liabilities that are expected to be settled within the normal operating cycle;
 - (b) Liabilities arising mainly from trading activities;
 - (c) Liabilities that are to be settled within twelve months from the balance sheet date;
 - (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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

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

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

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:
 - (a) The objective of the Company's business model is achieved both by collecting contractual cash flows and selling financial assets; and
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value:
 - (a) The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. The Company recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.
 - (b) Except for the recognition of impairment loss, interest income and gain or loss on foreign exchange which are recognised in profit or loss, the changes in fair value of debt instruments are taken through other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

(8) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
 - (a) The objective of the Company's business model is achieved by collecting contractual cash flows.
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.

(9) Accounts and notes receivable

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

(10) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and financial assets at amortised cost including accounts receivable that have a significant financing component, at each reporting date, the Company recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable that do not contain a significant financing component, the Company recognises the impairment provision for lifetime ECLs.

(11) Derecognition of financial assets

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

(12) Leasing arrangements (lessor) – operating leases

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

(13) Inventories

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

(14) Investments accounted for using equity method /subsidiaries

A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

B. Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Company are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

C. The Company's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognise losses proportionate to its ownership.

D. Pursuant to the "Regulations Governing the Preparation of Financial Reports by Securities

Issuers,” profit (loss) and other comprehensive income of the current period in the parent company only financial statements shall equal to the amount attributable to owners of the parent in the financial statements prepared with basis for consolidation. Owners’ equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the financial statements prepared with basis for consolidation.

(15) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets’ residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets’ residual values and useful lives differ from previous estimates or the patterns of consumption of the assets’ future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, ‘Accounting Policies, Changes in Accounting Estimates and Errors’, from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	20 ~ 50 years
Machinery and equipment	5 ~ 8 years
Other equipment	3 ~ 10 years

(16) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 30 ~ 50 years.

(17) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than

what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(18) Borrowings

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

(19) Notes and accounts payable

Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(20) Derecognition of financial liabilities

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

(21) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

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

C. Employees' compensation and directors' and supervisors' remuneration

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

(22) Employee share-based payment

Employee restricted shares:

- A. Restricted stocks issued to employees are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period.
- B. For restricted stocks where those stocks do not restrict distribution of dividends to employees and employees are not required to return the dividends received if they resign during the vesting period, the Company recognises the fair value of the dividends received by the employees who are expected to resign during the vesting period as compensation cost at the date of dividends declared.
- C. For restricted stocks where employees have to pay to acquire those stocks, if employees resign during the vesting period, shares not yet vested in that year shall be purchased and cancelled by the Company at the original issue price in accordance with the law. Employees are not required to return the dividends received. The Company recognises the payments from the employees who are expected to resign during the vesting period as liabilities at the grant date, and recognises the payments from the employees who are expected to be eventually vested with the stocks in 'capital surplus – employee restricted stock'.

(23) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent company only balance sheet. However, the deferred tax is not accounted for if it arises from

initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

(24) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities.

(25) Revenue recognition

A. Sales of goods:

(a) The Company manufactures and sells lead-acid batteries. Sales are recognised when control of the products has transferred, being when there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the wholesaler has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.

(b) The Company's obligation to provide a repair for faulty products under the standard warranty terms is recognised as a provision.

B. Financing component

As the Company entered into contracts with customers, the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, thus, the Company does not adjust the transaction price to reflect the time value of money.

5. Critical Accounting Judgements, Assumptions and Key Sources of Estimate Uncertainty

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

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

None.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Company must determine

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

As of December 31, 2022, the carrying amount of inventories was \$387,436 thousand.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash on hand and revolving funds	\$ 329	\$ 322
Checking accounts and demand deposits	1,152,543	846,410
Time deposit	92,130	-
	<u>\$ 1,245,002</u>	<u>\$ 846,732</u>

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

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

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	\$ 7,668	\$ 29,234
Funds	-	27,975
Valuation adjustment	3,658	15,809
	<u>\$ 11,326</u>	<u>\$ 73,018</u>

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

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Financial assets mandatorily measured at fair value through profit or loss		
Loss on disposal of financial assets	\$ 22,867	\$ -
Equity instruments	10,717	9,787
	<u>\$ 33,584</u>	<u>\$ 9,787</u>

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

C. Information relating to price risk and fair value of financial assets at fair value through profit or loss is provided in Notes 12(2) and (3).

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

Items	December 31, 2022	December 31, 2021
Non-current items:		
Equity instruments		
Listed stocks	\$ 20,000	\$ 20,000
Valuation adjustment	35,822	52,272
	\$ 55,822	\$ 72,272

A. The Company has elected to classify listed stocks investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. Details of such investments are as follows:

	December 31, 2022	December 31, 2021
<u>Financial assets at fair value through other comprehensive income</u>		
Fair value	\$ 55,822	\$ 72,272

B. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	Year ended December 31	
	2022	2021
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	(\$ 16,450)	\$ 45,184
Dividend income recognised in profit or loss	\$ 3,509	\$ -

C. The Company has no financial assets at fair value through other comprehensive income pledged to others.

D. Information relating to price risk and fair value of financial assets at fair value through other comprehensive income is provided in Notes 12(2) and (3).

(4) Financial assets at amortised cost

Items	December 31, 2022	December 31, 2021
Non-current items:		
Corporate bond	\$ 50,000	\$ 50,000

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	Year ended December 31	
	2022	2021
Interest income	\$ 1,350	\$ 1,350

B. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2).

(5) Notes and accounts receivable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Notes receivable	\$ 37,516	\$ 19,657
Accounts receivable	561,694	546,748
Less: Allowance for uncollectible accounts	(1,559)	(1,559)
	<u>\$ 597,651</u>	<u>\$ 564,846</u>

A. The ageing analysis of accounts receivable and notes receivable that were past due but not impaired is as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Not past due	\$ 511,403	\$ 549,006
1 to 90 days	86,960	17,399
91 to 180 days	847	-
	<u>\$ 599,210</u>	<u>\$ 566,405</u>

The above ageing analysis was based on past due date.

B. The Company has no notes and accounts receivable and pledged to others.

C. The Company insures accounts receivable for the period starting from January 1, 2022 to December 31, 2022, and the insurance company reviews and grants the amount on a case-by-case basis. The amount of accounts receivable that are not past due is as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Insurance amount on accounts receivable that are not past due	<u>\$ 360,952</u>	<u>\$ 444,341</u>

When assessing such insured accounts receivable, the Company provides a loss allowance by taking into consideration the recoverable amount of the accounts receivable and its insurance.

D. As of December 31, 2022 and 2021, accounts receivable were all from contracts with customers. And as of January 1, 2021, the balance of receivables from contracts with customers amounted to \$775,714 thousand.

E. As at December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's accounts receivable was the carrying amount of accounts receivable.

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

(6) Inventories

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 2,025	(\$ 273)	\$ 1,752
Work in progress	23,304	(213)	23,091
Finished goods	363,120	(527)	362,593
	<u>\$ 388,449</u>	<u>(\$ 1,013)</u>	<u>\$ 387,436</u>

	December 31, 2021		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 898	(\$ 273)	\$ 625
Work in progress	17,397	(213)	17,184
Finished goods	144,911	(527)	144,384
	<u>\$ 163,206</u>	<u>(\$ 1,013)</u>	<u>\$ 162,193</u>

The cost of inventories recognised as expense for the year:

	Year ended December 31	
	2022	2021
Cost of goods sold	\$ 4,657,713	\$ 3,645,337
Revenue from sale of scraps	(516)	(1,281)
	<u>\$ 4,657,197</u>	<u>\$ 3,644,056</u>

(7) Investments accounted for using equity method

	December 31, 2022	December 31, 2021
Le Long Viet Nam Co., Ltd.	\$ 2,511,566	\$ 2,231,488
Kung Long International Ltd.	667,946	556,919
	<u>\$ 3,179,512</u>	<u>\$ 2,788,407</u>
Less: Unrealised gain on investee company	(23,841)	(21,465)
	<u>\$ 3,155,671</u>	<u>\$ 2,766,942</u>

A. Details of the Company's subsidiaries are provided in Note 4(3) of the Company's consolidated financial statements as of and for the year ended December 31, 2022.

B. Details of share of profit (loss) of subsidiaries accounted for using the equity method are as follows:

	Year ended December 31	
	2022	2021
Le Long Viet Nam Co., Ltd.	\$ 271,305	\$ 182,316
Kung Long International Ltd.	53,556	33,660
	<u>\$ 324,861</u>	<u>\$ 215,976</u>

The share of profit (loss) of subsidiaries recognised for the abovementioned investments accounted for using the equity method was based on investee's financial statements of the same

reporting period which were audited by the independent auditors.

(8) Property, plant and equipment

2022					
Cost	At January 1	Additions	Decrease	Transfers	At December 31
Land	\$ 87,272	\$ -	\$ -	\$ -	\$ 87,272
Buildings and structures	105,324	190	-	-	105,514
Machinery and equipment	6,921	240	-	-	7,161
Other equipment	9,899	1,733	-	-	11,632
	<u>\$ 209,416</u>	<u>\$ 2,163</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 211,579</u>
Accumulated depreciation	At January 1	Additions	Decrease	Transfers	At December 31
Buildings and structures	(\$ 72,235)	(\$ 4,650)	\$ -	\$ -	(\$ 76,885)
Machinery and equipment	(4,803)	(663)	-	-	(5,466)
Other equipment	(7,435)	(1,307)	-	-	(8,742)
	<u>(\$ 84,473)</u>	<u>(\$ 6,620)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 91,093)</u>
Book value	<u>\$ 124,943</u>				<u>\$ 120,486</u>
2021					
Cost	At January 1	Additions	Decrease	Transfers	At December 31
Land	\$ 87,272	\$ -	\$ -	\$ -	\$ 87,272
Buildings and structures	105,324	-	-	-	105,324
Machinery and equipment	8,610	400	(2,089)	-	6,921
Other equipment	10,683	250	(1,034)	-	9,899
	<u>\$ 211,889</u>	<u>\$ 650</u>	<u>(\$ 3,123)</u>	<u>\$ -</u>	<u>\$ 209,416</u>
Accumulated depreciation	At January 1	Additions	Decrease	Transfers	At December 31
Buildings and structures	(\$ 67,562)	(\$ 4,673)	\$ -	\$ -	(\$ 72,235)
Machinery and equipment	(5,983)	(909)	2,089	-	(4,803)
Other equipment	(7,316)	(1,153)	1,034	-	(7,435)
	<u>(\$ 80,861)</u>	<u>(\$ 6,735)</u>	<u>\$ 3,123</u>	<u>\$ -</u>	<u>(\$ 84,473)</u>
Book value	<u>\$ 131,028</u>				<u>\$ 124,943</u>

- A. Amount of borrowing costs capitalised as part of property, plant and equipment and the range of the interest rates for such capitalisation are as follows: None.
- B. Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8.

(9) Investment property

Cost	2022		
	At January 1	Additions	At December 31
Land	\$ 47,990	\$ -	\$ 47,990
Buildings and structures	16,443	-	16,443
	<u>\$ 64,433</u>	<u>\$ -</u>	<u>\$ 64,433</u>
Accumulated depreciation	At January 1	Additions	At December 31
Buildings and structures	(\$ 12,360)	(\$ 437)	(\$ 12,797)
Book value	<u>\$ 52,073</u>		<u>\$ 51,636</u>

Cost	2021		
	At January 1	Additions	At December 31
Land	\$ 47,990	\$ -	\$ 47,990
Buildings and structures	16,443	-	16,443
Total	<u>\$ 64,433</u>	<u>\$ -</u>	<u>\$ 64,433</u>
Accumulated depreciation	At January 1	Additions	At December 31
Buildings and structures	(\$ 11,923)	(\$ 437)	(\$ 12,360)
Book value	<u>\$ 52,510</u>		<u>\$ 52,073</u>

A. Rental income from investment property:

	Year ended December 31	
	2022	2021
Rental income from investment property	<u>\$ 3,610</u>	<u>\$ 2,561</u>

	Year ended December 31	
	2022	2021
Direct operating expenses arising from the investment property that generated rental income during the year	<u>(\$ 437)</u>	<u>(\$ 437)</u>

B. The fair value of investment property held by the Company which was based on recent market quoted prices of similar objectives in the neighbouring area. Valuations are categorised within Level 2 in the fair value hierarchy. The fair value of investment property is as follows:

	Year ended December 31	
	2022	2021
The fair value of investment property	<u>\$ 243,776</u>	<u>\$ 241,274</u>

C. As of December 31, 2022 and 2021, there are no impairment on the investment property.

D. Information about the investment property that was pledged to others as collaterals is provided in Note 8.

(10) Short-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2022</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Secured borrowings	<u>\$ 3,000</u>	1.61%	Property, plant and equipment (Including investment property)

<u>Type of borrowings</u>	<u>December 31, 2021</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Unsecured borrowings	<u>\$ 40,000</u>	0.52%	None

(11) Other payables

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Payable on employees' compensation and directors' and supervisors' remuneration.	\$ 88,676	\$ 84,391
Payable on commission expense	36,584	28,583
Salary and bonus payable	31,497	14,806
Other accrued expenses	16,971	16,610
	<u>\$ 173,728</u>	<u>\$ 144,390</u>

(12) Pensions

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

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Present value of defined benefit obligations	\$ 75,702	\$ 78,093
Fair value of plan assets	(69,809)	(65,192)
Net defined benefit liability	<u>\$ 5,893</u>	<u>\$ 12,901</u>

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

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
2022			
At January 1	\$ 78,093	(\$ 65,192)	\$ 12,901
Current service cost	330	-	330
Interest expense (income)	493	(412)	81
	<u>78,916</u>	<u>(65,604)</u>	<u>13,312</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(5,194)	(5,194)
Change in demographic assumptions	-	-	-
Change in financial assumptions	(2,915)	-	(2,915)
Experience adjustments	1,488	-	1,488
	<u>(1,427)</u>	<u>(5,194)</u>	<u>(6,621)</u>
Pension fund contribution	-	(798)	(798)
Paid pension	(1,787)	1,787	-
At December 31	<u>\$ 75,702</u>	<u>(\$ 69,809)</u>	<u>\$ 5,893</u>

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2021			
At January 1	\$ 87,025	(\$ 66,490)	\$ 20,535
Current service cost	431	-	431
Interest expense (income)	255	(194)	61
	<u>87,711</u>	<u>(66,684)</u>	<u>21,027</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(977)	(977)
Change in demographic assumptions	111	-	111
Change in financial assumptions	(4,219)	-	(4,219)
Experience adjustments	(2,039)	-	(2,039)
	<u>(6,147)</u>	<u>(977)</u>	<u>(7,124)</u>
Pension fund contribution	-	(1,002)	(1,002)
Paid pension	(3,471)	3,471	-
At December 31	<u>\$ 78,093</u>	<u>(\$ 65,192)</u>	<u>\$ 12,901</u>

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

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

	Year ended December 31	
	2022	2021
Discount rate	1.20%	0.65%
Future salary increases	2.00%	2.00%

Future mortality rate was estimated based on the 6th Taiwan Standard Ordinary Experience Mortality Table.

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

	Discount rate		Future salary increases	
	Increase	Decrease	Increase	Decrease
	0.25%	0.25%	0.25%	0.25%
December 31, 2022				
Effect on present value of defined benefit obligation	<u>(\$ 1,266)</u>	<u>\$ 1,302</u>	<u>\$ 1,289</u>	<u>(\$ 1,259)</u>
December 31, 2021				
Effect on present value of defined benefit obligation	<u>(\$ 1,443)</u>	<u>\$ 1,467</u>	<u>\$ 1,443</u>	<u>(\$ 1,408)</u>

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

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

- (f) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2023 amount to \$813 thousand.
- (g) As of December 31, 2022, the weighted average duration of the retirement plan is 6 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	\$	6,761
1 to 2 years		6,288
2 to 5 years		20,076
Over 5 years		48,936
	<u>\$</u>	<u>82,061</u>

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

(b) The pension costs under defined contribution pension plans of the Company is as follows:.

	Year ended December 31	
	2022	2021
The pension costs	\$ 3,338	\$ 3,335

C. For the appointed manager of the Company starting from 2016, two units are accrued for each year of service and one unit for each additional year thereafter. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for service in excess of 15 years until the year of retirement, subject to a maximum of 45 units. The amount is calculated on a half year basis if less than half year, and on a year basis if more than half year. As of December 31, 2011, the reserve was provided for the appointed manager amounting to \$15,877 thousand.

(13) Share-based payment

A. For the years ended December 31, 2022 and 2021, the Company's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted (in thousand shares)	Contract period	Vesting conditions
Restricted stocks to employees	2020.12.15	283 units	December 2020 to February 2025	Note 1

Note 1: Employees who are still working for the Company as of February 20 of the following year after the date of issuance of the employee restricted shares, who have not violated their labor contracts, work rules, or other major misconduct and who have received a grade of B+ or higher in the most recent annual assessment will receive new shares in accordance with the following schedule and in proportion to the number of shares allocated to the employees:

Vesting period	Vesting ratio
Still working for the Company as of February 20 of the following year after the date of issuance of the employee restricted shares	20%
Still working for the Company as of February 20 of the second year after the date of issuance of the employee restricted shares	20%
Still working for the Company as of February 20 of the third year after the date of issuance of the employee restricted shares	20%
Still working for the Company as of February 20 of the fourth year after the date of issuance of the employee restricted shares	20%
Still working for the Company as of February 20 of the fifth year after the date of issuance of the employee restricted shares	20%

Except for inheritance, the restricted stocks issued by the Company cannot be transferred during the vesting period. Additionally, before meeting the vesting condition, except for not participating in the stocks and dividends distributed, other rights are the same as the Company's issued ordinary shares. If employees resign or retire during the vesting period, shares not yet vested in that year shall be purchased and cancelled by the Company at the original issue price in accordance with the law.

B. The fair value granted on grant date is measured using the quoted market prices. Relevant information is as follows:

(a) The 1st restricted stocks to employees for 2020:

	Year ended December 31			
	2022		2021	
	No. of options	Weighted-average exercise price (in dollars)	No. of options	Weighted-average exercise price (in dollars)
Options outstanding at January 1	231	\$ 10	283	\$ 10
Employee restricted shares vested	(50)	10	(50)	10
Retirement of employee restricted shares	-	-	(2)	10
Options outstanding at December 31	<u>181</u>	10	<u>231</u>	10

C. The fair value granted on grant date is measured using the quoted market prices. Relevant information is as follows:

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility	Expected option life	Expected dividends	Risk-free interest rate	Fair value per unit (in dollars)
Restricted stocks to employees	2020.12.15	141.5	10	-	-	-	-	131.5

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

	Year ended December 31	
	2022	2021
Equity-settled	\$ <u>8,691</u>	\$ <u>8,702</u>

(14) Share capital

A. As of December 31, 2022 and 2021, the Company's authorised capital was \$1,000,000 thousand, consisting of 100,000 thousand shares of ordinary stock (including 8,200 thousand shares reserved for employee stock options), and the paid-in capital was \$820,664 thousand with a par value of \$10 (in dollars) per share, and ordinary shares outstanding as at December 31, 2022 amounted to 82,066 thousand shares. All proceeds from shares issued have been collected.

	Year ended December 31	
	2022	2021
At January 1	82,066	82,068
Stocks to employees (retired)	-	(2)
At December 31	82,066	82,066

B. On March 22, 2021, the Board of Directors resolved to retire restricted stocks to employees in the total amount of 2,000 shares and the record date for the capital reduction was set on March 22, 2021. The registration for abovementioned capital reduction was completed.

(15) Capital surplus

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

	Year ended December 31, 2022					
	Share premium	Treasury share transactions	Employee restricted shares	Difference between carrying amount of subsidiaries acquired or disposed	Consolidation surplus arising from share conversion	Total
At January 1	\$ 620,879	\$ 4,485	\$ 30,350	\$ 24,091	\$ 22,146	\$ 701,951
Share-based payment transactions	6,601	-	(6,601)	-	-	-
At December 31	<u>\$ 627,480</u>	<u>\$ 4,485</u>	<u>\$ 23,749</u>	<u>\$ 24,091</u>	<u>\$ 22,146</u>	<u>\$ 701,951</u>

	Year ended December 31, 2021					
	Share premium	Treasury share transactions	Employee restricted shares	Difference between carrying amount of subsidiaries acquired or disposed	Consolidation surplus arising from share conversion	Total
At January 1	\$ 614,278	\$ 4,485	\$ 37,215	\$ 24,091	\$ 22,146	\$ 702,215
Share-based payment transactions	6,601	-	(6,865)	-	-	(264)
At December 31	<u>\$ 620,879</u>	<u>\$ 4,485</u>	<u>\$ 30,350</u>	<u>\$ 24,091</u>	<u>\$ 22,146</u>	<u>\$ 701,951</u>

(16) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. After the provision or reversal of special reserve, the appropriation of the remaining earnings along with the unappropriated earnings of prior years

shall be proposed by the Board of Directors and approved by the shareholders.

B. The Company's dividend policy is summarised below:

As the Company is in the growth stage, taking into consideration of shareholders' interest, financial structure and Company's long-term development, the total amount of bonus distributed to shareholders shall be 20% to 80% of the accumulated distributable earnings. Cash dividends shall not be less than 10% of the bonus distributed to shareholders.

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

D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

E. The appropriation of retained earnings has met the statutory voting threshold on June 13, 2021 via the electronic voting platform on shareholders' meeting, additionally, the shareholders' meeting on July 30, 2021, resolved to distribute cash dividends amounting to NT\$818,356 thousand with a par value of \$10 (in dollars).

F. On June 17, 2022, the Company's shareholders resolved to distribute cash dividends total amounting to \$537,201 thousand at a price of \$7 (in dollars) per share.

G. On March 24, 2023, the Company's Board of Directors proposed the appropriation of earning for 2022 to distribute cash dividends at a price of \$10 (in dollars) per share, however, the appropriation shall be reported to shareholders for obtaining approval.

H. For the information relating to employees' compensation and directors' and supervisors' remuneration, please refer to Note 6(24).

(17) Other equity items

	2022				
	Unrealised gains (losses) on valuation of investments in equity instruments at fair value through other comprehensive income	Unrealised gains (losses) on valuation of investments in equity instruments at fair value through other comprehensive income – investments accounted for using the equity method	Foreign currency translation	Unearned employee compensation	Total
At January 1	\$ 52,272	(\$ 34)	(\$ 219,853)	(\$ 27,520)	(\$ 195,135)
Employee restricted shares	-	-	-	8,691	8,691
Valuation adjustment	(16,450)	(7,344)	-	-	(23,794)
Currency translation differences:					
–Group	-	-	324,228	-	324,228
–Tax on Group	-	-	(64,845)	-	(64,845)
At December 31	<u>\$ 35,822</u>	<u>(\$ 7,378)</u>	<u>\$ 39,530</u>	<u>(\$ 18,829)</u>	<u>\$ 49,145</u>

	Unrealised gains (losses) on valuation of investments in equity instruments at fair value through other comprehensive income	Unrealised gains (losses) on valuation of investments in equity instruments at fair value through other comprehensive income – investments accounted for using the equity method	Foreign currency translation	Unearned employee compensation	Total
At January 1	\$ 7,088	\$ -	(\$ 155,403)	(\$ 36,484)	(\$ 184,799)
Employee restricted shares	-	-	-	8,964	8,964
Valuation adjustment	45,184	(\$ 34)	-	-	45,150
Currency translation differences:					
-Group	-	-	(80,562)	-	(80,562)
-Tax on Group	-	-	16,112	-	16,112
At December 31	<u>\$ 52,272</u>	<u>(\$ 34)</u>	<u>(\$ 219,853)</u>	<u>(\$ 27,520)</u>	<u>(\$ 195,135)</u>

(18) Operating revenue

	Year ended December 31	
	2022	2021
Revenue from contracts with customers	<u>\$ 5,574,513</u>	<u>\$ 4,428,931</u>

A. Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods at a point in time and revenue can be classified by product type as follows:

	Year ended December 31	
	2022	2021
	<u>Batteries</u>	<u>Batteries</u>
Revenue from external customer contracts	\$ 5,154,424	\$ 4,286,677
Inter-segment revenue	420,089	142,254
Segment revenue	<u>\$ 5,574,513</u>	<u>\$ 4,428,931</u>
Timing of revenue recognition		
At a point in time	<u>\$ 5,574,513</u>	<u>\$ 4,428,931</u>

B. Contract liabilities

The Company has recognised the following revenue-related contract liabilities which was prepayment (shown as other current liabilities) as follows:

(a) Contract liabilities

	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>January 1, 2021</u>
Contract liabilities	<u>\$ 38,113</u>	<u>\$ 42,115</u>	<u>\$ 41,675</u>

(b) Revenue recognised that was included in the contract liability balance at the beginning of the year

	Year ended December 31	
	2022	2021
Revenue recognised that was included in the contract liability balance	<u>\$ 34,936</u>	<u>\$ 36,729</u>

(19) Interest income

	Year ended December 31	
	2022	2021
Interest income from bank deposits	\$ 3,380	\$ 917
Interest income from corporate bond	1,350	1,350
	<u>\$ 4,730</u>	<u>\$ 2,267</u>

(20) Other income

	Year ended December 31	
	2022	2021
Rent income	\$ 3,703	\$ 2,685
Dividend income	5,373	2,038
Other income, others	1,334	6,440
	<u>\$ 10,410</u>	<u>\$ 11,163</u>

(21) Other gains and losses

	Year ended December 31	
	2022	2021
Gains on financial assets at fair value through profit or loss	\$ 10,717	\$ 9,787
Gains on disposal of investments	-	1,760
Foreign exchange gains (losses)	164,737	(21,215)
Other losses	(437)	(437)
	<u>\$ 175,017</u>	<u>(\$ 10,105)</u>

(22) Finance costs

	Year ended December 31	
	2022	2021
Interest expense	\$ 199	\$ 481

(23) Expenses by nature

	Year ended December 31	
	2022	2021
Employee benefit expense	\$ 173,417	\$ 135,718
Depreciation charge	7,057	7,172
Amortisation charge	900	765
	<u>\$ 181,374</u>	<u>\$ 143,655</u>

(24) Employee benefit expense

	Year ended December 31	
	2022	2021
Wages and salaries	\$ 133,371	\$ 102,956
Labour and health insurance fees	8,743	9,164
Pension costs	3,926	3,990
Directors' remuneration	20,890	13,919
Other personnel expenses	6,487	5,689
	<u>\$ 173,417</u>	<u>\$ 135,718</u>

A. According to the Company's Articles of Incorporation, the profit (pre-tax profit before deduction of employees' compensation and directors' remuneration) of the current year ,if any, shall be distributed as employees' compensation shall not less than 2% and directors' remuneration shall no higher than 5%.

B. The estimated and accrued employees' compensation and directors' remuneration were as follows:

	Year ended December 31	
	2022	2021
Employees' compensation	\$ 39,724	\$ 28,227
Directors' remuneration	20,725	16,364
	<u>\$ 60,449</u>	<u>\$ 44,591</u>

The abovementioned amounts were recognised in salary expenses. The employees' compensation and directors' remuneration resolved by the Board of Directors will be distributed in the form of cash.

For the years ended December 31, 2022 and 2021, the employees' compensation and directors' remuneration were estimated and accrued based on distributable profit of current year as of the end of reporting period. The estimated and accrued percentages are as follows:

	Year ended December 31	
	2022	2021
Percentages of employees' compensation	<u>3.43%</u>	<u>3.44%</u>
Percentages of directors' remuneration	<u>1.79%</u>	<u>1.99%</u>

C. Employees' compensation and directors' remuneration of 2021 as resolved by the Board of Directors were in agreement with those amounts recognized in the 2021 financial statements.

D. Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(25) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Year ended December 31	
	2022	2021
Current tax:		
Current tax on profits for the year	\$ 199,353	\$ 155,964
Tax on undistributed earnings	-	-
Prior year income tax underestimation	1,435	1,727
Total current tax	200,788	157,691
Deferred tax:		
Origination and reversal of temporary differences	13,938	(1,472)
Total deferred tax	13,938	(1,472)
Income tax expense	\$ 214,726	\$ 156,219

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

	Year ended December 31	
	2022	2021
Currency translation differences	(\$ 64,845)	\$ 16,112
Remeasurement of defined benefit plan	(1,324)	(1,425)
	(\$ 66,169)	\$ 14,687

B. Reconciliation between income tax expense and accounting profit

	Year ended December 31	
	2022	2021
Tax calculated based on profit before tax and statutory tax rate	\$ 219,260	\$ 155,251
Tax exempt income by tax regulation	(5,969)	(759)
Prior year income tax underestimation	1,435	1,727
Effect from unrealised deferred tax	-	-
Tax on undistributed earnings	-	-
Income tax expense	\$ 214,726	\$ 156,219

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

	Year ended December 31, 2022			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
– Deferred tax assets:				
Unrealised gross profit	\$ 6,859	(\$ 1,172)	\$ -	\$ 5,687
Allowance for inventory valuation losses and loss for obsolete and slow- moving inventories	203	-	-	203
Unrealised gain on sales of fixed assets	1,533	(302)	-	1,231
Unallocated amount of pension expense	8,533	(77)	-	8,456
Accumulated unused compensated absences	767	114	-	881
Cumulative translation adjustment of long-term equity investments	<u>81,371</u>	<u>-</u>	<u>(64,845)</u>	<u>16,526</u>
	<u>\$ 99,266</u>	<u>(1,437)</u>	<u>(64,845)</u>	<u>\$ 32,984</u>
– Deferred tax liabilities:				
Gain on investment accounted for using the equity method	(377,269)	(14,844)	-	(392,113)
Remeasurement of defined benefit plan	(148)	-	(1,324)	(1,472)
Unrealised exchange gain	<u>(3,319)</u>	<u>2,344</u>	<u>-</u>	<u>(975)</u>
	<u>(\$ 380,736)</u>	<u>(12,500)</u>	<u>(1,324)</u>	<u>(\$ 394,560)</u>
		<u>(\$ 13,937)</u>	<u>\$ 66,169</u>	

	Year ended December 31, 2021			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
– Deferred tax assets:				
Unrealised gross profit	\$ 4,989	\$ 1,870	\$ -	\$ 6,859
Allowance for inventory valuation losses and loss for obsolete and slow- moving inventories	203	-	-	203
Unrealised gain on sales of fixed assets	2,006	(473)	-	1,533
Unallocated amount of pension expense	8,635	(102)	-	8,533
Remeasurement of defined benefit plan	1,277	-	(1,277)	-
Accumulated unused compensated absences	875	(108)	-	767
Cumulative translation adjustment of long-term equity investments	65,259	-	16,112	81,371
Unrealised exchange loss	<u>(2,414)</u>	<u>2,414</u>	<u>-</u>	<u>-</u>
	<u>\$ 80,830</u>	<u>3,601</u>	<u>14,835</u>	<u>\$ 99,266</u>
– Deferred tax liabilities:				
Gain on investment accounted for using the equity method	(378,458)	1,189	-	(377,269)
Remeasurement of defined benefit plan	-	-	(148)	(148)
Unrealised exchange gain	<u>-</u>	<u>(3,319)</u>	<u>-</u>	<u>(3,319)</u>
	<u>(\$ 378,458)</u>	<u>(2,130)</u>	<u>(148)</u>	<u>(\$ 380,736)</u>
		<u>\$ 1,471</u>	<u>\$ 14,687</u>	

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

(26) Earnings per share

	Year ended December 31, 2022		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 881,575</u>	<u>81,879</u>	<u>\$ 10.77</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	881,575	81,879	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	318	
Employee restricted shares	<u>-</u>	<u>32</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 881,575</u>	<u>82,229</u>	<u>\$ 10.72</u>

	Year ended December 31, 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 620,038	81,829	\$ 7.58
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	620,038	81,829	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	264	
Employee restricted shares	-	237	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 620,038	\$ 82,330	\$ 7.53

- A. The weighted-average number of shares outstanding for years ended December 31, 2022 and 2021 were calculated by taking into account the weighted-average number of restricted employee stocks.
- B. The earnings per share computation shall assume that distribution will be in the form of stocks in the calculation of the weighted-average number of common shares outstanding for the year ended December 31, 2022, taking into account the dilutive effects of employee compensations on common share.

(27) Changes in liabilities from financing activities

	Short-term borrowings	Dividends payable	Liabilities from financing activities-gross
January 1, 2022	\$ 40,000	\$ -	\$ 40,000
Changes in other non-cash items	-	573,201	573,200
Changes in cash flow from financing activities	(37,000)	(573,201)	(610,200)
December 31, 2022	\$ 3,000	\$ -	\$ 3,000

	Short-term borrowings	Dividends payable	Liabilities from financing activities-gross
January 1, 2021	\$ -	\$ -	\$ -
Changes in other non-cash items	-	818,356	818,356
Changes in cash flow from financing activities	40,000	(818,356)	(778,356)
December 31, 2021	<u>\$ 40,000</u>	<u>\$ -</u>	<u>\$ 40,000</u>

7. Related Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
Le Long Viet Nam Co., Ltd.	The Company's subsidiary
Kung Tay Viet Nam Co., Ltd.	The Company's second-tier subsidiary

(2) Significant related party transactions

A. Administrative service revenue

	Year ended December 31	
	2022	2021
Subsidiaries	<u>\$ 47,612</u>	<u>\$ 36,469</u>

The Company's administrative service revenues arising from consulting services for production, marketing and management which are calculated based on a certain percentage of the subsidiary's domestic sales revenue and are received on an annual basis and are presented on a net basis after offsetting accounts payable by mutual agreement.

B. Purchases

	Year ended December 31	
	2022	2021
	Purchase	Purchase
Subsidiaries	<u>\$ 4,811,593</u>	<u>\$ 3,465,463</u>

The Company's purchase transactions with its subsidiaries are based on mutually agreed prices by category of goods and it is not comparable with non-related parties. Payment term is due within 120 days after the date of shipment and are presented on a net basis after offsetting accounts payable by mutual agreement. Payment term is due within 90 days for third parties.

C. Purchase transactions on behalf of others

	Year ended December 31, 2022			
	Purchased price on behalf of others	Purchased cost on behalf of others	Gain on purchase on behalf of others	Other receivables at end of year
Subsidiaries	\$ 2,414,383	\$ 2,340,773	\$ 73,610	\$ -
Unrealised profit from sales			(2,376)	-
			<u>\$ 71,234</u>	<u>\$ -</u>

	Year ended December 31, 2021			
	Purchased price on behalf of others	Purchased cost on behalf of others	Gain on purchase on behalf of others	Other receivables at end of year
Subsidiaries	\$ 2,367,461	\$ 2,316,049	\$ 51,412	\$ -
Unrealised profit from sales			(3,805)	-
			<u>\$ 47,607</u>	<u>\$ -</u>

- (a) The abovementioned amounts arise mainly from purchases of equipment and raw materials on behalf of the others and are presented on a net basis after offsetting accounts payable by mutual agreement. Collection period for the purchased goods on behalf of others is due within 120 days after the date of shipment.
- (b) Since the transaction is a downstream transaction between investee companies accounted for using the equity method, therefore, gain on purchase is recognised as deferred and listed as a deduction under the "investments accounted for using the equity method". Upon the equipment of investee companies in the future benefit period being amortised and the raw material processing being sold, other operating revenue is recognised to each period.

D. Accounts receivable

	December 31, 2022	December 31, 2021
Subsidiaries	\$ -	\$ 19,948

The above accounts receivable is presented by net of accounts payable and other payables under mutual agreement.

E. Accounts payable

	December 31, 2022	December 31, 2021
Subsidiaries	\$ 245,125	\$ -

The above accounts payable is presented by net of accounts receivable and other receivables under mutual agreement.

(3) Key management compensation

	Year ended December 31	
	2022	2021
Short-term employee benefits	\$ 33,206	\$ 23,374
Post-employment benefits	101	87
Share-based payments	572	495
	<u>\$ 33,879</u>	<u>\$ 23,956</u>

8. Pledged Assets

Pledged Assets	Book value		Purpose
	December 31, 2022	December 31, 2021	
Property, plant and equipment	\$ 115,902	\$ 120,362	Short-term borrowings
Investment property	51,636	52,073	Short-term borrowings
	<u>\$ 167,538</u>	<u>\$ 172,435</u>	

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

None.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

The appropriation of earnings for the year ended December 31, 2022 is provided in Note 6(16)G.

12. Others

(1) Capital management

The Company's objectives when managing capital are based on the industrial scale, considering industrial future growth and product development, and setting appropriate market share, as well as plan on corresponding capital expenditure, calculation of operating capital needed for financial operations, and considering operating profit and cash inflows arise from product competitiveness, to determine appropriate capital structure.

The Company monitors its capital by periodically reviewing the debt ratio. As of December 31, 2022 and 2021, the Company's debt ratio was as follows:

	December 31, 2022	December 31, 2021
Total liabilities	\$ 1,370,892	\$ 1,056,913
Total assets	5,715,708	4,843,778
Debt to asset ratio	23.99%	21.82%

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss	\$ 11,326	\$ 73,018
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	55,822	72,272
Financial assets at amortised cost		
Cash and cash equivalents	1,245,002	846,732
Financial assets at amortised cost	50,000	50,000
Notes receivable	37,516	19,657
Accounts receivable	560,135	545,189
Accounts receivable due from related parties	-	19,948
Guarantee deposits paid	1,900	1,900
	<u>\$ 1,961,701</u>	<u>\$ 1,628,716</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Short-term borrowings	\$ 3,000	\$ 40,000
Notes payable	9,324	4,776
Accounts payable	27,008	28,974
Accounts payable to related parties	245,125	-
Other accounts payable	173,728	144,390
Other current financial liabilities	233	298
	<u>\$ 458,418</u>	<u>\$ 218,438</u>

B. Financial risk management policies

- (a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk.
- (b) Company treasury identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Exchange rate risk

- i. The Company operates internationally and is exposed to exchange rate risk arising from the transactions of the Company used in various functional currency, primarily with respect to the USD. Foreign exchange rate risk arises from future commercial transactions and recognised assets and liabilities.
- ii. Management has set up a policy to require company companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their

entire foreign exchange risk exposure with the Company treasury.

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

December 31, 2022			
(Foreign currency: functional currency)	Foreign currency		
	amount (In thousands)	Exchange rate	Carrying amount (New Taiwan dollar)
<u>Financial assets</u>			
<u>Cash and cash equivalents</u>			
USD: NTD	\$ 25,055	30.71	\$ 769,439
EUR: NTD	699	32.72	22,871
GBP: NTD	867	37.09	32,157
RMB: NTD	22,731	4.408	100,198
<u>Accounts receivable</u>			
USD: NTD	\$ 18,094	30.71	\$ 555,667
EUR: NTD	68	37.09	2,522
<u>Financial liabilities</u>			
<u>Accounts payable</u>			
USD: NTD	\$ 1,705	30.71	\$ 52,361

December 31, 2021			
(Foreign currency: functional currency)	Foreign currency		
	amount (In thousands)	Exchange rate	Carrying amount (New Taiwan dollar)
<u>Financial assets</u>			
<u>Cash and cash equivalents</u>			
USD: NTD	\$ 24,711	27.68	\$ 684,000
EUR: NTD	452	31.32	14,157
GBP: NTD	538	37.30	20,067
RMB: NTD	11,263	4.344	48,926
<u>Accounts receivable</u>			
USD: NTD	\$ 18,112	27.68	\$ 501,340
<u>Financial liabilities</u>			
<u>Accounts payable</u>			
USD: NTD	\$ 1,966	27.68	\$ 54,419

- iv. Analysis of foreign currency market risk arising from significant foreign exchange variation:

Year ended December 31, 2022			
Sensitivity analysis			
(Foreign currency: functional currency)	Degree of variation	Effect from profit or loss	Effect on other comprehensive income
<u>Financial assets</u>			
<u>Cash and cash equivalents</u>			
USD: NTD	3%	\$ 23,083	\$ -
EUR: NTD	3%	686	-
GBP: NTD	3%	965	-
RMB: NTD	3%	3,006	
<u>Accounts receivable</u>			
USD: NTD	3%	\$ 16,670	\$ -
EUR: NTD	68	76	-
<u>Financial liabilities</u>			
<u>Accounts payable</u>			
USD: NTD	3%	\$ 1,571	\$ -

Year ended December 31, 2021			
Sensitivity analysis			
(Foreign currency: functional currency)	Degree of variation	Effect from profit or loss	Effect on other comprehensive income
<u>Financial assets</u>			
<u>Cash and cash equivalents</u>			
USD: NTD	3%	\$ 20,520	\$ -
EUR: NTD	3%	425	-
GBP: NTD	3%	602	-
RMB: NTD	3%	1,468	
<u>Accounts receivable</u>			
USD: NTD	3%	\$ 15,475	\$ -
<u>Financial liabilities</u>			
<u>Accounts payable</u>			
USD: NTD	3%	\$ 1,633	\$ -

v. The total exchange loss and gain, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2022 and 2021, amounted to \$164,737 thousand and \$21,215 thousand, respectively.

Price risk

i. The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other

comprehensive income. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

- ii. The Company's investments in equity securities comprise domestic listed stocks. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 3% with all other variables held constant, post-tax profit for the years ended December 31, 2022 and 2021 would have increased/decreased by \$340 thousand and \$2,191 thousand, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$1,675 thousand and \$2,168 thousand, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

- i. The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk.
- ii. If the borrowing interest rate of New Taiwan dollars had increased/decreased by 10 basis point with all other variables held constant, profit, net of tax for the years ended December 31, 2022 and 2021 would have increased/decreased by \$2 thousand and \$32 thousand, respectively. The main factor is that changes in interest expense result in floating-rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortised cost.
- ii. The Company manages their credit risk taking into consideration the entire group's concern. The credits of deposits are evaluated by external credit rating agencies (if there is no rating, financial information such as loan-to-deposit ratio, non-performing loan ratios, capital adequacy ratio, etc.), and the bank is assessed to have a good credit rating before it is accepted as a counterparty. According to the Company's credit policy, each local entity in the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- iii. In line with credit risk management procedure, if the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that

instrument since initial recognition and the default occurs when the contract payments are past due over 90 days.

- iv. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
- (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;
 - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
 - (iii) Default or delinquency in interest or principal repayments;
 - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- v. The Company classifies customers' notes receivable, and accounts receivable in accordance with credit rating of customer, collateral. The Company applies the modified approach using a provision matrix to estimate the expected credit loss.
- vi. The Company wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Company will continue executing the recourse procedures to secure their rights. On December 31, 2022 and 2021, the Company had no written-off financial assets that are still under recourse procedure.
- vii. The Company used the forecastability to adjust historical and timely information to assess the default possibility of notes receivable and accounts receivable. On December 31, 2022 and 2021, the provision matrix is as follows:

	Not past due	Up to 30 days past due	Up to 60 days past due	Up to 90 days past due	Up to 120 days past due	Total
<u>December 31, 2022</u>						
Expected loss rate	0.008%	0.09%	0.72%	5.80%	100%	
Total book value	\$ 511,403	\$ 59,876	\$ 23,306	\$ 3,778	\$ 847	\$ 599,210
Loss allowance	\$ 274	\$ 51	\$ 168	\$ 219	\$ 847	\$ 1,559

	Not past due	Up to 30 days past due	Up to 60 days past due	Up to 90 days past due	Up to 120 days past due	Total
<u>December 31, 2021</u>						
Expected loss rate	0.001%	0.20%	0.15%	0.64%	100%	
Total book value	\$ 549,006	\$ 17,399	\$ -	\$ -	\$ -	\$ 566,405
Loss allowance	\$ 1,556	\$ 3	\$ -	\$ -	\$ -	\$ 1,559

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

	<u>Year ended December 31, 2022</u>	
	<u>Notes receivable</u>	<u>Accounts receivable</u>
At January 1	\$ -	\$ 1,559
Provision for (reversal of) impairment	-	-
At December 31	<u>\$ -</u>	<u>\$ 1,559</u>

	<u>Year ended December 31, 2021</u>	
	<u>Notes receivable</u>	<u>Accounts receivable</u>
At January 1	\$ -	\$ 1,559
Provision for (reversal of) impairment	-	-
At December 31	<u>\$ -</u>	<u>\$ 1,559</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times.
- ii. Company treasury invests surplus cash in interest bearing current accounts, time deposits, and funds, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts. The cash and cash equivalents and financial assets at fair value through profit or loss held by the Company are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash and cash equivalents	<u>\$ 1,245,002</u>	<u>\$ 846,732</u>
Financial assets at fair value through profit or loss	<u>\$ 11,326</u>	<u>\$ 73,018</u>

It is expected to readily generate cash inflows for managing liquidity risk.

- iii. As of December 31, 2022 and 2021, the Company's undrawn borrowing facilities amounted to 2,457,000 thousand and 2,500,000 thousand, respectively.
- iv. The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities

December 31, 2022

	<u>Less than 3 months</u>	<u>Between 3 months and 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>
Short-term borrowings	\$ 3,001	\$ -	\$ -	\$ -	\$ -
Notes payable	8,739	585	-	-	-
Accounts payable	27,008	-	-	-	-
Accounts payable to related parties	245,125	-	-	-	-
Other payables	113,279	60,449	-	-	-
Other current financial liabilities	233	-	-	-	-

December 31, 2021

	<u>Less than 3 months</u>	<u>Between 3 months and 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>
Short-term borrowings	\$ 40,034	\$ -	\$ -	\$ -	\$ -
Notes payable	4,191	585	-	-	-
Accounts payable	28,974	-	-	-	-
Accounts payable to related parties	-	-	-	-	-
Other payables	99,799	44,591	-	-	-
Other current financial liabilities	298	-	-	-	-

(3) Fair value information

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

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

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

Level 3: Unobservable inputs for the asset or liability.

B. Fair value information of investment property at cost is provided in Note 6(9).

C. Financial instruments not measured at fair value

(a) The carrying amounts of cash and cash equivalents, notes receivable, accounts receivable,

other receivables, short-term borrowings, notes payable, accounts payable and other payables are approximate to their fair values.

D. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2022 and 2021 are as follows:

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

<u>December 31, 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
-Equity securities	\$ 11,326	\$ -	\$ -	\$ 11,326
-Funds	-	-	-	-
Financial assets at fair value through other comprehensive income				
-Equity securities	<u>55,822</u>	<u>-</u>	<u>-</u>	<u>55,822</u>
	<u>\$ 67,148</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 67,148</u>
<u>December 31, 2021</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
-Equity securities	\$ 43,923	\$ -	\$ -	\$ 43,923
-Funds	29,095	-	-	29,095
Financial assets at fair value through other comprehensive income				
-Equity securities	<u>72,272</u>	<u>-</u>	<u>-</u>	<u>72,272</u>
	<u>\$ 145,290</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 145,290</u>

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

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

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

E. For the years ended December 31, 2022 and 2021, there was no transfer between Level 1 and Level 2.

F. For the years ended December 31, 2022 and 2021, there was no transfer into or out from Level 3.

13. Supplementary Disclosures

(1) Significant transactions information

A. Loans to others: None.

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

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : Please refer to table 5.

(3) Information on investments in Mainland China

- A. Basic information: None.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

(4) Major shareholders information

Major shareholders information: Please refer to table 6.

14. Operating Segment Information

Not applicable

KUNG LONG BATTERIES INDUSTRIAL CO., LTD.

HOLDING OF MARKETABLE SECURITIES AT THE END OF THE PERIOD (NOT INCLUDING SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES)

DECEMBER 31, 2022

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities		As of December 31, 2022				Footnote
		issuer	General ledger account	Number of shares	Book value	Ownership (%)	Fair value	
Kung Long Batteries Industrial Co., Ltd.	Stocks-CAREER TECHNOLOGY MFG. CO., LTD.	-	Financial assets at fair value through profit or loss - current	6,732	\$ 289		\$ 159	Note 1
	Stocks-SINON CORPORATION	-	Financial assets at fair value through profit or loss - current	51,000	879		1,859	Note 1
	Stocks-ABILITY OPTO-ELECTRONICS TECHNOLOGY CO., LTD.	-	Financial assets at fair value through profit or loss - current	5,300	323		370	Note 1
	Stocks-TAIWAN HON CHUAN ENTERPRISE CO., LTD.	-	Financial assets at fair value through profit or loss - current	78,000	4,077		6,786	Note 1
	Stocks-SUNSPRING METAL CORPORATION	-	Financial assets at fair value through profit or loss - current	54,000	1,198		1,220	Note 1
	Stocks- KINGCAN HOLDINGS LIMITED	-	Financial assets at fair value through profit or loss - current	69,000	902		932	Note 1
			Add: valuation adjustment		3,658		-	
					<u>\$ 11,326</u>		<u>\$ 11,326</u>	
Kung Long Batteries Industrial Co., Ltd.	Stocks-AKER TECHNOLOGY CO., LTD	-	Financial assets at fair value through other comprehensive income - non-current	2,193,396	\$ 20,000	4.39%	\$ 55,822	Note 1
			Add: valuation adjustment		35,822		-	
					<u>\$ 55,822</u>		<u>\$ 55,822</u>	
Kung Long Batteries Industrial Co., Ltd.	Corporate - the bonds China Life Insurance Co., Ltd. 1st cumulative perpetual subordinated debts for the year ended December 31, 2020	-	Financial assets at amortized cost - non-current		<u>\$ 50,000</u>			

Note1: The fair value was based on the quoted market prices of stocks, funds and corporate bonds at the balance sheet date.

KUNG LONG BATTERIES INDUSTRIAL CO., LTD.

PURCHASES OR SALES OF GOODS FROM OR TO RELATED PARTIES REACHING NT\$100 MILLION OR 20% OF PAID-IN CAPITAL OR MORE

YEAR ENDED DECEMBER 31, 2022

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Compared to third party transactions		Notes/accounts receivable (payable)		Footnote	
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance at December 31, 2022		Percentage of total notes/accounts receivable (payable)
Kung Long Batteries Industrial Co., Ltd.	Le Long Viet Nam Co., Ltd.	Subsidiaries	Purchases	\$ 4,811,593	66.97%	Paid within 120 days after the delivery.	Note	Payment term for general customers is 60~90 days after monthly billings	(\$ 245,125)	(90.95%)	
Kung Long Batteries Industrial Co., Ltd.	Le Long Viet Nam Co., Ltd.	Subsidiaries	Transaction of purchases on behalf of others	2,414,383	46.90%	Collected within 120 days after the delivery.	Note	Collection term for general customers is 60~90 days after monthly billings	-	-	
Le Long Viet Nam Co., Ltd.	Kung Tay Viet Nam Co., Ltd.	Same as the ultimate parent company	Purchases	262,861	5.11%	Paid within 120 days after the delivery.	Note	Payment term for general customers is 60~90 days after monthly billings	(193,015)	(15.83%)	

Note: The calculation was based on the price agreed by both parties. It is difficult to compare with non-related parties.

KUNG LONG BATTERIES INDUSTRIAL CO., LTD.

RECEIVABLES FROM RELATED PARTIES REACHING NT\$100 MILLION OR 20% OF PAID-IN CAPITAL OR MORE

DECEMBER 31, 2022

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2022	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date (Note)	Allowance for Creditor Counterparty doubtful accounts
					Amount	Action taken		
Le Long Viet Nam Co., Ltd.	Kung Long Batteries Industrial Co., Ltd.	The Company's subsidiary Same as the ultimate parent company	\$ 245,125	6.74	\$ -		\$ 245,125	\$ -
Kung Tay Viet Nam Co., Ltd.	Le Long Viet Nam Co., Ltd.		193,015	1.54	-		76,688	-

Note: It pertained to the amount collected as of March 16, 2023.

KUNG LONG BATTERIES INDUSTRIAL CO., LTD.

SIGNIFICANT INTER-COMPANY TRANSACTIONS DURING THE REPORTING PERIODS (ONLY DISCLOSED THE INFORMATION ON TRANSACTIONS REACHING NT\$20 MILLION)

YEAR ENDED DECEMBER 31, 2022

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction		Percentage of consolidated total operating revenues or total assets
						Transaction terms		
0	Kung Long Batteries Industrial Co., Ltd.	Le Long Viet Nam Co., Ltd.	1	Purchases	\$ 4,811,593	Paid within 120 days after the delivery.		65.74%
0	Kung Long Batteries Industrial Co., Ltd.	Le Long Viet Nam Co., Ltd.	1	Transaction of purchases on behalf of others	2,414,383	Collected within 120 days after the delivery.		32.99%
0	Kung Long Batteries Industrial Co., Ltd.	Le Long Viet Nam Co., Ltd.	1	Accounts payable	245,125	-		4.19%
1	Le Long Viet Nam Co., Ltd.	Kung Tay Viet Nam Co., Ltd.	3	Purchases	262,861	Paid within 120 days after the delivery.		3.59%
1	Le Long Viet Nam Co., Ltd.	Kung Tay Viet Nam Co., Ltd.	3	Accounts payable	193,015	-		3.30%

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

(1) Parent company is '0'.

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

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to:

1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.

KUNG LONG BATTERIES INDUSTRIAL CO., LTD.

INFORMATION ON INVESTEEES

YEAR ENDED DECEMBER 31, 2022

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2022			Net income of investee as of December 31, 2022	Investment income (loss) recognised by the Company for the year ended December 31, 2022	Footnote
				Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value			
Kung Long Batteries Industrial Co., Ltd.	Le Long Viet Nam Co., Ltd.	Vietnam	Manufacture and sales of domestic and industrial storage batteries	\$ 1,029,090	\$ 1,029,090	32,000,000	100	\$ 2,511,566	\$ 310,697	\$ 271,305	Note 1
Kung Long Batteries Industrial Co., Ltd.	Kung Long International Ltd.	British Virgin Islands	General investment	70,464	70,464	2,170,000	100	667,946	53,556	53,556	Note 1
Kung Long International Ltd.	Kung Tay Plastic Co.,Ltd.	Samoa	General investment	136,590	136,590	3,600,000	100	544,607	52,611	-	Note 2
Kung Tay Plastic Co., Ltd.	Kung Tay Viet Nam Co., Ltd.	Vietnam	Manufacture and sales of plastics products	207,883	207,883	6,600,000	100	409,119	53,556	-	Note 2

Note 1: Investment income (loss) recognised for the year ended December 31, 2022 included the investee company's eliminating and realised amount of gains and losses which are arising from upstream and sidestream intercompany transaction.

Note 2: It pertained to the investment income (loss) not presented by the second-tier subsidiary.

KUNG LONG BATTERIES INDUSTRIAL CO., LTD.

MAJOR SHAREHOLDERS INFORMATION

DECEMBER 31, 2022

Table 6

<u>Name of major shareholders</u>	<u>Name of shares held</u>	<u>Shares</u>	<u>Ownership (%)</u>
Fubon Life Insurance Co., Ltd.		6,500,000	7.92%
LEE JUI CHUN		5,810,802	7.08%

Note: If the information in this form was applied by the Company from TDCC, it should state the following events in this table:

- (1) The major shareholders information was derived from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialized form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded in the financial statements is different from the actual number of shares issued in dematerialised form because of the different calculation basis.
- (2) If the aforementioned data contains shares which were held in trust by the shareholders, the data was disclosed as a separate account of client which was set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio is greater than 10% in accordance with Securities and Exchange Act, the shareholding ratio includes the self-owned shares and shares held in trust, at the same time, the shareholder has the power to decide how to allocate the trust assets. For the information on reported share equity of insider, please refer to Market Observation Post System.

KUNG LONG BATTERIES INDUSTRIAL CO., LTD.
CASH AND CASH EQUIVALENTS
DECEMBER 31, 2022

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

STATEMENT 1

Item	Description	Amount
Cash on hand		\$ 329
Cash in banks:		
Checking accounts		5,665
Foreign currency deposit denominated in USD	(USD 22,055 thousand, exchange rate: 30.71)	677,292
Foreign currency deposit denominated in EUR	(EUR 699 thousand, exchange rate: 32.72)	22,858
Foreign currency deposit denominated in RMB	(RMB 22,721 thousand, exchange rate: 4.41)	100,153
Foreign currency deposit denominated in GBP	(GBP 867 thousand, exchange rate: 37.09)	32,140
Demand deposits		314,435
Time Deposit	(USD 3,000 thousand, exchange rate: 30.71)	92,130
		<u>\$ 1,245,002</u>

KUNG LONG BATTERIES INDUSTRIAL CO., LTD.
ACCOUNTS RECEIVABLE, NET
DECEMBER 31, 2022

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

STATEMENT 2

<u>Items</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Non-related parties:			
A client		\$ 99,570	
B client		38,299	
C client		37,181	
D client		28,678	
E client		28,573	
F client		26,380	
Others		<u>303,013</u>	The balance of each client has not exceeded 5% of total accounts balance.
		561,694	
Less: Allowance for uncollectible accounts		<u>(1,559)</u>	
		<u>\$ 560,135</u>	

KUNG LONG BATTERIES INDUSTRIAL CO., LTD.

INVENTORIES

DECEMBER 31, 2022

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

STATEMENT 3

Item	Description	Amount		Note
		Cost	Net Realizable Value	Determination of market price
Raw materials		\$ 2,025	\$ 1,355	Replacement cost
Work in progress		23,304	22,561	Net realizable value
Finished goods		<u>363,120</u>	<u>384,283</u>	Net realizable value
		\$ 388,449	<u>\$ 408,199</u>	
Less: loss on market value decline and obsolete and slow-moving inventories		(<u>1,013</u>)		
		<u>\$ 387,436</u>		

KUNG LONG BATTERIES INDUSTRIAL CO., LTD.
LONG-TERM INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

STATEMENT 4

Item	Beginning Balance		Addition		Decrease		Ending Balance		Market Value or Net Assets Value		Valuation Basis	Collateral
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Unit price (in dollars)	Total Amount (in dollars)		
Le Long Viet Nam Co., Ltd.	32,000 thousand shares	\$ 2,231,488	-	\$ 530,718	-	(\$ 250,640)	32,000 thousand shares	\$ 2,511,566	\$ -	\$ 2,550,959	Equity method	None
Kung Long International Ltd.	2,170 thousand shares	556,919	-	111,027	-	-	2,170 thousand shares	667,946	307.55	667,946	Equity method	None
		2,788,407		641,745		(250,640)		3,179,512				
Less: unrealised gain on investee company		(21,465)		(2,376)		-		(23,841)				
		<u>\$ 2,766,942</u>		<u>\$ 639,369</u>		<u>(\$ 250,640)</u>		<u>\$ 3,155,671</u>				

Kung Long Batteries Industrial Co., Ltd.
CHANGES IN ACCUMULATED DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT
FOR THE YEAR ENDED DECEMBER 31, 2022

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

STATEMENT 5

<u>Item</u>	<u>Beginning Balance</u>	<u>Addition</u>	<u>Decrease</u>	<u>Transfers</u>	<u>Ending Balance</u>	<u>Collateral</u>
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Details of property, plant and equipment are provided in Note 6(8).

KUNG LONG BATTERIES INDUSTRIAL CO., LTD.
STATEMENT OF INVESTMENT PROPERTY
FOR THE YEAR ENDED DECEMBER 31, 2022

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

STATEMENT 6

Item	Beginning Balance	Addition	Decrease	Ending Balance	Collateral
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Details of investment property are provided in Note 6(9).

KUNG LONG BATTERIES INDUSTRIAL CO., LTD.
STATEMENT OF SHORT-TERM BORROWINGS
DECEMBER 31, 2022

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

STATEMENT 7

<u>Creditor</u>	<u>Description</u>	<u>Amount</u>	<u>Contract Period</u>	<u>Coupon Rate</u>	<u>Collateral</u>	<u>Note</u>
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Details of short-term borrowings are provided in Note 6(10).

KUNG LONG BATTERIES INDUSTRIAL CO., LTD.

TRADE PAYABLES

DECEMBER 31, 2022

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

STATEMENT 8

<u>Client Name</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Non-related parties:			
A supplier		\$ 8,714	
B supplier		7,294	
C supplier		3,499	
D supplier		2,286	
Others		<u>5,215</u>	The balance of each supplier has not exceeded 5% of total accounts balance.
		<u>\$ 27,008</u>	

KUNG LONG BATTERIES INDUSTRIAL CO., LTD.

OPERATING REVENUE

FOR THE YEAR ENDED DECEMBER 31, 2022

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

STATEMENT 9

<u>Item</u>	<u>Volume</u>	<u>Amount</u>	<u>Note</u>
Sealed Lead-Acid battery	14,602,607	\$ 5,389,853	
Motorcycle battery	53,193	19,405	
Automotive battery	33,206	67,894	
		<u>\$ 5,477,152</u>	
Less: Sales returns and discounts		(23,861)	
Net sales		\$ 5,453,291	
Income from managerial services		47,612	
Gain on purchasing on behalf of others		73,610	
Net operating revenues		<u>\$ 5,574,513</u>	

KUNG LONG BATTERIES INDUSTRIAL CO., LTD.
OPERATING COSTS

FOR THE YEAR ENDED DECEMBER 31, 2022

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

STATEMENT 10

Item	Amount	Note
Beginning raw materials	\$ 898	
Add: Raw materials purchased	7,362	
Less: Raw materials sold	(2,021)	
Ending raw materials	<u>(2,025)</u>	
Consumable raw materials	4,214	
Direct labor	18,261	
Manufacturing expense	<u>26,091</u>	
Manufacturing cost	48,566	
Add: Beginning work in progress	17,397	
Net purchase for the year	20,465	
Less: Ending work in progress	<u>(23,304)</u>	
Cost of work in process	63,124	
Beginning finished goods	144,911	
Finished goods purchased	4,810,777	
Less: Ending finished goods	<u>(363,120)</u>	
Cost of manufacturing and sales of finished goods	4,655,692	
Cost of raw materials sold	<u>2,021</u>	
Cost of goods sold	4,657,713	
Revenue from sale of scraps	<u>(516)</u>	
Cost of goods sold	<u>\$ 4,657,197</u>	

KUNG LONG BATTERIES INDUSTRIAL CO., LTD.
MANUFACTURING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

STATEMENT 11

<u>Items</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Indirect labor		\$ 6,776	
Packaging fees		4,980	
Utilities expense		2,998	
Insurance expense		2,596	Note: each amount does not exceed 5% of the total amount.
Import fees		2,030	
Others		6,711	
		<u>\$ 26,091</u>	

KUNG LONG BATTERIES INDUSTRIAL CO., LTD.
DETAILS OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

STATEMENT 12

Items	Selling	Management	Research and development	Total	
Wages and salaries	\$ 66,262	\$ 36,260	\$ 6,452	\$ 108,974	
Freight	85,456	2	3	85,461	
Commissions expense	31,983	-	-	31,983	
Insurance expense	18,909	-	-	18,909	
Export (customs) expense	13,563	3,863	580	18,006	
Supervisors' remuneration	-	20,890	-	20,890	
Expense on building international brands	2,023	108	2,007	4,138	
Professional service expense	1,388	3,688	1,302	6,378	
All other segments	18,134	19,309	1,276	38,719	Note
	<u>\$ 237,718</u>	<u>\$ 84,120</u>	<u>\$ 11,620</u>	<u>\$ 333,458</u>	

Note: Each amount does not exceed 5% of the total amount.

KUNG LONG BATTERIES INDUSTRIAL CO., LTD.
NET AMOUNT OF OTHER REVENUES AND GAINS AND EXPENSES AND LOSSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

STATEMENT 13

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
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Details of other revenues and gains and expenses and losses and losses are provided in Note 6(21).

KUNG LONG BATTERIES INDUSTRIAL CO., LTD.

FINANCE COST

FOR THE YEAR ENDED DECEMBER 31, 2022

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

STATEMENT 14

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
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Details of finance cost are provided in Note 6(22).

KUNG LONG BATTERIES INDUSTRIAL CO., LTD.
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSES BY
FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

STATEMENT 15

Function Nature	2022			2021		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee Benefit Expense						
Wages and salaries	\$ 24,397	\$ 108,974	\$ 133,371	\$ 21,324	\$ 81,632	\$ 102,956
Labour and health insurance fees	2,139	6,604	8,743	2,322	6,842	9,164
Pension costs	942	2,984	3,926	950	3,040	3,990
Director's remuneration	-	20,890	20,890	-	13,919	13,919
Other personnel expenses	2,101	4,386	6,487	1,883	3,806	5,689
Depreciation charge	663	6,392	7,057	936	6,236	7,172
Amortisation charge	-	900	900	-	765	765
Note:						
1. As at December 31, 2022 and 2021, the Company had 126 and 125 employees, including 7 and 7 non-employee directors, respectively.						

KUNG LONG BATTERIES INDUSTRIAL CO., LTD.
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSES BY
FUNCTION (Cont.)
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

STATEMENT 15

2. A company whose stock is listed for trading on the stock exchange or over-the-counter securities exchange shall additionally disclose the following information :
(1) Average employee benefit expense in current year was \$1,282 thousand ('total employee benefit expense in current year – total directors' remuneration in current year' / 'the number of employees in current year – the number of non-employee directors in current year').
Average employee benefit expense in previous year was \$1,032 thousand ('total employee benefit expense in previous year – total directors' remuneration in previous year' / 'the number of employees in previous year – the number of non-employee directors in previous year').
(2) Average employee salaries in current year were \$1,121 thousand (total salaries and wages in current year / 'the number of employees in current year - the number of non-employee directors in current year').
Average employee salaries in previous year were \$873 thousand (total salaries and wages in previous year / 'the number of employees in previous year - the number of non-employee directors in previous year').
(3) Adjustments of average employee salaries were 28% ('the average employee salaries and wages in current year - the average employee salaries and wages in previous year' / the average employee salaries and wages in previous year).
(4) The Company's remuneration policy is as follows:
A. The directors' and managers' emoluments are distributed in accordance with Personnel Regulations of the Company, except for the regulations stipulated in the laws or the Company's Articles of Incorporation.
B. The directors' and managers' performance assessment and salary compensation are determined based on the general pay levels in the same industry taking into consideration the correlation between the individual's performance and the Company operational performance and future risk exposure.

KUNG LONG BATTERIES INDUSTRIAL CO., LTD.
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSES BY
FUNCTION (Cont.)
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

STATEMENT 15

C. Remuneration committee periodically reviews policies, mechanics, standards and structures in relation to directors' and managers' performance assessment and salary and remuneration.
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D. Directors' remuneration includes directors' compensation and transportation allowance.

E. Managers' and employees' emoluments include salaries, bonuses, employee compensation and restricted stocks.
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F. Managers' and employees' emoluments are calculated based on the general pay levels in the same industry taking into account the individual work experience and performance, previous salaries and individual performance which is assessed in accordance with the 'Employee Assessment Regulations'.
