

Stock Code:2462



台灣良得電子股份有限公司

TAIWAN LINE TEK ELECTRONIC CO.,LTD

2022 Annual Report

Annual Report Website

Market Observation Post System <http://mops.twse.com.tw>

Company Website <http://www.linetek.com.tw>

Printing Date April 30,2023

THIS IS A TRANSLATION OF THE 2022 ANNUAL REPORT (THE "ANNUAL REPORT") OF TAIWAN LINE TEK ELECTRONIC CO.,LTD. (THE "COMPANY").

THIS TRANSLATION IS INTENDED FOR REFERENCE ONLY AND NOTHING ELSE, THE COMPANY HEREBY DISCLAIMS ANY AND ALL LIABILITIES WHATSOEVER FOR THE TRANSLATION. THE CHINESE TEXT OF THE ANNUAL REPORT SHALL GOVERN ANY AND ALL MATTERS RELATED TO THE INTERPRETATION OF THE SUBJECT MATTER STATED HEREIN.

1. Spokesperson:
Name: JIANG, WEN-YU
Title: Special Assistant to the Chairman
Telephone: (02)2662-5600#147
Email: Tom.chiang@linetek.com.tw
2. Acting spokesperson:
Name: CHEN, YI-JING
Title: Chief Financial Officer
Telephone: (02)2662-5600#128
Email: carol.chen@linetek.com.tw
3. Address and telephone number of the Headquarter, Branch, and Factory:
 1. Headquarter: No. 272, Section 3, Beishen Rd, Shenkeng District
Telephone: (02)2662-5600
 2. Huizhou: No.2, Yi Fu Wan Road, Xiao Peng Gang Village, Long Xi Town,
Bo Luo County, Hui Zhou City, Guang Dong Province, China.
Telephone: 86-0752-650-9988
4. Name, address, website and telephone number of the Stock Transfer Agency:
Name: Chairman Securities Corporation Agency Department
Address: B1F., No.8, Dongxing Rd., Taipei City
Telephone: (02)2746-3797
Company website: [http : //www.pscnet.com.tw](http://www.pscnet.com.tw)
5. Recent Annual Financial Report signed by Certified Public Accountant:
Name: LI, SHOU-LIN &Hsu, Ming-Chuan
Accounting firm: PwC Taiwan
Address: 27F, No. 333, Sec. 1, Keelung Rd., Xinyi Dist., Taipei 11012,
Taiwan
Telephone: (02)2729-6666
Company website: [http : //www.pwc.tw](http://www.pwc.tw)
6. The name of the overseas securities trading venue where listing and trading takes place, and the method of querying information about the overseas securities: None.
7. Company website: [http : //www.linetek.com.tw](http://www.linetek.com.tw)

Table of Contents

PAGE

I.	Letter to shareholders	1
II.	Company Profile	5
1.	Establishment Date	5
2.	Company History	5
III.	Company Governance Report	6
1.	Organizational System	6
2.	Information on the Management Team	8
3.	Remuneration paid to Directors (including Independent Directors), General Manager, and Deputy General Managers in the most recent fiscal year	15
4.	The state of the Company's implementation of corporate governance	20
5.	Information on Auditor's Professional Fees	39
6.	Information on replacement of certified public accountant	39
7.	The Company's chairperson, general manager, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm	39
8.	Any transfer of equity interests and/or pledge of or change in equity interests (during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report) by a director, managerial officer, or shareholder with a stake of more than 10 percent during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report	40
9.	Information on the top 10 shareholders and their relationships, including spouses, relatives within the second degree of kinship, or related parties	41
10.	The total number of shares and total equity stake held in any single enterprise by the Company, its directors and supervisors, managerial officers, and any companies controlled either directly or indirectly by the Company	41
IV.	Fundraising Status	42
1.	Capital and Shares	42
2.	Issuance of Corporate Bonds	46
3.	Preferred Shares	46
4.	Global Depositary Receipts	46
5.	Employee Share Subscription Warrants	46
6.	New Restricted Employee Shares	46
7.	Issuance of new shares in connection with mergers or acquisitions or with acquisitions of shares of other companies	46
8.	Implementation of the Company's capital allocation plans	46
V.	Business Overview	47
1.	A description of the business	47
2.	Market, Production and Sales Overview	51
3.	Employee Statistics	59
4.	Disbursements for environmental protection	59
5.	Labor Relations	61
6.	Cyber security management	62
7.	Important Contracts	64

VI. An overview of the Company's financial status	65
1. Condensed balance sheets and statements of comprehensive income for the past 5 fiscal years	65
2. Financial analyses for the past 5 fiscal years	69
3. Audit committee's report for the most recent year's financial statement	73
4. Financial statement for the most recent fiscal year	74
5. A parent company only financial statement for the most recent fiscal year, certified by a CPA, but not including the statements of major accounting items	157
6. If the Company or its affiliates have experienced financial difficulties in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, the annual report shall explain how said difficulties will affect the Company's financial situation	233
VII. A review and analysis of the Company's financial position and financial performance, and a listing of risks	233
1. A review and analysis of the Company's financial position	233
2. Financial Performance	234
3. A Review and Analysis of Cash Flow	235
4. The annual report shall describe the effect upon financial operations of any major capital expenditures during the most recent fiscal year	235
5. The annual report shall describe the Company's reinvestment policy for the most recent fiscal year, the main reasons for the profits/losses generated thereby, the plan for improving re-investment profitability, and investment plans for the coming year	235
6. The section on risks shall analyze and assess the following matters during the most recent fiscal year and as they stood on the date of publication of the annual report	235
7. Other Important Matters	238
VIII. Other items deserving special mention	239
1. Information related to the Company's affiliates	239
2. Private placement of securities during the most recent fiscal year and up to the date of printing of this annual report	243
3. holding or disposal of shares in the Company by the Company's subsidiaries during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report	243
4. other matters that require additional description	243
IX. If any of the situations listed in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the Company's securities, has occurred during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, such situations shall be listed one by one.	243

I. Letter to shareholders

Last year, global inflation continued to rise, and the main central banks, led by the US Federal Reserve, raised interest rates, while factors such as the ongoing conflict between Russia and Ukraine, the fluctuating pandemic, slower-than-expected economic growth in China and the US, and escalating geopolitical risks all disrupted corporate operations. This continued to put pressure on inventory liquidation, shaking the confidence of consumers and businesses, jeopardizing economic growth, and further pushing up global inflation, affecting economic recovery. Despite these market shocks, labor cost increases, and rising raw material prices, our company has upheld its consistent business philosophy, developing core technologies, strengthening the development of new products, and carrying out structural transformation policies in 2022, including customer upgrades, product upgrades, and manufacturing capacity upgrades, all of which have shown significant results. We have developed global brand customers and become first-tier suppliers, and have reduced the proportion of existing laptop product customers, replacing them with intelligent products, gaming machines, high-end laptops, servers, gaming products, and electric vehicle-related products from the world's top 100 international factories.

In the second stage of product upgrades, we will expand the foundation of A/C and D/C, including replacing low-margin products with electric vehicles, intelligent products, and data cables, while also developing niche, server, and high-current products for data centers. In addition, we will upgrade our manufacturing management capabilities, improve the automation management of our Huizhou factory, optimize engineering organizations, automate the USB TYPE 4.0 production line, carry out PIE engineering, and continue to optimize process standardization.

Our company's business direction is to develop a high-margin customer group and reduce costs. The overall gross profit margin in 2022 has been higher than in the previous three quarters and in 2021, and is expected to continue to rise in the future. Operating profit has also improved significantly compared to the previous year, resulting in near-record earnings per share in the past seven years.

In 2022, our company will concentrate our production base in Huizhou, mainland China, to maximize production capacity efficiency. Despite improvements in our product portfolio, we plan to maintain the same level of output. Additionally, in response to the global industrial chain restructuring, we plan to purchase land and build a factory in Vietnam, expanding our production base to focus on non-mainland production capacity. This will allow us to better serve US-based customers and increase our market share in Europe and America during the global supply chain restructuring. We aim to provide nearby customer service and improve our company's market share globally.

Furthermore, the construction of the Phase II project of the Yifu Wanlongxi Industrial Park in Huizhou, mainland China, is ongoing. The project is planned to be a large-scale industrial supporting industrial park. The first phase, which consists of the construction of three factory buildings, is almost completed. Apart from the storage and production workshops (connectors + automotive), the remaining space will be rented out or sold. The second phase is expected to start construction in the second half of 2022, while the third phase is still under planning.

Our company has a cooperation project with Meijiahua Industry (Shenzhen) Co., Ltd. (later implemented by Shenzhen Minji Real Estate Development Co., Ltd.). The urban renewal unit in Nanshan District, Fucheng Street, known as the Nanmuqiao area, was officially approved, and passed by the Municipal Planning Commission on January 18, 2023. The project is located on the southeast side of the intersection of Guanlan Avenue and Guanlan Renmin Road in Fucheng Street. It obtained approval from the Longhua District People's Government of Shenzhen on April 28, 2023. This project is expected to have a positive impact on our company's operations in the future.

{1} Financial Performance Analysis for Fiscal Year 2022

1. The implementation of the business plan:

The consolidated operating revenue of the Company for fiscal year 2022 was NT\$4,788,065 thousand, a decrease of NT\$137,961 thousand or 2.80% compared to the consolidated operating revenue of NT\$4,926,026 thousand for fiscal year 2021. The consolidated after-tax

net loss for fiscal year 2022 was NT\$208,994 thousand, an increase of NT\$91,749 thousand or 78.25% compared to NT\$117,245 thousand for fiscal year 2021, with earnings per share of NT\$1.48.

2. Budget Implementation:

The Company did not publicly disclose any financial forecasts for fiscal year 2022, therefore there is no information regarding the budget execution.

3. Analysis of receipts, expenditures, and profitability:

Item		2022	2021
Financial Structure%	Debt-to-Asset Ratio	45.50	53.44
	Ratio of Long-term Funds to Fixed Assets	213.91	276.06
Solvency Ratios%	Current Ratio	146.89	142.29
	Quick Ratio	109.03	99.65
	Interest Coverage Ratio	7.06	10.95
Profitability%	Return on Assets (%)	4.40	2.45
	Return on Equity (%)	7.96	4.54
	Ratio of Profit before Tax to Paid-in Capital (%)	11.18	9.05
	Net Profit Margin (%)	4.36	2.38
	Earnings per Share (EPS) (NTD)	1.48	0.83

4. Examine research and development work:

In 2022, our company's R&D team upgraded our technology to include IP X7 waterproof and dustproof functions. The connector metal parts are made of copper alloy and coated with silver, while the outer shell is made of engineering plastic. Our product is fireproof, dustproof, and can withstand over 50,000 plug and unplug cycles, as well as a 500kg weight test, among other reliability tests. We have also designed leak protection, overvoltage protection, overload protection, over-temperature protection, and lightning protection, making charging both fast and convenient. Our GB plug has already been produced in small batches by well-known domestic and foreign manufacturers, and this year we will also collaborate with customers from countries including the United States, Europe, the United Kingdom, Australia, and South Korea, including internationally renowned car manufacturers. We have also applied for USB 4.0 as our main technology for improving transmission speed in high-frequency applications. The development speed of this technology is twice as fast as the 3.1 (20G) version (40G). Currently, our company has obtained USB association certification and ranks among the top, and we are actively promoting and sending samples to customers for verification. We have also entered the EVT phase for our low-orbit satellite connector module and special wiring.

{2} Business Plan for Fiscal Year 2023

1. Business Policy:

- (1) Our business philosophy and policy will focus on quality, price, and customer service, with clear strategic planning and decision-making to achieve our annual revenue and profitability goals.
- (2) We will strengthen our organizational structure, clarify the responsibilities and authority of each department, continue to implement green environmental policies, and produce RoHS-compliant products. We will expand our product line, create new customer sources, and focus on electric vehicle cables, particularly in the areas of new energy vehicle DC/AC charging and market decentralization policies to achieve stable business operations.
- (3) Our core technology will be positioned for innovation and research and development, with innovative technology as our benchmark. We will enhance our product development and technology, maintain competitiveness, promote digital transformation, establish digital business models and management systems, and improve our management efficiency and competitiveness for sustainable business operations.
- (4) We will establish effective management systems, including human resource management, financial management, risk management, and market marketing. We will fully implement automation, improve production line automation, and develop molds independently to

increase yield and provide customers with comprehensive satisfaction, delivering the best service quality.

- (5) We emphasize human resource management and consider talent, technology, and product excellence as the cornerstone of our company's development. In addition to innovation and creativity, we also hold a consistent attitude of seeking new ideas and changes, upholding our business philosophy of "service, innovation, and pursuit of excellence," and our basic operating policy of "continuously improving technological, production, and marketing capabilities." We will increase employee loyalty and cohesion, encourage independent innovation and continuous learning, establish a good corporate culture, and continue to strive for steady growth in business operations.

2. Sales situation forecast:

In the 2022 fiscal year, our company sold approximately 170 million units of various power transmission lines, charging cables, and connecting cables. Looking ahead to the year 2023, in response to continued business expansion, development of new customers, and growth in electric vehicle (EV) charging cables, we estimate that the sales of each product will reach approximately 182 million units, achieving a stable sales trend.

3. Important Production and Sales Policies:

- (1) We aim to provide customers with comprehensive services from research and development to production and marketing.
- (2) We strive to improve production efficiency and cost control to gain a competitive advantage and increase profitability. We also aim to strengthen innovation and competitiveness.
- (3) We focus on improving the computer system and process quality, as well as on research and development innovation and applying for more national safety certifications.
- (4) We work on automating the process of new components and devices, improving quality, and researching and developing innovative appearance technologies.
- (5) We analyze the market environment, understand market supply and demand, competition, policies, and regulations, and formulate appropriate production and sales policies that fit the market environment. We actively participate in research and development collaborations with international corporations, focusing on jointly developing intelligent products, energy-saving products, and medical industry-related products that are expected to become mainstream in the future.
- (6) We focus on developing new areas and applications, especially in actively investing in research and development for the electric vehicle sector to respond to the increasing market demand for EV power cables.
- (7) We formulate corresponding production plans based on product groups and market demand, including production line layout, production process, inventory management, etc. We standardize the manufacturing process, modularize, and optimize manual assembly stations.
- (8) We manage the manufacturing plant in a detailed manner, setting targets according to product numbers/production lines, and managing based on progress towards those targets. We also develop appropriate supply chain management plans to ensure collaborative operation of the supply chain and control product quality during production, thereby increasing the Company's competitiveness and market share.

{3} The Company's future development strategy:

1. The future is to conduct comprehensive upgrades on the existing foundation and infrastructure, including customer upgrades, product upgrades, and upgrades to manufacturing management capabilities.
2. We will continue to focus on enhancing employee on-the-job professional training and ethical confidentiality agreements, strengthening professional skills, and putting people first, so that each employee can become the most important role in the Company and demonstrate their expertise.
3. Considering overall efficiency, we will concentrate production to facilitate the integration

and utilization of group resources and improve efficiency. The Huizhou factory will gradually expand its production capacity, use newly planned automated production lines, strengthen quality, increase production capacity, and create greater value. We will also establish a production base in Vietnam to meet the needs of international customers.

4. In terms of product upgrades, we will expand the foundation of A/C and D/C, replace existing products with electric vehicles, intelligent products, and Data Cables, while developing niche, high-current products for servers and data centers. We will leverage our advantages of having complete safety certification and high research and development capabilities to enter the energy-saving product market.
 5. Diversifying products is an important development strategy for the Company, focusing on high unit price, high gross profit, and niche products. We will develop related products based on customer needs, provide customers with more diverse products, and achieve the goal of maximizing revenue from the same customer.
 6. We will strengthen customer interaction and management, improve sales execution, and enhance customer satisfaction and loyalty.
- {4} The effect of external competition, the legal environment, and the overall business environment:
1. Our company always adjusts its strategy and business plans in a timely manner in response to factors such as policy and regulatory changes, market fluctuations, and competitive conditions. We adopt flexible and diverse business models to meet market demands and competition.
 2. Furthermore, we strengthen technological innovation, which is crucial to enhancing competitiveness. We continue to obtain safety certifications in various countries, especially IATF 16949, to meet the wiring needs of energy-saving products in the market. We also optimize mold development and new product research to enhance our competitiveness, strengthen R&D, and improve product quality while reducing costs. We enhance cost control and management to lower operating costs and increase profitability.
 3. To address fluctuations in raw material prices, oil prices, and the exchange rate of the New Taiwan Dollar, we will strengthen our procurement capabilities and adjust product prices to reflect costs in a timely manner. We will also strengthen quality management, optimize supply chain management, establish a stable and reliable supply chain system, improve the quality and management efficiency of the supply of goods, and ensure smooth and efficient production operations. We will continue to strengthen vertical integration with upstream and downstream industries to reduce production costs and maintain competitive advantages for sustained development.

Looking ahead to the future, although the global political and economic situation is turbulent, our company's management team expects to have innovative thinking, efficient execution, and a spirit of perseverance and determination to overcome any challenges. We will continue to make unremitting efforts to break through the current situation, create new opportunities, move forward, and create higher profits to reward our shareholders.

Chairman: CHEN, LONG-SHUI

General Manager: CHEN, LONG-SHUI

Chief Accountant: CHEN, YI-JING

II. Company Profile

1. Establishment Date

The company was established on August 5, 1978.

2. Company History

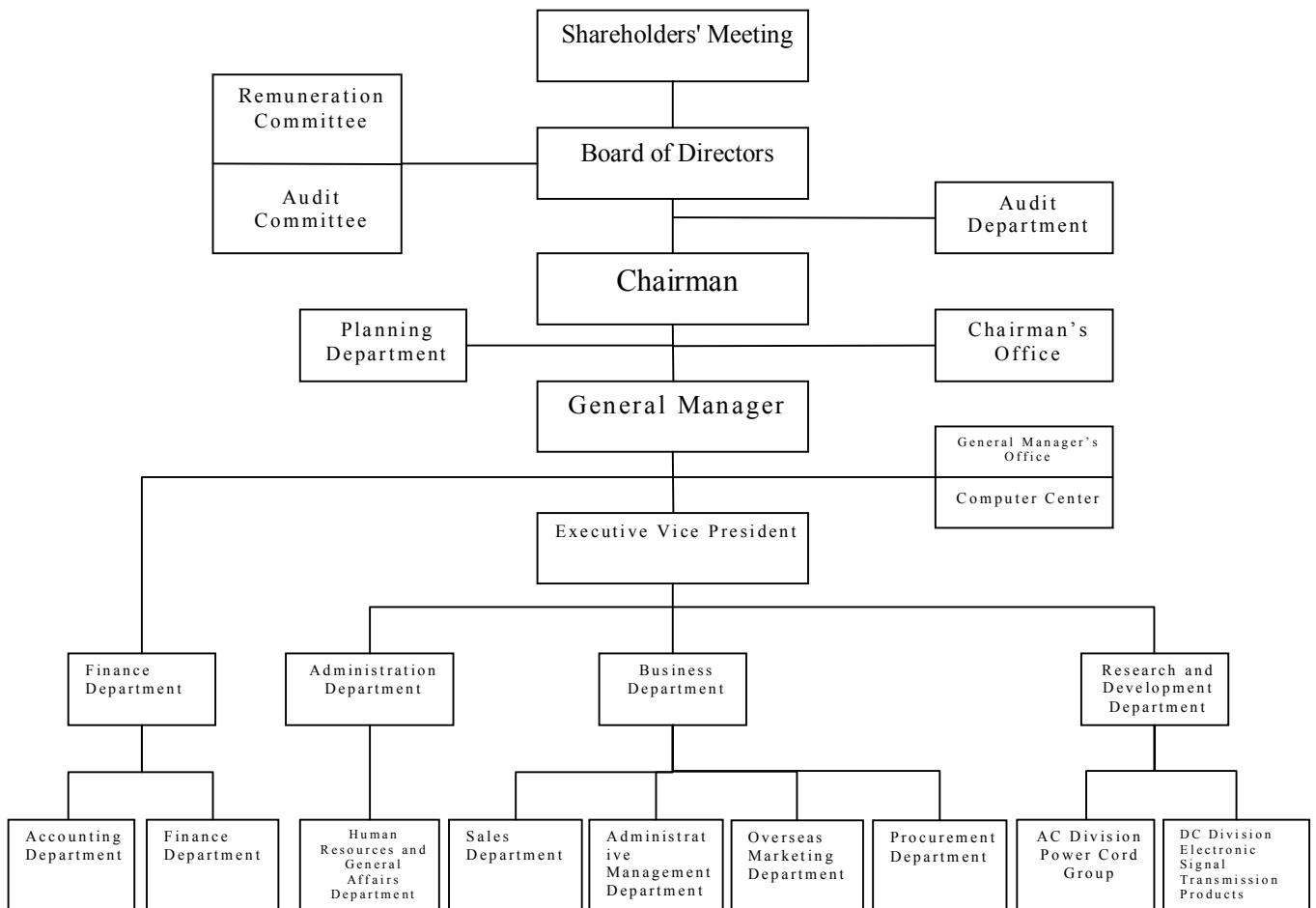
<u>Year</u>	<u>Mo nth</u>	<u>Major Events</u>
1992	10	• Approved for listing on the over-the-counter market and officially listed for trading.
1993	8	• Purchased a first-floor industrial factory in Grassland, Shenkeng Township, Taipei County, approximately 1,112 square meters.
1994	7	• Obtained the international quality assurance system ISO-9002 certification.
1997	5	• Purchased a first-floor office space of 143.8 ping in Grassland, Shenkeng Township, Taipei County.
1998	12	• The Board of Directors approved the investment in Fulin Investment Consulting Co., Ltd and acquired 100% of its shares.
1999	9	• Approved by the Investment Commission of the Ministry of Economic Affairs to invest in Everfull Electronic Co., Ltd. in Hong Kong and acquire 100% of its shares.
2001	9	• Approved by the Taiwan Stock Exchange Corporation for the transfer of stock from the over-the-counter market to the listed market.
2002	9	• Obtained certification through the international quality assurance system ISO-9001:2000.
2002	12	• The Board of Directors approved the acquisition of 100% equity of LINETEK INTERNATIONAL LIMITED
2003	3	• The Board of Directors approved the acquisition of 100% equity of LONGWELL JAPAN CO., LTD.
2003	3	• The Investment Commission of the Ministry of Economic Affairs approved the investment in Suzhou Fengmao Technology Co., Ltd. in mainland China and the acquisition of 100% equity.
2003	12	• Disposed of idle asset, Longtan land.
2005	4	• The Board of Directors approved the investment in Everfull Electronic Co., Ltd. (Shenzhen) and the acquisition of 100% equity.
2007	1	• Issued the first domestically guaranteed convertible corporate bonds for NT\$100.8 million.
2011	6	• The Board of Directors approved the transformation and upgrading of the Dongguan Shijie Yifu Wan Electric Plant in mainland China to become the wholly-owned Everfull Electronic (Dongguan) Co., Ltd., with a 100% shareholding.
2012	6	• Issued the second domestically guaranteed convertible corporate bonds for NT\$200 million and the third unsecured convertible corporate bonds for NT\$200 million.
2013	11	• The Investment Commission of the Ministry of Economic Affairs approved the investment in Everfull Electronics (Huizhou) Co., Ltd. in mainland China and the acquisition of 100% equity.
2019	8	• The first phase of the Huizhou new plant was completed and put into operation.
2021	4	• The Investment Commission of the Ministry of Economic Affairs approved the establishment of Everfull Development Co., Ltd. by way of division by Everfull Electronics (Huizhou) Co., Ltd., with both held indirectly by Everfull Electronic Co., Ltd. after the division, and with a 100% shareholding ratio.
2022	1	• Suzhou Fengmao Technology Co., Ltd. was deregistered.
2022	4	• Everfull Electronic (Dongguan) Co., Ltd. was deregistered.

III. Company Governance Report

1. Organizational System

(1) The Company's Organizational Chart

Taiwan Line Tek Electronic Co., Ltd. Organizational Chart



(2) The business operations of each department

Department	Main Responsibilities
Chairman's Office	Responsible for formulating the Company's long-term development strategy, external investment and acquisition plans, and assisting the Board of Directors in implementing various policies.
General Manager's Office	Responsible for the Company's medium and short-term business goals, organizational development and planning, supervising the operational performance of various departments, executing board resolutions, and overseeing overseas subsidiaries and promoting improvement measures.
Audit Department	Conduct internal audit of the operation of the internal control system and management system, analyze abnormal situations, and provide improvement suggestions.
Planning Department	Implement the integration and tracking of group business planning and project progress, collect business-related information from the market, and report to the office of the chairman for consideration and evaluation of business development strategies.
Computer Center	Establish, plan and manage information systems and network architecture.
Finance Department	Overall financial planning, fund allocation and risk management, accounting and budget control, tax planning, cost review and analysis of business performance. Corporate governance and compliance with laws and regulations, as well as processing of stock-related operations for listed companies.
Administration Department	Setting and revising the Company's management system, human resources policies, compensation and benefits, education and training, performance evaluation, and general administrative affairs.
Business Department	Responsible for customer development, product pricing and sales strategy, coordination and management of customer orders and delivery schedules, accounts receivable management, and collection of market information in the industry.
Research and Development Department	Responsible for AC power cord assembly in the AC department, electronic signal transmission products in the DC department, and various wire and connector needs for research and development in the market.

2. Information on the Management Team

(1) Directors Information

04/18/2023 ; Unit: share/%

Title	Nationality or Place of Registration	Name	Sex Age	Appointment Date	Term	Initial Appointment Date	Held shares when appointed		Current shareholding		Spouse and minor children's current holdings		Holding shares under another person's name		Main education & experience	Current concurrent positions in this company and other companies	Other executives, directors, or supervisors who have a spouse or a relative within the second degree of kinship			Note
							Share quantity	Ownership percentage	Share quantity	Ownership percentage	Share quantity	Ownership percentage	Share quantity	Ownership percentage			Title	Name	Relationship	
Chairman	ROC	CHEN, LONG-SHUI	M 71~80	06/18/2020	3 years	06/24/2002	2,000,000	1.40%	2,000,000	1.41%	800,000	0.56%	-	-	National Taipei University of Technology SAN YUAN INVESTMENT CO., LTD. Chairman	Note 1	Director	CHEN, ZHI-MING	Father-Son	-
Director	ROC	XIE, GUO-XIONG	M 61~70	06/18/2020	3 years	02/27/2003	4,218,327	2.96%	4,218,327	2.97%	-	-	-	-	SANNO University EVERFULL ELECTRONIC (HUIZHOU) CO., LTD. Chairman	Note 2	None	None	None	-
Director	ROC	LONGWELL COMPANY Representative HUANG, YAN-FENG	M 51~60	06/18/2020	3 years	06/24/2005	45,189,798	31.72%	39,466,798	27.81%	-	-	-	-	University of California, San Diego LONGWELL COMPANY Vice Chairman/ General Manager	Ming Shu Enterprise Co., Ltd. Director Representative Lu Bo Investments Co., Ltd. Chairman Ming Hui Construction Co., Ltd. Director	None	None	None	-
Director	ROC	LONGWELL COMPANY Representative SHI, KUN-MING	M 41~50	07/20/2021	3 years	07/20/2021	-	-	39,466,798	27.81%	-	-	-	-	University of California, Riverside SHIH CHUAN CHUAN BO SHIH YE CO., LTD. Executive Vice Chairman	Note 3	None	None	None	-
Director	ROC	XIE, YUAN-FENG	M 71~80	06/18/2020	3 years	08/14/2001	1,726,000	1.21%	1,898,000	1.34%	-	-	-	-	Tatung University LONGWELL COMPANY Manager	EVERFULL ELECTRONIC (HUIZHOU) CO., LTD. Chairman Fulin Investment Co., Ltd. Chairman	None	None	None	-
Director	ROC	CHEN, ZHI-MING	M 51~60	06/18/2020	3 years	06/18/2020	2,600,000	1.82%	2,450,000	1.73%	-	-	-	-	New York University MS in Real Estate LINETEK Planning Department Senior Manager	Note 4	Chairman	CHEN, LONG-SHUI	Father-son	-
Independent Director	ROC	FENG, BEN-LI	M 71~80	06/18/2020	3 years	06/16/2007	-	-	-	-	-	-	-	-	Harvard Business School MBA Trans-Pacific Institute LLC Senior Associate	N/A	None	None	None	-
Independent Director	ROC	LIU, GUO-NAN	F 61~70	06/18/2020	3 years	06/18/2020	-	-	-	-	-	-	-	-	Fu Jen Catholic University Department of Accounting 1996 Certified Public Accountant	GREAT OCEAN CPAS & CO. Person in Charge	None	None	None	-
Independent Director	ROC	SHEN, SYUE-REN	M 41~50	06/18/2020	3 years	06/18/2020	-	-	-	-	-	-	-	-	Fu Jen Catholic University MBA Fu Jen Catholic University Adjunct Associate Professor	Note 5	None	None	None	-

Note 1: SAN YUAN INVESTMENT CO., LTD. Director, Sun Moon Lake Co. Chairman, SAN YUAN INDUSTRIAL CORP. Chairman, Everfull Electronic Co., Ltd. Chairman, ASSOCIATED INTERNATIONAL HOTELS LTD. Chairman, Everfull Electronic (Shenzhen) Co., Ltd. Director, Everfull Electronic (Huizhou) Co., Ltd. Director, Everfull Electronic (Huizhou) Co., Ltd. Chairman, SMART GUY LIMITED Director, Suzhou Taifeng Electron Technology Co., Ltd. Director, Fulin Investment Co., Ltd. Chairman, LONGWELL COMPANY Director Representative, SAN YUAN CO., LTD. Chairman, Pao Chiang International Development Co. Chairman, Linetek International Ltd. Chairman.

Note 2: Fulin Investment Co., Ltd. Director, Everfull Electronic (Shenzhen) Co., Ltd. Chairman, Everfull Electronic (Huizhou) Co., Ltd. Director, Linetek Electronics (Japan) Co. Ltd. Chairman, SMART GUY LIMITED Director, Suzhou Taifeng Electron Technology Co., Ltd. Director, Shin Kong Global Venture Capital Corp Director Representative.

Note 3: HAPPY SONG BROADCASTING NETWORK CORP. Chairman, Yi Tai Communications Co., Ltd. Chairman, DERLY COSMETICS CO., LTD. Chairman, Smile Taiwan Co., Ltd. Director, KAI HSUAN BROADCASTING NETWORK Director

Note 4: LINETEK Planning Department Senior Manager, Everfull Electronic Co., Ltd. Director, Everfull Electronic (Huizhou) Co., Ltd. Director, Linetek Electronics (Japan) Co. Ltd. Director, Kai Lian International Co., Ltd. Director, Linkworld Hotel Taichung Co., Ltd. Chairman, SAN YUAN INVESTMENT CO., LTD. Supervisor, Sun Moon Lake Co. Director, SAN YUAN INDUSTRIAL CORP. Director, LINKWORLD GROUP INC. Director, FAST GREAT LTD. Director. LINE TEK ELECTRONIC (VIETNAM) CO., LTD. Director.

Note 5: Thermaltake Technology Co, Ltd. Director, Lida Holdings Independent Director, Taiwan Chinsan Electronic Industrial Co., Ltd. Independent Director, The Sunshine Food CO., LTD. Supervisor.

(2)Table 1: Major shareholders of corporate shareholders

22/04/2023

Name of corporate shareholder	Major shareholder(s) of corporate shareholder(s)	Ownership percentage
LONGWELL COMPANY	King's Town Bank	2.65%
	LI, CHUN-ZHENG	2.13%
	Baiwei Investment Co., Ltd.	2.12%
	J.P. Morgan Asset Management	1.73%
	HSBC Bank Custodian Morgan Stanley International Limited Account	1.64%
	Shilian Investment Co., Ltd.	1.63%
	Ruijin Investment Co., Ltd.	1.62%
	HSBC Bank Custodian Merrill Lynch International Company Investment Account	1.48%
	HUANG, YAN-FENG	1.43%
	MO, XIAO-XIANG	1.39%

(3)Table 2: Major shareholder of the legal entity in table 1

22/04/2023

Name of corporate shareholder	Major shareholder(s) of corporate shareholder(s)	Ownership percentage
King's Town Bank	Dai, Cheng-Zhi	7.04%
	Tsai, Tian-Zan	6.55%
	Xin Rui Investment Co., Ltd.	4.97%
	Yuanta Taiwan High Dividend Equity Fund Account	4.75%
	King's Town Construction Co., Ltd.	4.35%
	Tiangang Investment Co., Ltd.	3.55%
	Tianlai Investment Co., Ltd.	3.12%
	Wang, Xian-Cong	2.63%
	Chen, Yi-Ying	2.14%
	CTBC Bank, entrusted by Beijing Commercial Bank Employee Stock Holding Corporation, Trust Property Account	1.91%
Baiwei Investment Co., Ltd.	Jian, Hui-Wen	33.33%
	Jian, Jia-Sheng	30.00%
	Hong, Qiu-Xia	22.00%
	Jian, Yi-Jing	14.67%
Shilian Investment Co., Ltd.	Chen, Zhi-Jie	25.00%
	Chen, Zhi-Ming	25.00%
	Chen, Long-Shui	20.00%
	Zhou, Mei-Nu	15.00%
	Chen, Shu-Yi	15.00%
Ruijin Investment Co., Ltd.	Xie, Yu-Yan	54.49%
	Ai, Tian-Xi	18.35%
	Ai, Xin-Yi	17.00%
	Xie, Guang-Ling	10.16%

(4) Director's professional qualifications and independent director's status of independence disclosure:

Name / Condition	Professional eligibility and experience(Note 1)	Status of Independence(Note 2)	Number of independent directorships held in other publicly traded companies
Chairman CHEN, LONG-SHUI	<ol style="list-style-type: none"> Graduated from National Taipei University of Technology, currently serving as the General Manager of the Company, Chairman of Sun Moon Lake Co., Chairman of Shan Yuan Industrial Co., Ltd., and Chairman of several investment, restaurant, residential and commercial property development and leasing companies. Experienced in business investment and commercial trade, with over 50 years of management experience in the industry, and more than five years of work experience in business, finance, and company operations. No circumstances as stipulated in Article 30 of the Company Act. 	<ol style="list-style-type: none"> Holds the position of General Manager and is a managerial staff member of the Company. Has a second-degree relationship with the Company's director, Chen Chih-Ming. Also serves as the Chairman and director of related companies affiliated with the Company. Serves as the Chairman of the board and a shareholder of Shihlian Investments Co., Ltd., which is one of the top ten corporate shareholders of the Company. Meets all other relevant independence requirements. 	0
Director XIE, GUO- XIONG	<ol style="list-style-type: none"> Graduated from Japan's SANNŌ UNIVERSITY, previously served as the Chairman and CEO of the Company. Currently, he is also serving as the Chairman of Everfull Electronics (Huizhou) Co., Ltd., Director of Suzhou Taiyifeng Electron Technology Co., Ltd., and Director and Representative of Taiwan Shin Kong Global Venture Capital Corp. He has more than five years of working experience in business, finance, and corporate affairs. No circumstances falling under any subparagraph of Article 30 of the Company Act. 	<ol style="list-style-type: none"> Serves as the Chairman and a director of related companies affiliated with the Company. Is one of the top ten individual shareholders of the Company. Meets all other relevant independence requirements. 	0
Director LONGWELL COMPANY HUANG, YAN-FENG	<ol style="list-style-type: none"> Graduated from University of California, San Diego. Formerly served as the head of Guohua Securities, Vice Chairman and General Manager of LONGWELL COMPANY. Currently serving as Chairman of Ming Shu Enterprise Co., Ltd. And Chairman of multiple investment and real estate leasing companies. Has over 20 years of work experience in corporate governance, business, finance, and company operations. No circumstances under any subparagraph of Article 30 of the Company Act. 	<ol style="list-style-type: none"> LONGWELL COMPANY holds more than 5% of the issued shares of the Company as a corporate shareholder. Mr. Huang, Yan-Feng was elected as a director, designated by Lian Wei Technology Co., Ltd. The rest meet the relevant independence requirements. 	0
Director SHI, KUN- MING	<ol style="list-style-type: none"> Graduated from California State University, Long Beach, currently serving as Chairman of Huan Xi Zhi Sheng Broadcasting Corporation, majoring in Business Management, specializing in corporate strategy analysis and market research analysis, with more than 20 years of experience in business, finance and company operations, and having the experience required for company operations. No circumstances specified in Article 30 of the Company Act. 	<ol style="list-style-type: none"> LONGWELL COMPANY holds more than 5% of the issued shares of the Company as a corporate shareholder. Mr. Shi, Kun-Ming was elected as a director, designated by Lian Wei Technology Co., Ltd. The rest meet the relevant independence requirements. 	0
Director XIE, YUAN- FENG	<ol style="list-style-type: none"> Graduated from Tatung University, formerly served as a manager and supervisor of LONGWELL COMPANY and is familiar with trends and developments in the technology and electronics industry. Possesses experience in corporate governance and industry supply chains, as well as more than 25 years of work experience in business, finance, and corporate operations. No circumstances falling under any subparagraph of Article 30 of the Company Act. 	Meets all relevant independence requirements.	0
Director CHEN, ZHI- MING	<ol style="list-style-type: none"> Graduated from the School of Hotel Administration at New York University in the United States with a dual Master's degree in Investment Management and Real Estate Investment Management. Formerly worked as a Financial Advisor at J.B. Oxford & Co, Investment Officer at Linkworld Investment LLC, specializing in entrepreneurial investment management, operational planning, strategic management, and serving as a director for multiple companies to contribute expertise in corporate governance. Has more than 5 years of work experience in business, finance, and corporate operations. No circumstances falling under any of the subparagraphs of Article 30 of the Company Act. 	<ol style="list-style-type: none"> Has a second-degree relationship with the Company's Chairman, Chen, Long-Shui. Is one of the top ten individual shareholders of the Company. Meets all other relevant independence requirements. 	0
Independent Director FENG, BEN- LI	<ol style="list-style-type: none"> Graduated from Harvard Business School with an MBA in Business Administration, and has over 30 years of experience in investment banking. Formerly served as the Chairman of Kwang Hua Securities Investment & Trust Co. Ltd., Head of Citibank's New York Branch, Senior Partner of Trans-Pacific Institute LLC, and Director of Gateway Education Group. Possesses a professional background in financial securities investment, with more than five years of work experience in business, finance, and corporate operations. No situation falling under the provisions of Article 30 of the Company Act. 	<ol style="list-style-type: none"> Neither I, my spouse, nor any second-degree relatives have held any positions in the Company or its affiliated enterprises. Neither I, my spouse, nor any second-degree relatives (or anyone using our names) hold more than 1% of the total issued shares of the Company. There is no situation where an independent director has to be appointed according to the provisions of Article 3, Paragraph 1, Subparagraphs 5-8 of the Regulations Governing the Establishment of 	-

Condition Name	Professional eligibility and experience(Note 1)	Status of Independence(Note 2)	Number of independent directorships held in other publicly traded companies
Independent Director LIU, GUO-NAN	1. Graduated from the Department of Accounting at Fu Jen Catholic University, served as a teaching assistant at the same university, and holds professional qualifications as a certified public accountant, land registration agent, tax agent, and patent agent. Currently serving as the head of GREAT OCEAN CPAS & CO., a certified public accountant firm, with more than 20 years of experience in accounting practice. Has extensive experience in accounting, finance, and taxation, as well as more than five years of work experience in business, finance, and corporate affairs. 2. No circumstances falling under any subparagraphs of Article 30 of the Company Act.	Independent Directors of Public Companies. 4. There has been no situation in the past 2 years where I provided business, legal, financial, accounting, or other services to the Company or its affiliated enterprises and received compensation for such services.	-
Independent Director SHEN, SYUE-REN	1. Graduated from the Graduate Institute of Management at Fu Jen Catholic University, previously served as a part-time assistant professor at Fu Jen Catholic University and Vice General Manager of the Industrial Technology Research Institute (ITRI). Currently serves as a director at Thermaltake Technology Co., Ltd., an independent director at Taiwan Chinsan Electronic Industrial Co., Ltd. and Lida Holdings. Has more than five years of experience in business, finance, and corporate operations. 2. No circumstances under Article 30 of the Company Act.		2

Note 1: Professional qualifications and experience: Describe the individual qualifications and experience of each director and supervisor, and if they are members of the audit committee and possess accounting or financial expertise, their accounting or financial background and work experience should be described, and whether there are any circumstances under any of the provisions of Article 30 of the Company Act should also be explained.

Note 2: Independent directors should describe their Status of Independence, including but not limited to whether the individual, spouse, or relatives within two degrees of kinship hold any position as a director, supervisor, or employee of the Company or its related enterprises; the number and percentage of company shares held by the individual, spouse, or relatives within two degrees of kinship (or in the name of others); whether the individual holds any position as a director, supervisor, or employee of any company with a specific relationship to the Company (reference to the provisions of Article 3, Paragraph 1, Subparagraphs 5-8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies); and the remuneration received for providing business, legal, financial, accounting, or other services to the Company or its related enterprises in the past two years.

(5) The diversity and status of independence of the Board of Directors:

1. The diversity of the Board of Directors:

The Company places great emphasis on the diversity of its board members to strengthen corporate governance and promote the sound development of the board's composition and structure. The Company's "Corporate Governance Guidelines" stipulate that directors as a whole should possess the following abilities:

1. Operational judgment capability.
2. Accounting and financial analysis ability.
3. Business management ability.
4. Crisis management ability.
5. Industry knowledge.
6. International market perspective.
7. Leadership ability.
8. Decision-making ability.

To strengthen corporate governance and promote the sound development of the composition and structure of the Board of Directors, the composition of the Board should consider the Company's structure, business development direction, future trends, and assess diversity, without limitations on gender, race, or nationality. The members of our Board of Directors have different professional backgrounds and work areas.

The Board of Directors of our company is composed of 9 directors, including 6 general directors and 3 independent directors. The members have professional experience in banking, securities, and asset management, as well as rich experience and expertise in accounting, business, and risk management.

The Company also emphasizes gender equality in the composition of the Board of Directors. Currently, there is one female director among the nine directors, accounting for 11% of the total.

Two directors are also employees of the Company, accounting for 22%. Two independent directors have been in office for less than 3 years, and one independent director has been in office for 4-6 years.

(1) The implementation status is as follows:

Title	Name	Sex	Adjunct employee	Age					Independent Director Tenure			Diverse Core Competencies							
				Age 41 to 50	Age 51 to 60	Age 61 to 70	Age 71 to 80	Age 80 and older	Less than 3 years	3 to 9 years	More than 9 years	Operational judgement	Financial Accounting	Business management	Crisis management	Industrial Knowledge	International market perspective	Leadership skills	Decision-making ability
Chairman	CHEN, LONG-SHUI	M	V					V				V	V	V	V	V	V	V	V
Director	XIE, GUO-XIONG	M				V						V	V	V	V	V	V	V	V
Director	CHEN, ZHI-MING	M	V		V							V	V	V	V	V	V	V	V
Director	XIE, YUAN-FENG	M					V					V		V	V			V	V
Director	LONGWELL COMPANY Legal Representative: HUANG, YAN-FENG	M			V							V		V	V	V	V	V	V
Director	LONGWELL COMPANY Legal Representative: SHI, KUN-MING	M		V								V		V	V	V	V	V	V
Independent Director	FENG, BEN-LI	M					V			V		V	V	V	V	V	V	V	V
Independent Director	LIU, GUO-NAN	F				V			V			V	V	V	V			V	V
Independent Director	SHEN, SYUE-REN	M			V				V			V		V	V	V		V	V

(2) Specific management goals and achievement status of the Board of Directors' diversity policy:

Management Objectives	Performance Outcome
The number of directors concurrently serving as company executives does not exceed one-third of the total number of directors.	Accomplished
The Employee Statistics of the group company holding positions as directors is less than one-third of the total number of directors.	Accomplished
The Company's Board of Directors includes at least one female director.	Accomplished
The number of independent directors is one-third or more of the total number of directors.	Accomplished
The tenure of more than half of the independent directors does not exceed three consecutive terms.	Accomplished

2. The Status of Independence of the Board of Directors:

The current Board of Directors of our company consists of 9 directors, including 3 independent directors. The proportion of independent directors to the total number of directors is 33%. Moreover, there are no more than two directors who have a spouse or a relative within the second degree of kinship, and there are no circumstances as provided in Article 26-3, Paragraphs 3 and 4 of the Securities and Exchange Act. The primary responsibility of our company's Board of Directors is to supervise the Company's compliance with laws, ensure financial transparency, timely disclose important information, and make objective and independent judgments on the Company's financial business. Therefore, the selection of directors has already complied with legal requirements. Please refer to the "Disclosure of Information on Directors' Professional Qualifications and the Independence of Independent Directors" for an explanation of the independence of the Board of Directors.

(6) Information on the Management Team

04/18/2023; Unit: share/%

Title (Note 1)	Nationality	Name	Sex	Date of assumption of office	Shareholding		Spouse and minor children's current holdings		Holding shares under another person's name		Main education & experience (Note 2)	Current concurrent positions in other companies	Manager with spouse or second-degree relatives' relationship.			Note
					Share quantity	Ownership percentage	Share quantity	Ownership percentage	Share quantity	Ownership percentage			Title	Name	Relationship	
Chairman and General Manager	ROC	CHEN, LONG-SHUI	M	07/01/2017	2,000,000	1.41 %	800,000	0.56%	-	-	National Taipei University of Technology SAN YUAN INVESTMENT CO., LTD. Chairman	Note 3	No	None	None	Note 5
Executive Deputy General Manager	ROC	HUANG, YOU-XIANG	M	10/20/2020	-	-	50,000	0.04%	-	-	Department of Industrial Engineering, Tunghai University Walsin Lihwa Corporation/HannStar Display Corp Executive Deputy General Manager	None	No	None	None	-
Chief Financial Officer (Deputy General Manager) (Note4)	ROC	CHEN, YI-JING	F	11/11/2022							National Central University EMBA DataVan International Corp. Deputy General Manager of Finance and Administration, spokesperson	Linetek Electronics (Vietnam) Co. Ltd. Director	No	None	None	-
Chairman's special assistant and spokesperson/ Assistant Manager	ROC	JIANG, WEN-YU	M	09/12/2017	-	-	-	-	-	-	Takming University of Science and Technology UBP ASSET MANAGEMENT TAIWAN Deputy General Manager of Business Execution	Touch Panel Maker Acute Touch Technology Co., Ltd. Supervisor Everfull Electronics (Huizhou) Co., Ltd. Supervisor EVERFULL DEVELOPMENT CO., LTD. Supervisor Linetek Electronics (Japan) Co. Ltd. Supervisor	No	None	None	-
Assistant General Manager	ROC	TSAI, JIAN-WEN	M	09/12/2017	-	-	-	-	-	-	Tamkang University Everfull Electronics (Huizhou) Co., Ltd. Senior Manager		No	None	None	-

Note1 : Should include information about the general manager, deputy general managers, assistant general managers, heads of each department and branch office, as well as those who hold positions equivalent to the general manager, deputy general managers, or assistant general managers, regardless of their job title.

Note2 : Related work experiences during the period at any auditing firm or affiliated enterprises should be disclosed, including job titles and responsibilities held.

Note3 : SAN YUAN INVESTMENT CO., LTD. Director ∙ Sun Moon Lake Co. Chairman ∙ SAN YUAN INDUSTRIAL CORP. Chairman ∙ Everfull Electronics Co., Ltd. Chairman ∙ Kai Lian International Co., Ltd. Chairman ∙ Everfull Electronic Co., Ltd. (Shenzhen) Director ∙ Everfull Electronics (Huizhou) Co., Ltd. Director ∙ Everfull Development Co., Ltd. Chairman ∙ SMART GUY LIMITED Director ∙ Taiyifeng Electron Technology Co., Ltd. Director ∙ Fulin Investment Co., Ltd. Chairman ∙ LONGWELL COMPANY Director Representative ∙ LINKWORLD GROUP INC. Chairman ∙ Bao Ciang International Development Co. Chairman ∙ Linetek Electronic Co., Ltd. Chairman ∙

Note4 : Ms. CHEN, YI-JING assumed the position on November 11, 2022.

Note5 : If the general manager or equivalent (highest managerial personnel) is the same person as the Chairman, their spouse, or a first-degree relative, the related information on the reasons, justifications, necessity, and corresponding measures (such as increasing the number of independent director seats, and ensuring that more than half of the directors do not concurrently serve as employees or managerial personnel) should be disclosed: Mr. CHEN, LONG-SHUI, the Chairman of our company, possesses professional management knowledge and insight into industry trends and changes. He has strategically planned the Company's product lines and future blueprint, integrated cross-industry strategic cooperation, and improved the Company's operational efficiency. Moreover, more than half of our directors do not concurrently serve as employees or managerial personnel.

3. Remuneration paid to Directors (including Independent Directors), General Manager, and Deputy General Managers in the most recent fiscal year

(1) The remuneration of non-executive directors and independent directors.

Unit: (NTD) thousand dollars /%

Title	Name	Director Remuneration								The total amount and the proportion to the after-tax net profit of four items, including A, B, C, D (Note10)		Related remuneration received by dual employees								The total amount and the proportion to the after-tax net profit of seven items, including A, B, C, D, E, F, and G (Note10)		Received remuneration from investments outside of subsidiary companies or from the parent company
		Remuneration (A) (Note2)		Retirement Pension (B)		Directors' remuneration (C)(Note3)		Operational expenses (D)(Note4)				Salary, bonus, and special allowances (E) (Note5)		Retirement Pension (F)		Employee Remuneration(G) (Note6)						
		The Company	All companies included in the financial report (Note7)	The Company	All companies included in the financial report (Note7)	The Company	All companies included in the financial report (Note7)	The Company	All companies included in the financial report (Note7)	The Company	All companies included in the financial report (Note7)	The Company	All companies included in the financial report (Note7)	The Company		All companies included in the financial report (Note7)		The Company	All companies included in the financial report (Note7)			
Director	CHEN, LONG-SHUI	-	-	-	-	1,388	1,388	240	240	0.78%	0.78%	5,016	5,016	-	-	-	-	-	-	3.18%	8.44%	None
Director	XIE, GUO-XIONG	2,760	2,760	-	-	924	924	360	360	1.93%	1.93%	-	-	-	-	-	-	-	-	1.93%		None
LONGWELL COMPANY Corporation Director	Representative HUANG, YAN-FENG	-	-	-	-	924	924	240	240	0.56%	0.56%	-	-	-	-	-	-	-	-	0.56%		None
LONGWELL COMPANY Corporation Director	Representative SHI, KUN-MING	-	-	-	-	924	924	240	240	0.56%	0.56%	-	-	-	-	-	-	-	-	0.56%		None
Director	XIE, YUAN-FENG	-	-	-	-	924	924	240	240	0.56%	0.56%	-	-	-	-	-	-	-	-	0.56%		None
Director	CHEN, ZHI-MING	-	-	-	-	924	924	240	240	0.56%	0.56%	858	2,000	-	-	297	-	297	-	1.10%		None
Independent Director	FENG, BEN-LI	-	-	-	-	-	-	410	410	0.19%	0.19%	-	-	-	-	-	-	-	-	0.19%	0.19%	None
Independent Director	LIU, GUO-NAN	-	-	-	-	-	-	350	350	0.17%	0.17%	-	-	-	-	-	-	-	-	0.17%	0.17%	None
Independent Director	SHEN, SYUE-REN	-	-	-	-	-	-	354	354	0.17%	0.17%	-	-	-	-	-	-	-	-	0.17%	0.17%	None
<p>1. The policy, system, standards, and structure for payment of independent director remuneration should be described, and the correlation between the duties, risks, time investment, and the amount of remuneration paid should be stated based on these factors: The Company's independent director remuneration is determined by the salary and remuneration committee based on the Company's director and independent director remuneration and expense allocation table.</p> <p>2. In addition to the disclosed information in the above table, the remuneration received by the Company's directors for services provided in the latest fiscal year (such as serving as consultants to the parent company/All companies included in the financial report/outside of employees in investee companies) is: None.</p>																						

Salary Range Table

The remuneration range for each director of the Company	Name of Director			
	Total amount of the first four items of remuneration (A+B+C+D)		Total amount of the first seven items of remuneration (A+B+C+D+E+F+G)	
	The Company(Note 8)	All companies included in the financial report(Note9) H	The Company (Note 8)	All companies included in the financial report(Note 9)I
Below NTD 1,000,000	FENG, BEN-LI/LIU, GUO-NAN /SHEN, SYUE-REN	FENG, BEN-LI/LIU, GUO-NAN /SHEN, SYUE-REN	FENG, BEN-LI/LIU, GUO-NAN /SHEN, SYUE-REN	FENG, BEN-LI/LIU, GUO-NAN /SHEN, SYUE-REN
NTD1,000,000 (included) ~2,000,000 (not included)	CHEN, LONG-SHUI / XIE, YUAN-FENG /CHEN, ZHI-MING/LONGWELL COMPANY HUANG, YAN-FENG/SHI, KUN-MING	CHEN, LONG-SHUI / XIE, YUAN-FENG /CHEN, ZHI-MING/ HUANG, YAN-FENG/SHI, KUN-MING	XIE, YUAN-FENG/ HUANG, YAN-FENG/SHI, KUN-MING	XIE, YUAN-FENG/ HUANG, YAN-FENG/SHI, KUN-MING
NTD 2,000,000 (included) ~3,500,000 (not included)				
NTD 3,500,000 (included) ~5,000,000 (not included)	XIE, GUO-XIONG	XIE, GUO-XIONG	XIE, GUO-XIONG	XIE, GUO-XIONG
NTD 5,000,000 (included) ~10,000,000 (not included)			CHEN, LONG-SHUI	CHEN, LONG-SHUI
NTD 10,000,000 (included) ~15,000,000 (not included)				
NTD 15,000,000 (included) ~30,000,000 (not included)				
NTD 30,000,000 (included) ~50,000,000 (not included)				
NTD 50,000,000 (included) ~100,000,00 (not included)				
Above NTD 100,000,000				
Total	9	9	9	9

Note 1: The names of each Director, including the corporate shareholder and the representative of the corporate shareholder, should be disclosed separately. The table should distinguish between non-independent Directors and independent Directors and summarize the amount of compensation paid to each Director. If a Director concurrently serves as the General Manager or Deputy General Manager, the compensation paid to them should be reported in both this table and Table (III) below.

Note 2: This refers to the remuneration of Directors in the most recent year, including Director salary, position allowance, severance pay, various bonuses, incentives, etc.

Note 3: To fill in the amount of director remuneration distributed by the Board of Directors in the most recent fiscal year.

Note 4: This refers to the related business execution expenses of the Director in the latest fiscal year (including transportation and accommodation allowances, subsidies, dormitories, cars, and other forms of tangible support, etc.). If housing, cars, or other means of transportation are provided, the nature and cost of the assets provided should be disclosed, as well as the actual rent or fair market value, fuel costs, and other expenses. If a driver is provided, please provide a note explaining the compensation paid by the Company to the driver, but this is not included in the Director's remuneration.

Note 5: This refers to the remuneration received by Directors who also serve as employees (including those who serve as General Manager, Deputy General Manager, other managers, and employees) in the most recent year, including Salary, job allowance, severance pay, various bonuses, incentives, transportation and other allowances, dormitory, car rental and other tangible benefits provided, etc. If the Company provides housing, cars, and other vehicles or exclusive personal expenses, the nature and cost of the assets provided, the actual or fair market rent, fuel costs, and other benefits should be disclosed. If there is a driver, please attach a note to explain the relevant compensation paid by the Company to the driver, but it is not included in the remuneration. In addition, Salary expenses recognized in accordance with IFRS 2 "Share-based Payments", including the acquisition of employee share option certificates, restricted employee rights new shares, and participation in cash capital increase subscription shares, should also be included in the remuneration.

Note 6: This refers to the amount of employee compensation (including stocks and cash) received by Directors who also serve as employees (including those who serve as General Manager, Deputy General Manager, other executives, and employees). The amount of employee compensation distributed by the Directors in the most recent year should be disclosed, and if it cannot be estimated, the proposed distribution amount for this year should be calculated based on the proportion of actual distribution amount from last year, and an attachment table (Table 5) should also be completed.

Note 7: The total amount of remuneration paid to The Company Directors, including all companies (including The Company) in the consolidated report, should be disclosed.

Note 8: The total amount of remuneration paid by The Company to each Director should be disclosed, and the Director's name should be disclosed in the corresponding range.

Note 9: The total amount of remuneration paid to each Director of The Company by all companies (including The Company) in the consolidated report should be disclosed, and the Director's name should be disclosed in the corresponding range.

Note 10: Net profit after tax refers to the net profit after tax in the most recent individual or separate financial statements.

Note 11: a. The amount of remuneration received by the Company's Directors from investees or related companies outside of subsidiaries should be clearly filled in this column (if none, please fill in "none").

b. If the Company's Directors receive remuneration from investees or related companies outside of subsidiaries, the remuneration received by the Company's Directors from investees or related companies outside of subsidiaries should be included in column I of the remuneration range table, and the column name should be changed to "Parent Company and All Investees".

c. Remuneration refers to the remuneration, compensation (including employee, Director, and supervisor compensation), and business execution expenses related to the Directors of the Company serving as Directors, supervisors, or managers in investees or related companies outside of subsidiaries.

(2) Remuneration for the General Manager and Deputy General Manager

12/31/2022 Unit:(NTD) thousand dollars/%

Title	Name	Salary(A) (Note2)		Retirement Pension(B)		Bonus and special allowances etc.(C) (Note 3)		Employee Remuneration Amount(D) (Note 4)				The total amount and the proportion to the after-tax net profit of seven items, including A, B, C, and D (%) (Note 8)		Director's remuneration received from subsidiaries outside of the Company or from the parent company. (Note 9)
		The Company	All companies included in the financial report (Note 5)	The Company	All companies included in the financial report (Note 5)	The Company	All companies included in the financial report (Note 5)	The Company		All companies included in the financial report (Note 5)		The Company	All companies included in the financial report (Note 5)	
								Cash amount	Stock amount	Cash amount	Stock amount			
General Manager	CHEN, LONG-SHUI	3,336	3,336	-	-	1,680	1,680	-	-	-	-	2.40%	2.40%	None
Executive Deputy General Manager	HUANG, YOU-XIANG	3,168	3,168	108	108	820	820	356	-	356	-	2.13%	2.13%	None
Chief Financial Officer (Vice General Manager) (Note)	CHEN, YI-JING	363	363	20	20	50	50	-	-	-	-	0.21%	0.21%	None

Note: Miss CHEN, YI-JING assumed office on November 11, 2022.

Salary Range Table

The remuneration range for each director of the Company	Names of the General Manager and Deputy General Manager	
	The Company(Note6)	All companies included in the financial report(Note7) E
Below NTD 1,000,000	CHEN, YI-JING	CHEN, YI-JING
NTD1,000,000 (included) ~2,000,000 (not included)		
NTD 2,000,000 (included) ~3,500,000 (not included)		
NTD 3,500,000 (included) ~5,000,000 (not included)	HUANG, YOU-XIANG	HUANG, YOU-XIANG
NTD 5,000,000 (included) ~10,000,000 (not included)	CHEN, LONG-SHUI	CHEN, LONG-SHUI
NTD 10,000,000 (included) ~15,000,000 (not included)		
NTD 15,000,000 (included) ~30,000,000 (not included)		
NTD 30,000,000 (included) ~50,000,000 (not included)		
NTD 50,000,000 (included) ~100,000,00 (not included)		
Above NTD 100,000,000		
Total	3	3

Note1 : The names of the General Manager and Deputy General Manager should be listed separately, and the various payment amounts should be disclosed in a summarized manner. If a Director also serves as the General Manager or Deputy General Manager, both this table and Table (1) should be filled out.

Note2 : The most recent year's salary, job allowance, and severance pay of the General Manager and Deputy General Manager should be listed.

Note3 : The various bonuses, incentives, transportation expenses, special support fees, various allowances, dormitories, cars, and other forms of remuneration received by the General Manager and Deputy General Manager in the most recent year should be listed. If housing, cars, and other means of transportation are provided, the nature and cost of the provided assets, the actual or fair market rental fees, fuel costs, and other benefits should be disclosed. If a driver is provided, a note should be included explaining the related compensation provided by the Company, but this should not be included in the remuneration. In addition, the salary expenses recognized under IFRS 2 "Share-based Payments," including the acquisition of employee stock options, restricted employee rights to new shares, and participation in cash capital increases to subscribe for shares, should also be included in the remuneration. Note4 : The amount of employee compensation (including stocks and cash) allocated to the General Manager and Deputy General Manager by the Board of Directors in the most recent year should be listed. If an estimate is not available, the proposed distribution amount for this year should be calculated based on the ratio of the actual distribution amount from the previous year, and Table (5) should also be filled out.

Note5 : The total amount of all companies (including The Company) in the consolidated report that provided various remuneration to the General Manager and Deputy General Manager of The Company should be disclosed.

Note6 : The total amount of remuneration provided by The Company to each General Manager and Deputy General Manager should be disclosed in the corresponding salary range, with the names of the General Manager and Deputy General Manager listed.

Note7 : The total amount of remuneration provided to each General Manager and Deputy General Manager of The Company by all companies (including The Company) in the consolidated report should be disclosed in the corresponding salary range, with the names of the General Manager and Deputy General Manager listed.

Note8 : "Net profit after tax" refers to the net profit after tax in the most recent year's individual or separate financial statements.

Note9 : a. This column should clearly list the amount of remuneration received by the General Manager and Deputy General Manager of the Company from investment companies or parent companies outside of subsidiaries (if "None," then please fill in "None").

b. "Remuneration" refers to the compensation, remuneration (including employee, Director, and supervisor remuneration), and business execution expenses related to the General Manager and Deputy General Manager serving as a Director, supervisor, or manager of investment companies or parent companies outside of subsidiaries.

(3) Compensation of the top five highest-paid executives in listed and OTC companies

12/31/2022 Unit: (NTD) thousand dollars

Title	Name	Salary (A) (Note 2)		Retirement pensions (B)		Bonuses and special allowances, etc. (C) (Note 3)		Employee compensation amount (D) (Note 4)				A, B, C, and D total as a percentage of after-tax net income (%) (Note 6)		Compensation received from entities other than subsidiaries or related to the parent company (Note 7)
		The Company	All companies within the financial statements (Note 5)	The Company	All companies within the financial statements (Note 5)	The Company	All companies within the financial statements (Note 5)	The Company		All companies within the financial statements (Note 5)		The Company	All companies within the financial statements (Note 5)	
								Cash amount	Stock amount	Cash amount	Stock amount			
General Managerial Officer	CHEN LONG-SHUI	3,336	3,336	-	-	1,680	1,680	-	-	-	-	2.40%	2.40%	None
Executive Deputy General Managerial Officer	HUANG, YOU-XIANG	3,168	3,168	108	108	820	820	356	-	356		2.13%	2.13%	None
Assistant Manager	TSAI, JIAN-WEN	1,260	2,520	87	87	408	816	327	-	327		1.00%	1.79%	None
Senior Manager	BAI, JHI-SHEN	945	1,890	63	63	329	659	299	-	299		0.78%	1.39%	None
Chairman's Special Assistant and spokesperson	JIANG WEN-YU	1,800	1,800	108	108	450	450	330	-	330		1.28%	1.28%	None

Note 1: The term " Compensation of the top five highest-paid executives " refers to the highest-paid executives in terms of compensation in listed and OTC companies. The criteria for identifying these executives are based on the regulations specified in the letter from the Ministry of Finance and the Securities and Futures Bureau dated March 27, 2003, with the reference number T.C. III. No. 0920001301. The calculation and determination of the " Compensation of the top five highest-paid executives " principle is based on the total amount received by the Company's executives from consolidated financial reports, including salaries, retirement pensions, bonuses, special allowances, and the total amount of employee compensation (i.e., the sum of A + B + C + D), ranked to identify the top five highest-paid executives. If directors also hold positions as mentioned above, they should be included in this table and Table (1).

Note 2: Fill in the salaries, job allowances, and severance payments of the top five highest-paid executives in the most recent fiscal year.

Note 3: Fill in various bonuses, incentives, transportation and accommodation expenses, special allowances, various subsidies, housing, car, and other tangible benefits, and other compensation amounts received by the top five highest-paid executives in the most recent fiscal year. If assets such as housing, cars, and other means of transportation are provided for personal use, disclose the nature and cost of the provided assets, the actual or fair market value-based rent, fuel costs, and other benefits. Additionally, if there are drivers provided, please provide a note explaining the relevant compensation paid by the Company to the driver, but it should not be included in the compensation. Furthermore, salary expenses recognized in accordance with IFRS 2 "Share-based Payments," including the acquisition of employee stock options, restricted stock units, and participation in cash capital increases by subscribing for shares, should also be included in the compensation.

Note 4: Fill in the amount of employee compensation (including stocks and cash) distributed to the top five highest-paid executives as approved by the Board of Directors in the most recent fiscal year. If it cannot be estimated, calculate the proposed distribution amount for this year based on the proportion of the actual distribution amount from the previous year and provide it in Table (5).

Note 5: Disclose the total amount of all compensation provided to the top five highest-paid executives of all companies (including the reporting company) in the consolidated financial statements.

Note 6: "Net profit after tax" refers to the after-tax net income in the most recent fiscal year as reported in the individual or separate financial statements.

Note 7:

- This column should clearly state the amount of compensation received by the top five highest-paid executives of the Company from entities other than subsidiaries or related to the parent company's investments (if none, please write (none)).
- "Remuneration" refers to the compensation, remuneration (including employee, director, and supervisor remuneration), and business execution expenses received by the Company's top five highest-paid executives in their capacity as directors, supervisors, or managers in entities other than subsidiaries or related to the parent company.

(4) Distribution of employee compensation to executives, including names and distribution details

12/31/2022 Unit: NTD thousand dollars

	Title (Note1)	Name	Stock amount	Cash amount	Total	Percentage of total amount to after-tax net income (%)
Managerial officer	General Manager	CHEN, LONG-SHUI	-	1,013	1,013	0.48%
	Executive Deputy Manager	HUANG, YOU-XIANG				
	Chief Financial Officer (Executive Deputy Manager) (Note 5)	CHEN, YI-JING				
	Chairman's Special Assistant and Spokesperson (Assistant Manager)	JIANG, WEN-YU				
	Assistant Manager	TSAI, JIAN-WEN				

Note 1: Individual names and job titles should be disclosed, but disclosure of profit distribution can be done in an aggregated manner.

Note 2: Fill in the amount of employee compensation (including stocks and cash) distributed to executives as approved by the Board of Directors in the most recent fiscal year. If it cannot be estimated, calculate the proposed distribution amount for this year based on the proportion of the actual distribution amount from the previous year. After-tax net income refers to the most recent fiscal year's after-tax net income. For those who have adopted International Financial Reporting Standards, after-tax net income refers to the after-tax net income reported in the individual or separate financial statements for the most recent fiscal year.

Note 3: The scope of executives is defined according to the letter from the Securities and Futures Bureau with the reference number T.C. III. No. 0920001301 dated March 27, 2003, as follows:

- (1) General Manager and equivalent positions
- (2) Deputy General Manager and equivalent positions
- (3) Deputy Director and equivalent positions
- (4) Head of the Finance Department
- (5) Head of the Accounting Department
- (6) Other individuals who hold managerial responsibilities and signing authority for the company

Note 4: If directors, the general manager, and deputy general manager receive employee compensation (including stocks and cash), in addition to filling out Table (1) and Table (2), they should also fill out this table.

Note 5: Ms. CHEN, YI-JING assumed office on November 11, 111th year.

(5) Explanation on the comparison between the total amount of remuneration paid to the directors, general Managerial Officer, and deputy general Managerial Officer of the Company and all companies included in the consolidated financial statements over the past two years as a percentage of the post-tax net income, and description of the analysis of the policy, standards and mix of remuneration, the procedures for setting remuneration, and the correlation between operating performance and future risks.

1. Analysis of remuneration paid to directors, supervisors, and the general Managerial Officer in the last two years Unit:(NTD) thousand dollars

Title	2022				2021			
	The Company		Consolidated Financial Statements		The Company		Consolidated Financial Statements	
	Remuneration	Ratio of total amount to after-tax net income (%)	Remuneration	Ratio of total amount to after-tax net income (%)	Remuneration	Ratio of total amount to after-tax net income (%)	Remuneration	Ratio of total amount to after-tax net income (%)
Chairman	11,442	5.48%	11,442	5.48%	9,621	8.21%	9,621	8.21%
General Managerial Officer & Deputy General Managerial Officer	9,901	4.74%	9,901	4.74%	8,909	7.60%	8,909	7.60%

2. Compensation policies, standards, and combinations, the procedures for setting compensation, and the relationship between business performance and future risks:

(1) Directors (including independent directors):

The Company follows the provisions of the "Company Charter". If the Company is profitable, the Board of Directors will allocate up to 5% of the profits as director compensation, taking into account the Company's operating performance and the directors' contribution to the Company's performance to provide reasonable compensation.

(2) General Managerial Officer and deputy general Managerial Officer:

The compensation policy for the general Managerial Officer and deputy general Managerial Officer is implemented in accordance with Article 29 of the Company Law and the Company's relevant compensation management regulations, taking into account the salary level of the position in the industry, individual professional capabilities, the scope of responsibilities in the Company, and contributions to the Company's operational objectives.

The procedure for setting compensation follows the employee performance evaluation method, taking into account the Company's overall operating performance, industry future business risks, and development trends, as well as individual performance achievement rates and contributions to the Company's performance to provide reasonable compensation. Relevant performance evaluations and compensation reasonableness are reviewed by the Remuneration and Compensation Committee and the Board of Directors, and the compensation system is reviewed from time to time in accordance with actual business conditions and relevant laws and regulations to balance the Company's sustainable operations and risk management.

4. Corporate Governance

(1) Operation of the Board of Directors

The number of board meetings held in the most recent year (Year 111) was 5 (A). The attendance record of the Directors and Supervisors is as follows:

Title	Name (Note1)	Actual attendance frequency (B)	Number of delegated attendances	Actual attendance rate(%) 【 B / A 】 (Note2)	Note
Chairman	CHEN, LONG-SHUI	5	0	100.00	
Director	XIE, GUO-XIONG	5	0	100.00	
LONGWELL COMPANY Corporate Director	HUANG, YAN-FENG	5	0	100.00	
LONGWELL COMPANY Corporate Director	SHI, KUN-MING	5	0	100.00	
Director	XIE, YUAN-FENG	5	0	100.00	
Director	CHEN, ZHI-MING	5	0	100.00	
Independent Director	FENG, BEN-LI	5	0	100.00	
Independent Director	LIU, GUO-NAN	5	0	100.00	
Independent Director	SHEN, SYUE-REN	5	0	100.00	

Other matters to be disclosed:

- If any of the following situations occur in the operation of the Board of Directors, the date of the meeting, the agenda, the opinions of all independent directors, and the Company's handling of the opinions of independent directors should be disclosed:
 - Matters listed in Article 14-3 of the Securities and Exchange Act: The Company has established an audit committee and is therefore not applicable.
 - Other matters that are opposed or reserved by independent directors with records or written statements at the Board of Directors meeting: None.
- The execution status of Director recusal on matters involving conflicts of interest should include the Director's name, the content of the agenda, the reason for recusal, and the participation in voting, as follows:
 - 17th Board of Directors Meeting of the 15th term held on January 6, 2023
 - Agenda: Distribution plan of annual bonuses for the management team of the fiscal year 2022
 - Directors abstaining from voting due to conflicts of interest: CHEN, LONG-SHUI, XIE, GUO-XIONG, CHEN, ZHI-MING
 - Reasons for abstaining from voting: Self-interest conflict with the proposal
 - Participation and voting: Chairman CHEN, LONG-SHUI designated Director FENG, BEN-LI as the acting chairman. The directors abstained from the discussion and voting, and the proposal was passed without objection by the rest of the attending directors.
 - 18th Board of Directors Meeting of the 15th term held on March 17, 2023
 - Agenda: Increase of capital and appointment of directors for the Company's subsidiary in Vietnam
 - Director abstaining from voting due to conflicts of interest: CHEN, ZHI-MING
 - Reasons for abstaining from voting: Self-interest conflict with the proposal
 - Participation and voting: The proposal was passed without objection by the rest of the attending directors.

3. Listed and OTC companies should disclose information regarding the evaluation cycle, period, scope, method, and content of self-evaluation or peer evaluation of the Board of Directors:

Evaluation Cycle	Evaluation Period	Evaluation Range	Evaluation Method	Evaluation Content
Conducted once a year	01/01/2022 till 12/31/2022	1. Overall Board of Directors' meetings 2. Individual directors 3. Functional committees	Evaluation of the Board of Directors, functional committees, and self-assessment of individual directors.	<ul style="list-style-type: none"> ● The contents of the Board of Directors' performance evaluation include: <ol style="list-style-type: none"> 1. Participation in the Company's operations 2. Improving the quality of decision-making by the Board of Directors 3. Composition and structure of the Board of Directors 4. Selection and continuous education of directors 5. Internal control
				<ul style="list-style-type: none"> ● The content of the Board of Directors' performance evaluation includes: <ol style="list-style-type: none"> 1. Understanding the company's goals and missions. 2. Recognition of director responsibilities. 3. Degree of involvement in company operations. 4. Internal relationship management and communication. 5. Director's expertise and continuous professional development. 6. Internal control.
				<ul style="list-style-type: none"> ● The performance evaluation of functional committees includes: <ol style="list-style-type: none"> 1. Participation in the Company's operations 2. Understanding of the responsibilities of the functional committees 3. Decision-making quality of the functional committees 4. Composition and member selection of the functional committees 5. Internal controls

Summary of evaluation results:

According to the "Board of Directors Performance Evaluation Procedures" of the Company, the Board of Directors, its members, and various functional committees are evaluated for performance once a year. The Company has completed the self-assessment of the Board of Directors' performance for the fiscal year 2022, and the evaluation results were reported to the Board of Directors on March 17, 2023. The overall average score for the Board of Directors' performance was 97.92 points, indicating that the Company has effectively strengthened the performance of the Board of Directors. The individual scores for each director and the functional committees were all full marks, exceeding the standards and meeting expectations.

4. Evaluation of the goals of strengthening the functions of the Board of Directors in the current and previous year (e.g. establishment of audit committees, enhancement of information transparency) and the status of their implementation:

- (1) The operation of the Company's Board of Directors is carried out in accordance with laws, the Company's bylaws, and shareholder resolutions to exercise their duties. All directors not only possess the professional knowledge, skills, and qualities required for carrying out their duties, but also act in good faith and exercise due diligence to create maximum benefits for all shareholders. The board follows the "Board Meeting Rules," and the general Managerial Officer, finance Managerial Officer, and audit Managerial Officer attend board meetings. In addition to discussing agenda items, the directors may also require the management to report on the Company's operational performance, business or product strategies, and market strategies to supervise the management's fulfillment of their duties.
- (2) The Company has established audit and compensation committees to assist the board in executing its duties and supervisory responsibilities. To establish good board governance and enhance management efficiency, we have also formulated the "Board Meeting Rules," which include main agenda items, operating procedures, matters to be recorded in minutes, and matters to be followed in public announcements and other areas.
- (3) To enhance the operational efficiency of the Board of Directors, the Company has formulated the "Board of Directors Performance Evaluation Measures" in 2020. We conduct a regular performance evaluation once a year, in which the General Administration Department collects information on board activities and distributes questionnaires to all directors and functional committees. We then conduct an overall evaluation of the Board of Directors and compile the self-evaluation results for the next year's board report.
- (4) To implement corporate governance, we have set up a corporate governance officer this year. They are responsible for providing the necessary information to the directors for executing their duties and complying with laws and regulations, as well as arranging continuous education to assist the Board of Directors in fulfilling their duties.

(2) Operation of the Audit Committee:

The Company established the Audit Committee on June 18, 2020, which consists of three independent directors. The term of the current committee members runs from June 18, 2020, to June 17, 2023, and FENG, BEN-LI was elected as the convener and chairman of the meetings. The operation of the Audit Committee is carried out in accordance with The Company's "Audit Committee Charter".

The purpose of establishing the Audit Committee is to strengthen the supervisory function of the Board of Directors. The committee is responsible for supervising the reasonable expression of The Company's financial statements, the selection (dismissal) and independence and performance of the auditors, the effective implementation of the Company's internal control system, the compliance with relevant laws and regulations, and the management of existing or potential risks of the Company. Its main duties include:

1. Establishing or revising internal control systems in accordance with Article 14-1 of the Securities and Exchange Act.
2. Assessing the effectiveness of internal control systems.
3. Establishing or revising handling procedures for significant financial business activities such as acquisition or disposal of assets, derivative trading, lending funds to others, endorsing or providing guarantees in accordance with Article 36-1 of the Securities and Exchange Act.
4. Matters involving the self-interest of directors.
5. Significant asset or derivative trading.
6. Significant asset lending, endorsement, or guaranteeing.
7. Issuance or private placement of equity securities.
8. Appointment, dismissal, or remuneration of auditors.
9. Appointment or dismissal of financial, accounting, or internal audit supervisors.
10. Annual financial reports signed or stamped by the Chairman, Managerial Officers, and accounting supervisors.
11. Other significant matters stipulated by the Company or competent authorities.

The Company's Audit Committee held five meetings during the 2022 fiscal year. The attendance record of the independent Directors is as follows:

(Note: The actual attendance record is not provided in the text.)

Title	Name	Actual attendance frequency(B)	Number of delegated attendances	Actual attendance rate (%) 【 B/A 】	Note
Convener	FENG, BEN-LI	5	0	100.00	-
Committee member	LIU, GUO-NAN	5	0	100.00	-
Committee member	SHEN, SYUE-REN	5	0	100.00	-

Other items that should be disclosed:

1. If the operations of the audit committee meet any of the following conditions, the date of the audit committee meeting, the term, the agenda, the independent directors' opposing opinions, reservations, or major recommendations, the audit committee's resolution, and the Company's handling of the audit committee's opinions should be stated.

(1) Matters specified in Article 14-5 of the Securities and Exchange Act.

Date/ Period	Agenda Items	Opinions, reservations, or significant recommendations of independent directors	The resolution results of the Audit Committee and the Company's handling of the opinions of the Audit Committee
01/20/2022 The first session The ninth time	<ol style="list-style-type: none">1. Report on the implementation status of the annual audit plan.2. Proposal for changes in the Company's internal audit Managerial Officer.3. Appointment and removal of the Company's accounting and finance executive.	None	All committee members present agree and pass the motion.
03/24/2022	<ol style="list-style-type: none">1. Report on the execution of the annual audit plan.	None	All committee members

The first session The tenth time	2. Internal Control Statement for the year 2021. 3. Revision of the Company's internal audit system. 4. Capital lending case to Linetek Electronics (Huizhou) Co. Ltd. 5. Endorsement and guarantee case for Linetek Electronics (Huizhou) Co. Ltd. 6. Business report and financial statements for the year 2021. 7. Profit distribution proposal for the year 2021.		present agree and pass the motion.
05/10/2022 The first session The eleventh time	1. Execution status of the audit plan. 2. Matters related to the funding and interest of Everfull Electronic (Huizhou) Co., Ltd. 3. Consolidated financial statements for the first quarter of the year 111 of the Company. 4. Merger case of Everfull Electronic (Huizhou) Co., Ltd. and Everfull Electronic (Shenzhen) Co., Ltd.	None	All committee members present agree and pass the motion.
08/12/2022 The first session The twelfth time	1. Execution status of the audit plan and follow-up on improvement of deficiencies. 2. Consolidated financial statements for the second quarter of the year 111 of the Company. 3. Everfull Electronic Co., Ltd. cash capital increase case. 4. Endorsement and guarantee case of Everfull Electronic (Huizhou) Co., Ltd. 5. Implementation of the share buyback and transfer to employee's case.	None	All committee members present agree and pass the motion.
11/11/2022 The first session The thirteenth time	1. Execution status of the audit plan and follow-up on improvement of deficiencies. 2. Implementation status of the second share buyback. 3. Appointment of accounting and financial executives. 4. Review of the internal audit plan for the year 112 of the Republic of China. 5. Capital increase cases for subsidiary " Everfull Electronic Co., Ltd." and its subsidiary " Everfull Electronic (Huizhou) Co., Ltd." 6. Revision of the management procedures for acquisition or disposal of assets. 7. Revision of the procedures for share buyback and transfer to employees. 8. Revision of the internal control system of the Company. 9. Consolidated financial statements for the third quarter of the year 111 of the Company. 10. Independent assessment of the independence of the signing accountant. 11. Establishment of methods for evaluating the independence and performance of the accountant.	None	All committee members present agree and pass the motion.

(2) Other resolutions that were not approved by the audit committee but were passed by more than two-thirds of all directors: None.

2. Regarding the execution of independent Directors' recusal on matters related to their interests, the disclosure should include the names of independent Directors, the content of the agenda, the reasons for recusal, and their participation in the voting: None of this situation.

3. The communication between independent Directors and internal auditors and accountants (including significant issues, methods, and results of communication on the Company's financial and business conditions) should be disclosed.

(1) Independent directors and the internal audit Managerial Officer keep in touch with each other through email, phone calls, or meetings as needed. If there are major abnormal situations, they can also convene meetings at any time. The communication channels between them are diverse and unobstructed. The internal audit Managerial Officer of the Company reports on the execution of internal audit business to independent directors on a regular monthly basis. Independent directors respond or give opinions depending on the importance of the report. There were no major abnormal situations in the audit results for the year 2022, and the independent directors had no objections

(2) Communication between the auditors and the audit committee:

The independent directors of the Company hold regular meetings with the auditors at least twice a year. During the annual or semi-annual audit review stage, important audit findings and internal control deficiencies are discussed. The directors receive reports on key audit matters, significant adjusting entries, and other significant communication matters, and they communicate and interact with the independent directors regarding the audit or review of financial statements. They also disseminate information regarding revisions to the laws and regulations. The communication status between the independent directors and the auditors for the year 2022 and up to the date of the publication of the annual report is as follows:

Date	Attendees	Communication matters	Suggestions & Conclusions
03/24/2022	Independent Director FENG, BEN-LI Independent Director LIOU, GUO- NAN Independent Director SHEN, SYUE-REN Accountant LI, XIU-LING Audit Managerial Officer LI, YUN-RU	<ol style="list-style-type: none"> 1. The types of audit procedures performed on the individual and consolidated financial statements for the year 2021, as well as the extent and significance of the involvement of the audit team members in the audit work of each component entity. 2. Evaluation of key audit matters, the auditor's audit procedures, and the audit results. 3. Promotion of legal compliance and sharing of case studies. 	The audit results are still reasonable and there are no other opinions.
05/10/2022	Independent Director FENG, BEN-LI Independent Director LIOU, GUO- NAN Independent Director SHEN, SYUE-REN Accountant LI, XIU-LING Audit Managerial Officer LI, YUN-RU	Audit review results of the consolidated financial report for Q1 of 2022.	The audit results are still reasonable and there are no other opinions.
08/12/2022	Independent Director FENG, BEN-LI Independent Director LIOU, GUO- NAN Independent Director SHEN, SYUE-REN Accountant LI, XIU-LING Audit Managerial Officer LI, YUN-RU	<ol style="list-style-type: none"> 1. Types of audit work performed on the financial statements of each component entity in the consolidated financial statements for Q2 of 2022, and the extent and significance of the participation of the audit personnel in the audit work of each component entity. 2. Other matters for communication (auditor's independence explanation). 3. Promotion of legal compliance and sharing of case studies. 	The audit results are still reasonable and there are no other opinions.
11/11/2022	Independent Director FENG, BEN-LI Independent Director LIOU, GUO- NAN Independent Director SHEN, SYUE-REN Accountant LI, XIU-LING Audit Managerial Officer LI, YUN-RU	Auditor's Review Results for Q3 2022 Consolidated Financial Statements.	The audit results are still reasonable and there are no other opinions.
03/17/2023	Independent Director FENG, BEN-LI Independent Director LIOU, GUO- NAN Independent Director SHEN, SYUE-REN Accountant LI, XIU-LING Audit Managerial Officer LI, YUN-RU	<ol style="list-style-type: none"> 1. Types of audit work performed on the individual and consolidated financial statements for the year 2022, as well as the degree and significance of the involvement of audit personnel in the audit work of each component entity. 2. Purpose and dimensions of Audit Quality Indicators (AQIs). 3. New provisions of the International Ethics Standards Board for Accountants (IESBA Code) - "Pre-approval policies for non-assurance services" and "Public interest disclosures". 	The audit results are still reasonable and there are no other opinions.

(3) The state of the Company's implementation of corporate governance, any deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such deviation

Evaluation Item	Operational Status			Any deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such deviation
	Yes	No	Summary Description	
1. Has the Company established and disclosed corporate governance practices in accordance with the Corporate Governance Best Practice Principles for TWSE/GTSM-Listed Companies?	✓		The Company has established corporate governance best practices and uploaded them to the Taiwan Stock Exchange's Corporate Governance Center.	No significant differences from the corporate governance best practice guidelines.
2. Company Ownership Structure and Shareholder Equity: (1) Has the Company established internal procedures for handling shareholder suggestions, questions, disputes, and lawsuits, and implemented them in accordance with the procedures? (2) Does the Company have a list of the major shareholders and ultimate controllers who exercise actual control over the Company? (3) Has the Company established and implemented risk control and firewall mechanisms with related parties? (4) Has the Company established internal regulations prohibiting insiders from buying or selling securities using undisclosed information in the market?	✓ ✓ ✓ ✓		(1) To ensure shareholder rights, The Company has a spokesperson and proxy spokesperson responsible for handling shareholder proposals, inquiries, or disputes. (2) The Company can identify the major shareholders and ultimate controllers of major shareholders and file relevant information as required by regulations. (3) The Company has established an appropriate organizational control framework and regularly monitors and manages the significant financial and operational activities of its subsidiaries. The Company also follows internal control procedures to conduct regular checks on subsidiary business activities, effectively managing corporate risk and firewall mechanisms. (4) The Company has established "procedures for handling internal material information" to prohibit internal personnel from trading in securities with undisclosed information. This serves as the basis for The Company's significant information processing and disclosure mechanism. The Company also periodically reviews these procedures to comply with current laws and regulations and meet practical management needs.	No significant differences from the corporate governance best practice guidelines. No significant differences from the corporate governance best practice guidelines. ° No significant differences from the corporate governance best practice guidelines. No significant differences from the corporate governance best practice guidelines.
3. Composition and Responsibilities of the Board of Directors (1) Has the Board of Directors formulated a diversity policy, specific management goals, and implemented them effectively? (2) Besides setting up new capital compensation committees and audit committees in accordance with the law, has the Company voluntarily established other functional committees? (3) Has the Company established a performance evaluation method for the Board of Directors and its evaluation criteria, conducts annual evaluations, and regularly reports the evaluation results to the Board of Directors and uses them as a reference for individual director remuneration and nomination for reappointment? (4) Does the Company regularly evaluate the independence of the signing certified public accountant?	✓ ✓ ✓	✓ ✓	(1) The Company considers its operational mode and development needs, and the members of the Board of Directors possess professional skills and industry experience in business, finance, etc. The Company has also appointed three independent directors. (2) The Company has established remuneration and audit committees in accordance with the law, but other functional committees have not yet been set up. (3) The "Board Performance Evaluation Method" was adopted by the Board of Directors on March 27, 2020, which stipulates that internal evaluations should be conducted at least once a year and external evaluations should be conducted once every three years. The self-evaluation results and improvement actions of the Board of Directors and various functional committees for the year 2022 are as follows: 1. Evaluation period: January 1, 2022, to December 31, 2022. 2. Performance evaluation results of individual directors: The performance of the directors met expectations. 3. Performance evaluation results of the overall Board of Directors and functional committees: All exceeded the standards. 4. The above performance evaluation results were reported to the Board of Directors on March 17, 2023. (4) The Company regularly evaluates the independence of the auditors and requires them to provide a "Declaration of Independence in Fact," which confirms that the signing auditor has no financial interests or business relationships other than signing and financial and tax-related cases. The evaluation results for the past two years were submitted for board review on November 11, 2022, and November 12, 2021, respectively. After review by all directors, it was confirmed that there were no violations of independence and the appointment was made.	No significant differences from the corporate governance best practice guidelines. Will be formulated based on actual circumstances No significant differences from the corporate governance best practice guidelines. No significant differences from the corporate governance best practice guidelines.

Evaluation Item	Operational Status			Any deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such deviation
	Yes	No	Summary Description	
4. Has the Company appointed and disclosed the appropriate number of corporate governance personnel, and designated a corporate governance officer responsible for corporate governance related matters (including but not limited to providing information necessary for the execution of duties by directors and supervisors, assisting directors and supervisors in complying with laws and regulations, handling matters related to board and shareholders' meetings in accordance with the law, and preparing minutes of board and shareholders' meetings)?	√		On March 17, 2023, the Company appointed CHEN, YI-JING as the head of corporate governance, responsible for the highest executive in corporate governance affairs. Her main responsibilities include handling matters related to the Board of Directors and shareholders' meetings in accordance with the law, coordinating and directing the preparation of minutes of shareholders' meetings and board meetings, assisting directors in taking office and continuing education, providing information required for directors to perform their duties and assisting in compliance with laws and regulations, and other matters specified in the Company's bylaws or contracts.	No significant differences from the corporate governance best practice guidelines.
5. Has the Company established communication channels with stakeholders (including but not limited to shareholders, employees, customers, and suppliers), set up a stakeholder section on its website, and properly responded to important corporate social responsibility issues that stakeholders are concerned about?	√		The Company's website has established multiple channels, including an investor relations section and a stakeholder relations section, as well as spokesperson and proxy spokesperson systems, to provide the latest information and communication channels for our company. We have also set up a contact mailbox for investors to establish a mechanism for responding to various issues and inquiries. Stakeholders such as customers, suppliers, shareholders, and employees can also communicate with our company through the website section and mailbox to provide suggestions or inquire about related issues.	No significant differences from the corporate governance best practice guidelines.
6. Has the Company appointed a professional shareholder services agency to handle shareholders' meeting affairs?	√		The equity and shareholders' meeting affairs of our company are handled by the professional equity agent, the Shareholder Services Department of Chairman Securities Corporation.	No significant differences from the corporate governance best practice guidelines.
7. Information Disclosure (1) Does the Company have a website to disclose financial, business, and corporate governance information? (2) Does the Company adopt other ways of information disclosure (such as setting up an English website, designating a person responsible for collecting and disclosing company information, implementing a spokesperson system, or posting the process of corporate briefings on the Company's website)? (3) Does the Company announce and file the annual financial report within two months after the end of the fiscal year, and disclose and file the first, second, and third quarter financial reports and monthly operating results before the specified deadline?	√ √ √	√	(1) The Company has a corporate website, www.linetek.com.tw, which discloses information on the Company's finances, business operations, and corporate governance. (2) The Company has designated personnel responsible for disclosing information on the Market Observation Post System, and investors can access information on the Company's finances, business operations, and corporate governance through this system. The Company also implements a spokesperson system. (3) Currently, the Company announces and reports its first, second, third quarterly, and annual financial reports, as well as monthly business operations, within the time limit set by Article 36 of the Securities and Exchange Act. However, the Company has not yet announced and reported its annual financial report within two months after the end of the accounting year.	No significant differences from the corporate governance best practice guidelines. No significant differences from the corporate governance best practice guidelines. No significant differences from the corporate governance best practice guidelines.
8. Does the Company provide other important information that helps to understand its corporate governance operations (including but not limited to employee benefits, employee care, investor relations, supplier relationships, rights of stakeholders, status of training for directors and supervisors, execution status of risk management policies and risk measurement standards, execution status of customer policies, and the Company's purchase of liability insurance for directors and supervisors)?	√		(1) Employee Rights: The Company has always treated employees with integrity and protected their legal rights in accordance with the Labor Standards Act. (2) Investor Relations: A shareholder feedback window is set up on the Company website to handle investor suggestions. (3) Rights of Stakeholders: Stakeholders have the right to communicate and make suggestions to the Company to protect their legitimate interests. (4) Continuing Education for Directors and Supervisors: The information is disclosed on the "Corporate Governance" section of Taiwan Stock Exchange Corporation, and refer to the Director's training list (Note1) on page 30 of this annual report. (5) Implementation of Risk Management Policies and Risk Measurement Standards: Various internal regulations have been established and various risk management and assessments have been conducted in accordance with the law. (6) Implementation of Customer Policies: The Company has established customer service management methods and conducts customer satisfaction surveys and continuous improvement management methods. (7) Purchase of Liability Insurance for Directors and Supervisors by the Company: The Company has purchased liability insurance for USD 3 million, which was approved by the shareholders' meeting on June 24, 2003 and has been renewed since.	No significant differences from the corporate governance best practice guidelines.

Evaluation Item	Operational Status			Any deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such deviation
	Yes	No	Summary Description	
9.			Please explain the improvement of corporate governance practices based on the corporate governance evaluation results released by the Corporate Governance Center of the Taiwan Stock Exchange in recent years, and provide priority improvement items and measures for those that have not yet improved: The Company has strengthened the disclosure of financial business and corporate governance on the Company's website and the Market Observation Post System, increasing the transparency of company information to comply with the spirit of corporate governance best practices and to implement them effectively.	

Note 1: List of directors' continuing education courses in 2022:

Title/Name	Date	Host Organization	Course Name	Hours
Chairman CHEN, LONG-SHUI	07/15/2022	Securities and Futures Institute	Analyzing financial information and applying it to business decisions	3 hours
	12/06/2022	Taiwan Corporate Governance Association	How to understand financial statements to monitor company operations	3 hours
Director XIE, GUO- XIONG	02/12/2022	Securities and Futures Institute	Independent Directors and Audit Committee in practical court cases	3 hours
	12/08/2022	Securities and Futures Institute	Protection of trade secrets	3 hours
Director XIE, YUAN- FENG	07/21/2022	Securities and Futures Institute	Global net-zero emissions response and corporate ESG actions	3 hours
	07/21/2022	Securities and Futures Institute	Supply chain cybersecurity threats hunting - Taiwan startup opportunities	3 hours
Director CHEN, ZHI- MING	02/16/2022	Securities and Futures Institute	Risks and opportunities for businesses in climate change and net-zero emissions	3 hours
	02/18/2022	Securities and Futures Institute	Unlocking key codes in financial statements	3 hours
Corporation Director Representative HUANG, YAN-FENG	12/09/2022	Securities and Futures Institute	Cybersecurity value in the post-pandemic era and amid US-China trade war	3 hours
	12/14/2022	Securities and Futures Institute	Challenges and opportunities in the sustainable development path and introduction to greenhouse gas inventory	3 hours
Corporation Director Representative SHI, KUN- MING	12/16/2022	Securities and Futures Institute	Introduction and case analysis of short-term trading by insiders in the Company	3 hours
Corporation Director Representative SHI, KUN- MING	12/20/2022	Securities and Futures Institute	Corporate tax governance and tax technology solutions in the trend of ESG and pandemic environment	3 hours
Independent Director FENG, BEN- LI	10/28/2022	Securities and Futures Institute	Analyzing corporate governance from the perspective of prosecution	3 hours
	11/04/2022	Securities and Futures Institute	International tax reform and family wealth inheritance	3 hours
Independent Director LIU, GUO- NAN	09/20/2022	National Federation of CPA Associations of ROC	Accounting and financial research on environment, society, and governance	3 hours
	10/21/2022	National Federation of CPA Associations of ROC	Taishin 30 Sustainability Net Zero Summit - Seriously Net Zero	3 hours
Independent Director SHEN, SYUE-REN	04/22/2022	Taiwan Institute for Sustainable Energy Research	Code of conduct for ethical business operations	3 hours
	10/13/2022	Taiwan Investor Relations Institute	The era of formal ESG	3 hours
	10/13/2022	Taiwan Investor Relations Institute	Analyzing financial information and applying it to business decisions	3 hours

(4). Composition, Responsibilities, and Operation of the Compensation Committee:

1. Information on Members of the Compensation Committee

04/30/2023

Condition		Professional Eligibility and Experience	Status of Independence	The number of members who concurrently serve as members of the compensation committees of other publicly traded companies
Identity Type	Name			
Independent Director Convener	FENG, BEN-LI	The Company's compensation committee is composed of all three independent directors. Please refer to the "Disclosure of Director's Professional Qualifications and Independence Information" in this annual report for the committee members' professional qualifications, experience, and Status of Independence. (Page 11-12)	-	
Independent Director	LIU, GUO-NAN		-	
Independent Director	SHEN, SYUE-REN		2	

2. Responsibilities of the Remuneration Committee

The Remuneration Committee of our company is composed of all three independent Directors, whose aim is to assist the Board in assessing and supervising the Company's overall remuneration policy, evaluating and approving the remuneration levels of Directors and senior executives, and holding at least two meetings annually.

The Remuneration Committee shall exercise its duties with the care of a good Managerial Officer and faithfully perform the following duties:

- (1) Regularly review the organization regulations of the Remuneration Committee and make recommendations for amendment.
- (2) Formulate and regularly review the performance evaluation standards for Directors and senior executives of the Company, annual and long-term performance goals, as well as policies, systems, standards, and structures for salary remuneration.
- (3) Regularly evaluate the achievement of the performance goals of the Directors and senior executives of the Company, and based on the evaluation results obtained from the performance evaluation standards, formulate the content and amount of their individual salary remuneration.

When the Remuneration Committee performs its duties, it shall adhere to the following standards:

- (1) The management of salaries shall comply with the Company's salary philosophy.
- (2) The performance evaluation and salary remuneration of Directors and senior executives shall be based on industry standards and take into account the reasonableness of individual performance, company business performance, and future risks.
- (3) When discussing the salary remuneration matters of its members at meetings, members shall recuse themselves if there is a conflict of interest.

3. Information on the Operation of the Remuneration Committee

- (1) The Remuneration Committee of our company has three members.

The current term of office of the Committee is from August 11, 2020, to June 17, 2023. In the most recent fiscal year (Fiscal Year 2022), the Remuneration Committee held two meetings (A).

The qualifications and attendance of the members are as follows:

Title	Name	Actual attendance frequency (B)	Number of delegated attendances	Actual attendance rate (%) 【 B / A 】	Note
Convener	FENG, BEN-LI	2	0	100.00	
Committee member	LIU, GUO-NAN	2	0	100.00	
Committee member	SHEN, SYUE-REN	2	0	100.00	

Other items to be recorded:

1. If the Board of Directors does not adopt or amend the recommendations of the Compensation Committee, the date, session, agenda, resolution of the Board of Directors, and the handling of the Company's opinions on the Compensation Committee's opinions shall be stated (if the compensation approved by the Board of Directors is better than the recommendation of the Compensation Committee, the differences and reasons shall be stated): None.
2. If there are any members who oppose or have reservations about the decision of the Compensation Committee and have recorded or written statements, the date, session, agenda, all members' opinions, and the handling of the members' opinions shall be stated: None.

(2) Discussion topics and resolutions of the remuneration committee in the latest fiscal year and up to the date of the annual report printing, as well as the Company's handling of members' opinions:

Date/Term	Proposal Content	Resolution Status	Company's Handling of Member Opinions
2022.01.20 The fourth session The fifth time	<ol style="list-style-type: none"> 1. Managerial Officer's year-end bonus distribution plan for fiscal year 2021. 2. Employee and director compensation plan for fiscal year 2021. 3. Salary plan for accounting and finance executives. 	Upon consultation with all attending committee members by the chairman, there were no objections and the proposal was passed.	The proposal will be approved by all attending Directors at the Director's meeting.
2022.08.12 The fourth session The sixth time	<ol style="list-style-type: none"> 1. Proposal for the distribution of director and executive compensation and employee remuneration for the fiscal year 2021 in our company. 	Upon consultation with all attending committee members by the chairman, there were no objections and the proposal was passed.	The proposal will be approved by all attending Directors at the Director's meeting.
2023.01.06 The fourth session The seventh time	<ol style="list-style-type: none"> 1. The distribution plan of year-end bonuses for the management team of the Company in 2022. 2. The salary adjustment plan for the management team of the Company. 	Upon consultation with all attending committee members by the chairman, there were no objections and the proposal was passed.	The proposal will be approved by all attending Directors at the Director's meeting.
2023.03.17 The fourth session The eighth time	<ol style="list-style-type: none"> 1. Report on the distribution of employee and director remuneration for the year 2022. 2. Managerial Officer's salary adjustment proposal. 	Upon consultation with all attending committee members by the chairman, there were no objections and the proposal was passed.	The proposal will be approved by all attending Directors at the Director's meeting.

(5) Promotion of Sustainable Development – Implementation Status and Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons

Project Promotion	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description	
1. Has the Company established a governance framework for promoting sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the board of directors authorized senior management to handle related matters under the supervision of the board?		√	The Company has not established a dedicated sustainability department or position, but it periodically assists vulnerable groups and sponsors social welfare activities.	Planning
2. Does the Company conduct risk assessments of environmental, social and corporate governance (ESG) issues related to the Company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies?	√		On March 17, 2023, the Board of Directors of our company passed the establishment of a Corporate Governance Committee and set up a Risk Management Team to be responsible for assessing and implementing risk management throughout the Company. The management team also holds regular monthly meetings to fully discuss and evaluate any environmental, social, and corporate governance issues related to the Company's operations that may pose a risk. This is done in order to provide guidance on risk management and operational strategies. The Company has begun to draft a risk management system, which will be presented to the Board of Directors for resolution in the near future.	No significant differences
3. Environmental Issues				
(1) Has the Company set an environmental management system designed to industry characteristics?	√		(1) The Company does not have any production operations in Taiwan, so there are no special pollution problems. We also place great emphasis on energy-saving and carbon reduction measures, as well as conserving water resources.	No significant differences
(2) Does the Company endeavor to use energy more efficiently and to use renewable materials with low environmental impact?	√		(2) The Company promotes energy conservation and paperless operations to reduce paper usage. In terms of power consumption, LED devices are now used throughout the Company.	No significant differences
(3) Has the Company evaluated the potential risks and opportunities posed by climate change for its business now and in the future and adopted relevant measures to address them?	√		(3) The Company is always concerned about global climate change and has established energy-saving and carbon reduction measures to comply with the global trend of low-carbon, energy conservation, and environmental protection. The Company is committed to helping the world combat the impacts of climate change.	No significant differences
(4) Did the Company collect data for the past two years on greenhouse gas emissions, volume of water consumption, and the total weight of waste, and establish policies for greenhouse gas reduction, reduction of water consumption, or management of other wastes?	√		(4) The Company conducts greenhouse gas inventories and implements strategies for energy conservation and carbon reduction. The Company has obtained ISO14001, ISO9001, and OHSAS18001 certifications for environmental quality management and social responsibility management systems. The Company is also actively applying to become a member of the EICC social and environmental responsibility alliance.	No significant differences
4. Social Issues				
(1) Has the Company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?	√		(1) The Company complies with all relevant labor and human rights laws and regulations, and provides labor insurance, health insurance, and retirement benefits for employees to ensure their rights and interests. The Company also offers group accident insurance for employees.	No significant differences
(2) Has the Company established and implemented reasonable employee welfare measures (include salary/compensation, leave, and other benefits), and are business performance or results appropriately reflected in employee salary/compensation?	√		(2) The Company has established various employee welfare measures (including remuneration, leave, and other benefits), which are implemented in accordance with relevant laws and regulations. The Company also provides appropriate feedback to employees based on business performance or results, and ensures that employee welfare is managed in compliance with regulations.	No significant differences

Project Promotion	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description	
<p>4. Social Issues</p> <p>(3) Does the Company provide employees with a safe and healthy working environment, and implement regular safety and health education for employees?</p> <p>(4) Has the Company established effective career development training programs for employees?</p> <p>(5) Does the Company comply with the relevant laws and international standards with regards to customer health and safety, customer privacy, and marketing and labeling of products and services, and implement consumer protection and grievance policies?</p> <p>(6) Has the Company formulated supplier management policies requiring suppliers to comply with relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and what is the status of their implementation?</p>	<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>		<p>(3) The Company regularly conducts labor safety education, fire safety and emergency response training for employees, and periodically conducts employee health check-ups and promotes workplace safety and health regulations.</p> <p>(4) The Company encourages employees to continue their education while working, and provides professional training for various departments. The Company also offers educational and training courses for employees as a foundation for talent cultivation.</p> <p>(5) The Company's products are mainly exported to international markets, and the Company places great emphasis on customer health, safety, and privacy. The main products are power cords, which require labeling that complies with various safety regulations of each country. Therefore, the Company complies with relevant laws and international standards.</p> <p>(6) The Company has established a supplier management policy in accordance with regulations, requiring suppliers to follow relevant regulations on environmental protection, occupational safety and health, and labor rights. The responsible unit checks and verifies the implementation status.</p>	<p>No significant differences</p> <p>No significant differences</p> <p>No significant differences</p> <p>No significant differences</p>
<p>5. Does the Company refer to international reporting standards or guidelines when preparing its sustainability report and other reports disclosing non-financial information? Does the Company obtain third party assurance or certification for the reports above?</p>		<p>✓</p>	<p>The Company currently has not prepared a sustainability report. Non-financial information can be obtained through the Company's website, annual reports, prospectuses, and the Market Observation Post System.</p>	<p>Still in planning</p>
<p>6. If the Company has adopted its own sustainable development best practice principles based on the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, please describe any deviation from the principles in the Company's operations: The Company has not yet established its own sustainability guidelines, but we are committed to making continuous efforts in social welfare activities and service contributions.</p>				
<p>7. Other important information to facilitate better understanding of the Company's promotion of sustainable development: The Company has been involved in emergency disaster relief and donations both domestically and internationally over the years.</p>				

(6) Ethical Corporate Management – Implementation Status and Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons:

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description	
<p>1. Establishment of ethical corporate management policies and programs</p> <p>(1) Does the Company have an ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?</p> <p>(2) Whether the Company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates, within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in Article 7, paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPE Listed Companies?</p> <p>(3) Does the Company clearly set out the operating procedures, behavior guidelines, and punishment and appeal system for violations in the unethical conduct prevention program, implement it, and regularly review and revise the plan?</p>		<p>√</p> <p>√</p>	<p>(1) The Company has not yet established a code of conduct for ethical business practices that has been approved by the Board of Directors, but The Company strictly adheres to relevant laws and regulations that should be followed by listed companies, such as the Company Act and Securities Exchange Act, to ensure ethical business practices are implemented.</p> <p>(2) The Company has not established a specific mechanism, but promotes ethical and moral behavior among all employees, and prevents bribery and corruption. Employees are prohibited from using their position to benefit themselves or others.</p> <p>(3) The Company has established an employee code of conduct, which includes clear guidelines for disciplinary actions and a system for filing complaints, and it is enforced and regularly reviewed for updates.</p>	<p>Still in planning</p> <p>Still in planning</p> <p>No significant differences</p>
<p>2. Ethical Management Practice</p> <p>(1) Does the Company assess the ethics records of those it has business relationships with and include ethical conduct related clauses in the business contracts?</p> <p>(2) Has the Company set up a dedicated unit to promote ethical corporate management under the Board of Directors, and does it regularly (at least once a year) report to the Board of Directors on its ethical corporate management policy and program to prevent unethical conduct and monitor their implementation?</p> <p>(3) Has the Company established policies to prevent conflict of interests, provided appropriate communication and complaint channels, and properly implemented such policies?</p> <p>(4) Does the Company have effective accounting and internal control systems in place to enforce ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit compliance with the systems to prevent unethical conduct or hire outside accountants to perform the audits?</p> <p>(5) Does the Company provide internal and external ethical corporate management training programs on a regular basis?</p>	<p>√</p> <p>√</p> <p>√</p> <p>√</p> <p>√</p>	<p>√</p>	<p>(1) The Company has established an evaluation mechanism for customers and partners, and includes confidentiality clauses and detailed rights and obligations for both parties in the contract when it is signed.</p> <p>(2) The Company has not yet set up a dedicated unit for ethical business management, but it is currently under planning and will be proposed to the Board of Directors later this year. Our directors and Managerial Officers take responsibility for their own actions that fall within the scope of ethical business conduct for the benefit of the shareholders' meeting or the Board of Directors.</p> <p>(3) The Company implements a policy for avoiding conflicts of interest in the execution of relevant regulations. In the event of a conflict of interest, internal employees can report it to their immediate supervisor or report it directly up the chain of command.</p> <p>(4) The Company has established effective accounting policies and internal control systems. The internal audit unit of the Company conducts audits in accordance with the annual audit plan approved by the Board of Directors, and submits reports to the audit committee. The execution of the audit is reported to the audit committee and the Board of Directors.</p> <p>(5) The Company regularly holds integrity and ethics training and requires employees to receive external education and training.</p>	<p>No significant differences</p> <p>Still in planning</p> <p>No significant differences</p> <p>No significant differences</p> <p>No significant differences</p>

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description	
<p>3. Implementation of Complaint Procedures</p> <p>(1) Has the Company established specific whistle-blowing and reward procedures, set up conveniently accessible whistle-blowing channels, and appointed appropriate personnel specifically P. 45 of 93 Note: Regardless of whether “Yes” or “No” is ticked regarding the implementation status, an explanation should still be provided in in the explanation column for each item. Evaluation item Implementation status (Note) Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons Yes No Summary description responsible for handling complaints received from whistleblowers?</p> <p>(2) Has the Company established standard operation procedures for investigating the complaints received, follow-up measures taken after investigation, and mechanisms ensuring such complaints are handled in a confidential manner?</p> <p>(3) Has the Company adopted proper measures to protect whistleblowers from retaliation for filing complaints?</p>	<p>√</p> <p>√</p> <p>√</p>		<p>(1) The Company has established a system of rewards and punishments for its employees. If an employee violates company rules and the violation is confirmed, the disciplinary action taken will be announced publicly.</p> <p>(2) The Company has set up a mechanism for employees to report violations, and the process is kept confidential. The responsible Managerial Officer and the internal audit department will investigate.</p> <p>(3) The Company has measures in place to protect whistleblowers from retaliation by the reported parties.</p>	<p>No significant differences</p> <p>No significant differences</p> <p>No significant differences</p>
<p>4. Strengthening Information Disclosure Does the Company disclose its ethical corporate management policies and the results of their implementation on its website and the Market Observation Post System (MOPS)?</p>		<p>√</p>	<p>The Company's website is currently developing a disclosure mechanism for information related to ethical corporate management. Currently, the website includes information on the operation of the internal audit department and the disclosure of major information.</p>	<p>Still in planning</p>
<p>5. If the Company has adopted its own ethical corporate management best practice principles based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, please describe any deviations between the principles and their implementation:</p>				
<p>6. Other important information to facilitate a better understanding of the status of operation of the Company's ethical corporate management policies (e.g., the Company's reviewing and amending of its ethical corporate management best practice principles):</p>				

(7). The contact information for inquiries regarding the corporate governance policies and related regulations established by the Company should be disclosed. Please refer to The Company's website or the Taiwan Stock Exchange website for more information.

(8). Other important information that can enhance understanding of the Company's corporate governance practices may also be disclosed. Please refer to The Company's website or the Taiwan Stock Exchange website for more information.

9. The state of implementation of the Company's internal control system

1. A Statement of Internal Control:

TAIWAN LINE TEK ELECTRONIC CO., LTD
Internal Control System Statement

Date: March 17, 2023

Regarding the internal control system of our company for the year 2022, based on our self-assessment, we hereby declare the following:

1. Our company acknowledges that the establishment, implementation, and maintenance of the internal control system are the responsibilities of the Board of Directors and management. Our company has already established such a system. Its purpose is to achieve operational effectiveness and efficiency (including profitability, performance, and asset security), provide reliable, timely, transparent, and compliant reporting, and ensure reasonable assurance.
2. The effectiveness of the internal control system is inherently limited. Regardless of how well-designed it is, an effective internal control system can only provide reasonable assurance regarding the achievement of the aforementioned goals. Furthermore, the effectiveness of the internal control system may change due to changes in the environment and circumstances. However, our company's internal control system includes a self-supervision mechanism, and any identified deficiencies will be addressed through corrective actions.
3. Our company assesses the effectiveness of the internal control system based on the criteria specified in the "Guidelines for Publicly Issued Companies to Establish Internal Control Systems" (referred to as the "Guidelines"). The "Guidelines" divide the internal control system into five components based on the management control process: 1. Control Environment, 2. Risk Assessment, 3. Control Activities, 4. Information and Communication, and 5. Monitoring Activities. Each component includes several items. Please refer to the provisions of the "Guidelines" for details.
4. Our company has used the criteria for assessing the design and effectiveness of the internal control system.
5. Based on the assessment results, our company believes that the internal control system (including the supervision and management of subsidiaries) as of December 31, 2022, including the design and implementation of understanding the achievement of operational effectiveness and efficiency goals, reliable and timely reporting, transparency, and compliance with relevant regulations and laws, is effective and reasonably ensures the achievement of the goals.
6. This statement will become a major content of our company's annual report and public disclosure document, and will be made publicly available. If there are any fraudulent or concealed matters in the disclosed content, it may involve legal liabilities under Article 20, Article 32, Article 171, and Article 174 of the Securities Exchange Act.
7. This statement was approved by the Board of Directors of our company on March 17, 2023. Out of 9 attending directors, 0 expressed opposition, and the rest agreed to the content of this statement.

Taiwan Line Tek Electronic Co., Ltd.
Chairman: CHEN, LONG-SHUI
General Manager: CHEN, LONG-SHUI

2. For projects where an accountant is commissioned to review the internal control system, the disclosure of the accountant's review report is: None.

- (10). If there has been any legal penalty against the Company or its internal personnel, or any disciplinary penalty by the Company against its internal personnel for violation of the internal control system, during the most recent fiscal year or during the current fiscal year up to the publication date of the annual report, where the result of such penalty could have a material effect on shareholder equity or securities prices, the annual report shall disclose the penalty, the main shortcomings, and condition of improvement.
- (11). Material resolutions of a shareholders meeting or a Board of Directors meeting during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report.

1、Shareholders Meeting Material Resolutions and Implementation Status:

Date	Material Resolutions	Implementation Status
2022.06.17 Shareholders' meeting	<ol style="list-style-type: none"> 1. Approve the 2021 annual business report and financial statements. 2. Approve the 2021 profit distribution plan in accordance with Article 24 of the Company's Articles of Association and the Company Law. It is planned to distribute a total of NT\$85,160,760 (NT\$0.6 per share) in cash dividends for the 2021 fiscal year. 3. Approve the partial amendment of the Company's Articles of Association. 	<ol style="list-style-type: none"> 1. Approved as proposed. 2. Approved as proposed, with the distribution record date set as July 20th, 2022, and the full payment to be completed by August 5th, 2022. 3. Approved as proposed.

2、Board of Directors' Material Resolutions:

Date	Term	Material Resolutions
01/20/2022	The 12th board meeting of the 15th term.	<ol style="list-style-type: none"> 1. Approved the change of internal audit supervisor. 2. Approved the appointment and removal of accounting and finance director. 3. Approved the retrospective and discussion of bank financing status. 4. Approved the appointment of directors and supervisors for subsidiary companies within the group. 5. Approved the distribution of year-end bonuses for executives for the year 2021.
03/24/2022	The 13th board meeting of the 15th term.	<ol style="list-style-type: none"> 1. Approved the 2021 internal control system statement. 2. Approved the revision of the internal audit system. 3. Approved The Company's fund lending to Everfull Electronics (Huizhou) Co., Ltd. 4. Approved the bank financing situation. 5. Approved the endorsement guarantee for the subsidiary Everfull Electronics (Huizhou) Co., Ltd. 6. Approved the revision of the "Company Bylaws". 7. Approved the 2022 operational plan. 8. Approved the 2022 budget. 9. Approved the 2021 employee compensation and Director compensation. 10. Approved the 2021 business report and financial statement. 11. Approved the 2021 profit distribution. 12. Approved the date, time, location, and purpose of convening the 2022 shareholders' meeting.
05/10/2022	The 14th board meeting of the 15th term.	<ol style="list-style-type: none"> 1. Approval of the interest calculation and lending terms for the funding provided to Everfull Electronics (Huizhou) Co., Ltd. 2. Approval of the discussion and recognition of The Company's bank financing extension status. 3. Approval of the recognition of The Company's bank performance guarantee extension status. 4. Approval of The Company's endorsement guarantee extension status for Everfull Electronics (Huizhou) Co., Ltd. 5. Approval of the Q1 2022 consolidated financial report. 6. Approval of the merger of subsidiary companies within the group.
08/12/2022	The 15th board meeting of the 15th term.	<ol style="list-style-type: none"> 1. Approved the retrospective recognition of the bank financing status. 2. Approved the cash capital increase plan for Everfull Electronic Co., Ltd. 3. Approved the endorsement and guarantee plan for the subsidiary Everfull Electronic (Huizhou) Co., Ltd. 4. Approved the Q2 2022 consolidated financial report. 5. Approved the implementation of share repurchase and transfer to employees. 6. Approved the allocation of Director's remuneration and employee remuneration for the year 2021. 7. Approved the timetable for greenhouse gas inventory and verification disclosure. 8. Approved the reappointment of Directors for the subsidiary companies in the group.

Date	Term	Material Resolutions
11/11/2022	The 16th board meeting of the 15th term.	<ol style="list-style-type: none"> 1. Approved appointment of the Company's accounting and financial executive. 2. Approved the internal audit plan for the year 2023. 3. Approved capital increase plans for the subsidiary "Yi Fu Wan Electric Co., Ltd." and the subsidiary "Everfull Electronics (Huizhou) Co., Ltd." 4. Approved revisions to the asset acquisition or disposition management procedures. 5. Approved revisions to the share buyback and transfer to employees' procedures. 6. Approved revisions to the internal control system. 7. Approved revisions to the internal processing procedures for significant information. 8. Approved revisions to the management procedures for specific related-party transactions with affiliated enterprises. 9. Approved revisions to the subsidiary management procedures. 10. Approved the consolidated financial report for the third quarter of 2022. 11. Approved the independent auditor's assessment of independence. 12. Approved the establishment of procedures for assessing the independence and performance of auditors.
01/06/2023	The 17th board meeting of the 15th term.	<ol style="list-style-type: none"> 1. Approved the renewal of the bank credit line. 2. Approved the revision of the internal audit system. 3. Approved the investment in the establishment of a wholly-owned subsidiary. 4. Approved the retention of undistributed earnings in overseas investment companies. 5. Approved the assessment of The Company and its subsidiaries' financial conduits. 6. Approved the amendment of the Company bylaws. 7. Approved the revision of the endorsement and guarantee implementation regulations. 8. Approved the amendment of the Director's self-evaluation performance evaluation method. 9. Approved the distribution of year-end bonuses for Managerial Officers for the year 2022. 10. Approved the salary adjustment for Managerial Officers.

Date	Term	Material Resolutions
03/17/2023	The 18th board meeting of the 15th term.	<ol style="list-style-type: none"> 1. Approved year 2022 operating report and financial statement. 2. Approved the distribution of earnings for 2022. 3. Approved the issuance of new shares through the increase of capital with retained earnings of the Company. 4. Approved the non-assurance services provided by the auditor and the appointment of auditor for 2023. 5. Approved the declaration of the internal control system for 2022. 6. Approved the report on employee compensation and director remuneration for 2022 7. Approved the establishment of the Corporate Governance Committee and the appointment of the Corporate Governance Officer. 8. Approved the endorsement and guarantee for Everfull Electronics (Huizhou) Co., Ltd. 9. Approved the renewal of the credit line with the bank. 10. Approved the increase in capital and appointment of directors for the subsidiary in Vietnam. 11. Approved the increase in investment amount for the subsidiary in mainland China. 12. Approved the revision of "Asset Acquisition or Disposal Management Regulations". 13. Approved the revision of "Salary Committee Organization Regulations". 14. Approved the revision of "Internal Audit Implementation Rules". 15. Approved the budget for 2023. 16. Approved matters related to the convening of the 2023 annual shareholders' meeting. 17. Approved matters related to the exercise of shareholders' right to propose agenda items for the annual shareholders' meeting. 18. Approved matters related to the nomination of candidates for directors proposed by shareholders. 19. Approved the comprehensive election of directors. 20. Approved the nomination and review of candidates for the 16th Board of Directors (including independent directors) proposed by the Board of Directors. 21. Approved the lifting of non-compete restrictions for newly appointed directors. 22. Approved the adjustment of salaries for Managerial Officers.

(12). In the latest fiscal year and up to the date of printing of the annual report, there were no directors who had different opinions on significant resolutions passed by the Board of Directors and had recorded or made written statements on the matter.

(13). Summary of resignation and dismissal of the Company's chairman, general Managerial Officer, accounting Managerial Officer, finance Managerial Officer, internal audit Managerial Officer, corporate governance Managerial Officer, and research and development Managerial Officer during the latest and until the date of the annual report:

04/30/2023

Title	Name	Date of Appointment	Date of Resignation	Reason for Resignation or Termination
Deputy Managerial Officer of Finance Department	CHANG, WAN-YU	2022.1.20	2022.9.12	Career planning

Note: The Audit Committee and the Board of Directors of the Company passed a resolution on November 11, 2022, to appoint CHEN, YI-JING, the Chief Financial Officer, as the Accounting and Finance Officer.

5、Information on auditor's fees:

(1) Information on CPA (External Auditor) Professional Fees

Amount Unit: (NTD) in thousands

Name of the accounting firm	Name of Accountant	Audit Period	Audit Fee	Non-audit Fee	Total	Note
PwC Taiwan	Lee, Hsiu-Ling Hsu, Ming-Chuan	01/01/2022~ 12/23/2022	3,510	1,140	4,650	The non-audit fees include: 1. Tax certification: 500,000 NTD. 2. Transfer pricing: 300,000 NTD. 3. Group transfer pricing: 340,000 NTD.

(2) If the audit fees paid to the new accounting firm in the changed fiscal year have decreased compared to the previous fiscal year, the amounts and reasons for the changes in audit fees before and after the change should be disclosed. However, this does not apply in this case.

(3) If the audit fees have decreased by more than ten percent compared to the previous year, the amount, ratio, and reason for the decrease in audit fees should be disclosed. In this case, the decrease was due to the classification of tax certification as non-audit fees.

6、Information on Replacement of CPAs: None。

7、The Company's chairperson, general manager, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm: None.

8、Any transfer of equity interests and/or pledge of or change in equity interests (during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report) by a director, managerial officer, or shareholder with a stake of more than 10 percent during the most recent fiscal year or during the current fiscal year up to the date of publication of the 04/20/2023 annual report are as follows:

(1) Information on shareholding changes for Directors, Managerial Officers, and major shareholders

Unit: share

Title	Name	2020		As of 04/20/2023 for the current fiscal year.	
		Increase (decrease) of shareholding quantity	Increase (decrease) of pledged shareholding quantity	Increase (decrease) of shareholding quantity	Increase (decrease) of pledged shareholding quantity
Chairman & General Managerial Officer	CHEN, LONG-SHUI	-	-	-	-
Director	XIE, GUO-XIONG	-	-	-	-
Director	LONGWELL COMPANY Corporation Representative : HUANG, YAN-FENG	(2,989,000)	-	(1,721,000)	-
Director	LONGWELL COMPANY Corporation Representative : SHI, KUN-MING	(2,989,000)	-	(1,721,000)	-
Director	XIE, YUAN-FENG	54,000	-	-	-
Director	CHEN, ZHI-MING	50,000	-	-	-
Independent Director	FENG, BEN-LI	-	-	-	-
Independent Director	LIU, GUO-NAN	-	-	-	-
Independent Director	SHEN, SYUE-REN	-	-	-	-
Executive Deputy General Managerial Officer	HUANG, YOU-XIANG	-	-	-	-
Chief Financial Officer (Deputy General Managerial Officer)	CHEN, YI-JING(Note3)	-	-	-	-
Chairman's Special Assistant & Spokesperson/ Assistant Managerial Officer	JIANG, WEN-YU	-	-	-	-
Assistant General Managerial Officer	TSAI, JIAN- WEN	-	-	-	-
Shareholders owning 10% or more of the Company's shares	LONGWELL COMPANY	(2,989,000)	-	(1,721,000)	-

Note 1: Shareholders holding more than 10% of the Company's shares should be clearly noted as major shareholders and listed separately.

Note 2: When the transfer or pledge of equity involves related parties, it should be separately listed in the appendix.

Note 3: YI-JING CHEN assumed the position of CFO on November 11, 2022 and became the head of corporate governance on March 17, 2023.

(2) Information on equity transfer: There is no situation of related parties involved in equity transfer.

(3) Information on equity pledge: There is no situation of related parties involved in equity pledge.

9、Information on the top 10 shareholders and their relationships, including spouses, relatives within the second degree of kinship, or related parties as follows:

04/18/2023 Unit: share%

Name (Note1)	Personal shareholding		Holding shares of spouse and minor		Holding shares under another person's name		Names or names and relationships of related parties or relatives within the second degree of kinship among the top ten shareholders with mutual relationships		Note
	Share quantity	Ownership percentage	Share quantity	Ownership percentage	Share quantity	Ownership percentage	Title (Name)	Relationship	
Longwell Representative: Li Chun-Zheng	39,466,798	27.806 %	-	-	-	-	None	None	
Xie Guo-Xiong	4,218,327	2.972 %	-	-	-	-	Xie Yu-Yan Xie Tian-Fu	second-degree relative second-degree relative	
Shilian Investment Co., Ltd. Representative: Zhou Mei-Nu	3,855,000	2.716 %	-	-	-	-	Chen Zhi-Ming Chen Long-Shu	Mother and son Spouse	
Cheng Zheng-Chang	2,594,000	1.827 %	-	-	-	-	None	None	
Hueilin Investment Co., Ltd. Representative: Xie Yu-Yan	2,546,195	1.793 %	-	-	-	-	Xie Guo-Xiong Xie Tian-Fu	second-degree relative second-degree relative	
Lin Jian-Bin	2,483,343	1.749 %	-	-	-	-	None	None	
Chen Zhi-Ming	2,450,000	1.726 %	-	-	-	-	Zhou Mei-Nu Chen Long-Shui	Mother and son Father and son	
Chen Long-Shui	2,000,000	1.409 %	800,000	0.564%	-	-	Chen Zhi-Ming	Spouse Father and son	
Xie Yuan-Feng	1,898,000	1.337 %	-	-	-	-	None	None	
Jin Fu Yi Investment Co., Ltd. Representative: Xie Tian-Fu	1,823,242	1.284 %	-	-	-	-	Xie Guo-Xiong Xie Yu-Yan	second-degree relative second-degree relative	

Note 1: The top ten shareholders should all be listed, and for corporate shareholders, both the name of corporate shareholder and the name of the representative should be separately listed.

Note 2: The calculation of ownership percentage refers to the calculation of ownership percentage separately using one's own name, spouse, minor children, or using the name of another person.

Note 3: When listing the shareholders mentioned above, including both corporate and natural persons, the relationships between them should be disclosed in accordance with the financial reporting standards of the issuer.

10、The total number of shares and total equity stake held in any single enterprise by the Company, its directors and supervisors, managerial officers, and any companies controlled either directly or indirectly by the Company:

12/31/2022 Unit: share%

Investment in the transfer of business (Note)	Investment of the Company		Directors, supervisors, Managerial Officers, and investments in businesses directly or indirectly controlled		Comprehensive Investment	
	Number of stocks	Ownership percentage	Number of stocks	Ownership percentage	Number of stocks	Ownership percentage
Everfull Electronic Co., Ltd.	-	100%	-	-	-	100%
Fulin Investment Consulting Co., Ltd	100,000	100%	-	-	100,000	100%
TAIWAN LINE TEK ELECTRONIC (SAMOA) CO., LTD.	-	100%	-	-	-	100%
LONGWELL JAPAN CO., LTD.	200	100%	-	-	200	100%

Note 1: This is an investment accounted for using the equity method by the Company.

Note 2: The information is sourced from the audited financial statements for the year 2022, which were prepared using the equity method by the accountant.

4、Fundraising Situation

1、Capital and Shares

(1) Sources of Capital Stock

1、Sources of Capital Stock

04/30/2023 Unit: NTD/ share

Month/Year	Issue price	Authorized capital stock		Paid-in capital stock		Note		
		Share quantity	Amount	Share quantity	Amount	Sources of Capital	Non-cash capital contribution	Other
07/2011	10	100,000,000	1,000,000,000	82,992,858	829,928,580	Cash converted: NT\$24,172,680	None	08/08/2011 Granted Commerce Letter No. 100011779910
08/2012	10	150,000,000	1,500,000,000	87,142,501	871,425,010	Cash converted: NT\$41,496,430	None	08/24/2012 Granted Commerce Letter No. 10101175660
12/2012	10	150,000,000	1,500,000,000	87,280,941	872,809,410	Convertible bonds converted: NT\$1,384,400	None	03/12/2012 Granted Commerce Letter No. 10101248000
04/2014	10	150,000,000	1,500,000,000	96,835,946	968,359,460	Convertible bonds converted: NT\$95,550,050	None	04/15/2014 Granted Commerce Letter No. 10301062220
07/2014	10	150,000,000	1,500,000,000	100,151,779	1,001,517,790	Convertible bonds converted: NT\$33,158,330	None	07/25/2014 Granted Commerce Letter No. 10301152490
10/2014	10	150,000,000	1,500,000,000	105,155,901	1,051,559,010	Profit converted: NT\$50,041,220	None	10/23/2014 Granted Commerce Letter No. 10301219770
11/2014	10	150,000,000	1,500,000,000	105,337,485	1,053,374,850	Convertible bonds converted: NT\$1,815,840	None	11/24/2014 Granted Commerce Letter No. 10301241340
08/2016	10	150,000,000	1,500,000,000	114,484,596	1,144,845,960	Cash converted: NT\$84,269,990 Employee compensation: NT\$7,201,120	None	08/15/2016 Granted Commerce Letter No. 10501199190
09/2016	10	150,000,000	1,500,000,000	142,484,596	1,424,845,960	Private placement: NT\$280,000,000	None	09/12/2016 Granted Commerce Letter No. 10501225020
07/2019	10	180,000,000	1,800,000,000	142,484,596	1,424,845,960	Increase in authorized capital	None	07/22/2019 Granted Commerce Letter No. 10801090230
09/2020	10	180,000,000	1,800,000,000	141,934,596	1,419,345,960	Cancelate treasury stock 5,500,000 shares	None	09/07/2020 Granted Commerce Letter No. 10901164090

Note 1: The data should be filled in for the current year as of the date of the annual report.

Note 2: For the increased capital portion, the effective (approved) date and reference number should be added.

Note 3: Stocks issued below par value should be clearly marked.

Note 4: If using monetary claims or technology to offset stock payments, it should be stated and the type and amount of offset should be noted.

Note 5: Private placement stocks should be prominently marked.

Note 6: The Company was established in July 1978 with a registered capital of NTD 5,000,000.

2. Types of shares issued as of the end of the latest fiscal year and the date of printing of the annual report

04/30/2023 Unit: share

Type of shares	Authorized shares			Note
	Outstanding shares	Unissued shares	Total	
Common stock	141,934,596	38,065,404	180,000,000	Listed stocks

3. Summary declaration system-related information: None.

(2) Shareholder Structure

04/18/2023

Shareholder Structure Quantity	Government institutions	Financial institutions	Other corporations	Individual	Foreign institutions and non-corporate entities	Total
Number of Shareholders	-	-	189	22,287	43	22,519
Number of Shares Held	-	-	54,852,823	83,598,458	3,483,315	141,934,596
Shareholding Percentage (%)	-	-	38.647%	58.899%	2.454%	100.00%

Note: Listed companies and Emerging Stock companies on the first board should disclose their ownership percentage of Mainland China investors; Mainland China investors refer to Mainland China individuals, corporations, groups, other organizations, or companies invested in third-party countries as defined in Article 3 of the Regulations for Investment by Mainland Area Residents in Taiwan.

(3) Diffusion of ownership:

1、Common shares

04/18/2023

Shareholding Classification	Number of Shareholders	Share quantities held	Ownership percentage(%)
1 ~ 999 shares	15,584	998,049	0.703%
1,000 ~ 5,000	5,431	11,167,972	7.868%
5,001 ~ 10,000	738	5,639,507	3.973%
10,001 ~ 15,000	232	2,937,646	2.070%
15,001 ~ 20,000	127	2,332,050	1.643%
20,001 ~ 30,000	128	3,239,748	2.283%
30,001 ~ 40,000	63	2,193,489	1.545%
40,001 ~ 50,000	34	1,586,553	1.118%
50,001 ~ 100,000	70	4,962,895	3.497%
100,001 ~ 200,000	39	5,478,013	3.860%
200,001 ~ 400,000	26	7,155,725	5.042%
400,001 ~ 600,000	14	6,904,534	4.865%
600,001 ~ 800,000	8	5,756,629	4.056%
800,001 ~ 1,000,000	4	3,688,698	2.598%
Above 1,000,00	21	77,893,088	54.879%
Total	22,519	141,934,596	100.000%

2、Preferred shares: The Company has not issued any preferred shares.

(4) List of Major Shareholders

04/18/2023 Unit: share

Major Shareholder Name	Shares	Shareholding quantity	Ownership percentage(%)
Longwell		39,466,798	27.806%
Xie, Guo-Xiong		4,218,327	2.972%
Shilian Investment Co., Ltd.		3,855,000	2.716%
Chen, Zhen-Chang		2,594,000	1.827%
Hueilin Investment Co., Ltd.		2,546,195	1.793%
Lin, Jien-Bing		2,483,343	1.749%
Cheng, Zhi-Ming		2,450,000	1.726%
Chen, Long-Shuui		2,000,000	1.409%
Xie, Yuan-Feng		1,898,000	1.337%
Jing Fu Yi Investment Co., Ltd.		1,823,242	1.284%

(5) Recent two-year information on per share price, net asset value, earnings, dividends, and related data.

Unit: NTD

Item	Year		2021	2022	As of the end of the current fiscal year (Note8) 04/30/2023
	Per share market price (Note1)	Highest		37.40	40.20
Lowest			23.85	23.45	27.20
Average			29.37	28.26	31.08
Per share net asset value (Note2)	Before stock dividend distribution		18.11	18.91	18.94
	After stock dividend distribution		17.51	Not yet distributed	Not yet distributed
Earnings per share	Weighted average Share quantity		141,935 thousand shares	141,481 thousand shares	140,584 thousand shares
	Adjusted before retrospective adjustment		0.83	1.48	0.32
	Adjusted after retrospective adjustment (Note3)		0.80	1.44	-
Dividend per share	Cash dividend		0.60	0.30	-
	Stock dividend without compensation	Earnings distribution through stock dividend	-	0.30	-
		Capital surplus distribution through stock dividend	-	-	-
	Accumulated unpaid dividends (Note4)		-	-	-
Investment return analysis	Price-to-earnings ratio (Note5)		35.39	19.09	-
	Price-to-dividend ratio (Note6)		48.95	94.20	-
	Cash dividend yield (Note7)		0.02	0.01	-

* If there is a stock dividend or capital increase by using earnings or capital surplus, the information of the adjusted market price and cash dividend based on the share quantity distributed should be disclosed.

Note 1: List the highest and lowest market prices of ordinary shares for each year, and calculate the average market price based on the trading value and volume of each year.

Note 2: Please fill in the information based on the Share quantity already issued at the end of the year and the distribution determined by the Director meeting or next year's shareholders' meeting.

Note 3: If there is a need to adjust retrospectively due to non-cash capital increase or other circumstances, the earnings per share before and after the adjustment should be listed.

Note 4: If there are provisions in the conditions of equity securities issuance that the dividends not yet distributed in the current year can be accumulated and distributed in the year with earnings, the accumulated unpaid dividends until the end of the current year should be separately disclosed.

Note 5: P/E ratio = average closing price per share of the year / earnings per share.

Note 6: P/B ratio = average closing price per share of the year / cash dividend per share.

Note 7: Dividend yield = cash dividend per share / average closing price per share of the year.

Note 8: Except for the earnings per share and net asset value as of March 31, 2023, which have not been audited by the

accountant, those for 2021 and 2022 have been audited and certified by the accountant. Other columns are based on the data as of the publication date of the annual report for the current year. °

(6) Company's dividend policy and implementation thereof:

1. Dividend policy stipulated in the Company's articles of association:

If there are profits in the annual final accounts of the Company, after paying income tax in accordance with the law, the Company shall first make up for the accumulated losses in previous years, and then allocate 10% as statutory surplus reserves. However, if the statutory surplus reserves have reached the total capital of the Company, there is no need to set aside any further reserves.

If there is a profit in any fiscal year, before allocating staff remuneration and director remuneration, the Company shall reserve an amount to make up for the accumulated losses, and then allocate the remaining amount for staff remuneration not less than 2% and director remuneration not more than 5%. In addition, in accordance with the relevant laws and regulations, after setting aside or reversing special surplus reserves, the Company will formulate a profit distribution plan through the Board of Directors and submit it to the shareholders' meeting for resolution, together with the accumulated undistributed profits.

The Company's dividend policy adopts a principle of prudent balance, taking into account the profit situation, financial structure, funding needs for future development, and long-term business plans. At least 10% of the dividends distributed in the current fiscal year shall be allocated for cash dividends. However, the Board of Directors may adjust this allocation based on the overall operational status and funding plans at that time.

2. The proposed dividend distribution at this shareholders' meeting:

On March 17, 2022, the Board of Directors passed a proposal to distribute cash dividends of NT\$0.3 per share and stock dividends of NT\$0.3 per share, totaling NT\$84,350,760, to be approved by the shareholders' meeting on June 16, 2022.

(7) Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent shareholders' meeting: Not applicable.

(8) Profit-sharing compensation of employees and directors:

1. According to the Company Law, the Company shall distribute employee remuneration based on a fixed amount or ratio of the current year's profits. However, if the Company has accumulated losses, they should be compensated first. The employee remuneration can be paid in the form of stocks or cash, subject to a resolution passed by at least two-thirds of the directors present at a meeting and approved by a majority of the directors, and reported to the shareholders' meeting. The Company's articles of association may also specify the recipients of the stocks or cash, including subsidiary employees who meet certain conditions. After deducting accumulated losses, if any, the Company shall allocate employee remuneration of not less than 2% and Director remuneration of not more than 5% according to the current year's profit situation.

2. Accounting treatment in case of a difference between estimated and actual employee and Director remuneration amounts and stock-based employee remuneration calculation basis:

The estimated amount of employee and Director remuneration for the current period is based on the net profit after tax for the current year, estimated at the percentage specified in the articles of association, and recognized as current operating expenses. However, if the actual distribution differs from the estimate in a subsequent shareholders' meeting, it will be adjusted in the following year's income statement.

3. Director meeting resolution for the distribution of remuneration:

(1) The Company's Director meeting on March 17, 2023 approved the distribution of cash remuneration for employees and Director remuneration amounts:

Director remuneration of NT\$6,866,797.

Employee remuneration of NT\$6,008,447.

- (2) The proposed distribution of stock-based employee remuneration and the ratio of the total amount to the current year's net profit and total employee remuneration: None.
- (3) The earnings per share calculated after considering the proposed distribution of employee and Director remuneration is NT\$1.48.
4. Actual distribution of director and employee compensation for the year 2021 (including share quantity, amount, and stock price):
 - (1) Director compensation: NT\$ 3,631,164, the actual distribution is no different from the estimated amount recognized as expenses for the year.
 - (2) Employee compensation: NT\$ 4,149,901, the actual distribution is no different from the estimated amount recognized as expenses for the year.

(9) Status of a company repurchasing its own shares:

04/30/2023

Number of Repurchases (Note)	First period	Second period
Purpose of Repurchases	Maintaining company credit and shareholder rights	Transfer of shares to employees
Repurchase Period	03/30/2020 ~ 05/26/2020	08/15/2022 ~ 10/11/2022
Repurchase Price Range	NTD 22 ~ 30	NTD 22 ~ 35
Types and quantity of repurchased shares	Common stock 550,000 shares	Common stock 1,350,000 shares
Amount of repurchased shares	NTD 14,021,620	NTD 38,139,441
Percentage of repurchased shares to the planned amount (%)	55.00%	54.00%
Number of shares disposed of or transferred	550,000 shares	0
Cumulative number of shares held by the Company	0	1,350,000
Percentage of cumulative shares held by the Company to the total issued shares (%)	0	0.95%

Note: The number of fields may be adjusted according to the actual number of issuances.

2. There is no issuance of Corporate Bonds.
3. There is no issuance of Preferred Shares (with attached subscription rights).
4. There is no issuance of Global Depositary Receipts.
5. There is no issuance of Employee Share Subscription Warrants.
6. There are no New Restricted Employee Shares.
7. There is no issuance of new shares in connection with mergers or acquisitions or with acquisitions of shares of other companies.
8. There is no status of implementation of capital allocation plans.

V. Overview of business operations

1. A description of the business

(1) Scope of business:

1. The main business of the Company includes:

- (1) Manufacturing and sales of computer system power transmission cables.
- (2) Manufacturing and sales of electrical power transmission cables.
- (3) Manufacturing and sales of information peripheral product signal connection cables.
- (4) Manufacturing and sales of automotive power transmission cables.

2. Relative weight

Unit:(NTD) thousand dollars

Product Categories	2022 operating revenue	Proportion
Information and computer electrical power transmission cable	4,682,215	97.79%
Other	105,850	2.21%
Total	4,788,065	100.00 %

3. The current products (services) offered by the Company are mainly computer and electronic power transmission cable sets, efficient signal transmission cable sets for information and communication systems, and electric vehicle charging cables. These products and services are applied in various areas, including general household appliances, eco-friendly appliances, fully-integrated smart appliances, cloud computing, mobile communications, consumer electronics, and mobile information peripheral products.
4. New products/services planned for development by the Company:
 - (1) Research and development of innovative processes and appearance improvements for computer and electrical power transmission cable assemblies, as well as obtaining new safety certifications in multiple countries.
 - (2) Research and development of process improvements for innovative information peripheral products and efficient connection cable assemblies for communication systems.
 - (3) Research and development of process improvements for components and new devices related to consumer electronics usage.
 - (4) Development of high-power plugs for industrial and medical applications.
 - (5) Research and development of smart electric vehicle related cables and plugs.

(2) An overview of the industry

1. The current status and development of the industry

In 2022, the overall electronic component industry in Taiwan faced the biggest winter in the past five years. Factors such as shrinking terminal demand, high inventory levels, production stoppages, and competition between the US and China all have had a negative impact on the industry's development. Therefore, the overall output value of electronic components in Taiwan is estimated to face a NT\$2.4 trillion defense battle, compared to a predicted 6% decline in 2021. Looking ahead to 2023, there will be four major observation points for the development of Taiwan's electronic components, including the rate of inventory digestion, the impact of US-China technological competition, the growth momentum of 3C PLUS applications, and the proportion of high-spec products. Taking these factors into account, there is a high probability that the output value of electronic components in Taiwan may slightly decline by 0.5% in 2023,

remaining at around NT\$2,424.8 billion.

For manufacturers of power cords and connectors, sales are expected to decline in 2022 as global vaccination rates surpass 50%, with only about 186 million units expected to be shipped for the year, a year-on-year decrease of 24.5%. The momentum of shipments has clearly slowed down, indicating a decline in demand driven by the effects of remote work and study. Additionally, due to container ship shortages and port congestion, transportation times have been prolonged, leading to high inventory levels caused by downstream customers repeatedly placing orders and resulting in subsequent order cancellations.

Looking ahead to 2023, the world is still shrouded in uncertainty, with political and economic pressures expected to continue to suppress demand. Sales are expected to decline by around 7.8% for the year, with shipments of only about 171 million units. Moreover, the US-China trade friction continues, leading to increased geopolitical tensions, prompting major companies to consider repositioning their supply chain strategies in recent years. Among them, American brands are the most proactive, due to their large scale and bargaining power with suppliers. Therefore, based on strategic considerations for future situations, the production layout of laptops outside of China may be divided into two modes. Vietnam, with its geographic advantages and a young and relatively inexpensive labor force, is the biggest attraction for brands and OEMs to move in.

Smart home appliances, through IoT cloud intelligence, aim to achieve "cloud living, shared by all". In the future, the integration of mobile devices, smart objects, and vehicles will allow for universal control and artificial intelligence applications, creating a comprehensive smart automation control. Looking ahead to 2023, the value chain of the information and electronics industry is expected to continue to be reshaped, and the global economy is expected to slowly recover. However, the extent of the recovery is limited, and the ongoing trade and technology conflicts between the US and China continue to bring uncertainty. In response to the impact of the trade war, early arrival of short-chain and decentralized supply chains, high-tech manufacturers need to continuously diversify production sites, in response to possible tariffs and non-tariff trade sanctions that may be imposed in the future. In addition, various countries continue to develop smart manufacturing related policies to attract international investors to invest in setting up factories, making cross-border high-tech manufacturers layout more diversified among different countries. In the future, production sites will be more scattered and fragmented, and the global manufacturing system will shift towards "Made-in-Everywhere", developing a more market-oriented, more variable and flexible smart manufacturing production mode and supply system.

2. The links between the upstream, midstream, and downstream segments of the industry supply chain

The links between the upstream, midstream, and downstream segments of the industry supply chain in our company's products covers consumer electronic products such as power cables, VGA CABLES, USB CABLES, SCSI CABLES, RGB CABLES, as well as related components of computer mainframes and peripherals, communication networks, and high-efficiency transmission equipment. The upstream suppliers are manufacturers of bare copper wire and PVC powder, covering the manufacturing and plastic industries. The downstream industries are mainly computer systems and components, computer peripheral manufacturers, communication product manufacturers, consumer electronics industries, and electric vehicle wire harness manufacturers. The upstream and downstream industries have maintained a long-standing and good supply-demand relationship.

3. Various development trends and competitive situation of the products

(1) Development trends:

For many years, global information, communication, and consumer electronics products have been developing towards diversified functions, constantly seeking new and innovative designs, and meeting the trend of lightweight, thin, small, and multifunctional use. Communication networks have been developing towards various requirements such as broadband, high speed, stable quality, and popular use environments. Since the EU officially launched the Global Green Partnership in 2007, requiring industry players to jointly strive to meet the environmental protection requirements of low toxicity, low lead, and halogen-free for products, electronic products have already responded to the above requirements and have not hesitated to increase costs to develop related products and electronic components. This is also a new issue that the electronics industry must face to avoid the global warming effect.

(2) Competition situation:

Due to the flourishing development of related industries, there are many manufacturers investing in manufacturing and production. Connector manufacturers are mostly small and medium-sized enterprises, and small factories have withdrawn or been acquired, while large factories need to rapidly expand their scale and equipment, leading to the trend of the big getting bigger. Over the years, domestic component factories have become increasingly concentrated due to the fierce competition requirements of urgent delivery, quality improvement, and price compression by large factories, making the brand concentration more apparent. Therefore, our company has been actively strengthening its manufacturing and R&D technology, personnel's professional training, controlling and reducing various costs, and striving to create advantages and differences with peers to enhance market competitiveness.

(3) An overview of the Company's technologies and its research and development work:

1. The technical level and research and development required for our business:

The technology required for power transmission cables and connection cables includes multiple electrical tests, mold manufacturing and appearance inspections, injection molding operations, post-molding inspections, and must meet safety standards and obtain certifications from various countries such as the United States, Canada, South Korea, Australia, the European Union, South Africa, Japan, Taiwan, and mainland China. Our company develops new product technologies according to the required control structure and has successively obtained new safety certifications.

2. A listing of research and development expenditures during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report:

Unit:(NTD) thousand dollars

Year Item	2021	2022	Until 03/2023
R &D expenses	85,798	64,153	19,103

Source of information: Unaudited financial statements as of March 2023; Audited financial statements for 2022 and 2021 by certified public accountants.

3. Technologies and/or products successfully developed:

- (1) Computer systems and electrical power transmission cable assemblies have already obtained safety certifications from various countries such as the United States, Canada, South Korea, Australia, the European Union, South Africa, Japan, Taiwan, mainland China, and the Soviet Union. In recent years, our products have also obtained safety certifications in India, Brazil, Malaysia, Israel, Cambodia, and other countries.
- (2) In response to the special requirements of our existing customers for new products, we have developed multiple new molds and manufacturing technologies, such as adapters, halogen-free and cloud products, consumer electronics C TYPE, electric vehicle-specific cables, and have applied for patents to increase the variety and diversity of our products and meet customer needs, growing together with our customers.
- (3) The Type-C series products are widely used in 3C consumer electronic products, USB2.0 series, USB3.2 series, USB4.0 series Type-C related cables, and we have obtained certification from the USB Association. To increase the competitiveness of our products in the market, we will continue to research and develop twisted pair USB 4.0 Type-C To C Cable Assembly.

- (4) The Company's long- and short-term business development plans:

Short-term business development plan:

Actively conduct research and development of electronic products related to our company's upstream and downstream or peripheral industries. This not only helps us grasp the pulse of the market, but also meets customer needs. We will provide better services to our existing brand customers and their related production partners. For example, customers in the computer category (including servers) and tablets, such as HP, Acer, Dell, Lenovo and their cooperating production partners, such as various EMS factories and their power supply suppliers. Customers in the consumer electronics category, such as Samsung, Xiaomi, and LG, and customers in the home appliances category, such as Sony, Toshiba, Midea, Xiaomi, Konka, and Changhong, etc.

1. Establish automated production to meet customer needs and effectively shorten delivery times.
2. Work closely with clients to develop and design projects and introduce products that meet market trends.
3. Continuously improve production processes, design and improve tools to avoid losses in the manufacturing process, and gradually improve production efficiency and effectiveness.

Long-term business development plan:

Always keep abreast of the continuing economic and regulatory developments across the Taiwan Strait and their relevance. The economic trend in China is not only constrained by the uncertainty of the pandemic and the global economic recovery, but also by the impact of structural changes in the economy. Due to the rapid growth of China's economy, some traditional industries have become overheated, so our company is more cautious in its layout. Despite the fact that the Company's revenue and profit performance has declined due to rising labor costs and international copper prices, the Company is still stabilizing and upgrading its factory management automation to reduce inventory stagnation.

1. Improve product yield and automation in the manufacturing process, increase the ratio of automated production, and strengthen logistics management capabilities. Continuously train and retain outstanding management talent, meet customer needs, actively develop long-term stable orders from customers, and thereby gain a long-term competitive advantage in the market.
2. Continuously establish overseas service locations (warehouses) or seek cooperation partners in response to the needs of major overseas brand customers, in order to get closer to customers.
3. Continuously research and develop environmentally friendly and energy-saving products, and aim to produce products that meet government regulations and customer needs in various countries.
4. Continuously develop long-term development strategies with international major factories and brand factories to expand the global sales market.

2. An analysis of the market as well as the production and marketing situation

I. Market Analysis

1. The geographic areas where the main products (services) of the Company are provided (supplied):

Unit:(NTD) thousand dollars

Year Sales region	2020		2021		2022	
	Amount	Ratio%	Amount	Ratio%	Amount	Ratio%
Asia	4,432,977	97.93	4,773,915	96.91	4,673,269	97.60
The Americas	78,867	1.74	101,004	2.05	86,016	1.80
Europe	15,070	0.33	48,793	0.99	24,457	0.51
Africa	-	-	2,314	0.05	4,323	0.09
Total	4,526,914	100.00	4,926,026	100.00	4,788,065	100.00

2. The Company's market share:

Our company's computer, information, communication, and smart home appliance connection cable products have been in the related industry for over 40 years, and most of our products have a leading market share compared to other competitors. However, due to changes in industry structure, increased manufacturing costs, and the EU's emphasis on and requirement for manufacturers to comply with the RoHS policy, some small and medium-sized businesses have disappeared, leading to a trend of market and brand concentration in the industry.

3. Demand and supply conditions for the market in the future:

Our company's main business is the professional manufacturing and sales of computer peripherals, communication and information, and smart home appliance connection cable assemblies. The scope of application of our cable assemblies is quite extensive and can cover industries such as computers, communications, consumer electronics, automotive transportation, aerospace, and medical equipment, including computer system power transmission cable assemblies, mouse connection cable assemblies, keyboard connection cable assemblies, printer connection cable assemblies, network efficient connection cable assemblies, communication efficient connection cable assemblies, etc.

Looking forward to 2023 and beyond, factors such as market characteristics, brand competition, manufacturer strategies, price decline, or user habits and changes will still be maintained, while new product values such as increasing memory and transmission interfaces and key technologies, cloud computing, and smart home appliances will bring unlimited business opportunities to manufacturers. The global market for small laptops and tablet computers is still

growing, and the development of smart phones and the Internet of Things is increasing year by year. Taiwan's component manufacturers have favorable conditions for long-term cultivation of international giants and their OEM factories. Our production base moved to Huizhou factory in 2018 to strengthen factory management. In addition to greatly expanding the original production line, we will also build a PVC material plant and a copper wire processing plant, which will not only supply our own production needs but also provide services to external businesses. The subsequent production of PVC materials, copper bar drawing, wire extrusion, and injection molding will be streamlined, and the main raw materials for products will not need to be purchased externally, greatly improving our production efficiency and integrated planning for stable growth, to meet the production of innovative products, expand the Company's scale, and explore new markets.

4. The market's growth potential, the Company's competitive niche, positive and negative factors for future development, and the Company's response to such factors:

(1) Competitive niche:

- ① With the continuous development of the information, communication, and 3C industries, as well as the advancement of smart technologies such as AI, 5G, and cloud computing, related applications have expanded to many fields, including computers, communications, consumer electronics, and more. The introduction of new electronic products such as PDP, LCD, iPad, MP3, PDA, GPS, smart phones, smart home appliances, biometric identification, and intelligent medical tools has led to an increasing demand for computer systems and signal transmission cables and information peripheral products.
- ② Our company has over 40 years of experience in manufacturing and sales, and our product brands have been recognized by well-known domestic and foreign brand owners. We have already done vertical integration of upstream and downstream products in the industry, and will continue to expand overseas factories and lower manufacturing costs to increase market competitiveness.

(2) Positive factors for future development:

- ① Establishment of overseas production bases: In view of the increasingly fierce competition in domestic and foreign markets and the need to supply customers with nearby production bases, establishing production bases overseas has become a trend in our country's industrial development. In order to enhance competitiveness, our company moved and expanded its manufacturing production in Huizhou in 2018 and invested in automation equipment to effectively improve production efficiency and reduce labor costs to increase product competitiveness, and to meet the orders of local foreign and well-known Taiwanese factories.
- ② Vertical integration of upstream and downstream products enhances competitiveness and increases profits: In order to meet the rapidly expanding market demand in mainland China in recent years and increase sales profits, in addition to increasing the production proportion of mainland factories, our company has also added upstream products such as AC power cords and DC transmission power cords, extrusion equipment, and PVC granule manufacturing in mainland factory areas, aiming to achieve vertical integration of related upstream and downstream products, effectively reducing manufacturing costs, shortening transportation time and delivery periods, and enhancing market competitiveness, thereby increasing profits.
- ③ Having safety certifications from various countries around the world helps increase product competitiveness: In addition to the existing safety certifications from various countries, our company has successively applied for and completed safety certifications from over 27 countries worldwide, to meet customer market demands, enhance market share, and become a leading brand in the power transmission cable assembly industry. In 2011, we invested in obtaining safety certifications for halogen-free power cord assemblies and successively obtained certifications from dozens of countries such as Japan's PSE, the United States' UL, Canada's CSA, Germany's VDE, Denmark's DEMKO, Norway's NEMKO, Switzerland's SEV, the United Kingdom's ASTA, South Africa's SABS, and Australia's SAA. In order to comprehensively improve our technical capabilities and service quality and comply with the

global green and environmental protection trend, our Huizhou plant spared no effort and obtained ISO-9001:2015 in February 2017, ISO-14001:2015 in December 2017, GB/T 28001-2011 idt OHSAS 18001:2007 in December 2017, and IATF 16949 certification in January 2021. Therefore, we constantly strive for self-growth and set high-level management goals.

④ Maintaining long-term and stable customer relationships: The stability of the quality of power transmission cable assembly products directly affects the safety of downstream customer products and customer trust. Therefore, well-known manufacturers have strict requirements for the internal quality assurance systems of their suppliers, which is also an important decision factor for customers when purchasing products. Our company is highly recognized by domestic and foreign large manufacturers such as HP, LENOVO, TCL, LITEON, Panasonic, Delta Electronics, Quanta Computer, COMPAL, Investec, Wistron, Brother, JVC, NEC, and others, for our comprehensive production management processes and market-oriented responsiveness. We have also maintained long-term and stable supply-demand relationships, which is another major competitive advantage for our company to establish ourselves in the industry and pursue our development vision.

⑤ After the rapid development of the domestic 3C + 5G industry and the rise of a new middle class, urbanization, and technological development, changes in population structure have supported further growth of China's consumption, leading to an improvement in quality of life. Black and white electrical appliances have become essential in Chinese households. Since 2010, the Company has been deeply involved in China's domestic market, with successful penetration into the home appliance industry, including microwave ovens, range hoods, dishwashers, water heaters, refrigerators, washing machines, and air conditioners, with brands such as Midea, Changhong, TCL, Konka, and Xiaomi. In recent years, the quality of their products has been recognized by major Japanese, Korean, and European and American brands, who have placed orders for OEM manufacturing, making Chinese home appliances impossible for Taiwanese factories to ignore. The Company's Huizhou factory has passed the qualification systems of various customers and is now mass-producing their products. The Company will deepen the vertical integration of the upstream supply chain, further reducing production costs and making full use of their perfect quality advantage, increasing their competitiveness among Chinese enterprises, and expanding their domestic market.

In addition, in the midst of the US-China trade war in 2020, Huawei's 5G seems to have become another battlefield. Although the Company failed to develop the US market together with Huawei this year, they have instead gained the European market for Huawei's 5G routers and speakers. With their professional design capabilities and close partnership with domestic customers for nearly a decade, the Company has taken a leading position in the priority development and design of these products in the era of high-speed networks, with 4G upgrading to 5G and Huawei dominating the world.

(3) Negative factors for future development, and the Company's response to such factors:

① Currently, the consumer market is under the trend of low pricing, which has compressed the profit margin of related products and components. To cope with this, our company's strategy is to develop high value-added or diversified products to differentiate in the market.

② The main materials - copper and PVC, are constantly affected by international copper and oil price fluctuations, indirectly affecting the cost of purchases and profit conditions. To cope with this, our company's strategy is to continuously seek high-quality and reliable suppliers of materials for long-term cooperation or symbiotic partnerships.

③ The global economy has been hit hard in the past by the financial crisis, the 301 US-China trade war, and the COVID-19 pandemic. Due to the high connection between the epidemic and the mainland industry, many Taiwanese businesses invest in China, and many intermediaries that export to the US produce products from there, which is not conducive to the electronics industry and components. To cope with this, our company's strategy is to focus on high-quality customers and international brand manufacturers, and to maintain close contact with customers at all times to understand market trends and monitor their credit status and market information

to avoid being affected and dragged down.

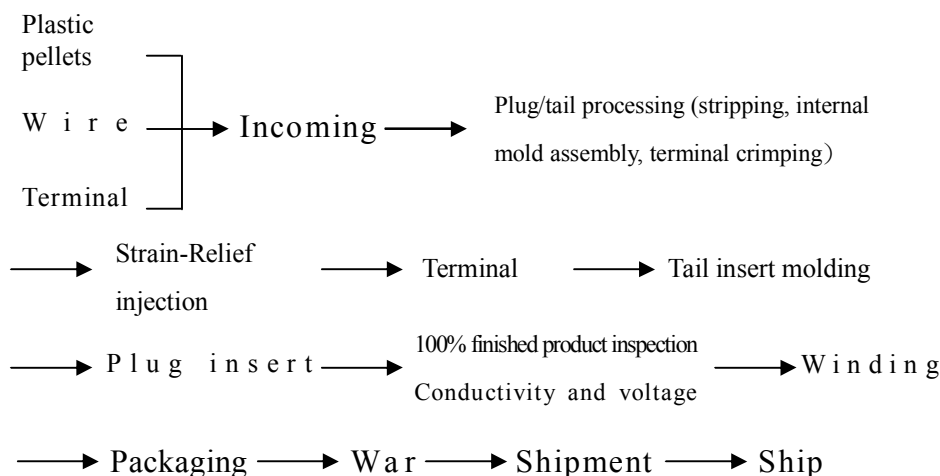
- ④ Domestic information and 3C manufacturers currently face tremendous market cost competition pressure, forcing manufacturers to move more production lines outside of China or Southeast Asia, and the proportion of overseas production continues to increase. To cope with this, our company's strategy is to establish production and sales points in Vietnam based on actual demand.
- ⑤ In recent years, due to the rapid economic development, China has gradually become the location of global factories, creating the rise of local manufacturers who participate in price competition using local labor advantages, and labor wage structures have increased significantly in recent years, which has caused significant business pressure and compressed profit margins for our company. To cope with this, our company's strategy is to purchase fully automated production equipment to improve production efficiency, reduce inventory, and strengthen the liquidity of raw materials and shipped finished products.

II. Usage and manufacturing processes for the Company's main products

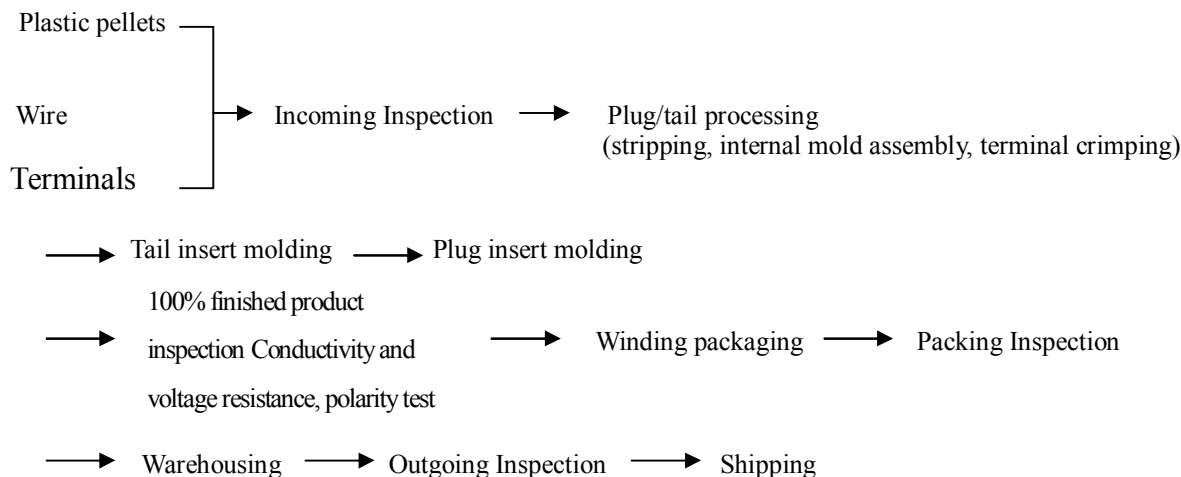
1、Usage for the Company's main products

Product Name	Usage
Computer system power transmission cable assembly	Computer, communication, and consumer electronics
Electrical power transmission cable assembly for electronic devices	General appliances, information appliances, smart digital appliances, etc.
Signal connection cable for information peripheral products	High-frequency transmission products, communication, video game consumer electronics, etc.
High-efficiency connection cable assembly for communication systems	USB 3.1 Type-c Gen1/Gen2 etc.
Automotive power connection cable assembly	Electric vehicle charging cables

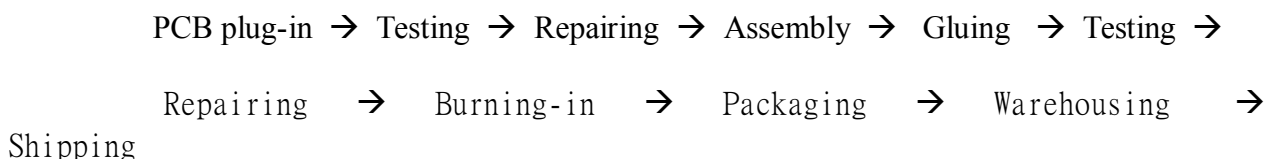
2、Production process of transmission cables:



3、The automatic production of transmission cables:



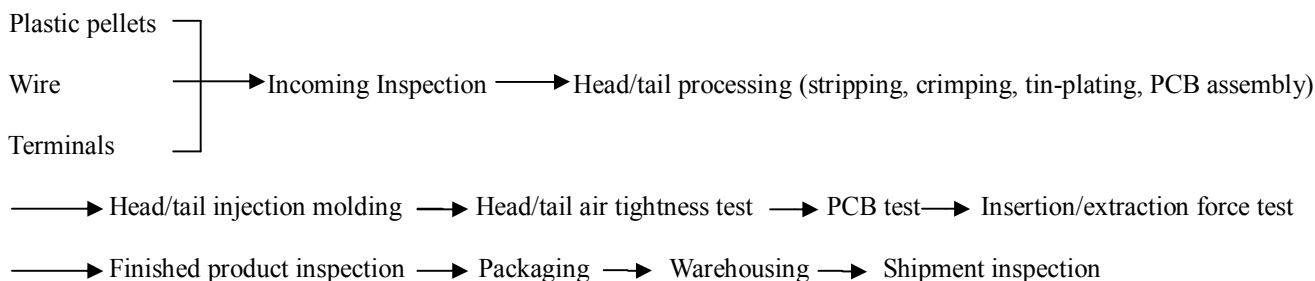
4、Production process of connection wires:



5、Copper stretching process:

2.6mm copper rod → medium stretching → fine stretching (according to specific requirements)
 Fine-stretched wires are twisted together → placed in a nitrogen-filled tank for annealing
 → cooling process → stored in warehouse after being taken out of the tank.

6、Production process of automotive power cables:



III. Supply situation for the Company's major raw materials

The main raw materials for our company's major products are supplied by large factories, with stable quality and accurate delivery schedules. Not only is the supply guaranteed, but the prices are also competitive. Through long-term cooperation, we have established a good and stable interdependent relationship with our suppliers, who are able to supply materials to our company reliably, which is beneficial for our long-term development.

Main Products	Main Materials	Main Suppliers	Supply Situation
1、Computer systems and electrical power transmission cable assemblies 2、Information peripheral product signal connection cables 3、High-efficiency connection cable assemblies for communication systems	Copper wire	Walsin, TAI-I, Jiangxi Copper	Good and stable
	Wire rod	CHYANG SHENG、wavetek、CHANGLIAN COMPANY & FEED LTD.、FOUSINE、Nice Fountain Industrial Co., Ltd.、SPACE SHUTTLE HI-TECH CO.,LTD.、SUNF PU TECHNOLOGY CO., LTD	
	Copper sheet	Wangda、WEN JUNG INDUSTRY CO., LTD.	
	Copper tube	WEN JUNG INDUSTRY CO., LTD.、Kim Huy Electrical、Solectron	
	Rack types	Te Chang Construction Co., Ltd.、HOOLAKE INTERNATIONAL CORPORATION、Highwell Enterprise Co., Ltd、Yaolong	
	PVC pellets	SABIC、Linoya、Silver、Huishen、Cyan Lake、Fushangmei Tech. Co., Ltd.、Rongtel、YFC-BonEagle、Wanma-Cable	
	Terminal types	Jinhui、JM-Plus、Sinyi、Gaden Precision Tools、Jincheng	
	Magnetic ring	CORE-TECH corporation、LER TONG、Urite Electronics、Careful、AOKE、B & F Electronics、Kedafei、Jenli	
	PLUG	Fuan Gee、TaiJi Electronics Co., Ltd、Cheng-Shuo Technology Ltd.、Shen Ming Electron、JAE、Deren、Singatron	
4、Automotive power connection cable assemblies	Copper wire	Walsin、TAI-I、Jiangxi Copper	Good and stable
	Wire rod	LINETEK self-made EV series	
	Rack types	Te Chang Construction Co., Ltd.、HOOLAKE INTERNATIONAL CORPORATION	
	Flame-retardant rubber pellets	SABIC、Wanma-Cable、RTP、DuPont	
	Terminal types	JM-Plus、HOOLAKE INTERNATIONAL CORPORATION、Te Chang Construction Co., Ltd.	
	PCB	JJnet、Light-Morning	

- IV. A list of any suppliers and clients accounting for 10 percent or more of the Company's total procurement (sales) amount in either of the 2 most recent fiscal years, the amounts bought from (sold to) each, the percentage of total procurement (sales) accounted for by each

Information on Major Suppliers for the Most Recent 2 Years

(NTD) thousand dollars

Item	2021				2022				As of the end of the previous quarter of the 2023 fiscal year (Note 2)			
	Name	Amount	Ratio of annual net purchases amount [%]	Relationship with the issuer	Name	Amount	Ratio of annual net purchases amount [%]	Relationship with the issuer	Name	Amount	Ratio of net purchases as of the end of the previous quarter of the current year [%]	Relationship with the issuer
1	D	855,468	25	None	A	490,420	17	None	A	148,522	29	None
2	B	366,774	11	None	B	305,732	10	None	C	75,741	15	None
3	Other	2,187,986	64		Other	2,135,466	73		Other	290,086	56	
	Net purchases	3,410,228	100		Net purchases	2,931,618	100		Net purchases	514,349	100	

Note 1: The names of suppliers with purchase amounts and proportions exceeding 10% of the total purchases in the past two fiscal years shall be disclosed. However, if contractual agreements prohibit the disclosure of supplier names or if the counterparty is an individual and not a related party, they may be represented by code.

Note 2: As of the date of printing this annual report, for companies whose shares are listed or traded at securities firms, financial information that has been recently audited or reviewed by an accountant should be disclosed.

Information on Major Customers for the Most Recent 2 Fiscal Years

(NTD) thousand dollars

Item	2021				2022				As of the end of the previous quarter of the 2023 fiscal year (Note 2)			
	Name	Amount	Ratio of Sales Net Amount for the Entire Fiscal Year [%]	Relationship with the issuer	Name	Amount	Ratio of Sales Net Amount for the Entire Fiscal Year [%]	Relationship with the issuer	Name	Amount	Ratio of Sales Net Amount as of the end of the previous quarter of the current fiscal year [%]	Relationship with the issuer
1	A	784,790	16	None	A	730,110	15	None	B	147,158	16	None
2	C	481,244	10	None	B	681,677	14	None	A	127,764	14	None
3	Other	3,659,992	74		Other	3,376,278	71		Other	639,808	70	
	Sales Net amount	4,926,026	100		Sales Net amount	4,788,065	100		Sales Net amount	914,730	100	

Note 1: List the names of customers who account for more than 10% of the total sales in the past two years, along with their sales amount and proportion. However, if the contract stipulates that the customer's name or transaction party cannot be disclosed and it is not a related party, a code name may be used.

Note 2: For companies whose stocks are listed or traded at securities firm branches as of the date of printing the annual report, if there is financial information that has been audited or reviewed by accountants recently, it should also be disclosed.

- V. Production Volume and Value in the Most Recent 2 Fiscal Years:

Unit:(NTD) thousand dollars/ thousands of pieces

Production value \ Year	2021			2022		
	Productivity	Output	Output value	Productivity	Output	Output value
Main Product						
Information and computer electrical power transmission	240,260	218,445	4,693,179	208,253	174,288	4,552,762
Other	-	-	-	403	338	94,533
Total	240,260	218,445	4,693,179	208,656	174,626	4,647,295

VI. Sales Volume and Value in the Most Recent 2 Fiscal Years:

Unit:(NTD) thousand dollars/thousands of pieces

Volume \ Sales Year	2021				2022			
	Domestic Sales		Export Sales		Domestic Sales		Export Sales	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Main Products								
Information and computer electrical power transmission cable	71,532	1,791,771	152,026	3,131,297	75,607	2,182,113	101,130	2,500,082
Other	22	1,515	51	1,443	438	101,387	89	4,483
Total	71,554	1,793,286	152,077	3,132,740	76,045	2,283,500	101,219	2,504,565

3. Employee Statistics

Employee Statistics for the Most Recent 2 Fiscal Years up to the Annual Report Publication Date

Year		2021	2022	Until April 30th, 2023
Number of employees	Managers and above	35	37	17
	General employees	2,642	1,743	1,700
	Total	2,677	1,780	1,717
Average age		31.34	34.47	33.46
Average tenure		0.70	2.01	2.02
Education distribution ratio	Doctorate	-	-	-
	Masters	0.15%	0.22%	0.23%
	College degree	4.89%	8.88%	8.56%
	High school	16.92%	19.61%	21.14%
	Below high school	78.04%	71.29%	70.06%

4. Disbursements for environmental protection:

- (1) The products and production processes of our company do not cause environmental pollution and belong to non-polluting industries.
- (2) The Company has not been subject to any sanctions due to environmental pollution in previous years.
- (3) For the latest year and up to the date of the annual report, if there have been any losses incurred due to environmental pollution (including compensation and the results of environmental protection inspections for violations of environmental protection regulations), the date and reference number of the sanction, the provisions violated, the contents of the violation, and the content of the sanction shall be disclosed. The estimated amount and corresponding measures currently and in the future shall also be disclosed. If it is not possible to estimate reasonably, the fact that it is not possible to estimate shall be explained: None.
- (4) The Company has taken measures in response to the RoHS and REACH regulations of the European Union:
 - a. The Company introduced the EN71 (European Toy Standard) for the entire plant in August 2003, implemented control over low-lead and low-cadmium (EN3050/EN1122) in January 2004, and introduced the RoHS standard for the entire plant in August of the same year, and established a traceability system. Currently, the Company has established and issued the "Environmental Material Management Specification" up to version 1.9 at the Huizhou factory to comply with RoHS 2.0, REACH and other regulatory requirements, as well as the environmental management specifications of existing customers.
 - b. The Company's current "Environmental Material Management Specification" addresses the RoHS 2.0 control items and specifications.

Material management	Content standard	
	Non-metallic	Metallic
Cadmium (Cd)	ND	Solder < 20 PPM Copper alloy < 40 PPM
Lead (Pb)	< 30 PPM	General metal < 200 PPM Plating (tin, nickel) < 100 PPM Copper alloy < 30,000 PPM Steel < 3,500 PPM Aluminum alloy < 4,000 PPM
Mercury (Hg)	ND	Metal and its alloys ND Other < 5 PPM
Hexavalent chromium (Cr6+)	ND	ND
Polybrominated biphenyls (PBB)	ND	< 5 PPM
Polybrominated diphenyl ethers (PBDE)	ND	< 5 PPM
Di(2-ethylhexyl) phthalate (DEHP)	ND	ND
Butyl benzyl phthalate (BBP)	ND	ND
Dibutyl phthalate (DBP)	ND	ND
Diisobutyl phthalate (DIBP)	ND	ND
Packaging materials	The total amount of mercury, cadmium, lead, hexavalent chromium, etc. is less than 50 PPM, but the allowed concentration of lead/cadmium in plastic is below 5 PPM.	

- 3、Our company's inventory control measures are as follows:
 - A. We have implemented the use of 100% eco-friendly materials in our factory. When suppliers deliver raw materials, they are subject to IQC (Incoming Quality Control) inspection and graded for hazardous substance testing. Once approved, a green "PASS" label is affixed, and the materials are allowed to be stored in our warehouse.
 - B. Environmental control substances are included as a key inspection item. IQC samples are sent to the chemical laboratory for testing and recorded in a traceability table to monitor the presence of heavy metals to meet customer requirements.
 - C. If the inspection results are not up to standard, the materials are immediately isolated, and the penalty provisions of the environmental contract are enforced.
 - D. If environmental substance testing results exceed the standard, the materials cannot be returned to the supplier and cannot be used under any special circumstances.
 - E. If hazardous substance testing results exceed the standard, and it is determined that the supplier cannot effectively control the situation, we will assess the supplier's eligibility for qualification as a qualified supplier.
- 4、Our company's SQM (Supplier Quality Management) team schedules annual audits of suppliers' factories to assess their green partner operations.
- 5、Our company has passed audits from various companies including Brother, EPSON, HP, Lite-On, Kinpo, Midea, Lenovo, Delta, Foxconn, Whirlpool, Shukang, Chicony, and ARCELIK. We have also received the QC080000 third-party environmental management system certification and the GP certificate for laboratory from Brother Japan.
- 6、In order to meet the use of halogen-free materials in power cords, our company purchased a desktop X-ray testing and analysis machine (model: EDX-GP) from Shimadzu Corporation of Japan in May 2009 to analyze and detect materials for halogen-free materials.
- 7、In order to increase the accuracy of the desktop X-ray testing and analysis instrument used, our company purchased the ERM-EC680K heavy metal standard component in May 2011 to confirm the accuracy of the equipment and inspect its stability.
- 8、In order to strengthen the detection capability of plasticizers such as DEHP, BBP, DBP, DIBP, etc., our company purchased a GC/MS in August 2012 to comply with the requirements of RoHS 2.0 and detect phosphorus benzene 23P at the same time.
- 9、In order to increase the detection of red phosphorus (PO4), our company purchased a Kyoritsu

5. Labor Relations:

(1) Current important labor-management agreements and implementation:

A. Employee welfare measures:

- (i) The Company has established a "Employee Welfare Committee" in accordance with the law, which is composed of employee representatives elected by employees. Each year, a budget is allocated and various welfare measures are implemented according to the budget plan, such as regular travel, birthday and holiday gifts, and other activities.
- (ii) All employees who have served for more than three months are required to be insured for group life insurance and accident insurance, and the insurance premium is paid by the Company.

B. Retirement system and implementation:

(i) The old system of employee retirement pension under the "Labor Standards Act":

In 1984, the Company established a retirement system for its employees in accordance with the Labor Standards Act. The Company sets aside retirement reserve funds on a monthly basis, which are stored in a special account in the Taiwan Bank Trust Department.

(ii) The new system of employee retirement pension under the "Labor Pension Act":

In July 2005, the government implemented the new system of employee retirement pension. The Company allows employees to voluntarily choose between the new and old systems (regardless of whether employees choose the new or old system, their seniority before June 1995 is still applicable to the old Labor Standards Act). For employees who choose the new system, the Company deducts 6% of their monthly salary as their retirement pension, which is deposited into the "Employee Individual Labor Pension Account".

- (iii) Other important agreements: The labor and management sides of the Company's agreements are based on government regulations and comply with personnel management regulations, which are stipulated when employees enter the Company for employment.

C. Employee Education and Training:

- (i) The education and training of our employees aims to enhance their skills and knowledge, improve work efficiency, promote business development, and enable them to play their roles in organizational operations, thereby achieving mutual coordination, stimulating employee self-development, and cultivating talent.
- (ii) To cultivate employees who can fully demonstrate their functions in the organization and inspire their own knowledge and skills, in order to achieve mutual coordination, improve work efficiency, and establish a team spirit.
- (iii) Education and training are implemented through the command system. All levels of supervisors in the organization have the obligation to provide education and training to their subordinates in their duties.
- (iv) The Human Resources and General Affairs Department is responsible for education and training, including:

- ① Drafting the annual education and training plan.
- ② Assisting various units in implementing education and training.

(5) The categories of education and training are as follows:

- ① Education and training for new employees. The purpose of education and training for new employees is to enable them to have the necessary understanding of the Company and their work, and to adapt to the new environment.
- ② On-the-job education and training for general employees is provided by each unit according to business needs. The content is determined by each unit.
- ③ Professional education and training for internal quality audit verification personnel and testing personnel.

- (2) Losses due to labor disputes (including violations of labor laws based on inspection results, listing the date and number of disciplinary actions, violated regulations, content of violations, and disciplinary measures) suffered by the Company in the current and previous fiscal year up until the

printing date of the annual report are disclosed, and estimated amounts and response measures for potential future losses are also disclosed. If it is not possible to make a reasonable estimate, the fact that a reasonable estimate cannot be made should be explained: None.

(3) Employee Code of Conduct and Ethics:

1. The Company has established regulations and notices for employees to abide by in accordance with personnel management procedures.
2. Employees should respect the Company's reputation. Personal opinions related to the Company should not be disclosed without permission, and the Company's name should not be used without authorization except when handling tasks assigned by the Company.
3. Employees are not allowed to operate or invest in businesses similar to or related to the Company's duties, nor are they allowed to hold positions in other companies.
4. Employees should be loyal to their duties and keep all business secrets confidential. They should have a cost-conscious mindset and take good care of all public property. Public property should not be taken out without permission.
5. Employees should dress neatly and not entertain guests arbitrarily during work hours (except in emergencies with the supervisor's permission), make noise, read newspapers or books, engage in fights or arguments, cause trouble, disrupt order, or violate discipline.
6. Employees should accept the Company's safety and health management and guidance, comply with safety and health regulations to ensure the safety of the factory and individuals, and maintain personal health and environmental hygiene.

6. Cyber security management

(1) Strategy and framework for cyber security management:

1. Cyber security risk management framework: The responsibility unit for information security in our company is the Computer Center, which is under the General Manager's office and is an independent administrative unit. It is not influenced by other departments and ensures impartiality in its operations. Its main responsibilities include establishing, planning, and managing information systems and network architecture, coordinating and implementing information security policies, promoting information security messages, and enhancing employee awareness of information security. The Audit Department conducts information security audits on the internal control system for computerized information systems annually to evaluate the effectiveness of the Company's information operations control.
2. Cyber security policies: In order to implement information security management, the Company has established internal control procedures for the cycle of computerized information systems and information security management methods, with the following objectives:
 - (1) The development of information systems should meet the needs of information technology users, and the information provided by the information system should be complete and accurate.
 - (2) Access to programs and data should be applied for and controlled.
 - (3) Physical security of information assets should be safeguarded.
 - (4) Avoid network interruption and unauthorized use or contact with servers due to line damage, which may result in abnormal operation.
 - (5) Avoid unexpected accidents that may cause file damage, resulting in system failure and incorrect report data.
3. Concrete management programs:
 - (1) Personnel security and management: For new personnel who require the use of information equipment, they must fill out relevant documents and obtain approval from the responsible supervisor before using the information equipment.
 - (2) Asset classification and control: Regular inventory of information assets is required. If there is a need to take out assets, users must fill out an out-of-office form and obtain approval from the responsible supervisor before taking out information assets.
 - (3) Physical and environmental security management:
 - a) Important equipment is locked in the machine room and is inspected regularly every week, with records kept in a book.
 - b) The machine room has two independent air conditioners, which are alternated to maintain the

appropriate temperature environment for the operation of the mainframe and various equipment.

- c) The machine room's mainframe is equipped with an uninterrupted power supply (UPS), and the battery is replaced every three years to ensure that the computer application system's operation is not interrupted during temporary power outages. °

(4) Communication and Operation Management:

- a) Regularly inspect equipment to ensure normal operation. If any abnormalities are found, they should be addressed immediately and the process should be recorded for future reference.
- b) Automatically backup the database to another computer's hard drive every day to ensure data security.
- c) Periodically send backup data of the database and host to a bank safe deposit box for off-site backup.
- d) Keep antivirus software and virus code up to date to prevent network or computer paralysis caused by virus attacks.
- e) Set up a firewall between the internal and external networks to reduce external threats.

(5) Access Control:

- a) Each operator has their own user code and password, which must be updated regularly. If the password is entered incorrectly too many times, the account will be automatically locked.
- b) Based on the nature of the user's work and business scope, their system access permissions should be set, and the validity of the permission settings should be checked regularly.
- c) After an employee leaves, all their permissions should be revoked by the computer center system administrator.

(6) Sustainable Management:

- a) Conduct disaster recovery tests on the database regularly to reduce the risk of accidents.
- b) To avoid external network interruptions caused by line damage, apply for two dedicated lines as backups.

(7) Security Awareness and Check:

- a) Promote information security to raise employee awareness.
- b) Conduct internal and external security audits irregularly.

4. Investments in resources for cyber security management:

- (1) Human resources: 5 personnel are dedicated to information security operations in the Company.
- (2) Security equipment: antivirus software, network firewall, sandbox technology simulation analysis (Capture ATP), junk email filtering mechanism, access control, and password management. Important host data is backed up and sent to a bank safe deposit box for storage every month.
- (3) Conduct regular drills to test the system recovery plan, and establish backup network lines, backup computer room air conditioning, computer room access control, and monitoring system management.

- (2) List any losses suffered by the Company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided.: The Company has not suffered any significant information security incidents that have caused business losses.

7. Important Contracts

The contracting parties, major content, restrictive clauses, and the commencement dates and expiration dates of supply/distribution contracts, technical cooperation contracts, engineering/construction contracts, long-term loan contracts, and other contracts that would affect shareholders' equity, where said contracts were either still effective as of the date of publication of the annual report, or expired in the most recent fiscal year:

Contract nature	Counterparty	Contract start and end date	Major content	Restrictive clauses
Cooperation framework agreement	Meijiahua Industry (Shenzhen) Co., Ltd.	From March 1st, 2014 until the contract is terminated in accordance with its provisions.	Acquired the mixed-use commercial and residential building on Guanlan Avenue in Long Walsin District, as well as cash compensation, by exchanging land-use rights and renewal and reconstruction rights.	None
Engineering contract	FUJIAN TONGYUAN CONSTRUCTION PROJCT CO.LTD.	From August 28th, 2015 until the contract is terminated in accordance with its provisions.	Undertook the general contract for the civil engineering of the first phase of the Longxi Factory.	None
Demolition and compensation agreement	Shenzhen Minji Real Estate Development Co., Ltd.	From August 25th, 2017 until the contract is terminated in accordance with its provisions.	Established a wholly-owned project company named "Meijiahua Industry (Shenzhen) Co., Ltd." to serve as the main entity for the urban renewal plan and planning application, as well as the implementation of the renewal and reconstruction of the project site. Acquired the mixed-use commercial and residential building on Guanlan Avenue in Long Walsin District, as well as cash compensation, by exchanging land-use rights and renewal and reconstruction rights.	None
Engineering contract	SHENZHEN CHAOSHAN CONSTRUCTION GROUP	From November 12th, 2021 until the contract is terminated in accordance with its provisions.	Undertaking the construction of the 1#, 6#, and 7# factory buildings for Phase 2 of the Yifuwan Longxi Park.	None

6. The overview of the Company's financial status

I. Condensed balance sheets and statements of comprehensive income for the past 5 fiscal years

(1) Condensed balance sheets and statements

Consolidated Condensed Balance Sheet - International Financial Reporting Standards

Unit:(NTD) thousand dollars

Item	Year	Five-year Financial Data					Financial data as of 03/31/2023
		2018	2019	2020	2021	2022	
Current assets		3,259,047	3,129,148	3,187,800	3,863,135	2,921,497	2,807,761
Property, plant and equipment		1,062,935	1,018,440	1,029,750	1,016,137	1,372,556	1,412,515
Intangible assets		2,216	1,841	988	515	1,789	1,706
Other assets		585,821	586,531	691,804	640,373	629,216	639,519
Total assets		4,910,019	4,735,960	4,910,342	5,520,160	4,925,058	4,861,501
Current liabilities	Before distribution	1,862,937	1,850,346	2,097,192	2,714,925	1,988,888	1,835,992
	After distribution	1,934,179	1,949,700	2,210,740	2,800,086	2,031,063	Undistributed
Non-current liabilities		492,138	315,565	215,855	234,873	252,211	337,868
Total liabilities	Before distribution	2,355,075	2,165,911	2,313,047	2,949,798	2,241,099	2,173,860
	After distribution	2,426,317	2,265,265	2,426,595	3,034,959	2,283,274	Undistributed
Equity attributable to owners of parent		2,554,944	2,570,049	2,597,295	2,570,362	2,663,073	2,687,641
Stock		1,424,846	1,424,846	1,419,346	1,419,346	1,419,346	1,419,346
Capital surplus		271,776	272,464	271,898	271,963	273,176	273,173
Retained earnings	Before distribution	1,007,446	1,069,089	1,085,910	1,089,924	1,214,722	1,217,461
	After distribution	936,204	969,735	972,362	1,004,763	1,172,547	Undistributed
Other equity interest		(149,124)	(196,350)	(179,859)	(210,871)	(206,032)	(205,091)
Treasury stock		-	-	-	-	(38,139)	(38,139)
Non-controlling interests		-	-	-	-	20,886	20,891
Total equity	Before distribution	2,554,944	2,570,049	2,597,295	2,570,362	2,683,959	2,687,641
	After distribution	2,483,702	2,470,695	2,483,747	2,485,201	2,641,784	Undistributed

* If the Company prepares individual financial statements, it should also prepare a simplified balance sheet and comprehensive income statement for the past five years.

Note 1: No asset revaluations were conducted in any of the years.

Note 2: Except for the financial data for the year ended March 31, 2023, which has not been audited by an accountant, the financial data for the years 2018 to 2022 have been audited and certified by an accountant.

Consolidated Statement of Comprehensive Income - International Financial Reporting Standards (IFRS)

Unit:(NTD) thousand dollars

Item	Year	Five-year Financial Data					Financial data as of 03/31/2023
		2018	2019	2020	2021	2022	
Operating revenue		4,481,851	4,709,422	4,526,914	4,926,026	4,788,065	914,730
Gross profit from operations		365,567	517,616	472,011	304,439	406,390	135,572
Operating income (loss)		(44,251)	159,568	112,266	(145,277)	21,274	41,857
Non-operating income and expenses		105,439	3,538	35,465	273,684	137,429	3,559
Pre-Tax income		61,188	163,106	147,731	128,407	158,703	45,416
Profit (loss) from continuing operations		11,266	132,724	123,760	117,245	208,994	44,818
Loss from discontinued operations		-	-	-	-	-	-
Profit (loss)		11,266	132,724	123,760	117,245	208,994	44,818
Other comprehensive income (net after tax)		(52,110)	(47,065)	16,650	(30,695)	5,804	940
Total comprehensive income		(40,844)	85,659	140,410	86,550	214,798	45,758
Profit, attributable to owners of parent		11,266	132,724	123,760	117,245	208,994	44,915
Profit, attributable to owners of non-controlling interests		-	-	-	-	-	(97)
Comprehensive income, attributable to owners of parent		(40,844)	85,659	140,410	86,550	214,798	45,855
Comprehensive income, attributable to owners of non-controlling interests		-	-	-	-	-	(97)
Earnings per share		0.08	0.93	0.87	0.83	1.48	0.32

*If the Company prepares individual financial statements, it should also prepare a concise balance sheet and income statement for the most recent five years.

Note 1: Except for the fiscal year ending on 03/31/2023 which was not audited by the auditor, the financial data for the years 2018 to 2022 were audited and certified by the auditor.

Note 2: The earnings per share have been retrospectively adjusted due to the issuance of shares without consideration.

Individual concise balance sheet - International Financial Reporting Standards

Unit:(NTD) thousand dollars

Item	Year	Five-year Financial Data					Financial data as of 03/31/2023
		2018	2019	2020	2021	2022	
Current assets		2,287,131	2,350,314	2,241,441	2,156,215	1,986,825	-
Property, plant and equipment		66,986	65,729	63,702	62,507	61,918	-
Intangible assets		150	83	42	19	92	-
Other assets		1,713,957	1,730,919	1,888,794	1,722,412	1,351,149	-
Total assets		4,068,224	4,147,045	4,193,979	3,941,153	3,399,984	-
Current liabilities	Before distribution	1,257,782	1,337,902	1,394,746	1,172,419	646,631	-
	After distribution	1,329,024	1,437,256	1,508,294	1,257,580	688,806	-
Non-current liabilities		255,498	239,094	201,938	198,372	90,280	-
Total liabilities	Before distribution	1,513,280	1,576,996	1,596,684	1,370,791	736,911	-
	After distribution	1,584,522	1,676,350	1,710,232	1,455,952	779,086	-
Equity attributable to owners of parent		2,554,944	2,570,049	2,597,295	2,570,362	2,663,073	-
Stock		1,424,846	1,424,846	1,419,346	1,419,346	1,419,346	-
Capital surplus		271,776	272,464	271,898	271,963	273,176	-
Retained earnings	Before distribution	1,007,446	1,069,089	1,085,910	1,089,924	1,214,722	-
	After distribution	936,204	969,735	972,362	1,004,763	1,172,547	-
Other equity interest		(149,124)	(196,350)	(179,859)	(210,871)	(206,032)	-
Treasury stock		-	-	-	-	(38,139)	-
Non-controlling interests		-	-	-	-	-	-
Total equity	Before distribution	2,554,944	2,570,049	2,597,295	2,570,362	2,663,073	-
	After distribution	2,483,702	2,470,695	2,483,747	2,485,201	2,620,898	-

Note 1: No asset revaluation was conducted in each of the years.

Note 2: The financial information from 2018 to 2022 has been audited and certified by the auditor.

Note 3: The Company did not prepare individual financial statements for the year ended March 31, 2023, and therefore, it is not applicable.

Simplified individual statement of comprehensive income - International Financial Reporting Standards

Unit:(NTD) thousand dollars

Item	Year	Five-year Financial Data					Financial data as of 03/31/2023
		2018	2019	2020	2021	2022	
Operating revenue		3,355,746	3,561,319	3,493,084	3,142,463	2,481,945	-
Gross profit from operations		283,905	196,402	193,763	262,452	134,263	-
Operating income (loss)		165,079	73,919	63,501	140,614	21,202	-
Non-operating income and expenses		(112,873)	84,573	76,116	(44,647)	137,593	-
Pre-Tax income		52,206	158,492	139,617	95,967	158,795	-
Profit (loss) from continuing operations		11,266	132,724	123,760	117,245	208,994	-
Loss from discontinued operations		-	-	-	-	-	-
Profit (loss)		11,266	132,724	123,760	117,245	208,994	-
Other comprehensive income (net after tax)		(52,110)	(47,065)	16,650	(30,695)	5,804	-
Total comprehensive income		(40,844)	85,659	140,410	86,550	214,798	-
Profit, attributable to owners of parent		11,266	132,724	123,760	117,245	208,994	-
Profit, attributable to owners of non-controlling interests		-	-	-	-	-	-
Comprehensive income, attributable to owners of parent		(40,844)	85,659	140,410	86,550	214,798	-
Comprehensive income, attributable to owners of non-controlling interests		-	-	-	-	-	-
Earnings per share		0.08	0.93	0.87	0.83	1.48	-

Note 1: The financial information for the years 2018 to 2022 has been audited and certified by an accountant.

Note 2: As the individual financial statements were not prepared for the year ended 03/31/2023, this note is not applicable.

Note 3: Earnings per share have been retrospectively adjusted due to bonus issues.

(2) Name of the certified public accountant and the auditor's opinion for the past 5 fiscal years:

Year	Signing accountant	Audit opinion	Name of law firm
2018	ZHOU, XIAO-ZI Hsu, Ming-Chuan	Unqualified opinion with other matter	PwC Taiwan
2019	ZHOU, XIAO-ZI Hsu, Ming-Chuan	Unqualified opinion with other matter	PwC Taiwan
2020	ZHOU, XIAO-ZI Hsu, Ming-Chuan	Unqualified opinion with other matter	PwC Taiwan
2021	Lee, Hsiu-Ling Hsu, Ming-Chuan	Unqualified opinion with other matter	PwC Taiwan
2022	Lee, Hsiu-Ling Hsu, Ming-Chuan	Unqualified opinion with other matter	PwC Taiwan

II. Financial analyses for the past 5 fiscal years

Financial Analysis - International Financial Reporting Standards (IFRS)

Consolidated Financial Analysis - International Financial Reporting Standards (IFRS)

Year Analysis item(Note 3)		Financial Analysis for the Last Five Years					Percentage change in the past two years (%)		Financial data as of 03/31/2023
		2018	2019	2020	2021	2022			
Financial Structure (%)	Debt-to-Asset Ratio	47.96	45.73	47.11	53.44	45.50	(14.85)		44.72
	Long-Term Funds-to-Property, Plant and Equipment Ratio	286.66	283.33	273.18	276.06	213.91	(22.51)	1	214.19
Debt service coverage ratio (%)	Current Ratio	174.94	169.11	152.00	142.29	146.89	3.23		152.92
	Quick Ratio	134.63	132.61	105.89	99.65	109.03	9.41		114.27
	Interest Coverage Ratio	3.82	8.94	16.22	10.95	7.06	(35.53)	2	9.61
Operating efficiency	Accounts receivable turnover (times)	2.27	2.34	2.35	2.56	2.60	1.56		2.28
	Average collection period (days)	160.79	155.98	155.31	142.57	140.38	(1.54)		160.08
	Inventory turnover (times)	5.83	5.97	4.98	4.37	4.45	1.83		4.04
	Accounts payable turnover (times)	5.46	6.10	5.53	5.78	6.26	8.30		5.54
	Average days payable outstanding (days)	62.60	61.13	73.29	83.52	82.02	(1.80)		90.34
	Property, plant and equipment turnover (times)	4.00	4.52	4.42	4.81	4.00	(16.84)		2.62
	Total asset turnover (times)	0.88	0.98	0.94	0.94	0.92	(2.13)		0.75
Profitability	Return on assets (ROA) (%)	0.56	3.09	2.73	2.45	4.40	79.59	3	1.00
	Return on equity (ROE) (%)	0.44	5.18	4.79	4.54	7.96	75.33	3	1.67
	Pre-tax net profit to paid-in capital ratio (%) (Note 6)	4.29	11.45	10.41	9.05	11.18	23.54	3	3.20
	Net profit margin (%)	0.25	2.82	2.73	2.38	4.36	83.19	3	4.90
	Earnings per share (NTD)	0.08	0.93	0.87	0.83	1.48	78.31	3	0.32
Cash flow	Cash flow adequacy ratio (%)	-	17.51	4.11	-	35.21	100.00	4	5.72
	Cash flow solvency ratio (%)	-	9.15	-	-	52.49	100.00	4	72.54
	Cash reinvestment ratio (%)	-	8.34	-	-	18.95	100.00	4	3.16
Leverage ratio	Operating leverage	-	2.66	3.31	-	18.27	100.00	5	2.70
	Financial leverage	0.67	1.15	1.09	-	(1.82)	(100.00)	6	1.14

Please explain the reasons for changes in each financial ratio over the past two years. (Changes that have not exceeded 20% can be exempt from analysis.)

1. The increase in Property, plant and equipment this year led to the change in this ratio.
2. The increase in long-term borrowings due to operational needs led to higher interest expenses, resulting in changes in this ratio.
3. The development of a high-gross-margin customer base, cost reduction, and closure of processing plants to save operating costs have been effective this year, resulting in better profitability compared to last year. In addition, the decision of the Board of Directors not to remit undistributed earnings from overseas investment companies resulted in tax benefits, which led to an improvement in relevant financial ratios compared to last year.
4. The increase in net cash inflows from operating activities this year resulted in changes in this ratio.
5. The increase in operating profit this year led to changes in this ratio.
6. The interest expenses exceeding operating profit this year resulted in changes in this ratio.

* If the Company has prepared individual financial statements, a separate analysis of the Company's financial ratios should be prepared.

Note 1: Except for the financial data for the year ending 03/31/2023, which has not been reviewed by the auditor, the financial data for 2018 to 2022 has been audited and signed by the auditor.

Note 2: The formulas for financial analysis calculations are as follows:

1. Financial Structure

(1) Debt-to-Asset Ratio = Total liabilities / Total assets.

(2) Long-Term Funds-to-Property, Plant and Equipment Ratio = (Total equity + Non-current liabilities) / Net property, plant and equipment.

2. Debt Servicing Ability

(1) Current Ratio = Current assets / Current liabilities.

(2) Quick Ratio = (Current assets - Inventory - Prepaid expenses) / Current liabilities.

(3) Interest Coverage Ratio = Earnings before interest and taxes / Interest expense.

3. Operating Efficiency

(1) Accounts Receivable Turnover Ratio (including accounts receivable and notes receivable) = Net sales / Average accounts receivable balance (including accounts receivable and notes receivable).

(2) Average Collection Period (days) = 365 / Accounts Receivable Turnover Ratio.

(3) Inventory Turnover Ratio = Cost of goods sold / Average inventory.

(4) Accounts Payable Turnover Ratio (including accounts payable and notes payable) = Cost of goods sold / Average accounts payable balance (including accounts payable and notes payable).

(5) Average Days Payable Outstanding (days) = 365 / Inventory Turnover Ratio.

(6) Property, Plant and Equipment Turnover Ratio = Net sales / Average net property, plant and equipment.

(7) Total Asset Turnover Ratio = Net sales / Average total assets.

4. Profitability

(1) Return on Assets = (Net income + Interest expense x (1 - Tax rate)) / Average total assets.

(2) Return on Equity = Net income / Average total equity.

(3) Net Profit Margin = Net income / Net sales.

(4) Earnings per Share = (Total equity attributable to owners of parent - Preferred share dividends) / Weighted average number of common shares outstanding. (Note 3)

5. Cash Flow Ratios:

(1) Cash Flow Ratio = Operating Cash Flow / Current Liabilities

(2) Net Cash Flow Coverage Ratio = Operating Cash Flow over the last five years / (Capital Expenditures + Increase in Inventory + Cash Dividends) over the last five years.

(3) Cash Reinvestment Ratio = (Operating Cash Flow - Cash Dividends) / (Gross Property, Plant and Equipment + Long-Term Investments + Other Non-Current Assets + Working Capital) (Note 4)

6. Leverage Ratios:

(1) Operating Leverage = (Net Operating Revenue - Variable Operating Costs and Expenses) / Operating Income (Note 5)

(2) Financial Leverage = Operating Income / (Operating Income - Interest Expenses)

Note 3: When calculating Earnings per Share, the following should be considered:

1. Use the weighted average number of ordinary shares outstanding, not the year-end number of issued shares.

2. In cases of cash issuances or treasury stock transactions, the weighted average number of shares should take into account the period of circulation.

3. In cases of earnings-to-capitalization or capital surplus-to-capitalization, the calculation of Earnings per Share for past years and semi-annual periods should be retrospectively adjusted according to the increase in capital ratio, without considering the issuance period of the increase in capital.

4. If the special shares are non-convertible cumulative preferred shares, their dividends for the current year (whether distributed or not) should be deducted from or added to net profit after tax. If the special shares are non-cumulative, in the case of net profit after tax, the special share dividends should be deducted from net profit after tax; if there is a loss, there is no need to adjust.

Note 4: When measuring cash flow, special attention should be paid to the following items:

1. Operating net cash flow refers to the net cash inflow from operating activities in the cash flow statement.

2. Capital expenditures refer to the cash outflow for capital investment each year.

3. Only the increase in inventory at the end of the year compared to the beginning of the year should be included. If inventory decreases at the end of the year, it should be calculated as zero.

4. Cash dividends include cash dividends for both common and preferred shares.

5. Property, plant and equipment gross amount refers to the total amount of property, plant and equipment before deducting accumulated depreciation.

Note 5: The issuer should classify all operating costs and operating expenses by nature into fixed and variable. If there are any estimates or subjective judgments involved, their reasonableness should be carefully considered and consistency maintained.

Note 6: If the Company's stock is non-par value or has a per share par value that is not in NT\$10, the ratio calculation for the actual paid-in capital should be changed to a ratio calculation based on the equity attributable to the owners of the parent company on the balance sheet.

Individual Financial Analysis - International Financial Reporting Standards

Year Analysis item (Note 4)		Financial Analysis for the Last Five Years					Percentage change in the past two years (%)		Financial data as of 03/31/2023
		2018	2019	2020	2021	2022			
Financial Structure (%)	Debt-to-Asset Ratio	37.20	38.03	38.07	34.78	21.67	(37.69)	1	-
	Long-Term Funds-to-Property, Plant and Equipment Ratio	4,195.57	4,273.83	4,394.26	4,429.48	4,446.77	0.39		-
Debt service coverage ratio %	Current Ratio	181.84	175.67	160.71	183.91	307.26	67.07	1	-
	Quick Ratio	175.80	170.18	149.79	140.12	288.99	106.25	1	-
	Interest Coverage Ratio	9.39	22.00	18.48	10.54	14.79	40.32	2	-
Operating efficiency	Accounts receivable turnover (times)	2.16	2.30	2.34	2.49	2.65	6.43		-
	Average collection period (days)	168	158	155	146	138	(5.79)		-
	Inventory turnover (times)	47.81	45.32	28.83	19.54	18.00	(7.88)		-
	Accounts payable turnover (times)	5.81	5.60	5.95	11.70	244.49	1989.74	3	-
	Average days payable outstanding (days)	7	8	12	18	20	11.11		-
	Property, plant and equipment turnover (times)	49.95	53.67	53.98	49.80	39.89	(19.90)		-
	Total asset turnover (times)	0.84	0.87	0.84	0.77	0.68	(11.69)		-
Profitability	Return on assets (ROA) (%)	0.41	3.38	3.12	3.08	5.94	92.86	2	-
	Return on equity (ROE) (%)	0.44	5.18	4.79	4.54	7.99	75.99	2	-
	Profit before tax to capital stock ratio (%) (Note 7)	3.66	11.12	9.84	6.76	11.19	65.53	2	-
	Net profit margin (%)	0.34	3.73	3.54	3.73	8.42	125.74	2	-
	Earnings per share (NTD)	0.08	0.93	0.87	0.83	1.48	78.31	2	-
Cash flow	Cash flow ratio (%)	19.51	8.04	-	-	116.08	100.00	4	-
	Cash flow solvency ratio (%)	31.36	36.84	20.32	-	143.31	100.00	4	-
	Cash reinvestment ratio (%)	9.13	1.36	-	-	25.21	100.00	4	-
Leverage ratio	Operating leverage	1.49	2.11	2.32	1.62	5.11	215.43	5	-
	Financial leverage	1.04	1.11	1.14	1.08	2.19	102.78	5	-

Please explain the reasons for changes in various financial ratios in the past two years: (analysis can be waived if the changes do not exceed 20%)

- The decrease in short-term borrowings in the current year led to the improvement in the related financial ratios compared to the previous year.
- The depreciation of the USD against the NTD in the current year resulted in foreign exchange gains, and the decision of the Board of Directors not to repatriate the undistributed earnings of overseas investee companies generated tax benefits, which contributed to the improvement of the related financial ratios compared to the previous year.
- Last year, due to the rising copper prices, the Company strategically increased its inventory level, resulting in higher accounts payable. This year, as this situation did not occur, the turnover rate increased.
- The increase in net cash inflow from operating activities in the current year led to the improvement in the related financial ratios compared to the previous year.
- The decrease in operating profit in the current year led to the decline in the related financial ratios compared to the previous year.

Note 1: The financial information for the years 2018-2022 has been audited and certified by a certified public accountant.

Note 2: A separate financial report for the Company was not prepared for the year ending 03/31/2023, and thus is not applicable.

Note 3: Formulas for financial analysis:

1. Financial Structure

(1) Debt-to-Asset Ratio = Total liabilities / Total assets.

(2) Long-Term Funds-to-Property, Plant and Equipment Ratio = (Total equity + Non-current liabilities) / Net property, plant and equipment.

(3) Interest coverage ratio = Profit before income tax and interest expenses / Current interest expenses.

2. Debt Servicing Capacity

(1) Current Ratio = Current assets / Current liabilities.

- (2) Quick Ratio = (Current assets - Inventory - Prepaid expenses) / Current liabilities.
 (3) Interest Coverage Ratio = Profit before income tax and interest expense / Interest expense.

3. Operating Efficiency

- (1) Accounts Receivable Turnover = Net sales / Average accounts receivable.
 (2) Average Collection Period (Days) = 365 / Accounts receivable turnover.
 (3) Inventory Turnover = Cost of goods sold / Average inventory.
 (4) Accounts Payable Turnover = Cost of goods sold / Average accounts payable.
 (5) Average Days Payable Outstanding (Days) = 365 / Inventory turnover.
 (6) Property, Plant and Equipment Turnover = Net sales / Average net property, plant and equipment.
 (7) Total Asset Turnover = Net sales / Average total assets.

4. Profitability

- (1) Return on assets = (Net income + Interest expense x (1-tax rate)) / Average total assets.
 (2) Return on equity = Net income / Average total equity.
 (3) Net profit margin = Net income / Net sales.
 (4) Earnings per share = (Net income attributable to shareholders of the parent company - Preferred share dividends) / Weighted average number of shares outstanding.

5. Cash Flow

- (1) Cash flow ratio = Operating cash flow / Current liabilities.
 (2) Net cash flow to capital expenditures and dividend ratio = Operating cash flow over the past five years / (Capital expenditures + Increase in inventory + Cash dividends over the past five years).
 (3) Cash reinvestment ratio = (Operating cash flow - Cash dividends) / (Gross property, plant, and equipment + Long-term investments + Other non-current assets + Working capital).

6. Leverage:

- (1) Operating leverage = (Net operating revenue - Variable operating costs and expenses) / Operating income.
 (2) Financial leverage = Operating income / (Operating income - Interest expense).

Note 4: When calculating the above-mentioned Earnings per share, the following should be particularly noted:

1. The weighted average of common shares outstanding should be used as the basis, rather than year-end shares issued.
2. For any cash capital increases or treasury stock transactions, the weighted average shares outstanding should be calculated considering their circulation period.
3. For any earnings-to-capital increases or capital surplus-to-capital increases, the adjustment should be made retrospectively based on the increase ratio when calculating the earnings per share for previous years and semi-annual periods, without considering the issuance period of the increase.
4. If the preferred share is cumulative preferred share that cannot be converted, its annual dividends (whether paid or not) should be deducted from or added to the after-tax net income. If the preferred share is non-cumulative, and there is after-tax net income, the preferred share dividend should be deducted from it; if there is a loss, no adjustment is necessary.

Note 5: When analyzing cash flow, the following should be noted:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities on the cash flow statement.
2. Capital expenditures refer to the cash outflow for capital investments each year.
3. The inventory increase should only be calculated when the ending balance is greater than the beginning balance. If inventory decreases at the end of the year, it should be counted as zero.
4. Cash dividends include cash dividends for both common and preferred share.
5. Property, plant and equipment gross amount refers to the total amount of property, plant and equipment before deducting accumulated depreciation.

Note 6: The issuer should categorize operating costs and expenses as fixed or variable based on their nature. If estimates or subjective judgments are involved, their reasonableness should be considered and consistency should be maintained.

Note 7: If the Company's stock is non-par or has a per-share par value other than NT\$10, the calculation of the equity-to-capital ratio should be based on the equity attributable to owners of the parent on the balance sheet.

III. Audit committee's report for the most recent year's financial statement

TAIWAN LINE TEK ELECTRONIC CO.,LTD.
Audit Committee's Report on the 2022 Fiscal Year Financial Statements

The Board of Directors has submitted the 2022 individual financial statements and consolidated financial statements, which have been audited and certified by Lee, Xiu-Ling and Xu, Ming-Chuan, certified public accountants from Zhi Cheng & Co. Accounting Firm. After the completion of the audit, along with the business report and profit distribution proposal, the Audit Committee has reviewed and found no discrepancies. Therefore, in accordance with Article 14-4 of the Securities Exchange Act and Article 219 of the Company Act, a report has been prepared and is hereby presented for your perusal.

TAIWAN LINE TEK ELECTRONIC CO.,LTD.
Chairperson of the Audit Committee: FENG, BEN-LI

03/17/2023 (Friday)

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR 22005112

To the Board of Directors and Shareholders of Taiwan LINE TEK Electronic Co., Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of Taiwan LINE TEK Electronic Co., Ltd. and subsidiaries (the Group) as at December 31, 2022 and 2021, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and reports of other auditors (please refer to the *Other matter* section), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

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 consolidated financial statements* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant in 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 Group's 2022 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2022 the consolidated financial statements are stated as follows:

Cut-off of revenue from distribution warehouse sales

Description

Please refer to Note 4(28) for accounting policies on revenue recognition. The Group has two primary types of sales, specifically, direct sales from the factory and distribution warehouse sales. For distribution warehouse sales, the Group deliveries the goods to the distribution warehouse for pickup by the customer. Revenue is recognised when the customer actually picks up the goods and the control of the goods and the obsolescence and loss risks have been transferred to the customer. The Group recognises sales revenue based on movements of inventories in the distribution warehouse shown in the statements or other information provided by the warehouse custodian.

The Group has several distribution warehouses in several areas and each warehouse has its own custodian. Thus, the contents of information provided by custodians are different and the warehouse sales revenue recognition process involves manual reconciliations. As the Group's daily warehouse sales volume is numerous and the transaction amounts around the balance sheet date are material to the financial statements, we consider the cut-off of revenue from distribution warehouse sales a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Obtained an understanding and tested the internal control procedures of periodic reconciliations between the Group and customers to assess the effectiveness of internal control used by the management over the timing of revenue recognition for distribution warehouse sales.

2. Performed cut-off test procedures on revenue from distribution warehouse sales recognised during a specific period before and after the balance sheet date, including verifying the supporting documents provided by the warehouse custodian, and ascertaining the movements of inventories and cost of goods sold recognised in the correct period in order to assess the appropriateness of the timing of sales revenue recognition.
3. Confirmed the inventory quantities with warehouse and verified the quantity against accounting records. In addition, inspected the reason for the difference between the confirmation replies and accounting records and tested the reconciling items made by the Group in order to confirm whether the significant differences have been adjusted.

Assessment of allowance for inventory valuation losses

Description

Please refer to Note 4(14) for accounting policy on inventory valuation, Note 5(2) for accounting estimates and assumption uncertainty in relation to inventory valuation, and Note 6(6) for details of allowance for inventory valuation losses.

As of December 31, 2022, the balances of inventory and allowance for inventory valuation losses were NT\$ 802,933 thousand and (NT\$65,513) thousand, respectively. The Group is primarily engaged in manufacturing, processing and sales of signal connection cables for information peripherals and power transmission cable sets for various computer systems. Due to the short life cycle of electronic products, highly competitive market and high degree of customization, there is a higher risk of inventory losing value. The Group's inventory is stated at the lower of cost and net realisable value. The assessment of the allowance for inventory valuation losses, including identification of obsolete inventory and the determination of net realisable value, often involves management's subjective judgment and a high degree of uncertainty, and the effect of inventory and its allowance for valuation losses on the financial statements is material. We consider the assessment of allowance for inventory valuation losses for the Group a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Assessed the reasonableness of provision policies and procedures on allowance for inventory valuation losses based on our understanding of the Group's operations and the characteristics of the industry, including the classification of inventory for determining net realisable value and the reasonableness of determining the obsolescence of inventory.
2. Obtained an understanding of the Group's warehousing control procedures. Reviewed the annual physical inventory count plan and participated in the annual inventory count in order to assess the effectiveness of the procedures used by the management to identify and control obsolete inventories.
3. Obtained and verified the accuracy of the inventory aging report, and sampled the last movement of inventory before the balance sheet date in order to verify the accuracy of aging range and evaluated the reasonableness of the allowance for inventory valuation losses on older inventories.
4. Obtained and verified the accuracy of the net realisable value report of inventory, including verifying against supporting documents such as sales contracts and related purchase evidence, and recalculated and evaluated the reasonableness of the allowance for inventory valuation losses.

Other matter – Reference to the audits of other auditors

We did not audit the financial statements of certain subsidiaries which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of these associates, is based solely on the reports of the other auditors. The balance of these subsidiaries amounted to NT\$124,966 thousand and NT\$167,355 thousand, constituting 3% and 3% of the total assets as at December 31, 2022 and 2021, respectively, and the operating revenue recognised from subsidiaries amounted to NT\$569 thousand and NT\$33,585 thousand, constituting 0% and 1% of the total operating revenue for the years then ended, respectively.

Other matter-Parent company only financial statements

We have audited and expressed an unqualified opinion and an unqualified opinion with an other matters section on the parent company only financial statements of Taiwan LINE TEK Electronic Co., Ltd. as at and for the years ended December 31, 2022 and 2021, respectively.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

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

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

Auditors’ responsibilities for the audit of the consolidated financial statements

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements 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.

Lee, Hsiu-Ling

Hsu, Ming-Chuan

For and on behalf of PricewaterhouseCoopers, Taiwan

March 17, 2023

The accompanying consolidated 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 consolidated 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.

TAIWAN LINE TEK ELECTRONIC CO., LTD. AND SUBSIDIARIES
CONSOLIDATED 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)	\$ 476,316	10	\$ 591,159	11
1110	Current financial assets at fair value through profit or loss	6(2)	-	-	104,163	2
1150	Notes receivable, net	6(5)	47,610	1	8,732	-
1170	Accounts receivable, net	6(5)	1,605,813	32	1,984,962	36
1200	Other receivables		38,870	1	14,284	-
1220	Current tax assets		6	-	2,147	-
130X	Inventories	6(6)	737,420	15	1,120,991	20
1410	Prepayments		15,389	-	36,396	1
1470	Other current assets		73	-	301	-
11XX	Current assets		<u>2,921,497</u>	<u>59</u>	<u>3,863,135</u>	<u>70</u>
Non-current assets						
1510	Non-current financial assets at fair value through profit or loss	6(2)	-	-	-	-
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	6,624	-	3,030	-
1535	Non-current financial assets at amortised cost	6(4)	614	-	554	-
1550	Investments accounted for using equity method, net	6(7)	180,528	4	164,320	3
1600	Property, plant and equipment	6(8)	1,372,556	28	1,016,137	18
1755	Right-of-use assets	6(9)	203,374	4	206,211	4
1760	Investment property, net	6(11)	200,593	4	196,758	4
1780	Intangible assets		1,789	-	515	-
1840	Deferred tax assets	6(28)	31,448	1	62,807	1
1900	Other non-current assets		6,035	-	6,693	-
15XX	Non-current assets		<u>2,003,561</u>	<u>41</u>	<u>1,657,025</u>	<u>30</u>
1XXX	Total assets		<u>\$ 4,925,058</u>	<u>100</u>	<u>\$ 5,520,160</u>	<u>100</u>

(Continued)

TAIWAN LINE TEK ELECTRONIC CO., LTD. AND SUBSIDIARIES
CONSOLIDATED 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(12)	\$ 689,748	14	\$ 1,334,570	24
2120	Financial liabilities at fair value through profit or loss - current	6(2)	86	-	-	-
2150	Notes payable		1,836	-	1,765	-
2170	Accounts payable		615,196	12	780,594	14
2200	Other payables	6(13) and 7	271,526	5	353,466	6
2230	Current tax liabilities		26,767	1	53,732	1
2280	Current lease liabilities		1,497	-	1,009	-
2310	Advance receipts	6(14)	285,437	6	90,855	2
2320	Long-term liabilities, current portion	6(15)	48,000	1	48,000	1
2399	Other current liabilities, others		48,795	1	50,934	1
21XX	Total current liabilities		<u>1,988,888</u>	<u>40</u>	<u>2,714,925</u>	<u>49</u>
Non-current liabilities						
2540	Long-term borrowings	6(15)	215,896	4	80,000	1
2570	Deferred tax liabilities	6(28)	5,319	-	110,367	2
2580	Non-current lease liabilities		1,082	-	2,932	-
2600	Other non-current liabilities	6(16)	29,914	1	41,574	1
25XX	Non-current liabilities		<u>252,211</u>	<u>5</u>	<u>234,873</u>	<u>4</u>
2XXX	Total liabilities		<u>2,241,099</u>	<u>45</u>	<u>2,949,798</u>	<u>53</u>
Equity attributable to owners of parent						
Share capital						
3110	Ordinary share	6(17)	1,419,346	29	1,419,346	26
Capital surplus						
3200	Capital surplus	6(18)	273,176	6	271,963	5
Retained earnings						
3310	Legal reserve	6(19)	337,871	7	326,115	6
3320	Special reserve		227,612	5	227,612	4
3350	Unappropriated retained earnings		649,239	13	536,197	10
Equity interest						
3400	Other equity interest	6(20)	(206,032)	(5)	(210,871)	(4)
3500	Treasury shares	6(17)	(38,139)	(1)	-	-
31XX	Equity attributable to owners of parent		<u>2,663,073</u>	<u>54</u>	<u>2,570,362</u>	<u>47</u>
36XX	Non-controlling interests	6(30)	<u>20,886</u>	<u>1</u>	<u>-</u>	<u>-</u>
3XXX	Total equity		<u>2,683,959</u>	<u>55</u>	<u>2,570,362</u>	<u>47</u>
Significant contingent liabilities and unrecognized contract commitments						
Significant events after the balance sheet date						
3X2X	Total liabilities and stockholders' equity		<u>\$ 4,925,058</u>	<u>100</u>	<u>\$ 5,520,160</u>	<u>100</u>

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

TAIWAN LINE TEK ELECTRONIC CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021

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

Items	Notes	Year ended December 31				
		2022		2021		
		AMOUNT	%	AMOUNT	%	
4000	Sales revenue	6(21)	\$ 4,788,065	100	\$ 4,926,026	100
5000	Operating costs	6(6)(26)(27)	(4,381,675)	(92)	(4,621,587)	(94)
5900	Gross profit from operations		406,390	8	304,439	6
	Operating expenses	6(26)(27) and 7				
6100	Selling expenses		(148,290)	(3)	(164,145)	(3)
6200	General and administrative expenses		(148,695)	(3)	(202,173)	(4)
6300	Research and development expenses		(64,153)	(1)	(85,798)	(2)
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	12(2)	(23,978)	(1)	2,400	-
6000	Total operating expenses		(385,116)	(8)	(449,716)	(9)
6900	Net operating income (loss)		21,274	-	(145,277)	(3)
	Non-operating income and expenses					
7100	Interest income	6(22)	3,186	-	1,912	-
7010	Other income	6(23)	79,454	2	52,996	1
7020	Other gains and losses	6(24)	67,428	1	222,100	5
7050	Finance costs	6(25) and 7	(26,184)	-	(12,904)	-
7060	Share of profit of associates and joint ventures accounted for using equity method	6(7) and 7	13,545	-	9,580	-
7000	Total non-operating income and expenses		137,429	3	273,684	6
7900	Profit before tax		158,703	3	128,407	3
7950	Income tax expense (benefit)	6(28)	50,291	1	(11,162)	-
8000	Profit from continuing operations		208,994	4	117,245	3
	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(16)	1,074	-	396	-
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(3)(20)	3,594	-	(26,593)	(1)
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(20)(28)	(828)	-	5,239	-
8310	Components of other comprehensive income that will not be reclassified to profit or loss		3,840	-	(20,958)	(1)
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations	6(20)	2,455	-	(12,171)	-
8399	Income tax relating to the components of other comprehensive income	6(20)(28)	(491)	-	2,434	-
8360	Components of other comprehensive income that will be reclassified to profit or loss		1,964	-	(9,737)	-
8300	Other comprehensive income (loss), net		\$ 5,804	-	\$ (30,695)	(1)
8500	Total comprehensive income		\$ 214,798	4	\$ 86,550	2
	Profit, attributable to					
8610	Owners of the parent		\$ 208,994	4	\$ 117,245	3
8620	Non-controlling interests		\$ -	-	\$ -	-
	Comprehensive income attributable to					
8710	Owners of the parent		\$ 214,798	4	\$ 86,550	2
8720	Non-controlling interests		\$ -	-	\$ -	-
	Earnings per share	6(29)				
9750	Total basic earnings per share		\$ 1.48		\$ 0.83	
9850	Total diluted earnings per share		\$ 1.47		\$ 0.82	

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

TAIWAN LINE TEK ELECTRONIC CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Equity attributable to owners of the parent											Non-controlling interests	Total equity
		Capital surplus				Retained earnings			Other equity interest					
		Ordinary share	Additional paid-in capital	Changes in ownership interests in subsidiaries	Others	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury shares	Total		
Year 2021														
Balance at January 1, 2021		\$ 1,419,346	\$ 270,701	\$ -	\$ 1,197	\$ 314,498	\$ 244,103	\$ 527,309	(\$ 118,032)	(\$ 61,827)	\$ -	\$ 2,597,295	\$ -	\$ 2,597,295
Profit for the year		-	-	-	-	-	-	117,245	-	-	-	117,245	-	117,245
Other comprehensive income (loss) for the year	6(20)	-	-	-	-	-	-	317	(9,737)	(21,275)	-	(30,695)	-	(30,695)
Total comprehensive income		-	-	-	-	-	-	117,562	(9,737)	(21,275)	-	86,550	-	86,550
Unclaimed overdue dividends by shareholders		-	-	-	65	-	-	-	-	-	-	65	-	65
Appropriation and distribution of 2020 retained earnings	6(19)	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve appropriated		-	-	-	-	11,617	-	(11,617)	-	-	-	-	-	-
Reversal of special reserve		-	-	-	-	-	(16,491)	16,491	-	-	-	-	-	-
Cash dividends		-	-	-	-	-	-	(113,548)	-	-	-	(113,548)	-	(113,548)
Balance at December 31, 2021		\$ 1,419,346	\$ 270,701	\$ -	\$ 1,262	\$ 326,115	\$ 227,612	\$ 536,197	(\$ 127,769)	(\$ 83,102)	\$ -	\$ 2,570,362	\$ -	\$ 2,570,362
Year 2022														
Balance at January 1, 2022		\$ 1,419,346	\$ 270,701	\$ -	\$ 1,262	\$ 326,115	\$ 227,612	\$ 536,197	(\$ 127,769)	(\$ 83,102)	\$ -	\$ 2,570,362	\$ -	\$ 2,570,362
Profit for the year		-	-	-	-	-	-	208,994	-	-	-	208,994	-	208,994
Other comprehensive income for the year	6(20)	-	-	-	-	-	-	965	1,964	2,875	-	5,804	-	5,804
Total comprehensive income		-	-	-	-	-	-	209,959	1,964	2,875	-	214,798	-	214,798
Unclaimed overdue dividends by shareholders		-	-	-	82	-	-	-	-	-	-	82	-	82
Recognised changes in ownership interests in subsidiaries	6(30)	-	-	1,131	-	-	-	-	-	-	-	1,131	-	1,131
Appropriation and distribution of 2021 retained earnings	6(19)	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve appropriated		-	-	-	-	11,756	-	(11,756)	-	-	-	-	-	-
Cash dividends		-	-	-	-	-	-	(85,161)	-	-	-	(85,161)	-	(85,161)
Repurchase of treasury shares	6(17)	-	-	-	-	-	-	-	-	-	(38,139)	(38,139)	-	(38,139)
Increase in non-controlling interests	6(30)	-	-	-	-	-	-	-	-	-	-	-	20,886	20,886
Balance at at December 31, 2022		\$ 1,419,346	\$ 270,701	\$ 1,131	\$ 1,344	\$ 337,871	\$ 227,612	\$ 649,239	(\$ 125,805)	(\$ 80,227)	(\$ 38,139)	\$ 2,663,073	\$ 20,886	\$ 2,683,959

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

TAIWAN LINE TEK ELECTRONIC CO., LTD. AND SUBSIDIARIES
CONSOLIDATED 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
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 158,703	\$ 128,407
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense (including investment property and right-of-use assets)	6(8)(9)(11)(24)(26)	87,742	89,777
Amortisation expense	6(26)	453	222
Impairment loss (impairment gain and reversal of impairment loss)	12(2)	23,978	(2,400)
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	6(2)(24)	32,129	(238,344)
Interest expense	6(25)	26,184	12,904
Interest income	6(22)	(3,186)	(1,912)
Dividend income	6(23)	(186)	(1,158)
Share of profit of associates and joint ventures accounted for using equity method		(13,545)	(9,580)
Allowance for inventory write-down(Gain from price recovery of inventory)	6(6)	20,941	(26)
Losses (gains) on disposals of property and equipment	6(24)	(25)	321
Gains on disposals of investments	6(24)	-	(2,227)
Profit from lease modification	6(24)	-	(228)
Impairment loss recognised in profit or loss, intangible assets other than goodwill	6(24)	-	234
Changes in operating assets and liabilities			
Changes in operating assets			
Current financial assets at fair value through profit or loss		72,034	296,251
Notes receivable, net		(38,772)	15,776
Accounts receivable, net		379,150	(176,314)
Other receivables		(24,422)	(1,737)
Inventories		362,630	(218,094)
Prepayments		21,007	27,647
Other current assets		228	(191)
Changes in operating liabilities			
Notes payable		71	235
Accounts payable		(177,542)	(33,795)
Other payables		(81,940)	(9,293)
Advance receipts		307	314
Other current liabilities		(2,139)	(8,644)
Accrued pension liabilities		(1,074)	(396)
Cash inflow (outflow) generated from operations		842,726	(132,251)
Dividends received		186	1,158
Interest received		3,186	1,912
Interest paid		(26,184)	(12,904)
Income tax paid		(49,676)	(11,696)
Net cash flows from (used in) operating activities		770,238	(153,781)

(Continued)

TAIWAN LINE TEK ELECTRONIC CO., LTD. AND SUBSIDIARIES
CONSOLIDATED 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 INVESTING ACTIVITIES</u>			
Acquisition of property, plant and equipment	6(31)	(\$ 435,852)	(\$ 77,939)
Proceeds from disposal of property, plant and equipment		3,247	580
Decrease (increase) in guarantee deposits paid		515	(532)
Increase in prepayments for business facilities		-	(1,337)
Proceeds from disposal of investments accounted for using equity method	7	-	22,099
Increase (decrease) in other non-current assets		246	(531)
Net cash flows used in investing activities		(431,844)	(57,660)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term loans	6(32)	3,864,328	4,598,770
Decrease in short-term loans	6(32)	(4,525,769)	(4,013,758)
Repayments of long-term debt	6(32)	(128,000)	(120,013)
Proceeds from long-term debt	6(32)	263,896	128,000
Payments of lease liabilities	6(32)	(1,680)	(6,327)
Increase (decrease) in refundable deposit		(11,023)	25,861
Repurchase of treasury shares	6(17)	(38,139)	-
Investment received in advance	6(14)	194,274	86,830
Cash dividends paid	6(19)	(85,161)	(113,548)
Unclaimed overdue dividends by shareholders		82	65
Increase in non-controlling interests	6(30)	20,886	-
Net cash flows (used in) from financing activities		(446,306)	585,880
Effect of exchange rate changes on cash and cash equivalents		(6,931)	1,390
Net (decrease) increase in cash and cash equivalents		(114,843)	375,829
Cash and cash equivalents at beginning of year		591,159	215,330
Cash and cash equivalents at end of year		<u>\$ 476,316</u>	<u>\$ 591,159</u>

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

TAIWAN LINE TEK ELECTRONIC CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

1. History and Organization

Taiwan LINE TEK Electronic Co., Ltd. (the “Company”) and its subsidiaries (collectively referred herein as the “Group”) were incorporated in August, 1978. The Group is engaged in the manufacturing, processing and sales of power transmission cable sets for various computer systems, power transmission cable sets for electrical appliances, signal connection cables for information peripherals, intelligent electric vehicle electrification cable , high efficiency connection cable sets for communication systems, etc. The Company’s shares were listed on the Taipei Exchange on February 1, 1992 as approved by the Securities and Futures Commission of the Ministry of Finance and were transferred to be listed on the Taiwan Stock Exchange on September 17, 2001.

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

These consolidated financial statements were authorised for issuance by the Board of Directors on March 17, 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 FSC and became 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 Group’s financial condition and financial performance based on the Group’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

Except for the following, the above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

A. Amendments to IAS 1, 'Disclosure of accounting policies'

The amendments require an entity to disclose its material accounting policy information rather than its significant accounting policies. The amendments also explain how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material.

B. Amendments to IAS 8, 'Definition of accounting estimates'

The amendments clarify how an entity should distinguish changes in accounting policies from changes in accounting estimates. The amendments also clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

(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, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024

Except for the following, the above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

4. Summary of Significant Accounting Policies

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

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", International Financial Reporting Standards, International

Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”).

(2) Basis of preparation

- A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
- (a) Financial assets 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 IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements:
- (a) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group 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. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
 - (b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
 - (c) Changes in a parent’s ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.
 - (d) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.
- B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership(%)		Description
			December 31, 2022	December 31, 2021	
Taiwan Line Tek Electronic Co., Ltd.	Everfull Electronic Co., Limited	Production and sales of electronic wiring sets, signal connection cables and power cord sets	100	100	Note 1 Note 2
Taiwan Line Tek Electronic Co., Ltd.	FU LIN INVESTMENT CO., LTD.	Operating various investment businesses	100	100	
Taiwan Line Tek Electronic Co., Ltd.	LINE TEK INTERNATIONAL CO., LTD.	Operating various investment businesses	100	100	
Taiwan Line Tek Electronic Co., Ltd.	LINETEK JAPAN CO., LTD.	Sales of electronic wiring sets, signal connection cables, and power cord sets	100	100	
Everfull Electronic Co., Limited	REGENT UNION INTERNATIONAL LIMITED	Lease of property	100	100	Note 2
Everfull Electronic Co., Limited	EVERFULL TECHNOLOGY (SHENZHEN) CO., LTD.	Production and operation of power cables electronic, wires, electronic wiring and the design and development of power cables electronic, wires, and electronic wiring related products	100	100	Note 2 Note 7
Everfull Electronic Co., Limited	EVERFULL ELECTRONIC (DONGGUAN) CO., LTD.	Production and sales of wiring, cables, plastic accessories and electronic accessories	-	100	Note 2 Note 5
Everfull Electronic Co., Limited	EVERFULL TECHNOLOGY (HUIZHOU) CO., LTD.	Manufacturing, processing and sales of power cord, electric wire, hook-up wire, PVC granules, copper wire and other related products.	100	100	Note 3 Note 7
Everfull Electronic Co., Limited	Everfull Development (Huizhou) Co., Ltd.	Operating various business management services	90.91	100	Note 2 Note 3
Line Tek International Co., Ltd.	HONG YI INVESTMENT CO., LTD.	Operating various investment businesses	-	100	Note 6
Hong Yi Investment Co., Ltd.	FONG MO INVESTMENT NTS LTD.	Production of new instrument components, new electronic components, power electronic components and related products	-	100	Note 4

Note 1: The information included in these consolidated financial statements as at December 31, 2022 is based on the financial statements of the investees audited by other auditors.

Note 2: The information included in these consolidated financial statements as at December 31, 2021 is based on the financial statements of the investees audited by other auditors.

Note 3: On April 12, 2021, the Investment Commission of the Ministry of Economic Affairs (MOEA) (Jing-Shen-II-Zi No. 11000081680) approved the Company's application for the new establishment of Everfull Development (Huizhou) Co., Ltd. in a spin-off method by Everfull Technology (Huizhou) Co., Ltd. After the spin-off, Everfull Technology (Huizhou) Co., Ltd. reduced its capital and used the shares of Everfull Development (Huizhou) Co., Ltd. to offset the proceeds from capital reduction, resulting in Everfull Development (Huizhou) Co., Ltd. and Everfull Technology (Huizhou) Co., Ltd. both becoming the 100%-owned subsidiary of Everfull Electronic Co., Limited. Everfull Development (Huizhou) Co., Ltd. completed the capital verification on July 13, 2021. Everfull Development (Huizhou) Co., Ltd. increased its capital for the year ended December 31, 2022, and the Group's subsidiary, Everfull Electronic Co., Limited, did not acquire shares proportionally to its interest. As a result, Everfull Electronic Co., Limited decreased its share interest to 90.91% and maintained control over Everfull Development (Huizhou) Co., Ltd.

Note 4: The entity completed the liquidation on January 28, 2022.

Note 5: The entity completed the liquidation in April, 2022.

Note 6: The entity completed the liquidation in June, 2022.

Note 7: In December 2022, Everfull Technology (Shenzhen) Co., Ltd. merged with Everfull Technology (Huizhou) Co., Ltd with Everfull Technology (Huizhou) Co., Ltd. being the surviving company and relevant procedures are in the progress.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars (NTD), which is the Company's functional and the Group's presentation 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

- (a) 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:
 - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
 - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - iii. All resulting exchange differences are recognised in other comprehensive income.
- (b) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(5) 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 held mainly for trading purposes;
 - (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.

(6) 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. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(7) 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 Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.
- D. The Group recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8) 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 Group 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 Group'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 Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:

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 Group recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(9) 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 Group'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. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(10) Accounts and notes receivable

A. Accounts and notes receivable entitle the Group 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.

(11) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and financial assets at amortised cost, at each reporting date, the Group 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 or contract assets that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(12) Derecognition of financial assets

The Group derecognises a financial asset when one of the following conditions is met:

A. The contractual rights to receive the cash flows from the financial asset expire.

B. The contractual rights to receive cash flows of the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.

C. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Group has not retained control of the financial asset.

(13) 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.

(14) 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), but excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(15) Investments accounted for using equity method / associates

A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the

voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.

- B. The Group'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 Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- C. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognises the Group's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.
- D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- E. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(16) 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 Group 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. Property, plant and equipment are measured at cost model subsequently. Land is not depreciated. Other property, plant and equipment are depreciated using the straight-line method 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 ~ 45 years
Machinery and equipment	3 ~ 10 years
Other equipment	2 ~ 15 years

(17) Leasing arrangements (lessee)—right-of-use assets/ lease liabilities

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the following:

Fixed payments, less any lease incentives receivable.

The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

The amount of the initial measurement of lease liability.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset and remeasure the lease liability to reflect the partial or full termination of the lease, and recognise the difference in profit or loss.

(18) Investment property

The revaluation of investment property in accordance with the generally accepted auditing standards in the Republic of China on the date of conversion is regarded as the recognized cost, and the subsequent measurement adopts the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 8 ~ 45 years.

(19) Intangible assets

Intangible assets, mainly computer software, are stated at cost and amortised on a straight-line basis over its estimated useful lives of 3 ~ 5 years.

(20) Impairment of non-financial assets

The Group 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.

(21) 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.

(22) Notes and accounts payable

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

(23) Derecognition of financial liabilities

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

(24) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid and are recognised as expenses in the period in which the employees render service.

B. Pensions

(a) Defined contribution plans

For the 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; when there is no deep market in high-quality corporate bonds, the Company uses interest rates of government bonds (at the balance sheet date) instead.
- ii. Remeasurement 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.

(25) 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 Group 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 consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. 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.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(26) Share capital

- A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.
- B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to

the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(27) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(28) Revenue recognition

The Group manufactures and sells electronic wiring sets, signal connection cables and power cable sets. Revenue is measured at the fair value of the consideration received less business tax, returns, rebates and discounts for the sale of goods to external customers in the ordinary course of the Group's activities. Sales are recognised when control of the products has transferred, and 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 customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

(29) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group's chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group'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 Group'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 Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group 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 \$737,420.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash on hand	\$ 15,020	\$ 13,885
Checking accounts and demand deposits	187,664	454,149
Time deposits	<u>273,632</u>	<u>123,125</u>
	<u>\$ 476,316</u>	<u>\$ 591,159</u>

A. The Group 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 Group has no cash and cash equivalents pledged to others.

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

<u>Assets Items</u>	<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	\$ -	\$ 99,598
Valuation adjustment	<u>-</u>	<u>4,565</u>
	<u>\$ -</u>	<u>\$ 104,163</u>
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Unlisted stocks	1,027	1,187
Valuation adjustment	<u>(1,027)</u>	<u>(1,187)</u>
	<u>\$ -</u>	<u>\$ -</u>
<u>Liabilities Items</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current items:		
Financial liabilities mandatorily measured at fair value through profit or loss		
Derivatives-forward foreign exchange contracts	<u>(\$ 86)</u>	<u>\$ -</u>

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

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Financial assets/liabilities mandatorily measured at fair value through profit or loss		
Equity instruments	(\$ 30,915)	\$ 237,576
Beneficiary certificates	<u>(3,353)</u>	<u>-</u>
Derivatives	<u>2,139</u>	<u>768</u>
	<u>(\$ 32,129)</u>	<u>\$ 238,344</u>

B. The Group entered into contracts relating to derivative financial assets which were not accounted for under hedge accounting. The information is listed below:

			<u>December 31, 2022</u>	
			Contract amount	
<u>Derivative financial instruments</u>	<u>(notional principal)</u>	<u>Contract period</u>		
Current items:				
Forward foreign exchange contracts	USD	1,000	2022.12.13~2023.01.13	

C. The Group has no financial assets and liabilities at fair value through profit or loss pledged to others.

D. Information relating to price risk and fair value is provided in Note 12(2)・(3).

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

<u>Item</u>	<u>December 31, 2022</u>		<u>December 31, 2021</u>	
Non-current items:				
Equity instruments				
Unlisted stocks	\$	100,368	\$	100,368
Valuation adjustment	(93,744)	(97,338)
	\$	<u>6,624</u>	\$	<u>3,030</u>

A. The Group has elected to classify investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$6,624 and \$3,030 as at December 31, 2022 and 2021, respectively.

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

		<u>Year ended December 31</u>	
		<u>2022</u>	<u>2021</u>
Equity instruments at fair value through other comprehensive income			
Fair value change recognised in other comprehensive income			
	\$	<u>3,594</u>	(\$ <u>26,593</u>)

C. 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 financial assets at fair value through other comprehensive income held by the Group was \$6,624 and \$3,030, respectively.

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

E. Information relating to financial assets at fair value through other comprehensive income is provided in Note 12(3).

(4) Financial assets at amortised cost

Items	December 31, 2022	December 31, 2021
Non-current items:		
Pledged time deposits	\$ 614	\$ 554

A. 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 financial assets at amortised cost held by the Group was \$614 and \$554, respectively.

B. Details of the Group's financial assets at amortised cost pledged to others as collateral are provided in Note 8.

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

(5) Notes and accounts receivable

	December 31, 2022	December 31, 2021
Notes receivable	\$ 47,610	\$ 8,732
Accounts receivable	\$ 1,632,899	\$ 1,988,901
Less: Allowance for uncollectible accounts	(27,086)	(3,939)
	\$ 1,605,813	\$ 1,984,962

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

	December 31, 2022	
	Accounts receivable	Notes receivable
Not past due	\$ 1,576,118	\$ 47,610
Later than 1 to 30 days	20,604	-
Later than 31 to 90 days	11,368	-
Over 90 days	24,809	-
	\$ 1,632,899	\$ 47,610
	December 31, 2021	
	Accounts receivable	Notes receivable
Not past due	\$ 1,963,297	\$ 8,732
Later than 1 to 30 days	21,571	-
Later than 31 to 90 days	2,143	-
Over 90 days	1,890	-
	\$ 1,988,901	\$ 8,732

The above ageing analysis was based on past due date.

B. As of December 31, 2022 and 2021, accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2021, the balance of receivables from contracts with customers amounted to \$1,830,756.

C. The Group entered into a factoring agreement with financial institutions to sell its accounts receivable. Under the agreement, the Group is not obligated to bear the default risk of the transferred accounts receivable, but is liable for the losses incurred on any business dispute. The Group does not have any continuing involvement in the transferred accounts receivable. Thus, the Group derecognised the transferred accounts receivable, and the related information is as follows:

December 31, 2022

Amount of outstanding accounts receivable		Amount available for advance		
factored	Amount derecognised	Amount advanced		
\$ 355,367	\$ 355,367	\$ 355,367	\$ -	

D. 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 Group's notes and accounts receivable was \$47,610 and \$8,732, \$1,605,813 and \$1,984,962, respectively.

E. The Group's expense on accounts receivable factoring is provided in Note 6(25).

F. The Group has no notes receivable and accounts receivable pledged to others.

G. 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	\$ 384,255	(\$ 38,741)	\$ 345,514
Work in progress	47,783	(474)	47,309
Finished goods	370,895	(26,298)	344,597
	<u>\$ 802,933</u>	<u>(\$ 65,513)</u>	<u>\$ 737,420</u>
December 31, 2021			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 557,010	(\$ 21,426)	\$ 535,584
Work in progress	52,789	(244)	52,545
Finished goods	555,764	(22,902)	532,862
	<u>\$ 1,165,563</u>	<u>(\$ 44,572)</u>	<u>\$ 1,120,991</u>

The cost of inventories recognised as expense for the year:

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Cost of goods sold	\$ 4,372,262	\$ 4,649,504
Loss on decline in market value of inventory	20,941	(26)
Revenue from sale of scraps	(12,766)	(27,014)
Other	1,238	(877)
	<u>\$ 4,381,675</u>	<u>\$ 4,621,587</u>

For the years ended December 31, 2022, the Group reversed a previous inventory write-down because some inventories were subsequently disposed or sold.

(7) Investments accounted for using the equity method

	<u>2022</u>	<u>2021</u>
At January 1	\$ 164,320	\$ 176,606
Proceeds from disposal of investments accounted for using equity method	-	(19,872)
Share of profit or loss of investments accounted for using equity method	13,545	9,580
Effect of exchange rate	2,663	(1,994)
At December 31	<u>\$ 180,528</u>	<u>\$ 164,320</u>

A. Amounts are listed below:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Associates:		
SKILFUL LIMITED	<u>\$ 180,528</u>	<u>\$ 164,320</u>

B. The basic information of the associates that are material to the Group is as follows:

<u>Company name</u>	<u>Principal place of business</u>	<u>Shareholding ratio</u>		<u>Nature of relationship</u>	<u>Methods of measurement</u>
		<u>December 31, 2022</u>	<u>December 31, 2021</u>		
SKILFUL LIMITED	Samoa	45.00%	45.00%	Note 1	Equity method

Note 1: An investee corporation of the Group.

C. The summarised financial information of the associates that are material to the Group is as follows:

(a) Balance sheet

	SKILFUL LIMITED	
	December 31, 2022	December 31, 2021
Current assets	\$ -	\$ -
Non-current assets	401,172	365,155
Current liabilities	-	-
Non-current liabilities	-	-
Total net assets	<u>\$ 401,172</u>	<u>\$ 365,155</u>

(b) Statement of comprehensive income

	SKILFUL LIMITED	
	Year ended December 31, 2022	Year ended December 31, 2021
Revenue	\$ -	\$ -
Profit for the period from continuing operations	30,101	29,095
Other comprehensive income, net of tax	-	-
Total comprehensive income	<u>\$ 30,101</u>	<u>\$ 29,095</u>
Dividends received from associates	<u>\$ -</u>	<u>\$ -</u>

(8) Property, plant and equipment

	Land	Buildings and structures	Machinery and equipment	Others	Unfinished construction and equipment under acceptance	Total
At January 1, 2022						
Cost	\$ 51,531	\$ 794,540	\$ 340,688	\$ 54,789	\$ 27,304	\$ 1,268,852
Accumulated depreciation and impairment	-	(77,930)	(135,497)	(39,288)	-	(252,715)
	<u>\$ 51,531</u>	<u>\$ 716,610</u>	<u>\$ 205,191</u>	<u>\$ 15,501</u>	<u>\$ 27,304</u>	<u>\$ 1,016,137</u>
<u>2022</u>						
Opening net book amount as at January 1	\$ 51,531	\$ 716,610	\$ 205,191	\$ 15,501	\$ 27,304	\$ 1,016,137
Additions	-	-	15,747	1,363	405,413	422,523
Disposals	-	-	(3,212)	(10)	-	(3,222)
Reclassification	-	-	5,228	102	(5,338)	(8)
Depreciation charge	-	(16,994)	(51,056)	(7,738)	-	(75,788)
Net exchange differences	-	11,108	3,389	270	(1,853)	12,914
Closing net book amount as at December 31	<u>\$ 51,531</u>	<u>\$ 710,724</u>	<u>\$ 175,287</u>	<u>\$ 9,488</u>	<u>\$ 425,526</u>	<u>\$ 1,372,556</u>
At December 31, 2022						
Cost	\$ 51,531	\$ 806,532	\$ 343,434	\$ 55,041	\$ 425,526	\$ 1,682,064
Accumulated depreciation and impairment	-	(95,808)	(168,147)	(45,553)	-	(309,508)
	<u>\$ 51,531</u>	<u>\$ 710,724</u>	<u>\$ 175,287</u>	<u>\$ 9,488</u>	<u>\$ 425,526</u>	<u>\$ 1,372,556</u>
	Land	Buildings and structures	Machinery and equipment	Others	Unfinished construction and equipment under acceptance	Total
At January 1, 2021						
Cost	\$ 51,531	\$ 798,654	\$ 323,932	\$ 54,764	\$ 6,725	\$ 1,235,606
Accumulated depreciation and impairment	-	(61,527)	(111,187)	(33,142)	-	(205,856)
	<u>\$ 51,531</u>	<u>\$ 737,127</u>	<u>\$ 212,745</u>	<u>\$ 21,622</u>	<u>\$ 6,725</u>	<u>\$ 1,029,750</u>
<u>2021</u>						
Opening net book amount as at January 1	\$ 51,531	\$ 737,127	\$ 212,745	\$ 21,622	\$ 6,725	\$ 1,029,750
Additions	-	-	37,979	1,632	29,639	69,250
Disposals	-	-	(236)	(665)	-	(901)
Reclassification	-	-	5,632	1,058	(9,024)	(2,334)
Depreciation charge	-	(16,654)	(49,795)	(8,034)	-	(74,483)
Net exchange differences	-	(3,863)	(1,134)	(112)	(36)	(5,145)
Closing net book amount as at December 31	<u>\$ 51,531</u>	<u>\$ 716,610</u>	<u>\$ 205,191</u>	<u>\$ 15,501</u>	<u>\$ 27,304</u>	<u>\$ 1,016,137</u>
At December 31, 2021						
Cost	\$ 51,531	\$ 794,540	\$ 340,688	\$ 54,789	\$ 27,304	\$ 1,268,852
Accumulated depreciation and impairment	-	(77,930)	(135,497)	(39,288)	-	(252,715)
	<u>\$ 51,531</u>	<u>\$ 716,610</u>	<u>\$ 205,191</u>	<u>\$ 15,501</u>	<u>\$ 27,304</u>	<u>\$ 1,016,137</u>

A. The abovementioned assets belonged to owner-occupied assets.

- B. The significant components of buildings include main plants and renovation construction, which are depreciated over 20 to 45 years.
- C. No property, plant and equipment were capitalized interest.
- D. Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8.

(9) Leasing arrangements – lessee

- A. The Group leases various assets including land use right, buildings and business vehicles. Rental contracts are typically made for periods of 4 to 50 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants.
- B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Land use right	\$ 198,479	\$ 200,001
Transportation equipment (Business vehicles)	4,895	6,210
	<u>\$ 203,374</u>	<u>\$ 206,211</u>

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land use right	\$ 4,669	\$ 4,571
Buildings	-	3,742
Transportation equipment (Business vehicles)	1,315	1,263
	<u>\$ 5,984</u>	<u>\$ 9,576</u>

- C. For the years ended December 31, 2022 and 2021, the additions to right-of-use assets were \$0 and \$2,910, respectively.
- D. The information on profit and loss accounts relating to lease contracts is as follows:

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 318	\$ 531
Profit from lease modification	-	228

- E. For the years ended December 31, 2022 and 2021, the Group's total cash outflow for leases were \$1,998 and \$6,858, respectively.
- F. The Group entered into an agreement with the People's Government of Boluo County on November 8, 2013 for the investment and development project in Boluo County, and the Group had acquired all the land use rights in December 2015 with a lease term of 50 years.

(10) Leasing arrangements – lessor

A. For the years ended December 31, 2022 and 2021, the Group recognised rent income in the amounts of \$11,778 and \$11,662, respectively, based on the operating lease agreement, which does not include variable lease payments.

B. The maturity analysis of the lease payments under the operating leases is as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Not later than one year	\$ 9,807	\$ 11,626
Later than one year but not later than five years	17,344	18,475
Later than five years	-	3,617
	<u>\$ 27,151</u>	<u>\$ 33,718</u>

(11) Investment property

	<u>Land</u>	<u>Buildings and structures</u>	<u>Right-of-use assets</u>	<u>Total</u>
At January 1, 2022				
Cost	\$ 85,597	\$ 193,205	\$ 23,080	\$ 301,882
Accumulated depreciation	-	(95,835)	(9,289)	(105,124)
	<u>\$ 85,597</u>	<u>\$ 97,370</u>	<u>\$ 13,791</u>	<u>\$ 196,758</u>
<u>2022</u>				
Opening net book amount as at January 1	\$ 85,597	\$ 97,370	\$ 13,791	\$ 196,758
Depreciation charge	-	(5,413)	(557)	(5,970)
Net exchange differences	-	8,314	1,491	9,805
Closing net book amount as at December 31	<u>\$ 85,597</u>	<u>\$ 100,271</u>	<u>\$ 14,725</u>	<u>\$ 200,593</u>
At December 31, 2022				
Cost	\$ 85,597	\$ 207,092	\$ 25,607	\$ 318,296
Accumulated depreciation	-	(106,821)	(10,882)	(117,703)
	<u>\$ 85,597</u>	<u>\$ 100,271</u>	<u>\$ 14,725</u>	<u>\$ 200,593</u>
	<u>Land</u>	<u>Buildings and structures</u>	<u>Right-of-use assets</u>	<u>Total</u>
At January 1, 2021				
Cost	\$ 85,597	\$ 197,122	\$ 23,777	\$ 306,496
Accumulated depreciation	-	(92,075)	(9,040)	(101,115)
	<u>\$ 85,597</u>	<u>\$ 105,047</u>	<u>\$ 14,737</u>	<u>\$ 205,381</u>
<u>2021</u>				
Opening net book amount as at January 1	\$ 85,597	\$ 105,047	\$ 14,737	\$ 205,381
Depreciation charge	-	(5,194)	(524)	(5,718)
Net exchange differences	-	(2,483)	(422)	(2,905)
Closing net book amount as at December 31	<u>\$ 85,597</u>	<u>\$ 97,370</u>	<u>\$ 13,791</u>	<u>\$ 196,758</u>
At December 31, 2021				
Cost	\$ 85,597	\$ 193,205	\$ 23,080	\$ 301,882
Accumulated depreciation	-	(95,835)	(9,289)	(105,124)
	<u>\$ 85,597</u>	<u>\$ 97,370</u>	<u>\$ 13,791</u>	<u>\$ 196,758</u>

A. Rental income from investment property and direct operating expenses arising from investment property are shown below:

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Rental income from investment property	\$ 11,778	\$ 11,662
Direct operating expenses arising from the investment property that generated rental income during the year	\$ 2,386	\$ 1,919

- B. The fair value of the investment property held by the Group as at December 31, 2022 and 2021 was \$383,477 and \$385,740, respectively. The fair value on December 31, 2021 was assessed based on market trading prices of similar property in the areas nearby. The fair value on December 31, 2022 was valued by independent valuers using the income approach which is categorised within Level 3 in the fair value hierarchy. Key assumptions are as follows:

	<u>December 31, 2022</u>
Rent per square meter	\$ 0.713
Vacancy rate	8.33%
Expense rate	20.86%

- C. In 1992, the Group signed a land use right contract with Planning and Natural Resources Bureau of Shenzhen Municipality for the use of the land in Shenzhen with a term of 50 years. All rentals had been paid on the contract date.
- D. On February 25, 2014, the Board of Directors resolved that the Group intended to cooperate with SHENZHEN MEGAWORLD INDUSTRY CO., LTD. by using the land use rights and renewal rights of the existing factory site in exchange for the composite building located in Guanlan Avenue, Longhua New District and cash compensation, to meet the future operational needs and the city renewal in the Shenzhen area. The Group entered into a cooperation framework agreement on March 1, 2014, additionally, the Group entered into a demolition compensation agreement with SHENZHEN MINJI PROPERTY DEVELOPMENT CO., LTD. which was the subsidiary of SHENZHEN MEGAWORLD INDUSTRY CO., LTD. on August 25, 2017, and changed SHENZHEN MINJI PROPERTY DEVELOPMENT CO., LTD. as the counterparties and the entity who is reported to the relevant government department. On March 12, 2022, the cooperation of city renovation in Nanmushecun area had been approved by the city renewal and land development bureau of Longhua District and the relevant procedures are in the progress.
- E. Information about the investment property that was pledged to others as collaterals is provided in Note 8.

(12) Short-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2022</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			Property, plant and equipment and investment property
Short-term secured borrowings	\$ 70,000	1.75%	
Unsecured borrowings	619,748	1.475%~4.15%	None
	<u>\$ 689,748</u>		

Type of borrowings	December 31, 2021	Interest rate range	Collateral
Bank borrowings			
Short-term secured borrowings	\$ 191,400	0.87%~4.40%	Property, plant and equipment and investment property
Unsecured borrowings	1,143,170	0.75%~1.98%	None
	<u>\$ 1,334,570</u>		

(13) Other account payables

	December 31, 2022	December 31, 2021
Payable on salary and bonus	\$ 67,012	\$ 103,084
Accrued processing charges	51,540	68,203
Other payables to related parties	48,503	47,758
Freight payable	19,679	21,031
Payable on purchased materials	17,040	26,111
Payable on employees' compensation and directors' remuneration	17,025	7,781
Payable on equipment	8,576	21,905
Service fees payable	2,635	3,494
Others	39,516	54,099
	<u>\$ 271,526</u>	<u>\$ 353,466</u>

Information about other payables to related parties is provided in Note 7.

(14) Advance receipts

	December 31, 2022	December 31, 2021
Investment received in advance	\$ 281,104	\$ 86,830
Others	4,333	4,025
	<u>\$ 285,437</u>	<u>\$ 90,855</u>

(15) Long-term borrowings

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>December 31, 2022</u>
Long-term bank borrowings				
Secured borrowings	Borrowing period is from January 11, 2022 to January 11, 2025; interest is repayable monthly; principal is repayable in 8 installments in one year after the date of first drawing	1.751%	Investment property	\$ 50,000
Unsecured borrowings	Borrowing period is from January 11, 2022 to January 11, 2025; interest is repayable monthly; principal is repayable in 8 installments in one year after the date of first drawing	1.751%	None	78,000
Secured borrowings	Borrowing period is from December 21, 2022 to December 5, 2032; interest is repayable monthly; principal is repayable in 16 installments in accordance with the repayment agreement	6.05%	Plants under construction	<u>135,896</u>
				263,896
Less: Current portion				(<u>48,000</u>)
				<u>\$ 215,896</u>

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2021
Long-term bank borrowings				
Secured borrowings	Borrowing period is from January 11, 2021 to January 11, 2024; interest is repayable monthly; principal is repayable in 8 installments in one year after the date of first drawing	1.25%	Investment property	\$ 51,000
Unsecured borrowings	Borrowing period is from January 11, 2021 to January 11, 2024; interest is repayable monthly; principal is repayable in 8 installments in one year after the date of first drawing	1.25%	None	77,000
				128,000
Less: Current portion				(48,000)
				<u>\$ 80,000</u>

(16) Pensions (Shown as 'other non-current liabilities)

- A. (a) The Company and domestic subsidiaries have 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 contributes 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 would assess the balance in the aforementioned labor pension reserve account by 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 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	(\$ 8,586)	(\$ 10,337)
Fair value of plan assets	<u>6,076</u>	<u>6,634</u>
Net defined benefit liability	<u>(\$ 2,510)</u>	<u>(\$ 3,703)</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>
<u>2022</u>			
At January 1	(\$ 10,337)	\$ 6,634	(\$ 3,703)
Current service cost	-	-	-
Interest (expense) income	<u>(73)</u>	<u>45</u>	<u>(28)</u>
	<u>(\$ 10,410)</u>	<u>\$ 6,679</u>	<u>(\$ 3,731)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	506	506
Change in financial assumptions	658	-	658
Experience adjustments	<u>(90)</u>	<u>-</u>	<u>(90)</u>
	<u>568</u>	<u>506</u>	<u>1,074</u>
	<u>(9,842)</u>	<u>7,185</u>	<u>(2,657)</u>
Pension fund contribution	-	147	147
Paid pension	<u>1,256</u>	<u>(1,256)</u>	<u>-</u>
At December 31	<u>(\$ 8,586)</u>	<u>\$ 6,076</u>	<u>(\$ 2,510)</u>

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
<u>2021</u>			
At January 1	(\$ 10,396)	\$ 6,295	(\$ 4,101)
Current service cost	(210)	-	(210)
Interest (expense) income	(36)	22	(14)
	<u>(\$ 10,642)</u>	<u>\$ 6,317</u>	<u>(\$ 4,325)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	91	91
Change in demographic assumptions (427)	-	(427)
Change in financial assumptions	462	-	462
Experience adjustments	270	-	270
	<u>305</u>	<u>91</u>	<u>396</u>
	<u>(10,337)</u>	<u>6,408</u>	<u>(3,929)</u>
Pension fund contribution	-	226	226
At December 31	<u>(\$ 10,337)</u>	<u>\$ 6,634</u>	<u>(\$ 3,703)</u>

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' 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 authorized by the Regulator. The Company and domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company and domestic subsidiaries are 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	Year ended December 31, 2021
Discount rate	1.4%	0.75%
Future salary increases	3.875%	3.875%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory.

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 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
<u>December 31, 2022</u>				
Effect on present value of defined benefit obligation	\$ 256	(\$ 266)	(\$ 253)	\$ 245
	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
<u>December 31, 2021</u>				
Effect on present value of defined benefit obligation	\$ 291	(\$ 304)	(\$ 287)	\$ 277

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 Group for the year ending December 31, 2023 amount to \$278.

(g) As of December 31, 2022, the weighted average duration of the retirement plan is 12 years.

The analysis of timing of the future pension payment was as follows:

Within 1 year	\$ 3,476
2-5 years	2,517
Over 5 years	2,687
	<u>\$ 8,680</u>

B. (a) Effective July 1, 2005, the Company and domestic subsidiaries have 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 and domestic subsidiaries contribute 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) Everfull Technology (Shenzhen) Co., Ltd., Everfull Electronic (Dongguan) Co., Ltd. (the liquidation completed in April 2022), Everfull Technology (Huizhou) Co., Ltd. and Fong Mo Investments Ltd. (the liquidation completed on January 28, 2022) have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations.
- (c) Except for Everfull Electronic Co., Limited, Line Tek International Co., Ltd., Hong Yi Investment Co., Ltd. (the liquidation completed in June 2022), Regent Union International Limited and Everfull Development (Huizhou) Co., Ltd., which did not hire any employees and did not have the pension plan for employees, Linetek Japan Co., Ltd. hired part-time employees and is not required to recognise related pension costs in accordance with the local regulations.
- (d) The pension costs under defined contribution pension plans of the Group for the years ended December 31, 2022 and 2021, were \$41,177 and \$41,005, respectively.

(17) Share capital

- A. As of December 31, 2022 the Company's authorised capital was \$1,800,000, consisting of 180,000 thousand shares of ordinary stock (including 10,000 thousand shares reserved for employee stock options), and the paid-in capital was \$1,419,346 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

Movements in the number of the Company's ordinary shares outstanding are as follows:

	2022	2021
	Number of shares (in thousand shares)	Number of shares (in thousand shares)
At January 1	141,935	141,935
Purchase of treasury shares	(1,350)	-
At December 31	<u>140,585</u>	<u>141,935</u>

B. Treasury shares

- (a) On August 12, 2022, the Board of Directors resolved to repurchase 2,500 thousand ordinary shares in the open market from August 15, 2022 to October 11, 2022 at a price range of NT\$22 to NT\$35 per share to encourage employees and strengthen coherence of the Company.

(b) Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows:

		December 31, 2022	
Name of company holding the shares	Reason for reacquisition	Number of shares (in thousand shares)	Carrying amount
The Company	To be reissued to employees	1,350	\$ 38,139

(c) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.

(d) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.

(e) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should be reissued to the employees within five years from the reacquisition date and shares not reissued within the five-year period are to be retired. Treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.

(18) 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.

(19) Retained earnings

A. If the Company has any profit for the current year, shall first be retained to offset accumulated deficit before appropriating employee's remuneration and directors' remuneration. The remaining amount, if any, shall be appropriated no less than 2% for employee's remuneration and no higher than 5% for directors' remuneration.

The current year's earnings, if any, shall first be used to pay income tax and offset prior year's operating losses, then 10% of the remaining amount shall be set aside as legal reserve until the legal reserve equals the total capital stock balance. After setting aside or reversing a special reserve in accordance with related laws and competent authority, the appropriation of the remaining earnings, along with the accumulated unappropriated earnings, shall be proposed by the Board of Directors and resolved by the shareholders as dividends to shareholders.

On June 17, 2022, the shareholders at their meetings resolved to amend Articles of Incorporation of the Company, according to the amended Articles of Incorporation, a company may, by a resolution adopted by a majority vote at a meeting of Board of Directors, which are authorized by the Company, attended by two-thirds of the total number

of directors, have the aforementioned appropriation of earnings, legal reserve and capital surplus distributed in the form of cash; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting. The above distribution is not subject to approval by the shareholders.

The abovementioned employees' compensation and directors' remuneration distribution shall be resolved by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors. The resolution of Board of Directors shall be reported at the shareholders' meeting. Employee's compensation can be distributed in the form of shares or cash, and employees must be working for the Company. The Board of Directors shall decide the number of shares and the total amount to be distributed when they intend to distribute the compensation in the form of shares; in addition, the directors' remuneration shall be distributed by cash only.

The Company adopts conservatism principle for its dividend policy and considers profitability, financial structure and future development. At least 10% of the dividends distributed in the current year shall be appropriated as cash dividends. The Board of Directors may adjust the distribution rates within the above range based on current operation.

- B. 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 25% of the Company's paid-in capital.
- C. (a) 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.
- (b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-Corporate- 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use period if the assets are investment property other than land.

D. The distribution of earnings for the years ended December 31, 2021 and 2020 resolved by the stockholders on June 17, 2022 and July 20, 2021 is as follows:

	Year ended December		Year ended December	
	2021		2020	
	Amount	Dividends per share (In dollars)	Amount	Dividends per share (In dollars)
Legal reserve	\$ 11,756		\$ 11,617	
Reversal of special reserve	-		(16,491)	
Cash dividends	85,161	\$ 0.60	113,548	\$ 0.80

Information about appropriation of earnings of the Company as resolved by the stockholders will be posted in the “Market Observation Post System” at the website of the Taiwan Stock Exchange.

E. The appropriation of 2022 earnings as resolved by the Board of Directors on March 17, 2023 is as follows:

	Year ended December 31, 2022	
	Amount	Dividends per share (In dollars)
Legal reserve	\$ 20,996	
Reversal of special reserve	(4,839)	
Cash dividends (Note)	42,175	\$ 0.30
Stock dividends	42,175	0.30

As of March 17, 2023, the appropriation 2022 earnings as proposed has not yet been resolved by the shareholders' meeting.

Note : Authorized by the articles of association, the Board of Directors of the company passed the 2022 cash dividend proposal with a special resolution on March 17, 2023.

(20) Other equity items

	2022		
	Unrealised gains (losses) on valuation	Currenty translation	Total
At January 1	(\$ 83,102)	(\$ 127,769)	(\$ 210,871)
Revaluation – gross	3,594	-	3,594
Revaluation – tax	(719)	-	(719)
Foreign exchange differences:			
–Group	-	2,455	2,455
–Tax on Group	-	(491)	(491)
At December 31	(\$ 80,227)	(\$ 125,805)	(\$ 206,032)

	2021		
	Unrealised gains		
	(losses) on valuation	Currency translation	Total
At January 1	(\$ 61,827)	(\$ 118,032)	(\$ 179,859)
Revaluation – gross	(26,593)	-	(26,593)
Revaluation – tax	5,318	-	5,318
Foreign exchange differences:			
–Group	-	(12,171)	(12,171)
–Tax on Group	-	2,434	2,434
At December 31	(\$ 83,102)	(\$ 127,769)	(\$ 210,871)

(21) Operating revenue

Disaggregation of revenue from contracts with customers

The Group's revenue is sales revenue and derives revenue from the transfer of goods at a point in time in the following major product lines:

	Year ended December 31	
	2022	2021
Signal connection cables for information peripherals	\$ 2,048,616	\$ 2,122,547
Power transmission cable sets for computer system	1,612,535	1,942,747
Power transmission cable sets for electrical appliances	1,026,260	860,572
Intelligent electric vehicle electrification cable	93,049	-
High-efficiency connection line set for communication system	6,884	-
Others	721	160
	<u>\$ 4,788,065</u>	<u>\$ 4,926,026</u>

(22) Interest income

	Year ended December 31	
	2022	2021
Interest income from bank deposits	\$ 3,186	\$ 1,199
Interest income from financial assets measured at amortised cost	-	713
	<u>\$ 3,186</u>	<u>\$ 1,912</u>

(23) Other income

	Year ended December 31	
	2022	2021
Compensation income from demolition and relocation	\$ 39,809	\$ 33,214
Rent income	11,778	11,662
Dividend revenue	186	1,158
Other income, others	27,681	6,962
	<u>\$ 79,454</u>	<u>\$ 52,996</u>

(24) Other gains and losses

	Year ended December 31	
	2022	2021
Gains (losses) on disposals of property, plant and equipment	\$ 25	(\$ 321)
Gains on disposals of investments	-	2,227
Gain on liquidation of the subsidiary (Note)	36,881	-
Depreciation charge on investment property	(5,970)	(5,718)
Profit from lease modification	-	228
Net foreign exchange gains (losses)	68,754	(15,986)
Gain (loss) on financial assets or liabilities measured at fair value through profit or loss	(32,129)	238,344
Impairment loss recognised in profit or loss, intangible assets other than goodwill	-	(234)
Other gains and losses	(133)	3,560
	<u>\$ 67,428</u>	<u>\$ 222,100</u>

Note: The liquidation of the Group's second-tier subsidiary, Hong Yi Investment Co., Ltd. and Everfull Electronic (Dongguan) Co., Ltd., and the liquidation of the Group's third-tier subsidiary, Fong Mo Investments Ltd., were completed in June 2022, April 2022 and January 2022, respectively, resulting in a gain on liquidation amounting to \$36,881.

(25) Finance costs

	Year ended December 31	
	2022	2021
Interest expense	\$ 20,016	\$ 12,373
Other finance charges	318	531
Expenses on accounts receivable factoring	5,850	-
	<u>\$ 26,184</u>	<u>\$ 12,904</u>

(26) Costs and expenses by nature

	Year ended December 31, 2022			Year ended December 31, 2021		
	Classified as operating costs	Classified as operating expenses	Total	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expense	\$ 623,251	\$ 133,903	\$ 757,154	\$ 890,253	\$ 198,522	\$ 1,088,775
Depreciation charges (Note)	50,321	31,451	81,772	52,588	31,471	84,059
Amortisation charges	-	453	453	-	222	222

Note: The depreciation expense for the years ended December 31, 2022 and 2021 does not include the depreciation expense of investment property amounting to \$5970 and \$5718, respectively (shown as "7020 Other gains and losses").

(27) Employee benefit expense

	Year ended December 31	
	2022	2021
Wages and salaries	\$ 691,799	\$ 996,274
Labour and health insurance fees	12,694	11,565
Pension costs	41,205	41,229
Other personnel expenses	11,456	39,707
	<u>\$ 757,154</u>	<u>\$ 1,088,775</u>

- A. Under the Company's unrevised Articles of Incorporation, if the Company has any profit for the current year, shall first be retained to offset accumulated deficit before appropriating employee's remuneration and directors' and supervisors' remuneration. The remaining amount, if any, shall be appropriated no less than 2% for employee's remuneration and no higher than 5% for directors' and supervisors' remuneration.
- B. For the years ended December 31, 2022 and 2021, employees' compensation was accrued at \$6,867 and \$4,150, respectively; while directors' remuneration was accrued at \$6,008 and \$3,631, respectively. The aforementioned amounts were recognised in salary expenses.

The employees' compensation and directors' remuneration were estimated and accrued based on 4% and 3.5% of distributable profit of current year as of the end of reporting period.

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

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.

(28) Income tax expense (benefit)

A. Income tax expense

(a) Components of income tax expense (benefit):

	Year ended December 31	
	2022	2021
Current tax:		
Current tax on profits for the year	\$ 24,663	\$ 53,943
Tax on undistributed surplus earnings	1,032	33
Prior year income tax (over) underestimation	(978)	2,653
Total current tax	<u>24,717</u>	<u>56,629</u>
Deferred tax:		
Origination and reversal of temporary differences	(75,008)	(45,467)
Income tax expense (benefit)	<u>(\$ 50,291)</u>	<u>\$ 11,162</u>

(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	(\$ 491)	\$ 2,434
Remeasurement of defined benefit obligations	(109)	(79)
Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	(719)	5,318
	<u>(\$ 1,319)</u>	<u>\$ 7,673</u>

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 (Note)	\$ 31,787	\$ 70,868
Effect from items disallowed by tax regulation	(112,046)	(41,545)
Income exempted according to tax law	6,812	(51,608)
Tax on undistributed surplus earnings	1,032	33
Prior year income tax (over) underestimation	(978)	2,653
Change in assessment of realisation of deferred tax assets	23,102	-
Effect from alternative minimum tax	-	30,761
Income tax expense	<u>(\$ 50,291)</u>	<u>\$ 11,162</u>

(Note) The basis for computing the applicable tax rate are the rates applicable in the respective countries where the Group entities operate.

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

	2022			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
- Deferred tax assets:				
Inventory valuation loss	\$ 1,495	(\$ 494)	\$ -	\$ 1,001
Unrealised loss on pension	1,900	-	-	1,900
Unused compensated absence	336	(19)	-	317
Unrealised exchange loss	11,446	(10,921)	-	525
Unrealised gains or losses from financial liabilities at fair value through profit or loss	-	17	-	17
Unrealised gains or losses from financial assets at fair value through other comprehensive income	19,467	-	(719)	18,748
Currency translation differences	27,973	(23,102)	(491)	4,380
Investments loss on foreign long-term equity investemtns	-	4,462	-	4,462
Others	190	(92)	-	98
	<u>\$ 62,807</u>	<u>(\$ 30,149)</u>	<u>(\$ 1,210)</u>	<u>\$ 31,448</u>
- Deferred tax liabilities:				
Investments income on foreign long-term equity investemtns	(105,248)	105,248	-	-
Book-tax differences on pension fund contribution	(619)	-	-	(619)
Gains (losses) on remeasurements of defined benefit plan	(1,116)	-	(109)	(1,225)
Others	(3,384)	(91)	-	(3,475)
	<u>(\$ 110,367)</u>	<u>\$ 105,157</u>	<u>(\$ 109)</u>	<u>(\$ 5,319)</u>
	<u><u>(\$ 47,560)</u></u>	<u><u>\$ 75,008</u></u>	<u><u>(\$ 1,319)</u></u>	<u><u>\$ 26,129</u></u>

	2021			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
- Deferred tax assets:				
Inventory valuation loss	\$ 584	\$ 911	\$ -	\$ 1,495
Unrealised loss on pension	1,900	-	-	1,900
Unused compensated absence	414	(78)	-	336
Unrealised exchange loss (gain)	11,932	(486)	-	11,446
Unrealised gains or losses from financial liabilities at fair value through profit or loss	18	(18)	-	-
Unrealised gains or losses from financial assets at fair value through other comprehensive income	14,149	-	5,318	19,467
Currency translation differences	25,539	-	2,434	27,973
Others	-	190	-	190
	<u>\$ 54,536</u>	<u>\$ 519</u>	<u>\$ 7,752</u>	<u>\$ 62,807</u>
- Deferred tax liabilities:				
Investment income on foreign long-term equity investments	(150,154)	44,906	-	(105,248)
Book-tax differences on pension contribution	(619)	-	-	(619)
Gains (losses) on remeasurements of defined benefit plan	(1,037)	-	(79)	(1,116)
Others	(3,426)	42	-	(3,384)
	<u>(\$ 155,236)</u>	<u>\$ 44,948</u>	<u>(\$ 79)</u>	<u>(\$ 110,367)</u>
	<u>(\$ 100,700)</u>	<u>\$ 45,467</u>	<u>\$ 7,673</u>	<u>(\$ 47,560)</u>

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

E. The income tax returns of the Company's consolidated subsidiary, Fu Lin Investment Co., Ltd., through 2020 have been assessed and approved by the Tax Authority.

(29) 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 the parent	\$ 208,994	141,481	\$ 1.48
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 208,994	141,481	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	268	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 208,994	141,749	\$ 1.47

	Year ended December 31, 2021		
	<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 the parent	\$ 117,245	141,935	\$ 0.83
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 117,245	141,935	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	203	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 117,245	142,138	\$ 0.82

(30) Transactions with non-controlling interest

The Group did not participate in the capital increase raised by a subsidiary proportionally to its interest to the subsidiary.

Subsidiary Everfull Development (Huizhou) Co., Ltd. of the Group increased its capital by issuing new shares on December 27, 2022. The Group did not acquire shares proportionally to its interest. As a result, the Group decreased its share interest by 9.09%. The transaction increased non-controlling interest by \$20,886 and increased the equity attributable to owners of parent by \$1,131.

(31) Supplemental cash flow information

Investing activities with partial cash payments

	Year ended December 31, 2022	Year ended December 31, 2021
Purchase of property, plant and equipment	\$ 422,523	\$ 69,250
Add: Opening balance of payable on equipment	21,905	30,594
Less: Ending balance of payable on equipment	(8,576)	(21,905)
Cash paid during period	<u>\$ 435,852</u>	<u>\$ 77,939</u>

(32) Changes in liabilities from financing activities

	Lease liabilities	Short-term borrowings	Long-term borrowings (including current portion)	Liabilities from financing activities-gross
At January 1, 2022	\$ 3,941	\$ 1,334,570	\$ 128,000	\$ 1,466,511
Changes in cash flow from financing activities	(1,680)	(661,441)	135,896	(527,225)
Impact of changes in foreign exchange rate	-	16,619	-	16,619
Changes in other non-cash items	318	-	-	318
At December 31, 2022	<u>\$ 2,579</u>	<u>\$ 689,748</u>	<u>\$ 263,896</u>	<u>\$ 956,223</u>

	Lease liabilities	Short-term borrowings	Long-term borrowings (including current portion)	Liabilities from financing activities-gross
At January 1, 2021	\$ 14,006	\$ 755,962	\$ 120,720	\$ 890,688
Changes in cash flow from financing activities	(6,327)	585,012	7,987	586,672
Impact of changes in foreign exchange rate	(646)	(6,404)	(707)	(7,757)
Changes in other non-cash items	(3,092)	-	-	(3,092)
At December 31, 2021	<u>\$ 3,941</u>	<u>\$ 1,334,570</u>	<u>\$ 128,000</u>	<u>\$ 1,466,511</u>

7. Related Party Transactions

(1) Parent and ultimate controlling party

None.

(2) Names of related parties and relationship

Names of related parties	Relationship with the Group
LONGWELL TECHNOLOGY (SUZHOU) CO., LTD.	Other related party
LONGWELL INTERNATIONAL (B.V.I.) LTD. (LONGWELL INT)	Other related party

(3) Significant related party transactions

A. Other payables to related parties:

(a) Outstanding balance:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Other payables:		
LONGWELL TECHNOLOGY (SUZHOU)	\$ 48,503	\$ 47,758

(b) Interest expense

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
LONGWELL TECHNOLOGY (SUZHOU)	\$ 1,065	\$ 588

Other payables to related parties mainly arose from the other payables which was the borrowings from LONGWELL TECHNOLOGY (SUZHOU) Co., Ltd. to meet the subsidiary's needs of working capital. The terms of the borrowings are repaid within 1 year after the borrowing is made and interests are repaid at 2.1% and 2.22% per annum, respectively.

B. Property transactions

Disposal of financial assets:

No such transactions in 2022

			<u>Year ended December 31, 2021</u>		
	<u>Accounts</u>	<u>No. of shares</u>	<u>Objects</u>	<u>Proceeds</u>	<u>Gain/(loss)</u>
LONGWELL INT	Investments accounted for using the equity method		Equity of BRIGHT FLASH CONSULTANTS LIMITED	\$ 22,099	\$ 2,227

(4) Key management compensation

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Short-term employee benefits	\$ 18,756	\$ 15,919

8. Pledged Assets

The Group's assets pledged as collateral are as follows:

<u>Pledged asset</u>	<u>Book value</u>		<u>Purpose</u>
	<u>December 31, 2022</u>	<u>December 31, 2021</u>	
Property, plant and equipment	\$ 1,172,316	\$ 765,290	Guarantee for borrowing facilities
Investment properties	85,692	87,274	Guarantee for borrowing facilities
Financial assets at amortised cost	614	554	Performance bank guarantee
	<u>\$ 1,258,622</u>	<u>\$ 853,118</u>	

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

None.

(2) Commitments

A. Information about endorsements and guarantees provided to related parties is provided in Note13(1) B.

B. Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Property, plant and equipment	\$ 429,127	\$ 751,747

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

A. Information about earnings distribution for the years ended December 31, 2022 is provided in Note6(19).

B. To meet the future operational needs of the Company, on January 6, 2023, the Board of Directors resolved to establish a subsidiary in Vietnam for USD\$3,000 thousand. Subsequently, considering the actual situation in Vietnam, on March 17, 2023, the Board of Directors resolved that the investment amount in Vietnam increased to USD\$5,000 thousand.

C. To meet the needs of expanding the operation for the Group's second-tier subsidiary, Everfull Development (Huizhou) Co., Ltd., in the future, on March 17, 2023, the Board of Directors resolved the Group to participate in the capital increase of Everfull Development (Huizhou) Co., Ltd. through the subsidiary, Everfull Electronic Co., Limited, and the capital increase amounted to RMB\$40,000 thousand.

12. Others

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of the debt ratio. This ratio is calculated as total debt divided by total assets.

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Total liabilities	\$ 2,241,099	\$ 2,949,798
Total equity	<u>2,683,959</u>	<u>2,570,362</u>
Total assets	\$ 4,925,058	\$ 5,520,160
Debt Ratio	<u>45%</u>	<u>53%</u>

(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		
Financial assets at fair value through profit or loss, mandatorily measured at fair value	\$ -	\$ 104,163
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	\$ 6,624	\$ 3,030
Financial assets at amortised cost		
Cash and cash equivalents	476,316	591,159
Financial assets at amortised cost	614	554
Notes receivable	47,610	8,732
Accounts receivable	1,605,813	1,984,962
Other receivables	38,870	14,284
Guarantee deposits paid	2,043	2,558
	<u>\$ 2,171,266</u>	<u>\$ 2,602,249</u>
<u>Financial liabilities</u>		
Financial liabilities designated as at fair value through profit or loss	\$ 86	\$ -
Financial liabilities at amortised cost		
Short-term borrowings	\$ 689,748	\$ 1,334,570
Notes payable	1,836	1,765
Accounts payable	615,196	780,594
Other accounts payable—related parties	271,526	353,466
Long-term borrowings (including current portion)	263,896	128,000
Guarantee deposits received	27,418	37,872
	<u>\$ 1,869,706</u>	<u>\$ 2,636,267</u>
Lease liability	<u>\$ 2,579</u>	<u>\$ 3,941</u>

B. Financial risk management policies

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.
- (b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, 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

Foreign exchange risk

- i. The Group operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD, RMB and HKD. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.
- ii. Management has set up a policy to require Group companies to manage their foreign exchange risk against their functional currency.
- iii. The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.
- iv. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: USD, RMB and HKD). 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 amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 33,275	30.71	\$ 1,021,888
RMB:NTD	27,293	4.4094	120,348
USD:RMB	293	6.9646	9,009
RMB:USD	2,573	0.1436	11,347
<u>Long-term equity investments accounted for under the equity method</u>			
USD:NTD	\$ 5,878	30.71	\$ 180,528
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 90	30.71	\$ 2,767
USD:RMB	1,915	6.9646	58,802

December 31, 2021			
(Foreign currency: functional currency)	Foreign currency amount		Book value
	(in thousands)	Exchange rate	(NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 40,032	27.68	\$ 1,108,096
USD:RMB	2,360	6.3757	65,330
RMB:USD	3,001	0.1569	13,028
<u>Long-term equity investments accounted for under the equity method</u>			
USD:NTD	5,936	27.68	164,320
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	10,686	27.68	295,798
USD:RMB	19,162	6.3757	530,404

v. The total exchange gain (loss) arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2022 and 2021, amounted to \$68,754 and (\$15,986), respectively.

vi. 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 on profit or loss before tax	Effect on other comprehensive income
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	10,219	\$ -
RMB:NTD	1%		1,203	-
USD:RMB	1%		90	-
RMB:USD	1%		113	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%		28	-
USD:RMB	1%		588	-

	Year ended December 31, 2021		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss before tax	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 11,081	\$ -
USD:RMB	1%	653	-
RMB:USD	1%	130	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	2,958	-
USD:RMB	1%	5,304	-

Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
- ii. The Group's investments in equity securities comprise shares issued by the domestic companies. 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 1% with all other variables held constant, post-tax profit for the years ended December 31, 2022 and 2021 would have increased/decreased by \$0 and \$833, 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 \$66 and \$30, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow interest rate risk

- i. The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. During 2022 and 2021, the Group's borrowings at variable rate were mainly denominated in USD and NTD.
 - ii. If the borrowing interest rate of USD and NTD had increased/decreased by 0.25% with all other variables held constant, profit, net of tax for the years ended December 31, 2022 and 2021 would have increased/decreased by \$528 and \$256, 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 Group 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, and notes receivable based on the agreed terms, and the contract cash flows of financial assets at amortised cost.

- ii. The Group manages their credit risk taking into consideration the entire Group's concern. For banks and financial institutions, only independently rated parties with investment grade are accepted. According to the Group's credit policy, each local entity in the Group 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. The Group adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
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.
- iv. The Group adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.
- v. 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 reorganisation 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.
- vi. The Group classifies customer's accounts receivable in accordance with credit rating of customer. The Group applies the modified approach using a provision matrix to estimate expected credit loss under the provision matrix basis.

- vii. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights. On December 31, 2022 and 2021, the Group had no written-off financial assets that are still under recourse procedures.
- viii. The Group used the forecastability of Taiwan Institute of Economic Research boom observation report to adjust historical and timely information to assess the default possibility of notes and accounts receivable. On December 31, 2022 and 2021, the provision matrix is as follows:

	Not past due	Up to 1-30 days past due	31~90 days past due	Over 91 days past due	Total
December 31, 2022					
Expected loss rate	0.01%~0.28%	0.28%~0.3%	0.28%~5%	0.28%~100%	
Total book value	\$ 1,623,728	\$ 20,604	\$ 11,368	\$ 24,809	\$ 1,680,509
Loss allowance	(2,427)	(37)	(31)	(24,591)	(27,086)
December 31, 2021					
Expected loss rate	0.01%~0.28%	0.28%~0.3%	0.28%~5%	0.28%~100%	
Total book value	\$ 1,972,029	\$ 21,571	\$ 2,143	\$ 1,890	\$ 1,997,633
Loss allowance	(2,625)	(63)	(14)	(1,237)	(3,939)

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

	Year ended December 31	
	2022	2021
	Notes and accounts receivable	Notes and accounts receivable
At January 1	\$ 3,939	\$ 7,384
Provision for impairment (gain)	23,978 ((2,400)
Write-offs	(755)	(1,000)
Effect of foreign exchange	(76)	(45)
At December 31	\$ 27,086	\$ 3,939

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational need. Such forecasting

takes into consideration the Group's internal balance sheet ratio targets and, if applicable, external regulatory and legal requirements.

- ii. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for nonderivative financial liabilities and to the expected maturity date for 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 1 year</u>	<u>Between 1 and 5 years</u>	<u>Over 5 years</u>
Short-term borrowings	\$ 689,748	\$ -	\$ -
Notes payable	1,836	-	-
Accounts payable	615,196	-	-
Other payables — related parties	271,526	-	-
Lease liability	1,680	1,132	-
Long-term borrowings (including current portion)	57,975	229,641	7,560
Other financial liabilities	15,214	12,204	-

Derivative financial liabilities:

Forward exchange contracts	86	-	-
----------------------------	----	---	---

Non-derivative financial liabilities:

December 31, 2021	<u>Less than 1 year</u>	<u>Between 1 and 5 years</u>	<u>Over 5 years</u>
Short-term borrowings	\$ 1,334,570	\$ -	\$ -
Notes payable	1,765	-	-
Accounts payable	780,594	-	-
Other payables — related parties	353,466	-	-
Lease liability	1,680	2,812	-
Long-term borrowings (including current portion)	49,327	80,580	-
Other financial liabilities	24,298	13,140	434

(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 Group's investment in listed stocks and beneficiary certificates is included in Level.

- 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 Group's investment in derivative instruments is included in Level 2.
- Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in financial assets at fair value through other comprehensive income is included in Level 3.
- B. Fair value information of investment property at cost is provided in Note 6(11).
- C. The carrying amounts of financial instruments not measured at fair value (including 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 is 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	\$ -	\$ -	\$ -	\$ -
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	6,624	6,624
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,624</u>	<u>\$ 6,624</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Derivative instruments	\$ -	\$ 86	\$ -	\$ 86
	<u>\$ -</u>	<u>\$ 86</u>	<u>\$ -</u>	<u>\$ 86</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	\$ 104,163	\$ -	\$ -	\$ 104,163
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	3,030	3,030
	<u>\$ 104,163</u>	<u>\$ -</u>	<u>\$ 3,030</u>	<u>\$ 107,193</u>

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

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

	<u>Listed shares</u>
Market quoted price	Closing price

- ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date (i.e. yield curves on the Taipei Exchange, average commercial paper interest rates quoted from Reuters).
- iii. When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.
- iv. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.
- v. The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate. Structured interest derivative instruments are measured by using appropriate option pricing models (i.e. Black-Scholes model) or other valuation methods, such as Monte Carlo simulation.
- vi. The Group takes into account adjustments for credit risks to measure the fair value of

financial and non-financial instruments to reflect credit risk of the counterparty and the Group's credit quality.

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

F. The following chart is the movement of Level 3 for the years ended December 31, 2022 and 2021:

	Year ended December 31	
	2022	2021
	Equity instrument	Equity instrument
At January 1	\$ 3,030	\$ 29,623
Gains and losses recognised in other comprehensive income		
Recorded as unrealised gains (losses) on valuation of investments in equity instruments measured at fair value through other comprehensive income	3,594	(26,593)
At December 31	\$ 6,624	\$ 3,030

G. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares					
Shin Kong Global Venture Capital Corp	\$ 6,624	Market price method	Discount for lack of marketability	20%	The higher the discount for lack of marketability, the lower the fair value
BRIGHTMAN OPTOELECTRONICS (Cayman) CO., LTD.		- Net asset value	Not applicable	-	Not applicable
Derivative instrument: Forward exchange contracts	\$ 86	Discounted cash flow	Forward exchange rate	-	The higher the forward rate of the currency being exchanged, the lower the fair value
	Fair value at December 31, 2021	Valuation technique	Significant unobservable	Range (weighted	Relationship of inputs to

			<u>input</u>	<u>average)</u>	<u>fair value</u>	
Non-derivative equity instrument:						
Unlisted shares						
Shin Kong Global Venture Capital Corp	\$	3,030	Market price method	Discount for lack of marketability	20%	The higher the discount for lack of marketability, the lower the fair value
BRIGHTMAN OPTOELECTRONICS (Cayman) CO., LTD.			- Net asset value	Not applicable	-	Not applicable

H. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

		<u>December 31, 2022</u>				
				<u>Recognised in other comprehensive income</u>		
		<u>Recognised in profit or loss</u>				
		<u>Favourable</u>	<u>Unfavourable</u>	<u>Favourable</u>	<u>Unfavourable</u>	
		<u>change</u>	<u>change</u>	<u>change</u>	<u>change</u>	
<u>Input</u>	<u>Change</u>					
Financial assets						
Equity instrument	Discount for lack of marketability	±5%	\$ _____	\$ _____		
			=	-	\$ 416 (\$ 416)	
		<u>December 31, 2021</u>				
		<u>Recognised in profit or loss</u>		<u>Recognised in other comprehensive income</u>		
		<u>Favourable</u>	<u>Unfavourable</u>	<u>Favourable</u>	<u>Unfavourable</u>	
		<u>change</u>	<u>change</u>	<u>change</u>	<u>change</u>	
<u>Input</u>	<u>Change</u>					
Financial assets						
Equity instrument	Discount for lack of marketability	±5%	\$ _____	\$ _____		
			=	-	\$ 185 (\$ 185)	

(4) Other matters

Due to Covid-19 outbreak and numbers of the government's epidemic prevention measures, the Group assessed that there was no significant impact on the operation, no doubt about the Group's ability to continue as a going concern, no assets impaired and no financing risks increased. The Group's epidemic management had complied with the measures related to the Central Epidemic Command Centre and the epidemic prevention requirements under the

Prevention and Control of Infectious Diseases Act.

13. Supplementary Disclosures

(1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: The Company and the investees have no such transactions.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: Please refer to table 4.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: The Company and the investees have no such transactions.
- 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 5.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 6.
- I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Notes 6(2), 12(2) and 12(3).
- J. Significant inter-company transactions during the reporting periods: Please refer to table 7 (Individual transactions less than \$10,000 are not disclosed. Corresponding transactions from the other side are not disclosed.)

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : Please refer to table 8.

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 9.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 10.

(4) Major shareholders information

Major shareholders information: Please refer to table 11.

14. Operating segments information

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions. There is no material change in the basis for formation of entities and division of segments in the Group or in the measurement basis for segment information during this period.

(2) Measurement of segment information

The accounting policies of the Group's operating segments are the same as those described in the summary of significant accounting policies in Note 2 to the consolidated financial statements. The chief operating decision-maker evaluates each operating segment by their profit.

(3) Information about segment

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

<u>Year ended December 31, 2022</u>	<u>Taiwan</u>	<u>East China</u>	<u>South China</u>	<u>Others</u>	<u>Adjustment and elimination</u>	<u>Total</u>
Revenue from external	\$ 2,489,949	\$ -	\$ 2,256,217	\$ 41,899	\$ -	\$ 4,788,065
Inter-segment revenue	40,075	-	2,374,659	1,784	(2,416,518)	-
Segment revenue	<u>\$ 2,530,024</u>	<u>\$ -</u>	<u>\$ 4,630,876</u>	<u>\$ 43,683</u>	<u>(\$ 2,416,518)</u>	<u>\$ 4,788,065</u>
Segment income (loss)	<u>\$ 177,824</u>	<u>\$ -</u>	<u>(\$ 69,508)</u>	<u>\$ 47,045</u>	<u>\$ 53,633</u>	<u>\$ 208,994</u>

<u>Year ended December 31, 2021</u>	<u>Taiwan</u>	<u>East China</u>	<u>South China</u>	<u>Others</u>	<u>Adjustment and elimination</u>	<u>Total</u>
Revenue from external	\$ 3,142,120	\$ -	\$ 1,743,387	\$ 40,519	\$ -	\$ 4,926,026
Inter-segment revenue	568,295	-	2,538,522	171,983	(3,278,800)	-
Segment revenue	<u>\$ 3,710,415</u>	<u>\$ -</u>	<u>\$ 4,281,909</u>	<u>\$ 212,502</u>	<u>(\$ 3,278,800)</u>	<u>\$ 4,926,026</u>
Segment income (loss)	<u>\$ 323,196</u>	<u>\$ 2,126</u>	<u>(\$ 231,716)</u>	<u>(\$ 12,530,910)</u>	<u>\$ 12,554,549</u>	<u>\$ 117,245</u>

(4) Reconciliation for segment income (loss)

The Group's net profit or loss after tax for each region provided to the chief operating decision-maker are measured in a manner consistent with the revenues and expenses in the statement of comprehensive income. The amounts provided to the chief operating decision maker with respect to total assets and total liabilities are measured in a manner consistent with that of the financial statements. As the amounts in the statement provided to the chief operating decision-maker for managing segment are in agreement with the amounts of the segment relevant financial information, therefore, reconciliation is not needed.

(5) Information on products and services

For the years ended December 31, 2022 and 2021, the Group is primarily engaged in manufacturing and sales of electrical wiring sets, signal connection cables and cord sets. The Group is a single industry company, and therefore it is not required to disclose the product type information.

(6) Geographical information

Geographical information for the years ended December 31, 2022 and 2021 is as follows:

	<u>Year ended December 31, 2022</u>		<u>Year ended December 31, 2021</u>	
	<u>Revenue</u>	<u>Non-current assets</u>	<u>Revenue</u>	<u>Non-current assets</u>
Asia	\$ 4,673,269	\$ 1,965,489	\$ 4,773,915	\$ 1,591,188
America	86,016	-	101,004	-
Europe	24,457	-	48,793	-
Africa	4,323	-	2,314	-
	<u>\$ 4,788,065</u>	<u>\$ 1,965,489</u>	<u>\$ 4,926,026</u>	<u>\$ 1,591,188</u>

(7) Major customer information

Major customer information of the Group for the years ended December 31, 2022 and 2021 is as follows:

	<u>Year ended December 31, 2022</u>			<u>Year ended December 31, 2021</u>		
	<u>Revenue</u>	<u>Ratio</u>	<u>Segment</u>	<u>Revenue</u>	<u>Ratio</u>	<u>Segment</u>
A	\$ 800,425	17%	Taiwan Segment	\$ 893,124	18%	Taiwan Segment
C	683,535	14%	South China Segment	421,299	9%	South China Segment
D	617,837	13%	South China Segment	308,997	6%	South China Segment
B	486,187	10%	Taiwan Segment	522,072	11%	Taiwan Segment

Taiwan Line Tek Electronic Co., Ltd. and Subsidiaries

Loans to others

Year ended December 31, 2022

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2022	Balance at December 31, 2022	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower (Note 4)	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 1 and 2)	Ceiling on total loans granted (Note 1 and 2)	Footnote
													Item	Value			
0	Taiwan Line Tek Electronic Co., Ltd.	Everfull Technology (Huizhou) Co., Ltd.	Other receivables -related parties	Y	\$ 552,780	\$ 552,780	\$ 552,780	1.2% annual interest; interest is calculated monthly	Business transactions	\$ 2,406,546	-	\$ -	None	-	\$ 1,065,229	\$ 1,065,229	Note 7
0	Taiwan Line Tek Electronic Co., Ltd.	Everfull Technology (Huizhou) Co., Ltd.	Other receivables -related parties	Y	122,840	122,840	122,840	1% annual interest; interest is calculated monthly	For companies with short-term financing	-	Note 4	-	None	-	266,307	\$ 1,065,229	Note 7
1	Everfull Electronic Co., Limited	Everfull Technology (Huizhou) Co., Ltd.	Other receivables -related parties	Y	88,188	-	-	No interest is accrued	For companies with short-term financing	-	Note 5	-	None	-	1,018,855	1,018,855	Note 8
2	Everfull Technology (Shenzhen) Co., Ltd.	Everfull Technology (Huizhou) Co., Ltd.	Other receivables -related parties	Y	85,101	-	-	1.11% annual interest; interest is calculated monthly	For companies with short-term financing	-	Note 4	-	None	-	-	-	Note 9
3	Fu Lin Investment Co., Ltd.	Taiwan Line Tek Electronic Co., Ltd.	Other receivables -related parties	Y	100,000	-	-	0.13% annual; interest is calculated monthly	For companies with short-term financing	-	Note 6	-	None	-	618	618	Note 10

Note 1: For companies with short-term financing, limit on loans granted to a single party should not exceed 10% of the Company's net assets. For the companies having business relationship with the Company, limit on loans granted to a single party shall not exceed the amount of business transactions occurred between the creditor and borrower.

Except for ceiling on total loans granted to all direct or indirect wholly-owned foreign companies is the creditor's net asset based on the latest audited or reviewed financial statement, otherwise, ceiling on loans to others is 40% of the Company's net assets.

Note 2: Everfull Electronic Co., Limited's and Everfull Technology (Shenzhen) Co., Ltd.'s ceiling on loans granted to all direct or indirect wholly-owned foreign companies of the ultimate parent company, for short-term financing of business, is the creditor's net assets based on the latest audited or reviewed financial statements, and their limits on total loans to others is the creditor's net asset based on the latest audited or reviewed financial statements.

Note 3: Limit on Fu Lin Investment Co., Ltd.'s loans to a single party with short-term financing is 40% of the Company's net asset, but limit on total loans is 40% of the Company's current net asset.

Note 4: The funds loaned to Everfull Technology (Huizhou) Co., Ltd. are used for its operation revolving.

Note 5: The funds loaned to Everfull Technology (Huizhou) Co., Ltd. are used for building plants.

Note 6: The funds loaned to Taiwan Line Tek Electronic Co., Ltd. are used for its operation revolving.

Note 7: The Company approved the credit line of loans to Everfull Technology (Huizhou) Co., Ltd. amounting to USD 22,000 thousand, the actual used amount at end of year was USD 22,000 thousand.

Note 8: Everfull Electronic Co., Limited approved the credit line of loans to Everfull Technology (Huizhou) Co., Ltd. amounting to RMB 20,000 thousand, the ending credit line and actual used amount at end of year were both RMB 0 thousand.

Note 9: Everfull Technology (Shenzhen) Co., Ltd. approved the credit line of loans to Everfull Technology (Huizhou) Co., Ltd. amounting to RMB 19,300 thousand, the actual used amount at end of year was RMB 0 thousand. That was merged with Everfull Technology (Huizhou) Co., Ltd. in December 2022 and is in the process of being dissolved.

Note 10: Fu Lin Investment Co., Ltd. approved the credit line of loans to Taiwan Line Tek Electronic Co., Ltd. amounting to \$100,000, the credit line and actual used amount at end of year were both \$0.

Taiwan Line Tek Electronic Co., Ltd. and Subsidiaries

Provision of endorsements and guarantees to others

Year ended December 31, 2022

Table2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number	Endorser/ guarantor	Party being endorsed/guaranteed Company name	Relationship with the endorser/ guarantor	Limit on endorsements/ guarantees provided for a single party (Note 1)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2022	Outstanding endorsement/ guarantee amount at December 31, 2022	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 1)	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by parent subsidiary to company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
0	Taiwan Line Tek Electronic Co., Ltd.	Everfull Technology (Huizhou) Co., Ltd.	The Company's third-tier subsidiary	\$ 798,922	\$ 715,551	\$ 450,373	\$ 230,365	\$ -	16.91%	\$ 1,331,537	Y	N	Y	Note 3
1	Everfull Electronic Co., Limited	Everfull Development (Huizhou) Co., Ltd.	The Company's third-tier subsidiary	305,657	264,564	264,564	135,898	-	25.97%	\$ 509,428	Y	N	Y	Note 4

Note 1: The total guarantee amount to subsidiaries should not be in excess of 50% of the Company's net assets. The guarantee amount to a single company should not be in excess of 20% of Company's net assets for each one. Endorsement/guarantee provided to all direct or indirect wholly-owned foreign companies of the Company, the guarantee amount to a single company should not be in excess of 30% of Company's net assets. For business transaction with the Company, the guarantee amount should not exceed the amount of business transaction, which is the higher between sales and purchases.

Note 2: The total guarantee amount to Everfull Electronic Co., Limited should not be in excess of 50% of the Company's net assets. The guarantee amount to a single company should not be in excess of 30% of Company's net assets .

Note 3: As of December 31, 2022, the amount of guarantee were USD 20 thousand and RMB 102,000 thousand by the Company to Everfull Technology (Huizhou) Co., Ltd., and actual used guarantee amounts of Everfull Technology (Huizhou) Co., Ltd. amounted to USD 20 thousand and RMB 52,105 thousand.

Note 4: As of December 31, 2022, the amount of guarantee was RMB 60,000 thousand by Everfull Electronic Co., Limited to Everfull Technology (Huizhou) Co., Ltd., and actual used guarantee amounts of Everfull Technology (Huizhou) Co., Ltd. amounted to RMB 30,820 thousand.

Taiwan Line Tek Electronic Co., Ltd. and Subsidiaries
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
December 31, 2022

Table 3 Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2022				
				Number of shares / Number of units	Book value	Ownership (%)	Fair value	Footnote
Taiwan Line Tek Electronic Co., Ltd.	Stocks Shin Kong Global Venture Capital Corp	None	Financial assets at fair value through other comprehensive income - non-current	960,000	\$ 6,624	12.00%	\$ 6,624	
	- BRIGHTMAN OPTOELECTRONICS (Cayman) CO., LTD.	"	"	886,673	-	12.12%	-	
Fu Lin Investment Co., Ltd.	- Amkor Technology Taiwan Ltd.	"	Financial assets at fair value through profit or loss- non-current	101,615	-	0.02%	-	

Taiwan Line Tek Electronic Co., Ltd. and Subsidiaries
Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more
Year ended December 31, 2022

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Companies that acquire real estate	Name of property	Actual date	Transaction currency	Transaction amount	Payment situation	Counterparty	Relationship with the counterparty	Previous transfers where the counterparty is a related party			Reference for price determination	Purpose of acquisition and use	Other contractual matters	
								Holder	Relationship with the Issuer	Transfer date				Amount
Everfull Development (Huizhou) Co., Ltd.	Construction in progress	2021/11/12	RMB	\$ 159,800	Note	Shenzhen Chaoshan Construction Group Co., Ltd.	None	Not applicable	Not applicable	Not applicable	Not applicable	By market price	Operation, production and construction of plants	Note

Note: The total amount of the transaction was RMB159,800 thousand and the relevant payment was made in stages according to the progress of the project. As at 31 December, RMB73,434 thousand had been paid, with the remaining amount to be paid upon completion of the project.

Taiwan Line Tek Electronic Co., Ltd. and Subsidiaries
Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more
Year ended December 31, 2022

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction terms 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	Percentage of total notes/accounts receivable (payable)	
Taiwan Line Tek Electronic Co., Ltd.	Everfull Technology (Huizhou) Co., Ltd.	The Company's second-tier subsidiary	Purchases	\$ 2,327,537	100%	Pay according to capital needs	No significant differences	Note 1	(12,956)	(84%)	
Everfull Technology (Huizhou) Co., Ltd.	Taiwan Line Tek Electronic Co., Ltd.	The Company's second-tier subsidiary	(Sales)	(2,327,537)	(50%)	Pay according to capital needs	//	//	12,956	2%	

Note 1: The credit period for general customers is 60 to 150 day after monthly billings the credit period for general suppliers is 60 to 120 day after monthly billings.

Taiwan Line Tek Electronic Co., Ltd. and Subsidiaries
 Receivables from related parties reaching \$100 million or 20% of paid-in capital or more
 Year ended December 31, 2022

Table 6 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 3)	Allowance for doubtful accounts
					Amount	Action taken		
Taiwan Line Tek Electronic Co., Ltd.	Everfull Technology (Huizhou) Co., Ltd.	The Company's subsidiaries	\$ 683,148	-	\$ -	Not applicable	\$ -	\$ -

Taiwan Line Tek Electronic Co., Ltd. and Subsidiaries
Significant inter-company transactions during the reporting year
Year ended December 31, 2022

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

							Transaction		
Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)		
0	Taiwan Line Tek Electronic Co., Ltd.	Linetek Japan Co., Ltd.	1	Sales revenue	37,994	95 days after monthly billings	0.79%		
0	Taiwan Line Tek Electronic Co., Ltd.	Linetek Japan Co., Ltd.	1	Accounts receivable	10,245	95 days after monthly billings	0.21%		
0	Taiwan Line Tek Electronic Co., Ltd.	Everfull Technology (Huizhou) Co., Ltd.	1	Purchases	2,327,537	Note 5	48.61%		
0	Taiwan Line Tek Electronic Co., Ltd.	Everfull Technology (Huizhou) Co., Ltd.	1	Prepayments to suppliers	12,956	Note 5	0.26%		
0	Taiwan Line Tek Electronic Co., Ltd.	Everfull Technology (Huizhou) Co., Ltd.	1	Other receivables	682,095	Based on company policy	13.86%		
1	Everfull Electronic Co., Limited	Everfull Technology (Huizhou) Co., Ltd.	3	Accounts receivable	51,185	40 days after monthly billings	1.04%		
1	Everfull Electronic Co., Limited	Everfull Technology (Huizhou) Co., Ltd.	3	Purchases	47,508	40 days after monthly billings	0.99%		
1	Everfull Electronic Co., Limited	Everfull Technology (Huizhou) Co., Ltd.	3	Accounts payable	6,948	40 days after monthly billings	0.14%		
1	Everfull Electronic Co., Limited	Everfull Technology (Huizhou) Co., Ltd.	3	Other receivables	55,352	Based on company policy	1.12%		

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 (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

- (1) Parent company to subsidiary.
- (2) Subsidiary to parent company.
- (3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period-end to consolidated total operating revenues for income statement accounts.

Note 4: The transaction price is determined under mutual agreement and the credit terms based on the company's capital needs after offsetting accounts receivable and accounts payable.

Note 5: The transaction price is determined under mutual agreement and the credit terms are based on capital needs of Everfull Technology (Huizhou) Co., Ltd.

Taiwan Line Tek Electronic Co., Ltd. and Subsidiaries
Information on investees (excluding information on investments in Mainland china)
Year ended December 31, 2022

Table 8

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 profit (loss) of the investee for the year ended December 31, 2022	Investment income (loss) recognized 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			
Taiwan Line Tek Electronic Co., Ltd.	Everfull Electronic Co., Limited	Hong Kong	Production and sales of electronic wiring sets, signal connection cables and power cord sets	\$ 631,087	\$ 541,222	-	100%	\$ 1,018,855	(\$ 59,193)	(\$ 88,343)	Note 1,2and 5
Taiwan Line Tek Electronic Co., Ltd.	Fu Lin Investment Co., Ltd.	Taiwan	Operating various investment businesses	1,000	4,980	10,000,000	100%	1,545	(34,062)	(34,062)	Note 1 and 4
Taiwan Line Tek Electronic Co., Ltd.	Line Tek International Co., Ltd.	Samoa	Operating various investment businesses	236,327	366,361	-	100%	180,805	53,359	53,359	Note 1
Taiwan Line Tek Electronic Co., Ltd.	Linetek Japan Co., Ltd.	Japan	Sales of electronic wiring sets, signal connection cables, and power cord sets	2,853	2,853	200	100%	1,757	15	15	Note 1
Everfull Electronic Co., Limited	Regent Union International Limited	Hong Kong	Lease of property	2,365	2,365	-	100%	79,263	8,468	8,468	Note 1
Line Tek International Co., Ltd.	Hong Yi Investment Co.,Ltd.	Samoa	Operating various investment businesses	-	184,260	-	100%	-	39,594	39,594	Note 1 and 3
Line Tek International Co., Ltd.	Skilful Limited	Samoa	Operating various investment businesses	152,015	152,015	-	45%	180,528	30,101	13,545	Note 1

Note 1 : It was recognised based on the company's financial statements reviewed by the independent auditors.

Note 2 : The Company recognised investment income comprising of downstream and upstream transactions.

Note 3 : Hong Yi Investment Co.,Ltd. has completed the liquidation in June 2022.

Note 4 : Fu Lin Investment Co., Ltd. has completed refund of capital reduction in July 2022.

Note 5 : In August 2022, the Company increased the capital of its subsidiary, Everfull Electronic Co., Limited, in the amount of US\$3,000 thousand by way of a debt-to-capital increase.

Taiwan Line Tek Electronic Co., Ltd. and Subsidiaries

Information on investments in Mainland China

Year ended December 31, 2022

Table 9

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Amount remitted from Taiwan to Mainland China / Amount remitted back to Taiwan for the year ended December 31, 2022		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Net income of investee for the year ended December 31, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2022	Book value of investments in Mainland China as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Fong Mo Investments Ltd.	Production and sales of new instrument components, new electronic components, power electronic components and related products	\$ -	Through investing in an existing company in the third area, which then invested in the investee subsidiaries in Mainland China	\$ 184,260	\$ -	\$ 139,554	\$ 44,706	\$ -	100%	\$ -	\$ -	\$ 136,540	Note 1 and 9
Everfull Technology (Shenzhen) Co., Ltd.	Production and operation of power cables electronic, wires, electronic wiring and the design and development of power cables electronic, wires, and electronic wiring related products	193,473	Through investing in an existing company in the third area, which then invested in the investee subsidiaries in Mainland China	132,053	-	-	132,053	(1,351)	100%	(1,351)	-	-	Note 2, 5, 7 and 9
Everfull Electronic (Dongguan) Co., Ltd.	Production and sales of wiring, cables, plastic accessories and electronic accessories	-	Through investing in an existing company in the third area, which then invested in the investee subsidiaries in Mainland China	-	-	-	-	(1,320)	100%	(1,320)	-	-	Note 2, 7, 9 and 11

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Amount remitted from Taiwan to Mainland China / Amount remitted back to Taiwan for the year ended			Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Net income of investee for the year ended December 31, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2022	Book value of investments in Mainland China as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022	Footnote
				Remitted to Mainland China	Remitted back to Taiwan	December 31, 2022								
Everfull Technology (Huizhou) Co., Ltd.	Production and sales of electronic wiring, cables, plastic accessories and electronic accessories	639,363	Through investing in an existing company in the third area, which then invested in the investee subsidiaries in Mainland China	293,225	-	-	293,225	(68,170)	100%	(97,320)	506,370	-	Note 2, 6 and 9	
Everfull Development (Huizhou) Co., Ltd.	Operating various business management services	220,470	Through investing in an existing company in the third area, which then invested in the investee subsidiaries in Mainland China	-	-	-	-	289	100%	289	208,859	-	Note 2, 8 and 9	
Longwell Technology (Suzhou) Co., Ltd.	Manufacture and sales of communication and information peripheral products	337,810	Through investing in an existing company in the third area, which then invested in the investee in Mainland China	152,015	-	-	152,015	30,101	45%	13,545	180,528	-	Note 3 and 10	
Brightman Optoelectronics (Yangzhou) Co., Limited	Engaged in the development and production of display materials and electronic special materials	-	Through investing in an existing company in the third area, which then invested in the investee in Mainland China	61,420	-	-	61,420	-	12.12%	-	-	-	Note 4	

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 12)
Taiwan Line Tek Electronic Co., Ltd.	\$ 746,438	\$ 2,181,884	\$ -

Note 1: Reinvested through a subsidiary of Line Tek International Co., Ltd., Hong Yi Investment Co., Ltd., and Line Tek International Co., Ltd. was an indirectly wholly-owned subsidiary of the Company in the third area. The company was liquidated on January 28, 2022.

Note 2: Reinvested through a directly wholly-owned subsidiary of the Company in the third area, Everfull Electronic Co., Limited.

Note 3: Reinvested through the investee company, Skillful Limited, which indirectly holds 45% of the shares in the third region.

Note 4: Reinvested through investee company, BRIGHTMAN OPTOELECTRONICS (Cayman) CO., LTD., which indirectly holds 12.12% of the shares in the third region. The investee was recognised in financial assets measured at fair value through other comprehensive income. This year, many debts were insolvent due to the suspension of production and business due to poor management. The company has obtained a bankruptcy ruling from the court and the liquidation process is in progress.

Note 5: The amount of paid-in capital, of which USD 2,000 thousand was invested by Everfull Electronic Co., Limited with its own funds. This case was approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) Order No. Jing-Shen-II-Zi No 10100445330 of November 1, 2012.

Note 6: The amount of paid-in capital, of which RMB 98,500 thousand was invested by Everfull Electronic Co., Limited with its own funds. This case has been approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) No. Jing-Shen-II-Zi No 10300121460 of June 6, 2014, No. Jing-Shen-II-Zi No 10400236950 of September 24, 2015, No. Jing-Shen-II-Zi No 10400330760 of December 28, 2015, No. Jing-Shen-II-Zi No 10600201420 of September 6, 2017 and No. Jing-Shen-II-Zi No 10600243300 of October 16, 2017.

Note 7: In 1999 and 1998, through the reinvestment of Everfull Electronic Co., Limited, the Company rented factories in Shenzhen City and Dongguan City, Guangdong Province in mainland China, and invested the business in the way of processing with imported materials. The processing factory was not a legal entity and the manufacturing plant affiliated to Everfull Electronic Co., Limited. The main business items are engaged in the production and sales of electronic wiring sets, signal connection cables, and power cable sets. However, the processing plant has been transformed into a sole proprietorship with a legal entity in 2013 and 2011, respectively. The accumulated investment amount remitted out is \$62,887.

Note 8: The establishment of Everfull Huizhou (Development) Co., Ltd. by spin-off of Everfull Technology (Huizhou) Co., Ltd. was approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) No. Jing-Shen-II-Zi No 11000081680 of April 12, 2021, and the capital verification procedure was completed on July 13, 2021.

Note 9: It was recognised based on the company's financial report reviewed by independent accountant.

Note 10: It was recognised based on the company's financial report not reviewed by independent accountant.

Note 11: Everfull Electronic (Dongguan) Co., Ltd. completed the liquidation in April 2022.

Note 12: According to the newly amended 'Regulations Governing the Permission of Investment or Technical Cooperation in Mainland Area' on August 29, 2008, since the Company has obtained the certification documents issued by Industrial Development Bureau, Ministry of Economic Affairs that conform to the operation scope of the operation headquarters, it is not necessary to set the investment limit.

Taiwan Line Tek Electronic Co., Ltd. and Subsidiaries
 Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas
 Year ended December 31, 2022

Table 10 Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing				Others
	Amount	%	Amount	%	Balance at December 31, 2022	%	Balance at December 31, 2022	Purpose	Maximum balance during the year ended December 31, 2022	Balance at December 31, 2022	Interest rate	Interest during the year ended December 31, 2022	
Everfull Technology (Huizhou) Co., Ltd.	(\$ 2,327,537)	100%	\$ -	-	\$ -	-	\$ 450,373	Working capital needs	\$ 675,620	\$ 675,620	1% to 1.2% annual interest; interest is calculated monthly	\$ 6,161	
Everfull Technology (Huizhou) Co., Ltd.	-	-	-	-	-	-	-	-	85,101	-	1.11% annual interest; interest is calculated monthly	676	Note 1
Everfull Technology (Huizhou) Co., Ltd.	-	-	-	-	-	-	-	-	88,188	-	No interest	-	Note 2
Everfull Development (Huizhou) Co., Ltd.	-	-	-	-	-	-	264,564	Working capital needs	-	-	-	-	Note 2

Note 1 : Transaction through a directly wholly-owned subsidiary of the Company in the third area, Everfull Electronic Co., Limited. reinvesting in Mainland subsidiary, Everfull Technology (Shenzhen) Co., Ltd..

Note 2 : Transaction through a directly wholly-owned subsidiary of the Company in the third area, Everfull Electronic Co., Limited.

Taiwan Line Tek Electronic Co., Ltd. and Subsidiaries

Major shareholders information

December 31, 2022

Table 11

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
Longwell Company	40,871,798	28.79%

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR 22004865

To the Board of Directors and Shareholders of Taiwan LINE TEK Electronic Co., Ltd.

Opinion

We have audited the accompanying parent company only balance sheets of Taiwan LINE TEK Electronic 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 parent company only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and 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 in 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.

Key audit matters for the Company's 2022 parent company only financial statements are stated as follows:

Cut-off of revenue from distribution warehouse sales

Description

Please refer to Note 4(28) for accounting policies on revenue recognition. The Company has two primary types of sales, specifically, direct sales from the factory and distribution warehouse sales. For distribution warehouse sales, the Company delivers the goods to the distribution warehouse for pickup by the customer. Revenue is recognised when the customer actually picks up the goods and the control of the goods and the obsolescence and loss risks have been transferred to the customer. The Company recognises sales revenue based on movements of inventories in the distribution warehouse shown in the statements or other information provided by the warehouse custodian.

The Company has several distribution warehouses in several areas and each warehouse has its own custodian. Thus, the contents of information provided by custodians are different and the warehouse sales revenue recognition process involves manual reconciliations. As the Company's daily warehouse sales volume is numerous and the transaction amounts around the balance sheet date are material to the financial statements, we consider the cut-off of revenue from distribution warehouse sales a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Obtained an understanding and tested the internal control procedures of periodic reconciliations between the Company and customers to assess the effectiveness of internal control used by the management over the timing of revenue recognition for distribution warehouse sales.

2. Performed cut-off test procedures on revenue from distribution warehouse sales recognised during a specific period before and after the balance sheet date, including verifying the supporting documents provided by the warehouse custodian, and ascertaining the movements of inventories and cost of goods sold recognised in the correct period in order to assess the appropriateness of the timing of sales revenue recognition.
3. Confirmed the inventory quantities with warehouse and verified the quantity against accounting records. In addition, inspected the reason for the difference between the confirmation replies and accounting records and tested the reconciling items made by the Company in order to confirm whether the significant differences have been adjusted.

Assessment of allowance for inventory valuation losses

Description

Please refer to Note 4(13) for accounting policy on inventory valuation, Note 5(2) for accounting estimates and assumption uncertainty in relation to inventory valuation, and Note 6(5) for details of allowance for inventory valuation losses.

As of December 31, 2022, the balances of inventory and allowance for inventory valuation losses were NT\$ 120,776 thousand and (NT\$5,005) thousand, respectively. The Company and its 100% owned subsidiary, Everfull Electronic Co., Limited, which was listed as the investment accounted for using equity method, are primarily engaged in manufacturing, processing and sales of signal connection cables for information peripherals and power transmission cable sets for various computer systems. Due to the short life cycle of electronic products, highly competitive market and high degree of customization, there is a higher risk of inventory losing value. The Company's inventory is stated at the lower of cost and net realisable value. The assessment of the allowance for inventory valuation losses, including identification of obsolete inventory and the determination of net realisable value, often involves management's subjective judgment and a high degree of uncertainty, and the effect of inventory and its allowance for valuation losses on the financial statements is material. Since the aforementioned circumstances were existing in the Company and the Company's 100% owned subsidiary, Everfull Electronic Co., Limited, which was listed as the investment accounted for using equity method, we consider the assessment of allowance for inventory valuation losses for the Company and its subsidiary a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Assessed the reasonableness of provision policies and procedures on allowance for inventory valuation losses based on our understanding of the Company's operations and the characteristics of the industry, including the classification of inventory for determining net realisable value and the reasonableness of determining the obsolescence of inventory.
2. Obtained an understanding of the Company's warehousing control procedures. Reviewed the annual physical inventory count plan and participated in the annual inventory count in order to assess the effectiveness of the procedures used by the management to identify and control obsolete inventories.
3. Obtained and verified the accuracy of the inventory aging report, and sampled the last movement of inventory before the balance sheet date in order to verify the accuracy of aging range and evaluated the reasonableness of the allowance for inventory valuation losses on older inventories.
4. Obtained and verified the accuracy of the net realisable value report of inventory, including verifying against supporting documents such as sales contracts and related purchase evidence, and recalculated and evaluated the reasonableness of the allowance for inventory valuation losses.

Other matter – Reference to the audits of other auditors

We did not audit the financial statements of certain investments accounted for under the equity method which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of these associates, is based solely on the reports of the other auditors. The balance of these investments accounted for under the equity method amounted to NT\$224,352 thousand and NT\$605,911 thousand, constituting 7% and 15% of the total assets as at December 31, 2022 and 2021, respectively, and the comprehensive income recognised from associates and joint ventures accounted for under the equity method amounted to NT\$2,892 thousand and (NT\$11,460) thousand, constituting 1% and (13%) of the total comprehensive income for the years then ended, respectively.

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

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the 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.

Lee, Hsiu-Ling

Hsu, Ming-Chuan

For and on behalf of PricewaterhouseCoopers, Taiwan

March 17, 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.

TAIWAN LINE TEK ELECTRONIC CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2022 AMOUNT	December 31, 2021 AMOUNT
Current assets			
1100	Cash and cash equivalents	\$ 373,949	\$ 63,375
1150	Notes receivable, net	3,899	1,956
1170	Accounts receivable, net	796,297	1,052,404
1180	Accounts receivable due from related parties, net	11,298	10,289
1200	Other receivables	1,180	2,647
1210	Other receivables due from related parties	682,095	509,956
1220	Current tax assets	-	2,130
130X	Inventories	115,771	132,596
1410	Prepayments	2,263	380,562
1470	Other current assets	73	300
11XX	Total current assets	<u>1,986,825</u>	<u>2,156,215</u>
Non-current assets			
1517	Non-current financial assets at fair value through other comprehensive income	6,624	3,030
1535	Non-current financial assets at amortised cost	614	554
1550	Investments accounted for using equity method	1,202,962	1,543,576
1600	Property, plant and equipment	61,918	62,507
1755	Right-of-use assets	4,895	6,209
1760	Investment property, net	104,368	105,958
1780	Intangible assets	92	19
1840	Deferred tax assets	31,448	62,807
1900	Other non-current assets	238	278
15XX	Total non-current assets	<u>1,413,159</u>	<u>1,784,938</u>
1XXX	Total assets	<u>\$ 3,399,984</u>	<u>\$ 3,941,153</u>

(Continued)

TAIWAN LINE TEK ELECTRONIC 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 AMOUNT	December 31, 2021 AMOUNT
Current liabilities			
2100	Short-term borrowings	\$ 460,000	\$ 903,810
2120	Current financial liabilities at fair value through profit or loss	86	-
2150	Notes payable	1,805	1,618
2170	Accounts payable	615	2,175
2180	Accounts payable to related parties	12,992	-
2200	Other payables	42,834	40,903
2220	Other payables to related parties	-	100,048
2230	Current tax liabilities	26,738	22,937
2280	Current lease liabilities	1,497	1,009
2320	Long-term liabilities, current portion	48,000	48,000
2399	Other current liabilities, others	52,064	51,919
21XX	Total Current liabilities	<u>646,631</u>	<u>1,172,419</u>
Non-current liabilities			
2540	Long-term borrowings	80,000	80,000
2570	Deferred tax liabilities	5,319	110,367
2580	Non-current lease liabilities	1,082	2,932
2600	Other non-current liabilities	3,879	5,073
25XX	Total non-current liabilities	<u>90,280</u>	<u>198,372</u>
2XXX	Total liabilities	<u>736,911</u>	<u>1,370,791</u>
Equity			
Share capital			
3110	Ordinary share	1,419,346	1,419,346
Capital surplus			
3200	Capital surplus	273,176	271,963
Retained earnings			
3310	Legal reserve	337,871	326,115
3320	Special reserve	227,612	227,612
3350	Unappropriated retained earnings	649,239	536,197
Other equity interest			
3400	Other equity interest	(206,032)	(210,871)
3500	Treasury shares	(38,139)	-
3XXX	Total equity	<u>2,663,073</u>	<u>2,570,362</u>
Significant contingent liabilities and unrecognised contract commitments			
Significant events after the balance sheet date			
3X2X	Total liabilities and equity	<u>\$ 3,399,984</u>	<u>\$ 3,941,153</u>

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

TAIWAN LINE TEK ELECTRONIC CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except earnings (losses) per share amount)

	Items	Notes	Year ended December 31	
			2022	2021
			AMOUNT	AMOUNT
4000	Operating revenue	6(19) and 7	\$ 2,481,945	\$ 3,142,463
5000	Operating costs	6(5)(24) and 7	(2,347,682)	(2,880,011)
5900	Gross profit from operations		134,263	262,452
	Operating expenses	6(24)(25) and 7		
6100	Selling expenses		(25,999)	(35,285)
6200	General and administrative expenses		(63,551)	(63,697)
6300	Research and development expenses		(23,534)	(22,897)
6450	Expected credit gain	12(2)	23	41
6000	Total operating expenses		(113,061)	(121,838)
6900	Net operating income		21,202	140,614
	Non-operating income and expenses			
7100	Interest income	6(20)	8,383	903
7010	Other income	6(21)	12,487	12,708
7020	Other gains and losses	6(22)	197,269	(30,298)
7050	Finance costs	6(23)	(11,515)	(10,064)
7070	Share of profit of subsidiaries, associates joint ventures accounted for using equity method	6(6)	(69,031)	(17,896)
7000	Total non-operating income and expenses		137,593	(44,647)
7900	Profit before tax		158,795	95,967
7950	Income tax benefit	6(26)	50,199	21,278
8000	Profit from continuing operations		208,994	117,245
8200	Profit for the years		\$ 208,994	\$ 117,245
	Other comprehensive income			
	Components of other comprehensive income that will not be reclassified to profit or loss			
8311	Gains on remeasurements of defined benefit plans	6(14)	\$ 1,074	\$ 396
8316	Unrealised losses from investments in equity instruments measured at fair value through other comprehensive income	6(2)(18)	3,594	(26,593)
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(18)(26)	(828)	5,239
8310	Components of other comprehensive income that will not be reclassified to profit or loss		3,840	(20,958)
	Components of other comprehensive income that will be reclassified to profit or loss			
8361	Exchange differences on translation of foreign financial statements	6(18)	2,455	(12,171)
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(18)(26)	(491)	2,434
8360	Components of other comprehensive income that will be reclassified to profit or loss		1,964	(9,737)
8300	Other comprehensive income (loss), net		\$ 5,804	(\$ 30,695)
8500	Total comprehensive income		\$ 214,798	\$ 86,550
	Earnings per share	6(27)		
9750	Total basic earnings per share		\$ 1.48	\$ 0.83
9850	Total diluted earnings per share		\$ 1.47	\$ 0.82

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

TAIWAN LINE TEK ELECTRONIC 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	Capital surplus			Retained earnings			Other equity interest			Treasury shares	Total equity
		Ordinary share	Additional paid-in capital	Changes in ownership interests in subsidiaries	Others	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income		
Year ended December 31, 2021												
Balance at January 1, 2021		\$ 1,419,346	\$ 270,701	\$ -	\$ 1,197	\$ 314,498	\$ 244,103	\$ 527,309	(\$ 118,032)	(\$ 61,827)	\$ -	\$ 2,597,295
Profit for the year		-	-	-	-	-	-	117,245	-	-	-	117,245
Other comprehensive income (loss) for the year		-	-	-	-	-	-	317	(9,737)	(21,275)	-	(30,695)
Total comprehensive income		-	-	-	-	-	-	117,562	(9,737)	(21,275)	-	86,550
Unclaimed overdue dividends by shareholders		-	-	-	65	-	-	-	-	-	-	65
Appropriation and distribution of 2020 retained earnings	6(17)											
Legal reserve appropriated		-	-	-	-	11,617	-	(11,617)	-	-	-	-
Reversal of special reserve		-	-	-	-	-	(16,491)	16,491	-	-	-	-
Cash dividends		-	-	-	-	-	-	(113,548)	-	-	-	(113,548)
Balance at December 31, 2021		\$ 1,419,346	\$ 270,701	\$ -	\$ 1,262	\$ 326,115	\$ 227,612	\$ 536,197	(\$ 127,769)	(\$ 83,102)	\$ -	\$ 2,570,362
Year ended December 31, 2022												
Balance at January 1, 2022		\$ 1,419,346	\$ 270,701	\$ -	\$ 1,262	\$ 326,115	\$ 227,612	\$ 536,197	(\$ 127,769)	(\$ 83,102)	\$ -	\$ 2,570,362
Profit for the year		-	-	-	-	-	-	208,994	-	-	-	208,994
Other comprehensive income for the year		-	-	-	-	-	-	965	1,964	2,875	-	5,804
Total comprehensive income		-	-	-	-	-	-	209,959	1,964	2,875	-	214,798
Unclaimed overdue dividends by shareholders		-	-	-	82	-	-	-	-	-	-	82
Recognised changes in ownership interests in subsidiaries		-	-	1,131	-	-	-	-	-	-	-	1,131
Appropriation and distribution of 2021 retained earnings	6(17)											
Legal reserve appropriated		-	-	-	-	11,756	-	(11,756)	-	-	-	-
Cash dividends		-	-	-	-	-	-	(85,161)	-	-	-	(85,161)
Repurchase of treasury shares		-	-	-	-	-	-	-	-	-	(38,139)	(38,139)
Balance at December 31, 2022		\$ 1,419,346	\$ 270,701	\$ 1,131	\$ 1,344	\$ 337,871	\$ 227,612	\$ 649,239	(\$ 125,805)	(\$ 80,227)	(\$ 38,139)	\$ 2,663,073

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

TAIWAN LINE TEK ELECTRONIC 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		\$ 158,795	\$ 95,967
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense (including investment property and right-of-use assets)	6(7)(8)(10)(24)	3,794	3,841
Amortisation expense	6(24)	31	23
Reversal of Impairment Loss in expected credit	12(2)	(23)	(41)
Net gains on financial liabilities at fair value through profit or loss	6(12)(22)	(54)	(280)
Interest paid	6(23)	11,515	10,064
Interest revenue	6(20)	(8,383)	(903)
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	6(6)	69,031	17,896
Allowance for inventory write-down(Gain from price recovery of inventory)		(2,468)	4,554
Gains on disposals of property, plant and equipment	6(7)(22)	-	(110)
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		(1,943)	1,674
Accounts receivable, net		255,121	395,724
Other receivables		1,467	(1,313)
Other receivables due from related parties		(172,139)	9,526
Inventories		19,293	14,642
Prepayments		288,434	(380,208)
Other current assets		227	(190)
Changes in operating liabilities			
Notes payable		187	88
Accounts payable		(1,560)	723
Accounts payable to related parties		12,992	(485,560)
Other payables		1,931	(1,978)
Other current liabilities		463	(10,821)
Accrued pension liabilities		14	(1)
Cash inflow (outflow) generated from operations		636,725	(326,683)
Dividends received	6(6) and 7	136,000	46,000
Interest received		8,383	903
Interest expense		(11,515)	(10,064)
Income tax paid		(19,012)	(5,597)
Net cash flows from (used in) operating activities		750,581	(295,441)

(Continued)

TAIWAN LINE TEK ELECTRONIC 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 INVESTING ACTIVITIES</u>			
Acquisition of property, plant and equipment	6(7)	(\$ 301)	(\$ 122)
Proceeds from disposal of property, plant and equipment		-	443
Acquisition of intangible assets		(104)	-
Proceeds from capital reduction of investments accounted	6(6) and 7	229,034	71,990
Decrease in other non-current assets		40	50
Net cash flows from investing activities		<u>228,669</u>	<u>72,361</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings	6(29)	3,187,658	4,141,694
Decrease in short-term borrowings	6(29)	(3,632,543)	(3,992,359)
Repayments of long-term debt	6(29)	(128,000)	(78,000)
Proceeds from long-term debt	6(29)	128,000	128,000
Payments of lease liabilities	6(29)	(1,680)	(2,396)
Other payables to related parties		(100,048)	100,048
Repurchase of treasury shares	6(15)	(38,139)	-
Cash dividends paid	6(17)	(85,161)	(113,548)
Unclaimed overdue dividends by shareholders		82	65
Net cash flows (used in) from financing activities		<u>(669,831)</u>	<u>183,504</u>
		<u>1,155</u>	<u>(1,282)</u>
Net increase (decrease) in cash and cash equivalents		310,574	(40,858)
Cash and cash equivalents at beginning of year		<u>63,375</u>	<u>104,233</u>
Cash and cash equivalents at end of year		<u>\$ 373,949</u>	<u>\$ 63,375</u>

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

TAIWAN LINE TEK ELECTRONIC 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 Organization

Taiwan LINE TEK Electronic Co., Ltd. (the “Company”) was incorporated in August, 1978. The Company is engaged in the manufacturing, processing and sales of power transmission cable sets for various computer systems, power transmission cable sets for electrical appliances, signal connection cables for information peripherals, high efficiency connection cable sets for communication systems, etc. The Company’s shares were listed on the Taipei Exchange on February 1, 1992 as approved by the Securities and Futures Commission of the Ministry of Finance and were transferred to be listed on the Taiwan Stock Exchange on September 17, 2001.

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 17, 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 FSC and became 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

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

A. Amendments to IAS 1, ‘Disclosure of accounting policies’

The amendments require an entity to disclose its material accounting policy information rather than its significant accounting policies. The amendments also explain how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material.

B. Amendments to IAS 8, ‘Definition of accounting estimates’

The amendments clarify how an entity should distinguish changes in accounting policies from changes in accounting estimates. The amendments also clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

(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, ‘Classification of liabilities as current or non-current’	January 1, 2024
Amendments to IAS 1, ‘Non-current liabilities with covenants’	January 1, 2024

Except for the following, 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 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 International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”) 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 are measured using the currency of the primary economic environment in which the Company operates (the “functional currency”). The parent company only financial statements are presented in New Taiwan dollars, which is the Company’s functional and the presentation 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

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

- i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
- ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
- iii. All resulting exchange differences are recognised in other comprehensive income.

(b) When the foreign operation partially disposed of or sold is an associate, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, even when the Company retains partial interest in the former foreign associate after losing significant influence over the former foreign associate, such transactions should be accounted for as disposal of all interest in these foreign operations.

(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 held mainly for trading purposes;
- (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. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(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 Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.
- D. The Group recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group 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:

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.

(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 Group'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. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(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, 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 or contract assets 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 one of the following conditions is met:

- A. The contractual rights to receive the cash flows from the financial asset expire.
- B. The contractual rights to receive cash flows of the financial asset have been transferred and the Company has transferred substantially all risks and rewards of ownership of the financial asset.
- C. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Company has not retained control of the financial asset.

(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), but 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 cost 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 subsidiaries' 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 recognise loss continuously in proportion 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. Property, plant and equipment are measured at cost model subsequently. Land is not depreciated. Other property, plant and equipment are depreciated using the straight-line method 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 ~ 45 years
Machinery and equipment	3 ~ 10 years
Other equipment	2 ~ 15 years

(16) Leasing arrangements (lessee) – right-of-use assets/ lease liabilities

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the interest rate implicit in the lease. Lease payments are comprised of fixed payments, less any lease incentives receivable.

The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset measured at cost shall comprise the amount of the initial measurement of lease liability.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset and remeasure the lease liability to reflect the partial or full termination of the lease, and recognise the difference in profit or loss.

(17) Investment property

The revaluation of investment property in accordance with the generally accepted auditing standards in the Republic

of China on the date of conversion is regarded as the recognized cost, and the subsequent measurement adopts the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 8 ~ 45 years.

(18) Intangible assets

Intangible assets, mainly computer software, are stated at cost and amortised on a straight-line basis over its estimated useful lives of 3 ~ 5 years.

(19) 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.

(20) 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.

(21) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(22) Financial liabilities at fair value through profit or loss

At initial recognition, the Company measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Company subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

(23) Derecognition of financial liabilities

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

(24) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid and are recognised as expenses in the period in which the employees render service.

B. Pensions

(a) Defined contribution plans

For the 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; when there is no deep market in high-quality corporate bonds, the Company uses interest rates of government bonds (at the balance sheet date) instead.
- ii. Remeasurement 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.

(25) 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 balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary

difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. 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.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(26) Share capital

- A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.
- B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(27) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(28) Revenue recognition

The Company manufactures and sells electronic wiring sets, signal connection cables and power cable sets. Revenue is measured at the fair value of the consideration received less business tax, returns, rebates and discounts for the sale of goods to external customers in the ordinary course of the Company's activities. Sales are recognised when control of the products has transferred, and 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 customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.

(29) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Company's chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic

decisions.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption 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. Due to the rapid technology innovation, 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 \$115,771.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash on hand	\$ 40	\$ 40
Checking accounts and demand deposits	100,278	63,335
Time deposits	273,631	-
	<u>\$ 373,949</u>	<u>\$ 63,375</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 other comprehensive income

<u>Item</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Non-current items:		
Equity instruments		
Unlisted stocks	\$ 100,368	\$ 100,368
Valuation adjustment	(93,744)	(97,338)
	<u>\$ 6,624</u>	<u>\$ 3,030</u>

A. The Company has elected to classify investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$6,624 and

\$3,030 as at December 31, 2022 and 2021, respectively.

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

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Equity instruments at fair value through other comprehensive income		
Fair value change recognised in other comprehensive income	\$ 3,594	(\$ 26,593)

- C. 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 financial assets at fair value through other comprehensive income held by the Company was \$6,624 and \$3,030, respectively.

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

- E. Information relating to financial assets at fair value through other comprehensive income is provided in Note 12(3).

(3) Financial assets at amortised cost

<u>Items</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Non-current items:		
Pledged time deposits	\$ 614	\$ 554

- A. 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 financial assets at amortised cost held by the Company was \$614 and \$554, respectively.

- B. Details of the Company's financial assets at amortised cost pledged to others as collateral are provided in Note 8.

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

(4) Notes and accounts receivable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Notes receivable	\$ 3,899	\$ 1,956
Accounts receivable	\$ 807,676	\$ 1,062,797
Less: Allowance for uncollectible accounts	(81)	(104)
	<u>\$ 807,595</u>	<u>\$ 1,062,693</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>Accounts receivable</u>	<u>Notes receivable</u>
Not past due	\$ 799,661	\$ 3,899
Later than 1 to 30 days	7,727	-
Later than 31 to 90 days	70	-
Over 90 days	<u>218</u>	<u>-</u>
	<u>\$ 807,676</u>	<u>\$ 3,899</u>

	<u>December 31, 2021</u>	
	<u>Accounts receivable</u>	<u>Notes receivable</u>
Not past due	\$ 1,049,600	\$ 1,956
Later than 1 to 30 days	12,384	-
Later than 31 to 90 days	716	-
Over 90 days	<u>97</u>	<u>-</u>
	<u>\$ 1,062,797</u>	<u>\$ 1,956</u>

The above ageing analysis was based on past due date.

- B. As of December 31, 2022 and 2021, accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2021, the balance of receivables from contracts with customers amounted to \$1,462,006.
- C. 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 notes and accounts receivable was \$3,899 and \$1,956, \$807,595 and \$1,062,693, respectively.
- D. The Company has no notes receivable and accounts receivable pledged to others.
- E. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(5) Inventories

	<u>December 31, 2022</u>		
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
Merchandise	\$ 120,776	\$ (5,005)	\$ 115,771

	<u>December 31, 2021</u>		
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
Merchandise	\$ 140,069	(\$ 7,473)	\$ 132,596

The cost of inventories recognised as expense for the year:

	Year ended December 31	
	2022	2021
Cost of goods sold	\$ 2,350,150	\$ 2,875,457
Loss on decline in market value of inventory	(2,468)	4,554
	<u>\$ 2,347,682</u>	<u>\$ 2,880,011</u>

For the years ended December 31, 2022, the Company reversed a previous inventory write-down because some inventories were subsequently disposed or sold.

(6) Investments accounted for using the equity method

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Subsidiaries:		
Everfull Electronic Co., Limited	\$ 1,018,855	\$ 980,546
Line Tek International Co., Ltd.	180,805	290,621
Fu Lin Investment Co., Ltd.	1,545	270,606
Linetek Japan Co., Ltd.	1,757	1,803
	<u>\$ 1,202,962</u>	<u>\$ 1,543,576</u>

- A. Details of the Company's subsidiaries are provided in Note 4(3) in the consolidated financial statements for the year ended December 31, 2022.
- B. On August 12, 2022, the Board of Directors of the company passed the resolution to increase the capital of Everfull Electronic Co., Limited by transferring debt to a total of \$89,865.
- C. On March 25, 2022, the Board of Directors of Line Tek International Co., Ltd. resolved to reduce its capital by returning cash in the amount of \$130,034. The record date for the capital reduction was set on March 25, 2022, and the registration had been completed.
- D. On June 24, 2022, the stockholders of Fu Lin Investment Co., Ltd. during their meeting resolved to reduce its capital by returning cash amounting to 9,900 thousand shares with a par value of \$10 per share, and the total amount was \$99,000. The record date for the capital reduction was set on July 5, 2022, and the registration had been completed.
- E. As the year ended December 31, 2022 and 2021, the Company received cash dividends from Fu Lin Investment Co., Ltd. amounting to \$136,000 and \$46,000.

(7) Property, plant and equipment

	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery and equipment</u>	<u>Others</u>	<u>Total</u>
At January 1, 2022					
Cost	\$ 51,531	\$ 25,860	\$ 84	\$ 11,926	\$ 89,401
Accumulated depreciation	-	(15,299)	(42)	(11,553)	(26,894)
	<u>\$ 51,531</u>	<u>\$ 10,561</u>	<u>\$ 42</u>	<u>\$ 373</u>	<u>\$ 62,507</u>
<u>2022</u>					
Opening net book amount as at January 1	\$ 51,531	\$ 10,561	\$ 42	\$ 373	\$ 62,507
Additions	-	-	-	301	301
Depreciation charge	-	(709)	(8)	(173)	(890)
Closing net book amount as at December 31	<u>\$ 51,531</u>	<u>\$ 9,852</u>	<u>\$ 34</u>	<u>\$ 501</u>	<u>\$ 61,918</u>
At December 31, 2022					
Cost	\$ 51,531	\$ 25,860	\$ 84	\$ 12,227	\$ 89,702
Accumulated depreciation	-	(16,008)	(50)	(11,726)	(27,784)
	<u>\$ 51,531</u>	<u>\$ 9,852</u>	<u>\$ 34</u>	<u>\$ 501</u>	<u>\$ 61,918</u>
	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery and equipment</u>	<u>Others</u>	<u>Total</u>
At January 1, 2021					
Cost	\$ 51,531	\$ 25,860	\$ 84	\$ 12,791	\$ 90,266
Accumulated depreciation	-	(14,588)	(35)	(11,941)	(26,564)
	<u>\$ 51,531</u>	<u>\$ 11,272</u>	<u>\$ 49</u>	<u>\$ 850</u>	<u>\$ 63,702</u>
<u>2021</u>					
Opening net book amount as at January 1	\$ 51,531	\$ 11,272	\$ 49	\$ 850	\$ 63,702
Additions	-	-	-	122	122
Disposals	-	-	-	(333)	(333)
Depreciation	-	(711)	(7)	(266)	(984)
Closing net book amount as at December 31	<u>\$ 51,531</u>	<u>\$ 10,561</u>	<u>\$ 42</u>	<u>\$ 373</u>	<u>\$ 62,507</u>
At December 31, 2021					
Cost	\$ 51,531	\$ 25,860	\$ 84	\$ 11,926	\$ 89,401
Accumulated depreciation	-	(15,299)	(42)	(11,553)	(26,894)
	<u>\$ 51,531</u>	<u>\$ 10,561</u>	<u>\$ 42</u>	<u>\$ 373</u>	<u>\$ 62,507</u>

A. The abovementioned assets belonged to owner-occupied assets.

B. The significant components of buildings include main plants and renovation construction, which are depreciated over 20 to 45 years.

C. No property, plant and equipment were capitalized interest.

D. Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8.

(8) Leasing arrangements – lessee

A. The Company leases various assets including business vehicles, multifunction printers. Rental contracts are typically made for periods of 1 to 4 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as

security for borrowing purposes.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Transportation equipment (Business vehicles)	\$ 4,895	\$ 6,209
	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Transportation equipment (Business vehicles)	\$ 1,314	\$ 1,264

C. For the years ended December 31, 2022 and 2021, the additions to right-of-use assets were \$0 and \$2,910, respectively.

D. The information on profit and loss accounts relating to lease contracts is as follows:

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 318	\$ 404

E. For the years ended December 31, 2022 and 2021, the Company's total cash outflow for leases were \$1,998 and \$2,800, respectively.

(9) Leasing arrangements – lessor

A. For the years ended December 31, 2022 and 2021, the Company recognised rent income in the amounts of \$8,872 and \$8,817, respectively, based on the operating lease agreement, which does not include variable lease payments.

B. The maturity analysis of the lease payments under the operating leases is as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Not later than one year	\$ 6,902	\$ 8,526
Later than one year but not later than five years	7,050	5,040
	<u>\$ 13,952</u>	<u>\$ 13,566</u>

(10) Investment property

	<u>Land</u>	<u>Buildings and structures</u>	<u>Total</u>
At January 1, 2022			
Cost	\$ 85,597	\$ 66,412	\$ 152,009
Accumulated depreciation	-	(46,051)	(46,051)
	<u>\$ 85,597</u>	<u>\$ 20,361</u>	<u>\$ 105,958</u>
<u>2022</u>			
Opening net book amount as at January 1	\$ 85,597	\$ 20,361	\$ 105,958
Depreciation charge	-	(1,590)	(1,590)
Closing net book amount as at December 31	<u>\$ 85,597</u>	<u>\$ 18,771</u>	<u>\$ 104,368</u>
At December 31, 2022			
Cost	\$ 85,597	\$ 66,412	\$ 152,009
Accumulated depreciation	-	(47,641)	(47,641)
	<u>\$ 85,597</u>	<u>\$ 18,771</u>	<u>\$ 104,368</u>
	<u>Land</u>	<u>Buildings and structures</u>	<u>Total</u>
At January 1, 2021			
Cost	\$ 85,597	\$ 66,412	\$ 152,009
Accumulated depreciation	-	(44,458)	(44,458)
	<u>\$ 85,597</u>	<u>\$ 21,954</u>	<u>\$ 107,551</u>
<u>2021</u>			
Opening net book amount as at January 1	\$ 85,597	\$ 21,954	\$ 107,551
Depreciation charge	-	(1,593)	(1,593)
Closing net book amount as at December 31	<u>\$ 85,597</u>	<u>\$ 20,361</u>	<u>\$ 105,958</u>
At December 31, 2021			
Cost	\$ 85,597	\$ 66,412	\$ 152,009
Accumulated depreciation	-	(46,051)	(46,051)
	<u>\$ 85,597</u>	<u>\$ 20,361</u>	<u>\$ 105,958</u>

A. Rental income from investment property and direct operating expenses arising from investment property are shown below:

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Rental income from investment property	<u>\$ 8,872</u>	<u>\$ 8,817</u>
Direct operating expenses arising from the investment property that generated rental income during the year	<u>\$ 1,936</u>	<u>\$ 1,919</u>

B. The fair value of the investment property held by the Company as at December 31, 2022 and 2021 was \$383,447 and \$385,740, respectively. The fair value on December 31, 2021 was assessed based on market trading prices of similar property in the areas nearby. The fair value on December 31, 2022 was valued by independent valuers using the income approach which is categorised within Level 3 in the fair value hierarchy. Key assumptions are as follows:

	<u>December 31, 2022</u>
Rent per square meter	\$ 0.713
Vacancy rate	8.33%
Expense rate	20.86%

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

(11) Short-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2022</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Short-term secured borrowings	\$ 70,000	1.75%	Property, plant and equipment and investment property
Unsecured borrowings	390,000	1.475%~1.85%	None
	<u>\$ 460,000</u>		

<u>Type of borrowings</u>	<u>December 31, 2021</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Short-term secured borrowings	\$ 107,000	0.96%~1.1%	Property, plant and equipment and investment property
Unsecured borrowings	796,810	0.75%~1.1%	None
	<u>\$ 903,810</u>		

(12) Financial liabilities at fair value through profit or loss

<u>Items</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current items:		
Financial liabilities designated as at fair value through profit or loss		
Forward foreign exchange contracts	<u>\$ 86</u>	<u>\$ -</u>

- A. Amounts recognised in profit or loss and other comprehensive income in relation to financial liabilities at fair value through profit or loss are as follows:

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Financial assets designated as at fair value through profit or loss		
Forward foreign exchange contracts	<u>\$ 54</u>	<u>\$ 280</u>

- B. Explanations of the transactions and contract information in respect of derivative financial liabilities that the Company does not adopt hedge accounting are as follows:

<u>December 31, 2022</u>		
<u>Derivative financial liabilities</u>	<u>Contract amount (Notional principal)</u>	<u>Contract period</u>
Current items:		
Forward foreign exchange contracts	US \$1,000 thousand	2022.12.13 ~ 2023.1.13

The Company entered into forward foreign exchange contracts to sell USD (sell USD buy NTD) to hedge exchange rate risk of export proceeds. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

(13) Long-term borrowings

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>December 31, 2022</u>
Long-term bank borrowings				
Unsecured borrowings	Borrowing period is from January 11, 2022 to January 11, 2025; interest is repayable monthly; principal is repayable in 8 installments in one year after the date of first drawing	1.751%	None	\$ 78,000
Secured borrowings	Borrowing period is from January 11, 2022 to January 11, 2025; interest is repayable monthly; principal is repayable in 8 installments in one year after the date of first drawing	1.751%	Investment property	<u>50,000</u>
				128,000
Less: Current portion				<u>(48,000)</u>
				<u>\$ 80,000</u>

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>December 31, 2021</u>
Long-term bank borrowings				
Unsecured borrowings	Borrowing period is from January 11, 2021 to January 11, 2024; interest is repayable monthly; principal is repayable in 8 installments in one year after the date of first drawing	1.25%	None	\$ 77,000
Secured borrowings	Borrowing period is from January 11, 2021 to January 11, 2024; interest is repayable monthly; principal is repayable in 8 installments in one year after the date of first drawing	1.25%	Investment property	51,000
				128,000
Less: Current portion				(48,000)
				<u>\$ 80,000</u>

(14) Pensions (Shown as 'other non-current liabilities)

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 contributes 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 would assess the balance in the aforementioned labor pension reserve account by 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 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	(\$ 8,586)	(\$ 10,337)
Fair value of plan assets	6,076	6,634
Net defined benefit liability	<u>(\$ 2,510)</u>	<u>(\$ 3,703)</u>

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

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
<u>2022</u>			
At January 1	(\$ 10,337)	\$ 6,634	(\$ 3,703)
Current service cost	-	-	-
Interest (expense) income	(73)	45	(28)
	<u>(\$ 10,410)</u>	<u>\$ 6,679</u>	<u>(\$ 3,731)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	506	506
Change in financial assumptions	658	-	658
Experience adjustments	(90)	-	(90)
	<u>568</u>	<u>506</u>	<u>1,074</u>
	<u>(9,842)</u>	<u>7,185</u>	<u>(2,657)</u>
Pension fund contribution	-	147	147
Paid pension	1,256	(1,256)	-
At December 31	<u>(\$ 8,586)</u>	<u>\$ 6,076</u>	<u>(\$ 2,510)</u>
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
<u>2021</u>			
At January 1	(\$ 10,396)	\$ 6,295	(\$ 4,101)
Current service cost	(210)	-	(210)
Interest (expense) income	(36)	22	(14)
	<u>(\$ 10,642)</u>	<u>\$ 6,317</u>	<u>(\$ 4,325)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	91	91
Change in demographic assumptions	(427)	-	(427)
Change in financial assumptions	462	-	462
Experience adjustments	270	-	270
	<u>305</u>	<u>91</u>	<u>396</u>
	<u>(10,337)</u>	<u>6,408</u>	<u>(3,929)</u>
Pension fund contribution	-	226	226
At December 31	<u>(\$ 10,337)</u>	<u>\$ 6,634</u>	<u>(\$ 3,703)</u>

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' 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 authorized by the Regulator. The Company and domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company and domestic subsidiaries are 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	Year ended December 31, 2021
Discount rate	1.4%	0.75%
Future salary increases	3.875%	3.875%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory.

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 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
<u>December 31, 2022</u>				
Effect on present value of defined benefit obligation	\$ 256	(\$ 266)	(\$ 253)	\$ 245
<u>December 31, 2021</u>				
Effect on present value of defined benefit obligation	\$ 291	(\$ 304)	(\$ 287)	\$ 277

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 \$278.

(g) As of December 31, 2022, the weighted average duration of the retirement plan is 12 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	\$	3,476
2-5 years		2,517
Over 5 years		2,687
	\$	<u>8,680</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 for the years ended December 31, 2022 and 2021, were \$2,240 and \$2,094, respectively.

(15) Share capital

A. As of December 31, 2022 the Company’s authorised capital was \$1,800,000, consisting of 180,000 thousand shares of ordinary stock (including 10,000 thousand shares reserved for employee stock options), and the paid-in capital was \$1,419,346 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

Movements in the number of the Company’s ordinary shares outstanding are as follows:

	<u>2022</u>	<u>2021</u>
	Number of shares (in thousand shares)	Number of shares (in thousand shares)
At January 1	141,935	141,935
Purchase of treasury shares	(1,350)	-
At December 31	<u>140,585</u>	<u>141,935</u>

B. Treasury shares

(a) On August 12, 2022, the Board of Directors resolved to repurchase 2,500 thousand ordinary shares in the open market from August 15, 2022 to October 11, 2022 at a price range of NT\$22 to NT\$35 per share to encourage employees and strengthen coherence of the Company.

(b) Reason for share reacquisition and movements in the number of the Company’s treasury shares are as follows:

		December 31, 2022	
Name of company holding the shares	Reason for reacquisition	Number of shares (in thousand shares)	Carrying amount
The Company	To be reissued to employees	1,350	\$ 38,139

- (c) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.
- (d) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.
- (e) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should be reissued to the employees within five years from the reacquisition date and shares not reissued within the five-year period are to be retired. Treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.

(16) 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.

(17) Retained earnings

A. Under the Company's unrevised Articles of Incorporation, if the Company has any profit for the current year, shall first be retained to offset accumulated deficit before appropriating employee's remuneration and directors' and supervisors' remuneration. The remaining amount, if any, shall be appropriated no less than 2% for employee's remuneration and no higher than 5% for directors' and supervisors' remuneration.

The current year's earnings, if any, shall first be used to pay income tax and offset prior year's operating losses, then 10% of the remaining amount shall be set aside as legal reserve until the legal reserve equals the total capital stock balance. After setting aside or reversing a special reserve in accordance with related laws and competent authority, the appropriation of the remaining earnings, along with the accumulated unappropriated earnings, shall be proposed by the Board of Directors and resolved by the shareholders as dividends to shareholders.

On June 17, 2022, the shareholders meeting passed a resolution to amend the articles of association of the company. According to the amended articles of association, if the surplus distribution, statutory surplus reserve and capital reserve of the preceding paragraph are distributed in cash, the board of directors is authorized to use

more than two-thirds of the directors. Attendance, and resolutions made by more than half of the directors present, and reported to the shareholders' meeting, do not apply to the provisions of the preceding paragraph that should be resolved by the shareholders' meeting.

The abovementioned employees' compensation and directors' and supervisors' remuneration distribution shall be resolved by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors. The resolution of Board of Directors shall be reported at the shareholders' meeting. Employee's compensation can be distributed in the form of shares or cash, and employees must be working for the Company. The Board of Directors shall decide the number of shares and the total amount to be distributed when they intend to distribute the compensation in the form of shares; in addition, the directors' and supervisors' remuneration shall be distributed by cash only.

The Company adopts conservatism principle for its dividend policy and considers profitability, financial structure and future development. At least 10% of the dividends distributed in the current year shall be appropriated as cash dividends. The Board of Directors may adjust the distribution rates within the above range based on current operation.

- B. 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 25% of the Company's paid-in capital.
- C. (a) 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.
- (b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-Corporate-1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use period if the assets are investment property other than land.
- D. The distribution of earnings for the years ended December 31, 2021 and 2020 resolved by the stockholders on June 17, 2022 and July 20, 2021 is as follows:

	<u>Year ended December</u>		<u>Year ended December</u>	
	2021		2020	
	<u>Amount</u>	<u>Dividends per share (In dollars)</u>	<u>Amount</u>	<u>Dividends per share (In dollars)</u>
Legal reserve	\$ 11,756		\$ 11,617	
Reversal of special reserve	-		(16,491)	
Cash dividends	85,161	\$ 0.60	113,548	\$ 0.80

Information about appropriation of earnings of the Company as resolved by the stockholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

E. The appropriation of 2022 earnings as resolved by the Board of Directors on March 17, 2023 is as follows:

	Year ended December 31, 2022	
	Amount	Dividends per share (In dollars)
Legal reserve	\$ 20,996	
Reversal of special reserve	(4,839)	
Cash dividends (Note)	42,175	\$ 0.30
Stock dividends	42,175	0.30

As of March 17, 2023, the appropriation 2022 earnings as proposed has not yet been resolved by the shareholders' meeting.

Note : Authorized by the articles of association, the Board of Directors of the company passed the 2022 cash dividend proposal with a special resolution on March 17, 2023.

(18) Other equity items

	2022		
	Unrealised gains (losses) on valuation	Currenty translation	Total
At January 1	(\$ 83,102)	(\$ 127,769)	(\$ 210,871)
Revaluation – gross	3,594	-	3,594
Revaluation – tax	(719)	-	(719)
Foreign exchange differences:			
–Group	-	2,455	2,455
–Tax on Group	-	(491)	(491)
At December 31	<u>(\$ 80,227)</u>	<u>(\$ 125,805)</u>	<u>(\$ 206,032)</u>

	2021		
	Unrealised gains (losses) on valuation	Currenty translation	Total
At January 1	(\$ 61,827)	(\$ 118,032)	(\$ 179,859)
Revaluation – gross	(26,593)	-	(26,593)
Revaluation – tax	5,318	-	5,318
Foreign exchange differences:			
–Group	-	(12,171)	(12,171)
–Tax on Group	-	2,434	2,434
At December 31	<u>(\$ 83,102)</u>	<u>(\$ 127,769)</u>	<u>(\$ 210,871)</u>

(19) Operating revenue

Disaggregation of revenue from contracts with customers

The Company's revenue is sales revenue and derives revenue from the transfer of goods at a point in time in the following major product lines:

	Year ended December 31	
	2022	2021
Power transmission cable sets for computer system	\$ 992,575	\$ 1,237,004
Signal connection cables for information peripherals	814,418	1,384,483
Power transmission cable sets for electrical appliances	657,505	518,170
Intelligent electric vehicle electrification cable	11,334	-
High-efficiency connection line set for communication system	4,002	-
Others	2,111	2,806
	<u>\$ 2,481,945</u>	<u>\$ 3,142,463</u>

(20) Interest income

	Year ended December 31	
	2022	2021
Interest income from bank deposits	\$ 2,222	\$ 79
Other interest income	6,161	824
	<u>\$ 8,383</u>	<u>\$ 903</u>

(21) Other income

	Year ended December 31	
	2022	2021
Rent income	\$ 8,872	\$ 8,817
Other non-operating revenue	3,615	3,891
	<u>\$ 12,487</u>	<u>\$ 12,708</u>

(22) Other gains and losses

	Year ended December 31	
	2022	2021
Net gains on financial liabilities at fair value through profit or loss	\$ 54	\$ 280
Net foreign exchange gains (losses)	199,212	(28,648)
Gains on disposals of property, plant and equipment	-	110
Depreciation charge on investment property	(1,590)	(1,593)
Other gains and losses	(407)	(447)
	<u>\$ 197,269</u>	<u>(\$ 30,298)</u>

(23) Finance costs

	Year ended December 31	
	2022	2021
Interest expense	\$ 11,515	\$ 10,064

(24) Costs and expenses by nature

	Year ended December 31	
	2022	2021
Employee benefit expense	\$ 68,851	\$ 74,988
Depreciation charges (Note)	2,204	2,248
Amortisation charges	31	23
	<u>\$ 71,086</u>	<u>\$ 77,259</u>

Note: The depreciation expense for the years ended December 31, 2022 and 2021 does not include the depreciation expense of investment property amounting to \$1,590 and \$1,593, respectively (shown as “7020 Other gains and losses”).

(25) Employee benefit expense

	Year ended December 31	
	2022	2021
Wages and salaries	\$ 58,604	\$ 64,351
Labour and health insurance fees	4,611	4,508
Pension costs	2,268	2,318
Other personnel expenses	3,368	3,811
	<u>\$ 68,851</u>	<u>\$ 74,988</u>

- A. Under the Company’s unrevised Articles of Incorporation, if the Company has any profit for the current year, shall first be retained to offset accumulated deficit before appropriating employee’s remuneration and directors’ and supervisors’ remuneration. The remaining amount, if any, shall be appropriated no less than 2% for employee’s remuneration and no higher than 5% for directors’ and supervisors’ remuneration.
- B. For the years ended December 31, 2022 and 2021, employees’ compensation was accrued at \$6,867 and \$4,150, respectively; while directors’ remuneration was accrued at \$6,008 and \$3,631, respectively. The aforementioned amounts were recognised in salary expenses.

The employees’ compensation and directors’ remuneration were estimated and accrued based on 4% and 3.5% of distributable profit of current year as of the end of reporting period.

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

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.

(26) 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	\$ 24,635	\$ 23,126
Tax on undistributed surplus earnings	1,032	-
Prior year income tax (over) underestimation	(858)	1,073
Total current tax	<u>24,809</u>	<u>24,199</u>
Deferred tax:		
Origination and reversal of temporary differences	(75,008)	(45,477)
Income tax benefit	<u>(\$ 50,199)</u>	<u>(\$ 21,278)</u>

(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	(\$ 491)	\$ 2,434
Remeasurement of defined benefit obligations	(109)	(79)
Changes in fair value of financial assets at fair value through other comprehensive income	(719)	5,318
	<u>(\$ 1,319)</u>	<u>\$ 7,673</u>

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	\$ 31,759	\$ 19,194
Effect from items disallowed by tax regulation	(112,046)	(41,545)
Prior year income tax (over) underestimation	(858)	1,073
Income exempted according to tax law	6,812	-
Change in assessment of realisation of deferred tax assets	23,102	-
Tax on undistributed surplus earnings	1,032	-
Income tax benefit	<u>(\$ 50,199)</u>	<u>(\$ 21,278)</u>

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

	2022			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
- Deferred tax assets:				
Inventory valuation loss	\$ 1,495	(\$ 494)	\$ -	\$ 1,001
Unrealised loss on pension	1,900	-	-	1,900
Unused compensated absence	336	(19)	-	317
Unrealised exchange loss	11,446	(10,921)	-	525
Unrealised gains or losses from financial liabilities at fair value through profit or loss	-	17	-	17
Unrealised gains or losses from financial assets at fair value through other comprehensive income	19,467	-	(719)	18,748
Currency translation differences	27,973	(23,102)	(491)	4,380
Investments loss on foreign long-term equity investemtns	-	4,462	-	4,462
Others	190	(92)	-	98
	<u>\$ 62,807</u>	<u>(\$ 30,149)</u>	<u>(\$ 1,210)</u>	<u>\$ 31,448</u>
- Deferred tax liabilities:				
Investments income on foreign long-term equity investemtns	(105,248)	105,248	-	-
Book-tax differences on pension fund contribution	(619)	-	-	(619)
Actuarial losses on defined benefit plan	(1,116)	-	(109)	(1,225)
Others	(3,384)	(91)	-	(3,475)
	<u>(\$ 110,367)</u>	<u>\$ 105,157</u>	<u>(\$ 109)</u>	<u>(\$ 5,319)</u>
	<u>(\$ 47,560)</u>	<u>\$ 75,008</u>	<u>(\$ 1,319)</u>	<u>\$ 26,129</u>

	2021			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
- Deferred tax assets:				
Inventory valuation loss	\$ 584	\$ 911	\$ -	\$ 1,495
Unrealised loss on pension	1,900	-	-	1,900
Unused compensated absence	404	(68)	-	336
Unrealised exchange loss (gain)	11,932	(486)	-	11,446
Unrealised gains or losses from financial liabilities at fair value through profit or loss	18	(18)	-	-
Unrealised gains or losses from financial assets at fair value through other comprehensive income	14,149	-	5,318	19,467
Currency translation differences	25,539	-	2,434	27,973
Others	-	190	-	190
	<u>\$ 54,526</u>	<u>\$ 529</u>	<u>\$ 7,752</u>	<u>\$ 62,807</u>
- Deferred tax liabilities:				
Investment income on foreign long-term equity investments	(150,154)	44,906	-	(105,248)
Book-tax differences on pension contribution	(619)	-	-	(619)
Actuarial losses on defined benefit plan	(1,037)	-	(79)	(1,116)
Others	(3,426)	42	-	(3,384)
	<u>(\$ 155,236)</u>	<u>\$ 44,948</u>	<u>(\$ 79)</u>	<u>(\$ 110,367)</u>
	<u>(\$ 100,710)</u>	<u>\$ 45,477</u>	<u>\$ 7,673</u>	<u>(\$ 47,560)</u>

D. The Company's income tax returns through 2018 have been assessed and approved by the Tax Authority.

(27) Earnings per share

	Year ended December 31, 2022		
	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	<u>\$ 208,994</u>	<u>141,481</u>	<u>\$ 1.48</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 208,994	141,481	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	268	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 208,994</u>	<u>141,749</u>	<u>\$ 1.47</u>

	Year ended December 31, 2021		
	<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	\$ 117,245	141,935	\$ 0.83
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 117,245	141,935	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	203	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	\$ 117,245	142,138	\$ 0.82

(28) Supplemental cash flow information

Financing activities with no cash flow effects

	Year ended December 31, 2022	Year ended December 31, 2021
Debt-to-capital increase	\$ 89,596	\$ -

On August 12, 2022, the Board of Directors of the company passed the resolution to increase the capital of Everfull Electronic Co., Limited by transferring debt to a total of \$89,596.

(29) Changes in liabilities from financing activities

	<u>Lease liabilities</u>	<u>Short-term borrowings</u>	<u>Long-term borrowings (including current portion)</u>	<u>Liabilities from financing activities-gross</u>
At January 1, 2022	\$ 3,941	\$ 903,810	\$ 128,000	\$ 1,035,751
Changes in cash flow from financing activities	(1,680)	(444,885)	-	(446,565)
Impact of changes in foreign exchange rate	-	1,075	-	1,075
Changes in other non-cash items	318	-	-	318
At December 31, 2022	\$ 2,579	\$ 460,000	\$ 128,000	\$ 590,579
	<u>Lease liabilities</u>	<u>Short-term borrowings</u>	<u>Long-term borrowings (including current portion)</u>	<u>Liabilities from financing activities-gross</u>
At January 1, 2021	\$ 3,022	\$ 755,962	\$ 78,000	\$ 836,984
Changes in cash flow from financing activities	(2,396)	149,335	50,000	196,939
Impact of changes in foreign exchange rate	-	(1,487)	-	(1,487)
Changes in other non-cash items	3,315	-	-	3,315
At December 31, 2021	\$ 3,941	\$ 903,810	\$ 128,000	\$ 1,035,751

7. Related Party Transactions

(1) Parent and ultimate controlling party

None.

(2) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
EVERFULL ELECTRONIC CO., LIMITED (EVERFULL HONGKONG)	The Company's subsidiary
FU LIN INVESTMENT CO., LTD. (FU LIN)	The Company's subsidiary
LINE TEK INTERNATIONAL CO., LTD. (LINE TEK INTERNATIONAL)	The Company's subsidiary
LINETEK JAPAN CO., LTD. (LINETEK JAPAN)	The Company's subsidiary
REGENT UNION INTERNATIONAL LIMITED (REGENT UNION)	The Company's second-tier subsidiary
EVERFULL TECHNOLOGY (SHENZHEN) CO., LTD. (EVERFULL TECHNOLOGY)	The Company's second-tier subsidiary (NOTE)
EVERFULL TECHNOLOGY (HUIZHOU) CO., LTD. (EVERFULL HUIZHOU)	The Company's second-tier subsidiary
EVERFULL DEVELOPMENT (HUIZHOU) CO., LTD. (DEVELOPMENT HUIZHOU)	The Company's second-tier subsidiary
Directors, supervisors and general manager	The Company's key management

NOTE : EVERFULL TECHNOLOGY merges with EVERFULL HUIZHOU, EVERFULL HUIZHOU is the surviving company.

(3) Significant related party transactions

A. Operating revenue:

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
LINETEK JAPAN	\$ 37,994	\$ 33,356
EVERFULL HUIZHOU	1,387	2,509
EVERFULL HONGKONG	-	137
	<u>\$ 39,381</u>	<u>\$ 36,002</u>

- (a) The price of the goods which the Company sells to LINETEK JAPAN are in accordance with the agreement. The credit term is 95 days after monthly billings.
- (b) The price of the goods which the Company sells to EVERFULL HUIZHOU are in accordance with the agreement. The credit term is 130 days after monthly billings.
- (c) The price of the goods which the Company sells to EVERFULL HONGKONG are in accordance with the agreement. The credit terms are based on the amount after accounts receivable and accounts payable offsetting each other, paying in accordance with the company's demand of working capital.
- (d) The credit terms for sales to general customers are 60 to 150 days after monthly billing.

B. Purchases

	Year ended December 31	
	2022	2021
EVERFULL HUIZHOU	\$ 2,327,537	\$ 2,405,485
EVERFULL HONGKONG	693	449,250
	<u>\$ 2,328,230</u>	<u>\$ 2,854,735</u>

- (a) The purchase transactions of the Company made with EVERFULL HUIZHOU was purchasing goods. The purchase price of the goods was made based on the agreement. The payment terms are based on the amount after accounts receivable and accounts payable offsetting each other, paying in accordance with the company's demand of working capital.
- (b) The purchase transactions of the Company made with EVERFULL HONGKONG was purchasing goods. The purchase price of the goods was made based on the agreement. The payment terms are based on the amount after accounts receivable and accounts payable offsetting each other, paying in accordance with the company's demand of working capital.
- (c) The credit term for general suppliers is 60 to 120 days after monthly billing.

C. Receivables from related parties

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts receivable:		
LINETEK JAPAN	\$ 10,245	\$ 8,861
EVERFULL HUIZHOU	1,053	1,428
	<u>11,298</u>	<u>10,289</u>
Other receivables – Others		
EVERFULL HUIZHOU	\$ 6,475	\$ 10,758
EVERFULL HONGKONG	-	958
	<u>6,475</u>	<u>11,716</u>
	<u>\$ 17,773</u>	<u>\$ 22,005</u>

Other receivables pertained to pallet fees and customs declaration fees on behalf of others.

D. Accounts payable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
EVERFULL HUIZHOU	\$ 12,956	\$ -
EVERFULL HONGKONG	36	-
	<u>\$ 12,992</u>	<u>\$ -</u>

E. Prepayments

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
EVERFULL HONGKONG	\$ -	\$ 217,851
EVERFULL HUIZHOU	-	160,851
	<u>\$ -</u>	<u>\$ 378,702</u>

F. Receive dividends

	Year ended December 31	
	2022	2021
FU LIN	\$ 136,000	\$ 46,000

G. Refund of capital reduction

	Year ended December 31	
	2022	2021
LINE TEK INTERNATIONAL	\$ 130,034	\$ -
FU LIN	99,000	-
	\$ 229,034	\$ -

H. Loans to/from related parties

(a) Loans to related parties (shown as “Other receivables -related parties”)

i. Outstanding balance:

	December 31, 2022	December 31, 2021
EVERFULL HUIZHOU	\$ 675,620	\$ 498,240

ii. Interest income

	December 31, 2022	December 31, 2021
EVERFULL HUIZHOU	\$ 6,161	\$ 824

(i) Loans to EVERFULL HUIZHOU are repaid at one time based on agreements after granting loans. Interest for the year ended December 31, 2022, was charged at an annual interest rate of 1.2% for medium-term fund loans and 1.0% for short-term fund loans, and interest for the year ended December 31, 2021, was received in accordance with 3-Month LIBOR.

(ii) Related information of lending of capital is provided in Note13(1) A.

(b) Loans from related parties (shown as“ Other payables-related parties”)

i. Outstanding balance:

	December 31, 2022	December 31, 2021
FU LIN	\$ -	\$ 100,048

ii. Interest expense

	Year ended December 31	
	2022	2021
FU LIN	\$ 16	\$ 48

(i) Loans from FU LIN are repaid at one time based on agreements after granting, and interests are paid both 0.13% per annum for the years ended December 2022 and 2021.

(ii) Related information of loans to/from related parties is provided in provided Note13(1) A.

I. Endorsements and guarantees

	December 31, 2022	December 31, 2021
EVERFULL HUIZHOU	USD 20 thousand	USD 20 thousand
EVERFULL HUIZHOU	CNY 102,000 thousand	CNY 102,000 thousand

(4) Key management compensation

	Year ended December 31	
	2022	2021
Salaries and other short-term employee benefits	\$ 17,613	\$ 15,332

8. Pledged Assets

The Company's assets pledged as collateral are as follows:

Pledged asset	Book value		Purpose
	December 31, 2022	December 31, 2021	
Property, plan and equipment	\$ 58,770	\$ 59,259	Guarantee for borrowing facilities
Investment properties	85,692	87,274	Guarantee for borrowing facilities
Financial assets at amortised cost	614	554	Performance bank guarantee
	<u>\$ 145,076</u>	<u>\$ 147,087</u>	

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

None.

(2) Commitments

Information about endorsements and guarantees provided to related parties is provided in Note7(3) I and 13(1) B.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

A. Information about earnings distribution for the years ended December 31, 2022 is provided in Note6(17).

B. To meet the future operational needs of the Company, on January 6, 2023, the Board of Directors resolved to establish a subsidiary in Vietnam for USD\$3,000 thousand. Subsequently, considering the actual situation in Vietnam, on March 17, 2023, the Board of Directors resolved that the investment amount in Vietnam was increased to USD\$5,000 thousand.

C. On 17 March 2023, the Board of Directors approved the Company's participation in the cash capital increase of EVERFULL DEVELOPMENT (HUIZHOU) CO., LTD. through subsidiary EVERFULL ELECTRONIC CO., LIMITED in the amount of RMB40,000 thousand in response to the future expansion of the operations of second-tier subsidiary EVERFULL DEVELOPMENT (HUIZHOU) CO., LTD..

12. Others

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going

concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Company monitors capital on the basis of the debt ratio. This ratio is calculated as total debt divided by total assets.

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Total liabilities	\$ 736,911	\$ 1,370,791
Total equity	<u>2,663,073</u>	<u>2,570,362</u>
Total assets	<u>\$ 3,399,984</u>	<u>\$ 3,941,153</u>
Debt Ratio	<u>22%</u>	<u>35%</u>

(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 other comprehensive income		
Designation of equity instrument	\$ 6,624	\$ 3,030
Financial assets at amortised cost		
Cash and cash equivalents	\$ 373,949	\$ 63,375
Notes receivable	3,899	1,956
Accounts receivable	796,297	1,052,404
Accounts receivable— related parties	11,298	10,289
Other receivables	1,180	2,647
Other receivables— related parties	682,095	509,956
Guarantee deposits paid	46	46
	<u>\$ 1,868,764</u>	<u>\$ 1,640,673</u>
<u>Financial liabilities</u>		
Financial liabilities at fair value through profit or loss		
Financial liabilities designated as at fair value through profit or loss	\$ 86	\$ -
Financial liabilities at amortised cost		
Short-term borrowings	\$ 460,000	\$ 903,810
Notes payable	1,805	1,618
Accounts payable	615	2,175
Accounts payable— related parties	12,992	-
Other accounts payable	42,834	40,903
Other accounts payable— related parties	-	100,048
Long-term borrowings (including current portion)	128,000	128,000
Guarantee deposits received	1,371	1,371
	<u>\$ 647,703</u>	<u>\$ 1,177,925</u>
Lease liability	<u>\$ 2,579</u>	<u>\$ 3,941</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, interest rate risk and price risk), credit risk and liquidity risk.
- (b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, 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

Foreign exchange risk

- i. The Company operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and HKD. Foreign exchange 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 foreignexchange risk against their functional currency.
- iii. The Company has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.
- iv. The Company's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: RMB and HKD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	<u>December 31, 2022</u>		
	<u>Foreign currency amount (in thousands)</u>	<u>Exchange rate</u>	<u>Book value (NTD)</u>
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 55,970	30.71	\$ 1,781,853
RMB:NTD	27,293	4.409	120,348
<u>Long-term equity investments accounted for under the equity method</u>			
USD:NTD	\$ 39,064	30.71	\$ 1,199,660
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 513	30.71	\$ 15,760

	December 31, 2021		
(Foreign currency: functional currency)	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 58,807	27.68	\$ 1,627,767
HKD:NTD	88	3.549	313
<u>Long-term equity investments accounted for under the equity method</u>			
USD:NTD	\$ 45,924	27.68	\$ 1,271,167
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 10,686	27.68	\$ 295,798

v. The total exchange gain (loss) 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 \$199,212 and (\$28,648), respectively.

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

	Year ended December 31, 2022		
(Foreign currency: functional currency)	Sensitivity analysis		
Financial assets	Degree of variation	Effect on profit or loss before tax	Effect on other comprehensive income
<u>Monetary items</u>			
USD:NTD	1%	\$ 17,819	\$ -
USD:RMB	1%	1,203	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 158	\$ -

		Year ended December 31, 2021		
		Sensitivity analysis		
		Degree of variation	Effect on profit or loss before tax	Effect on other comprehensive income
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
	USD:NTD	1%	\$ 16,278	\$ -
	HKD:NTD	1%	3	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
	USD:NTD	1%	\$ 2,958	\$ -

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 shares issued by the domestic companies. 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 1% with all other variables held constant, post-tax profit for the years ended December 31, 2022 and 2021 would have increased/decreased by \$66 and \$30, respectively, as a result of gains/losses on equity securities classified as at fair value through other comprehensive income.

Cash flow interest rate risk

- i. The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. During 2022 and 2021, the Company's borrowings at variable rate were mainly denominated in New Taiwan dollars.
- ii. If the borrowing interest rate of New Taiwan dollars had increased/decreased by 0.25% with all other variables held constant, profit, net of tax for the years ended December 31, 2022 and 2021 would have increased/decreased by \$256 and \$256, 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, and notes receivable based on the agreed terms, and the contract cash flows of financial assets at amortised cost.
- ii. The Company manages their credit risk taking into consideration the entire Company's concern. For banks and financial institutions, only independently rated parties with investment grade are accepted. 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. The Company adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
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.
- iv. The Company adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.
- v. 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 reorganisation 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.
- vi. The Company classifies customer's accounts receivable in accordance with credit rating of customer. The Company applies the modified approach using a provision matrix to estimate expected credit loss under the provision matrix basis.

- vii. 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 procedures.
- viii. The Company used the forecastability of Taiwan Institute of Economic Research boom observation report to adjust historical and timely information to assess the default possibility of notes and accounts receivable. On December 31, 2022 and 2021, the provision matrix is as follows:

	Not past due	Up to 1-30 days past due	31~90 days past due	Over 91 days past due	Total
December 31, 2022					
Expected loss rate	0.01%	0.01%	0.01%	0.01%~100%	
Total book value	\$ 803,560	\$ 7,727	\$ 70	\$ 218	\$ 811,575
Loss allowance	(\$ 80)	(\$ 1)	\$ -	\$ -	(\$ 81)
December 31, 2021					
Expected loss rate	0.001%	0.3%	1%~2%	7%~100%	
Total book value	\$1,051,556	\$ 12,384	\$ 716	\$ 97	\$ 1,064,753
Loss allowance	(\$ 50)	(\$ 37)	(\$ 10)	(\$ 7)	(\$ 104)

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

	Year ended December 31	
	2022	2021
	Notes and accounts receivable	Notes and accounts receivable
At January 1	\$ 104	\$ 145
Reversal of impairment	(23)	(41)
At December 31	\$ 81	\$ 104

(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 need. Such forecasting takes into consideration the Company's internal balance sheet ratio targets and, if applicable, external regulatory and legal requirements.

ii. The table below analyses the Company's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for nonderivative financial liabilities and to the expected maturity date for 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 1 year</u>	<u>Between 1 and 5 years</u>	<u>Over 5 years</u>
Short-term borrowings	\$ 460,000	\$ -	\$ -
Notes payable	1,805	-	-
Accounts payable	615	-	-
Accounts payable— related parties	12,992	-	-
Other payables	42,834	-	-
Lease liability	1,680	1,132	-
Long-term borrowings (including current portion)	49,863	80,805	-
Other financial liabilities	631	740	-

Derivative financial liabilities:

Forward exchange contracts	86	-	-
----------------------------	----	---	---

Non-derivative financial liabilities:

December 31, 2021	<u>Less than 1 year</u>	<u>Between 1 and 5 years</u>	<u>Over 5 years</u>
Short-term borrowings	\$ 903,810	\$ -	\$ -
Notes payable	1,618	-	-
Accounts payable	2,175	-	-
Other payables	40,903	-	-
Other payables— related parties	100,048	-	-
Lease liability	1,680	2,812	-
Long-term borrowings (including current portion)	49,327	80,580	-
Other financial liabilities	404	966	-

(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 Company's investment in listed stocks and beneficiary certificates is included in Level.

- 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 derivative instruments is included in Level 2.
- Level 3: Unobservable inputs for the asset or liability. The fair value of the Company's investment in financial assets at fair value through other comprehensive income is included in Level 3.
- B. Fair value information of investment property at cost is provided in Note 6(10).
- C. The carrying amounts of financial instruments not measured at fair value (including 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 is 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 other comprehensive income				
Equity securities	\$ -	\$ -	\$ 6,624	\$ 6,624
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Derivative instruments	\$ -	\$ 86	\$ -	\$ 86
<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 other comprehensive income				
Equity securities	\$ -	\$ -	\$ 3,030	\$ 3,030
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Derivative instruments	\$ -	\$ -	\$ -	\$ -

- (b) The methods and assumptions the Company used to measure fair value are as follows:
- i. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date (i.e. yield curves on the Taipei Exchange, average commercial paper interest rates quoted from Reuters).
 - ii. When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, the Company adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.
 - iii. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Company's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Company's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.
 - iv. The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate. Structured interest derivative instruments are measured by using appropriate option pricing models (i.e. Black-Scholes model) or other valuation methods, such as Monte Carlo simulation.
 - v. The Company takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Company's credit quality.
- E. For the years ended December 31, 2022 and 2021, there was no transfer between Level 1 and Level 2.
- F. The following chart is the movement of Level 3 for the years ended December 31, 2022 and 2021:

	Year ended December 31	
	2022	2021
	Equity instrument	Equity instrument
At January 1	\$ 3,030	\$ 29,623
Gains and losses recognised in other comprehensive income		
Recorded as unrealised gains (losses) on valuation of investments in equity instruments measured at fair value through other comprehensive income	3,594	(26,593)
At December 31	<u>\$ 6,624</u>	<u>\$ 3,030</u>

G. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares					
Shin Kong Global Venture Capital Corp	\$ 6,624	Market price method	Discount for lack of marketability	20%	The higher the discount for lack of marketability, the lower the fair value
BRIGHTMAN OPTOELECTRONICS (Cayman) CO., LTD.		- Net asset value	Not applicable	-	Not applicable
Derivative instrument: Forward exchange contracts	\$ 86	Discounted cash flow	Forward exchange rate	-	The higher the forward rate of the currency being exchanged, the lower the fair value
	Fair value at December 31, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares					
Shin Kong Global Venture Capital Corp	\$ 3,030	Market price method	Discount for lack of marketability	20%	The higher the discount for lack of marketability, the lower the fair value

BRIGHTMAN OPTOELECTRONICS (Cayman) CO., LTD.	- Net asset value	Not applicable	-	Not applicable
--	----------------------	----------------	---	-------------------

H. The Company has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

		<u>December 31, 2022</u>			
		<u>Recognised in profit or loss</u>		<u>Recognised in other comprehensive income</u>	
		<u>Favourable</u>	<u>Unfavourable</u>	<u>Favourable</u>	<u>Unfavourable</u>
<u>Input</u>	<u>Change</u>	<u>change</u>	<u>change</u>	<u>change</u>	<u>change</u>
Financial assets					
Equity instrument	Discount for lack of marketability	±5%	\$ _____	\$ _____	
			-	-	\$ 416 (\$ 416)

		<u>December 31, 2021</u>			
		<u>Recognised in profit or loss</u>		<u>Recognised in other comprehensive income</u>	
		<u>Favourable</u>	<u>Unfavourable</u>	<u>Favourable</u>	<u>Unfavourable</u>
<u>Input</u>	<u>Change</u>	<u>change</u>	<u>change</u>	<u>change</u>	<u>change</u>
Financial assets					
Equity instrument	Discount for lack of marketability	±5%	\$ _____	\$ _____	
			-	-	\$ 185 (\$ 185)

13. Supplementary Disclosures

For the investees' disclosure information, of which EVERFULL ELECTRONIC CO., LIMITED, EVERFULL TECHNOLOGY (SHENZHEN) CO., LTD., EVERFULL TECHNOLOGY (DONGGUAN) CO., LTD. and REGENT UNION INTERNATIONAL LIMITED were based on the investees' financial statements audited by other independent accountants.

(1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: The Company and the investees have no such transactions.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: Please refer to table 4.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: The Company and the investees

have no such transactions.

- 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 5.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 6.
- I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Notes 6(12) and 12(2).
- J. Significant inter-company transactions during the reporting periods: Please refer to table 7 (Individual transactions less than \$10,000 are not disclosed. Corresponding transactions from the other side are not disclosed.)

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : Please refer to table 8.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 9.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 10.

(4) Major shareholders information

Major shareholders information: Please refer to table 11.

14. Operating segments information

Not applicable.

Taiwan Line Tek Electronic Co., Ltd. and Subsidiaries

Loans to others

Year ended December 31, 2022

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2022	Balance at December 31, 2022	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower (Note 4)	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 1 and 2)	Ceiling on total loans granted (Note 1 and 2)	Footnote
													Item	Value			
0	Taiwan Line Tek Electronic Co., Ltd.	Everfull Technology (Huizhou) Co., Ltd.	Other receivables -related parties	Y	\$ 552,780	\$ 552,780	\$ 552,780	1.2% annual interest; interest is calculated monthly	Business transactions	\$ 2,406,546	-	\$ -	None	-	\$ 1,065,229	\$ 1,065,229	Note 7
0	Taiwan Line Tek Electronic Co., Ltd.	Everfull Technology (Huizhou) Co., Ltd.	Other receivables -related parties	Y	122,840	122,840	122,840	1% annual interest; interest is calculated monthly	For companies with short-term financing	-	Note 4	-	None	-	266,307	\$ 1,065,229	Note 7
1	Everfull Electronic Co., Limited	Everfull Technology (Huizhou) Co., Ltd.	Other receivables -related parties	Y	88,188	-	-	No interest is accrued	For companies with short-term financing	-	Note 5	-	None	-	1,018,855	1,018,855	Note 8
2	Everfull Technology (Shenzhen) Co., Ltd.	Everfull Technology (Huizhou) Co., Ltd.	Other receivables -related parties	Y	85,101	-	-	1.11% annual interest; interest is calculated monthly	For companies with short-term financing	-	Note 4	-	None	-	-	-	Note 9
3	Fu Lin Investment Co., Ltd.	Taiwan Line Tek Electronic Co., Ltd.	Other receivables -related parties	Y	100,000	-	-	0.13% annual; interest is calculated monthly	For companies with short-term financing	-	Note 6	-	None	-	618	618	Note 10

Note 1: For companies with short-term financing, limit on loans granted to a single party should not exceed 10% of the Company's net assets. For the companies having business relationship with the Company, limit on loans granted to a single party shall not exceed the amount of business transactions occurred between the creditor and borrower.

Except for ceiling on total loans granted to all direct or indirect wholly-owned foreign companies is the creditor's net asset based on the latest audited or reviewed financial statement, otherwise, ceiling on loans to others is 40% of the Company's net assets.

Note 2: Everfull Electronic Co., Limited's and Everfull Technology (Shenzhen) Co., Ltd.'s ceiling on loans granted to all direct or indirect wholly-owned foreign companies of the ultimate parent company, for short-term financing of business, is the creditor's net assets based on the latest audited or reviewed financial statements, and their limits on total loans to others is the creditor's net asset based on the latest audited or reviewed financial statements.

Note 3: Limit on Fu Lin Investment Co., Ltd.'s loans to a single party with short-term financing is 40% of the Company's net asset; but limit on total loans is 40% of the Company's current net asset.

Note 4: The funds loaned to Everfull Technology (Huizhou) Co., Ltd. are used for its operation revolving.

Note 5: The funds loaned to Everfull Technology (Huizhou) Co., Ltd. are used for building plants.

Note 6: The funds loaned to Taiwan Line Tek Electronic Co., Ltd. are used for its operation revolving.

Note 7: The Company approved the credit line of loans to Everfull Technology (Huizhou) Co., Ltd. amounting to USD 22,000 thousand, the actual used amount at end of year was USD22,000 thousand.

Note 8: Everfull Electronic Co., Limited approved the credit line of loans to Everfull Technology (Huizhou) Co., Ltd. amounting to RMB 20,000 thousand, the ending credit line and actual used amount at end of year were both RMB 0 thousand.

Note 9: Everfull Technology (Shenzhen) Co., Ltd. approved the credit line of loans to Everfull Technology (Huizhou) Co., Ltd. amounting to RMB 19,300 thousand, the actual used amount at end of year was RMB 0 thousand. That was merged with Everfull Technology (Huizhou) Co., Ltd. in December 2022 and is in the process of being dissolved.

Note 10: Fu Lin Investment Co., Ltd. approved the credit line of loans to Taiwan Line Tek Electronic Co., Ltd. amounting to \$100,000, the credit line and actual used amount at end of year were both \$0.

Taiwan Line Tek Electronic Co., Ltd. and Subsidiaries

Provision of endorsements and guarantees to others

Year ended December 31, 2022

Table2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number	Endorser/ guarantor	Party being endorsed/guaranteed Company name	Relationship with the endorser/ guarantor	Limit on endorsements/ guarantees provided for a single party (Note 1)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2022	Outstanding endorsement/ guarantee amount at December 31, 2022	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 1)	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by parent subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
0	Taiwan Line Tek Electronic Co., Ltd.	Everfull Technology (Huizhou) Co., Ltd.	The Company's third-tier subsidiary	\$ 798,922	\$ 715,551	\$ 450,373	\$ 230,365	\$ -	16.91%	\$ 1,331,537	Y	N	Y	Note 3
1	Everfull Electronic Co., Limited	Everfull Development (Huizhou) Co., Ltd.	The Company's third-tier subsidiary	305,657	264,564	264,564	135,898	-	25.97%	\$ 509,428	Y	N	Y	Note 4

Note 1: The total guarantee amount to subsidiaries should not be in excess of 50% of the Company's net assets. The guarantee amount to a single company should not be in excess of 20% of Company's net assets for each one. Endorsement/guarantee provided to all direct or indirect wholly-owned foreign companies of the Company, the guarantee amount to a single company should not be in excess of 30% of Company's net assets. For business transaction with the Company, the guarantee amount should not exceed the amount of business transaction, which is the higher between sales and purchases.

Note 2: The total guarantee amount to Everfull Electronic Co., Limited should not be in excess of 50% of the Company's net assets. The guarantee amount to a single company should not be in excess of 30% of Company's net assets .

Note 3: As of December 31, 2022, the amount of guarantee were USD 20 thousand and RMB 102,000 thousand by the Company to Everfull Technology (Huizhou) Co., Ltd., and actual used guarantee amounts of Everfull Technology (Huizhou) Co., Ltd. amounted to USD 20 thousand and RMB 52,105 thousand.

Note 4: As of December 31, 2022, the amount of guarantee was RMB 60,000 thousand by Everfull Electronic Co., Limited to Everfull Technology (Huizhou) Co., Ltd., and actual used guarantee amounts of Everfull Technology (Huizhou) Co., Ltd. amounted to RMB 30,820 thousand.

Taiwan Line Tek Electronic Co., Ltd. and Subsidiaries
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
December 31, 2022

Table 3 Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2022				Footnote
				Number of shares / Number of units	Book value	Ownership (%)	Fair value	
Taiwan Line Tek Electronic Co., Ltd.	Stocks Shin Kong Global Venture Capital Corp	None	Financial assets at fair value through other comprehensive income - non-current	960,000	\$ 6,624	12.00%	\$ 6,624	
	- BRIGHTMAN OPTOELECTRONICS (Cayman) CO., LTD.	"	"	886,673	-	12.12%	-	
Fu Lin Investment Co., Ltd.	- Amkor Technology Taiwan Ltd.	"	Financial assets at fair value through profit or loss- non-current	101,615	-	0.02%	-	

Taiwan Line Tek Electronic Co., Ltd. and Subsidiaries
Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more
Year ended December 31, 2022

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Companies that acquire real estate	Name of property	Actual date	Transaction currency	Transaction amount	Payment situation	Counterparty	Relationship with the counterparty	Previous transfers where the counterparty is a related party			Reference for price determination	Purpose of acquisition and use	Other contractual matters	
								Holder	Relationship with the Issuer	Transfer date				Amount
Everfull Development (Huizhou) Co., Ltd.	Construction in progress	2021/11/12	RMB	\$ 159,800	Note	Shenzhen Chaoshan Construction Group Co., Ltd.	None	Not applicable	Not applicable	Not applicable	Not applicable	By market price	Operation, production and construction of plants	Note

Note: The total amount of the transaction was RMB159,800 thousand and the relevant payment was made in stages according to the progress of the project. As at 31 December, RMB73,434 thousand had been paid, with the remaining amount to be paid upon completion of the project.

Taiwan Line Tek Electronic Co., Ltd. and Subsidiaries
Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more
Year ended December 31, 2022

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction terms 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	Percentage of total notes/accounts receivable (payable)	
Taiwan Line Tek Electronic Co., Ltd.	Everfull Technology (Huizhou) Co., Ltd.	The Company's second-tier subsidiary	Purchases	\$ 2,327,537	100%	Pay according to capital needs	No significant differences	Note 1	(12,956)	(84%)	
Everfull Technology (Huizhou) Co., Ltd.	Taiwan Line Tek Electronic Co., Ltd.	The Company's second-tier subsidiary	(Sales)	(2,327,537)	(50%)	Pay according to capital needs	//	//	12,956	2%	

Note 1: The credit period for general customers is 60 to 150 day after monthly billings the credit period for general suppliers is 60 to 120 day after monthly billings.

Taiwan Line Tek Electronic Co., Ltd. and Subsidiaries
 Receivables from related parties reaching \$100 million or 20% of paid-in capital or more
 Year ended December 31, 2022

Table 6 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 3)	Allowance for doubtful accounts
					Amount	Action taken		
Taiwan Line Tek Electronic Co., Ltd.	Everfull Technology (Huizhou) Co., Ltd.	The Company's subsidiaries	\$ 683,148	-	\$ -	Not applicable	\$ -	\$ -

Taiwan Line Tek Electronic Co., Ltd. and Subsidiaries
Significant inter-company transactions during the reporting year
Year ended December 31, 2022

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction	
						Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	Taiwan Line Tek Electronic Co., Ltd.	Linetek Japan Co., Ltd.	1	Sales revenue	37,994	95 days after monthly billings	0.79%
0	Taiwan Line Tek Electronic Co., Ltd.	Linetek Japan Co., Ltd.	1	Accounts receivable	10,245	95 days after monthly billings	0.21%
0	Taiwan Line Tek Electronic Co., Ltd.	Everfull Technology (Huizhou) Co., Ltd.	1	Purchases	2,327,537	Note 5	48.61%
0	Taiwan Line Tek Electronic Co., Ltd.	Everfull Technology (Huizhou) Co., Ltd.	1	Prepayments to suppliers	12,956	Note 5	0.26%
0	Taiwan Line Tek Electronic Co., Ltd.	Everfull Technology (Huizhou) Co., Ltd.	1	Other receivables	682,095	Based on company policy	13.86%
1	Everfull Electronic Co., Limited	Everfull Technology (Huizhou) Co., Ltd.	3	Accounts receivable	51,185	40 days after monthly billings	1.04%
1	Everfull Electronic Co., Limited	Everfull Technology (Huizhou) Co., Ltd.	3	Purchases	47,508	40 days after monthly billings	0.99%
1	Everfull Electronic Co., Limited	Everfull Technology (Huizhou) Co., Ltd.	3	Accounts payable	6,948	40 days after monthly billings	0.14%
1	Everfull Electronic Co., Limited	Everfull Technology (Huizhou) Co., Ltd.	3	Other receivables	55,352	Based on company policy	1.12%

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 (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

- (1) Parent company to subsidiary.
- (2) Subsidiary to parent company.
- (3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period-end to consolidated total operating revenues for income statement accounts.

Note 4: The transaction price is determined under mutual agreement and the credit terms based on the company's capital needs after offsetting accounts receivable and accounts payable.

Note 5: The transaction price is determined under mutual agreement and the credit terms are based on capital needs of Everfull Technology (Huizhou) Co., Ltd.

Taiwan Line Tek Electronic Co., Ltd. and Subsidiaries
Information on investees (excluding information on investments in Mainland china)
Year ended December 31, 2022

Table 8

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 profit (loss) of the investee for the year ended December 31, 2022	Investment income (loss) recognized 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			
Taiwan Line Tek Electronic Co., Ltd.	Everfull Electronic Co., Limited	Hong Kong	Production and sales of electronic wiring sets, signal connection cables and power cord sets	\$ 631,087	\$ 541,222	-	100%	\$ 1,018,855	(\$ 59,193)	(\$ 88,343)	Note 1,2and 5
Taiwan Line Tek Electronic Co., Ltd.	Fu Lin Investment Co., Ltd.	Taiwan	Operating various investment businesses	1,000	4,980	10,000,000	100%	1,545	(34,062)	(34,062)	Note 1 and 4
Taiwan Line Tek Electronic Co., Ltd.	Line Tek International Co., Ltd.	Samoa	Operating various investment businesses	236,327	366,361	-	100%	180,805	53,359	53,359	Note 1
Taiwan Line Tek Electronic Co., Ltd.	Linetek Japan Co., Ltd.	Japan	Sales of electronic wiring sets, signal connection cables, and power cord sets	2,853	2,853	200	100%	1,757	15	15	Note 1
Everfull Electronic Co., Limited	Regent Union International Limited	Hong Kong	Lease of property	2,365	2,365	-	100%	79,263	8,468	8,468	Note 1
Line Tek International Co., Ltd.	Hong Yi Investment Co.,Ltd.	Samoa	Operating various investment businesses	-	184,260	-	100%	-	39,594	39,594	Note 1 and 3
Line Tek International Co., Ltd.	Skilful Limited	Samoa	Operating various investment businesses	152,015	152,015	-	45%	180,528	30,101	13,545	Note 1

Note 1 : It was recognised based on the company's financial statements reviewed by the independent auditors.

Note 2 : The Company recognised investment income comprising of downstream and upstream transactions.

Note 3 : Hong Yi Investment Co.,Ltd. has completed the liquidation in June 2022.

Note 4 : Fu Lin Investment Co., Ltd. has completed refund of capital reduction in July 2022.

Note 5 : In August 2022, the Company increased the capital of its subsidiary, Everfull Electronic Co., Limited, in the amount of US\$3,000 thousand by way of a debt-to-capital increase.

Taiwan Line Tek Electronic Co., Ltd. and Subsidiaries

Information on investments in Mainland China

Year ended December 31, 2022

Table 9

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Amount remitted from Taiwan to Mainland China / Amount remitted back to Taiwan for the year ended December 31, 2022		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Net income of investee for the year ended December 31, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2022	Book value of investments in Mainland China as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Fong Mo Investments Ltd.	Production and sales of new instrument components, new electronic components, power electronic components and related products	\$ -	Through investing in an existing company in the third area, which then invested in the investee subsidiaries in Mainland China	\$ 184,260	\$ -	\$ 139,554	\$ 44,706	\$ -	100%	\$ -	\$ -	\$ 136,540	Note 1 and 9
Everfull Technology (Shenzhen) Co., Ltd.	Production and operation of power cables electronic, wires, electronic wiring and the design and development of power cables electronic, wires, and electronic wiring related products	193,473	Through investing in an existing company in the third area, which then invested in the investee subsidiaries in Mainland China	132,053	-	-	132,053	(1,351)	100%	(1,351)	-	-	Note 2, 5, 7 and 9
Everfull Electronic (Dongguan) Co., Ltd.	Production and sales of wiring, cables, plastic accessories and electronic accessories	-	Through investing in an existing company in the third area, which then invested in the investee subsidiaries in Mainland China	-	-	-	-	(1,320)	100%	(1,320)	-	-	Note 2, 7, 9 and 11

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Amount remitted from Taiwan to Mainland China / Amount remitted back to Taiwan for the year ended			Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Net income of investee for the year ended December 31, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2022	Book value of investments in Mainland China as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022	Footnote
				Remitted to Mainland China	Remitted back to Taiwan	December 31, 2022								
Everfull Technology (Huizhou) Co., Ltd.	Production and sales of electronic wiring, cables, plastic accessories and electronic accessories	639,363	Through investing in an existing company in the third area, which then invested in the investee subsidiaries in Mainland China	293,225	-	-	293,225	(68,170)	100%	(97,320)	506,370	-	Note 2, 6 and 9	
Everfull Development (Huizhou) Co., Ltd.	Operating various business management services	220,470	Through investing in an existing company in the third area, which then invested in the investee subsidiaries in Mainland China	-	-	-	-	289	100%	289	208,859	-	Note 2, 8 and 9	
Longwell Technology (Suzhou) Co., Ltd.	Manufacture and sales of communication and information peripheral products	337,810	Through investing in an existing company in the third area, which then invested in the investee in Mainland China	152,015	-	-	152,015	30,101	45%	13,545	180,528	-	Note 3 and 10	
Brightman Optoelectronics (Yangzhou) Co., Limited	Engaged in the development and production of display materials and electronic special materials	-	Through investing in an existing company in the third area, which then invested in the investee in Mainland China	61,420	-	-	61,420	-	12.12%	-	-	-	Note 4	

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 12)
Taiwan Line Tek Electronic Co., Ltd.	\$ 746,438	\$ 2,181,884	\$ -

Note 1: Reinvested through a subsidiary of Line Tek International Co., Ltd., Hong Yi Investment Co., Ltd., and Line Tek International Co., Ltd. was an indirectly wholly-owned subsidiary of the Company in the third area. The company was liquidated on January 28, 2022.

Note 2: Reinvested through a directly wholly-owned subsidiary of the Company in the third area, Everfull Electronic Co., Limited.

Note 3: Reinvested through the investee company, Skillful Limited, which indirectly holds 45% of the shares in the third region.

Note 4: Reinvested through investee company, BRIGHTMAN OPTOELECTRONICS (Cayman) CO., LTD., which indirectly holds 12.12% of the shares in the third region. The investee was recognised in financial assets measured at fair value through other comprehensive income. This year, many debts were insolvent due to the suspension of production and business due to poor management. The company has obtained a bankruptcy ruling from the court and the liquidation process is in progress.

Note 5: The amount of paid-in capital, of which USD 2,000 thousand was invested by Everfull Electronic Co., Limited with its own funds. This case was approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) Order No. Jing-Shen-II-Zi No 10100445330 of November 1, 2012.

Note 6: The amount of paid-in capital, of which RMB 98,500 thousand was invested by Everfull Electronic Co., Limited with its own funds. This case has been approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) No. Jing-Shen-II-Zi No 10300121460 of June 6, 2014, No. Jing-Shen-II-Zi No 10400236950 of September 24, 2015, No. Jing-Shen-II-Zi No 10400330760 of December 28, 2015, No. Jing-Shen-II-Zi No 10600201420 of September 6, 2017 and No. Jing-Shen-II-Zi No 10600243300 of October 16, 2017.

Note 7: In 1999 and 1998, through the reinvestment of Everfull Electronic Co., Limited, the Company rented factories in Shenzhen City and Dongguan City, Guangdong Province in mainland China, and invested the business in the way of processing with imported materials. The processing factory was not a legal entity and the manufacturing plant affiliated to Everfull Electronic Co., Limited. The main business items are engaged in the production and sales of electronic wiring sets, signal connection cables, and power cable sets. However, the processing plant has been transformed into a sole proprietorship with a legal entity in 2013 and 2011, respectively. The accumulated investment amount remitted out is \$62,887.

Note 8: The establishment of Everfull Huizhou (Development) Co., Ltd. by spin-off of Everfull Technology (Huizhou) Co., Ltd. was approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) No. Jing-Shen-II-Zi No 11000081680 of April 12, 2021, and the capital verification procedure was completed on July 13, 2021.

Note 9: It was recognised based on the company's financial report reviewed by independent accountant.

Note 10: It was recognised based on the company's financial report not reviewed by independent accountant.

Note 11: Everfull Electronic (Dongguan) Co., Ltd. completed the liquidation in April 2022.

Note 12: According to the newly amended 'Regulations Governing the Permission of Investment or Technical Cooperation in Mainland Area' on August 29, 2008, since the Company has obtained the certification documents issued by Industrial Development Bureau, Ministry of Economic Affairs that conform to the operation scope of the operation headquarters, it is not necessary to set the investment limit.

Taiwan Line Tek Electronic Co., Ltd. and Subsidiaries
 Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas
 Year ended December 31, 2022

Table 10 Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing				
	Amount	%	Amount	%	Balance at December 31, 2022	%	Balance at December 31, 2022	Purpose	Maximum balance during the year ended December 31, 2022	Balance at December 31, 2022	Interest rate	Interest during the year ended December 31, 2022	Others
Everfull Technology (Huizhou) Co., Ltd.	(\$ 2,327,537)	100%	\$ -	-	\$ -	-	\$ 450,373	Working capital needs	\$ 675,620	\$ 675,620	1% to 1.2% annual interest; interest is calculated monthly	\$ 6,161	
Everfull Technology (Huizhou) Co., Ltd.	-	-	-	-	-	-	-	-	85,101	-	1.11% annual interest; interest is calculated monthly	676	Note 1
Everfull Technology (Huizhou) Co., Ltd.	-	-	-	-	-	-	-	-	88,188	-	No interest	-	Note 2
Everfull Development (Huizhou) Co., Ltd.	-	-	-	-	-	-	264,564	Working capital needs	-	-	-	-	Note 2

Note 1 : Transaction through a directly wholly-owned subsidiary of the Company in the third area, Everfull Electronic Co., Limited. reinvesting in Mainland subsidiary, Everfull Technology (Shenzhen) Co., Ltd..

Note 2 : Transaction through a directly wholly-owned subsidiary of the Company in the third area, Everfull Electronic Co., Limited.

Taiwan Line Tek Electronic Co., Ltd. and Subsidiaries

Major shareholders information

December 31, 2022

Table 11

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
Longwell Company	40,871,798	28.79%

VI. If the Company or its affiliates have experienced financial difficulties in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, the annual report shall explain how said difficulties will affect the Company's financial situation.

7. A review and analysis of the Company's financial position and financial performance, and a listing of risks:

I. Analysis of the Company's financial position

Unit:(NTD) thousand dollars

Item \ Year	2022	2021	Differences		The ratio analysis of changes(Note)
			Amount	%	
Current assets	2,921,497	3,863,135	(941,638)	(24.37%)	1
Property, plant and equipment	1,372,556	1,016,137	356,419	35.08%	2
Intangible assets	1,789	515	1,274	247.38%	
Other assets	629,216	640,373	(11,157)	(1.74%)	
Total assets	4,925,058	5,520,160	(595,102)	(10.78%)	
Current liabilities	1,988,888	2,714,925	(726,037)	(26.74%)	3
Non-current liabilities	252,211	234,873	17,338	7.38%	
Total liabilities	2,241,099	2,949,798	(708,699)	(24.03%)	3
Capital stock	1,419,346	1,419,346	-	-	
Capital surplus	273,176	271,963	1,213	0.45%	
Retained earnings	1,214,722	1,089,924	124,798	11.45%	
Cumulative translation adjustment	(125,805)	(127,769)	1,964	1.54%	
Unrealized gain or loss on financial instrument	(80,227)	(83,102)	2,875	3.46%	
Treasury stock	(38,139)	-	(38,139)	(100.00%)	4
Non-controlling interests	20,886	-	20,886	100.00%	5
Total equity	2,683,959	2,570,362	113,597	4.42%	

Note: If the percentage of variance ratio exceeds 20% and the amount exceeds NT\$10 million, it will be analyzed and explained.

Analysis of Variance: :

1. The decrease in current assets is due to the disposal of inventory and collection of accounts receivable in the current year.
2. The addition of property, plant, and equipment in the current year caused an increase.
3. The repayment of some short-term loans in the current year resulted in a decrease in current liabilities and total liabilities.
4. The Company executed a share buyback for the purpose of transferring shares to employees in the current year.
5. The subsidiary increased capital with cash in the current year, but the group did not subscribe according to its ownership percentage, resulting in an increase in non-

controlling interests.

II. Financial Performance

(1) Financial performance comparative analysis table.

Unit:(NTD) thousand dollars

Item \ Year	2022	2021	Increase/Decrease Amount	Change Ratio(%)	Change Analysis(No te)
Operating net revenue	4,788,065	4,926,026	(137,961)	(2.80%)	
Operating costs	4,381,675	4,621,587	(239,912)	(5.19%)	
Gross profit from operations	406,390	304,439	101,951	33.49%	1
Operating expenses	385,116	449,716	(64,600)	(14.36%)	
Operating profit	21,274	(145,277)	166,551	114.64%	1
Non-operating income	203,514	324,008	(120,494)	(37.19%)	2
Non-operating expenses	66,085	50,324	15,762	31.32%	3
Pre-Tax income	158,703	128,407	30,296	23.59%	1~3
Income tax benefit (expense)	50,291	(11,162)	61,453	550.56%	4
Profit (loss) from continuing operations for the current period	208,994	117,245	91,749	78.25%	1~4
After-tax net amount of other comprehensive income (loss)	5,804	(30,695)	36,499	118.91%	5
Total comprehensive income	214,798	86,550	128,248	148.18%	1~5
Profit, attributable to owners of parent	208,994	117,245	91,749	78.25%	
Comprehensive income, attributable to owners of parent	214,798	86,550	128,248	148.18%	

Note: If the percentage of increase or decrease exceeds 20% and the amount exceeds NT\$10 million, it should be analyzed and explained.

The ratio analysis of changes :

1. This year, there have been improvements in developing high-gross-margin customer groups, reducing costs, and closing processing plants to save operating costs, resulting in an increase in Gross profit from operations and operating profit.
 2. Last year, there was a disposal of financial assets - current assets measured at fair value through profit or loss, which resulted in higher non-operating income. This did not occur this year.
 3. The main reason for the decrease in non-operating expenses this year is due to the decrease in net foreign exchange losses.
 4. The Board of Directors decided not to remit the undistributed profits of overseas investment companies back, resulting in tax benefits this year.
 5. The unrealized fair value gains on financial assets measured at fair value through other comprehensive income increased, and the exchange difference resulting from the financial statements of foreign operating entities being translated into New Taiwan Dollars due to the depreciation of NTD resulted in a profit.
- (2) Expected sales quantity for the next fiscal year and the main factors influencing the Company's expectation of continuous growth or decline: The Company expects to sell approximately 170 million units of various power transmission cables, charging cables, and connecting cables in 2022. Looking ahead to 2023, in response to continued business expansion, development of new customers, and the growth of electric vehicle (EV) charging cables, the estimated sales quantity of various products is approximately 182 million units, reaching a stable sales trend.

III. Cash Flow Analysis

Unit:(NTD) thousand dollars

Beginning cash balance(1)	Full-year net cash flows from operating activities(2)	Full-year cash outflows from investing and financing activities(3)	Effect of exchange rate changes(4)	Remaining (deficient) cash amount: (1)+(2)+(3)+(4)	Remedial measures for expected cash shortfall	
					Investment planning	Financial planning
591,159	770,238	(878,150)	(6,931)	476,316	-	-
<p>(1) Analysis of the recent year's cash flow changes: Operating activities: The net cash inflow from operating activities was mainly due to the profitable operations in the current year. Investing activities: The net cash outflow from investing activities was mainly due to the acquisition of property, plant, and equipment. Financing activities: The net cash outflow from financing activities was mainly due to the repayment of borrowings.</p> <p>(2) Remedial measures for insufficient cash and liquidity analysis: None.</p> <p>(3) Analysis of cash flow liquidity in the future year: The Company's operations are stable, and with the growth in profitability, there should be no problem with the turnover of operating activities in the next year.</p>						

IV. The annual report shall describe the effect upon financial operations of any major capital expenditures during the most recent fiscal year.: None.

V. The annual report shall describe the Company's reinvestment policy for the most recent fiscal year, the main reasons for the profits/losses generated thereby, the plan for improving re-investment profitability, and investment plans for the coming year:

(1) The Company's reinvestment policy for the most recent fiscal year:

In the recent year, our company's main focus on investment has been in Vietnam. This is in line with our goal to expand our global market and meet the demands of our customers by establishing necessary manufacturing plants. We also consider factors such as future growth and operational needs when making investment decisions, and we closely monitor the operation status of our invested businesses.

(2) Main reasons for investment gains from re-investment: Refer to the table below.

The investment profit from the investment in the subsidiary business for this year was NTD 13.545 million.

Name of Investee Company	Company Nature	2022			Reasons for Profit or Loss	Improvement Plan
		Shareholding Ratio (%)	Share of net income recognized under equity method and share of profit/loss from joint ventures recognized during the period (NTD thousand dollars)	Ratio (%)		
SMART GUY LIMITED	Control company of the invested companies in Mainland China.	45.00	13,545	100.00	Due to stable operations and profitability	N/A
Total				100.00		

(3) Investment plan for the next year:

Our plan for the upcoming year is to invest in expanding the factories and equipment of our subsidiaries in Vietnam and mainland China.

VI. The section on risks shall analyze and assess the following matters during the most recent fiscal year and as they stood on the date of publication of the annual report:

(1) The effect upon the Company's profits (losses) of interest and exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future.:

1. Impact of recent year interest rate fluctuations on the Company's financial performance and future response measures:

The interest expense for the Company in 2022 was NTD 26.184 million, accounting for 0.55% of the annual operating revenue net amount. Interest rate fluctuations did not have a significant impact on the Company. The finance department regularly evaluates borrowing rates and maintains good relationships with banks to obtain more favorable borrowing rates.

2. Impact of recent year exchange rate fluctuations on the Company's financial performance and future response measures:

As the Company's products are mainly for export and most purchases are made from overseas, exchange rate fluctuations have a considerable impact on the Company's financial performance. In addition to natural hedging through exports and imports, the Company constantly consults bank analysis reports to respond to exchange rate changes and moderately undertake forward foreign exchange transactions as a hedging tool to reduce the impact of exchange rate fluctuations.

3. Impact of recent year inflation on the Company's financial performance and future response measures:

The Company maintains close and good interaction with suppliers and customers and constantly monitors inflation and market price changes to make appropriate adjustments to product prices and inventory quantities of raw materials. The Company strives to reduce costs together.

- (2) The Company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future.

1. In 2022, our company focused on our core business and did not engage in high-risk or high-leverage investments.
2. In 2022, our company engaged in derivative commodity trading for the purpose of hedging. This was mainly to mitigate the risk of foreign currency debt due to fluctuations in exchange rates and interest rates. Our hedging strategy aimed to mitigate most of the market price risks and was regularly evaluated. Due to exchange rate fluctuations, our company and its subsidiaries recognized exchange gains of approximately NT\$68.754 million.
3. In 2022, our company provided funding to our subsidiaries for their daily operational needs, in accordance with our company's "Management Regulations for Lending Funds to Others," and relevant information was disclosed in a timely and accurate manner.
4. In 2022, our company provided endorsements and guarantees to external parties primarily for our subsidiaries' bank financing needs, in accordance with our company's "Implementation Regulations for Endorsements and Guarantees," and relevant information was disclosed in a timely and accurate manner.

- (3) Research and development work to be carried out in the future, and further expenditures expected for research and development work.:

1. Connector/Cable Assemblies/Adapters

- (1) The Duck head product is widely used in 3C consumer electronics products and is developed in collaboration with terminal brand manufacturers. It has developed power cord sets for 29 countries around the world, including the US, EU, UK, CCC, AU, Korea, PSE, Saudi Arabia and the Gulf seven countries, Thailand, etc., and has obtained safety certifications. In 2022, the Company plans to obtain certification in Indonesia and apply for the Swiss IP55 plug function and certificates for projects in the US, Canada, Japan, China, Australia, UK, GCC, PSB, South Africa, Mexico, Colombia, and other countries to enhance the competitiveness of its products.
 - (2) Medical waterproof connectors and their specialized joints, as well as high-power industrial plugs, are also one of the key development areas and have obtained safety certifications.
 - (3) Our R&D team has developed high-end drone cable assemblies with a sleek SPI-A2 mirror finish and designed with features such as ultrasonic welding, no mold lines, fake wires, and super-fine adhesive points to meet customers' high-end appearance requirements.
2. Electric vehicle cables are used for direct current/alternating current charging of new energy vehicles. Currently, countries around the world are committed to developing new energy vehicles, and major power companies are also investing in the development of new energy electric vehicle

direct current and alternating current chargers. Relevant safety certification organizations include CQC, UL, TUV, and our company has already implemented the IATF16949 quality management system for the automotive industry and applied for certification, as well as CCC and EU certifications for electric vehicle cables. Our R&D team is actively developing aesthetically pleasing, ergonomic, portable, and fast-detachable EV cables that are IP65 waterproof and dustproof and meet safety certification requirements. In 2022, our technology has been upgraded to include IP67 waterproof and dustproof functions. The connector metal parts are made of copper alloy coated with silver, and the housing is made of engineering plastics. The product is fireproof and dustproof and can withstand more than 50,000 no-load plug-ins and withstand 500kg of weight testing, ensuring reliable performance. It is also designed with leakage protection, overvoltage protection, overload protection, overtemperature protection, and lightning protection, making charging quick and convenient. Currently, the GB plug is being produced in small quantities by well-known domestic and international manufacturers, and this year we will also expand to countries such as the US, Europe, the UK, Australia, and South Korea for joint development with customers.

3. The Type-C connector and cable assembly are widely used in 3C consumer electronics products, including the USB2.0, USB3.0, and USB3.1 Type-C series cables, for which our company has obtained USB association certification. In order to increase our products' competitiveness in the market, we will continue to develop twisted pair USB 3.1 Type-C To C Cable Assemblies. Currently, major laptop manufacturers are pursuing miniaturization, ultra-thin designs, and single interfaces, making it difficult for multi-functional use. Therefore, Type-C peripheral products have emerged, such as Type-C expansion interfaces, network cards, cables, card readers, USB drives, mice and keyboards, audio and video, and charging and transmission products to meet various user needs. In 2022, to meet industry trends, our DC cable has obtained TID 7093 USB4.0 as the main technology for enhancing transmission speed, which is twice as fast (40G) as the 3.1 (20G) version.

4. Automated production line planning:

Our company plans to invest approximately NT\$27.939 million in three semi-automatic and automatic production equipment improvement projects. The benefits are as follows:

(1) Saving manpower of 92 people (day/night shift).

(2) Compared with the number of workers, the number of various types of automatic machines is reduced by about 17% compared to traditional manual labor.

(3) The per capita output has increased from 400 pcs to 3,000 pcs.

(4) Working hours have been reduced from 99 seconds to 13.2 seconds (a decrease of 85.8 seconds).

(5) The investment in automation equipment is expected to be recovered within 12.5 months.

5. The Company plans to invest approximately NT\$81.262 million in research funds in the 2023 fiscal year. The actual investment in research funds in 2022 was NT\$64.153 million.

(4) Effect on the Company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response: None.

(5) Effect on the Company's financial operations of developments in science and technology (including cyber security risks) as well as industrial change, and measures to be taken in response: Our company has established a data backup mechanism for its information system architecture according to its risk level and sends backup media to different locations for storage. We have also strengthened various simulation tests and emergency response drills in the computer room. In addition, in order to ensure the smooth recovery of business operations as soon as possible in the event of damage to the information system, we conduct periodic tests of the system recovery plan and implement measures such as setting up backup network lines, using correct antivirus software, setting up secure firewalls, and implementing computer room access control to ensure the normal operation of the information system and data security.

(6) Effect on the Company's crisis management of changes in the Company's corporate image, and measures to be taken in response: Our company has adhered to a conservative business strategy for many years, providing high-quality and customer satisfaction services to expand related businesses

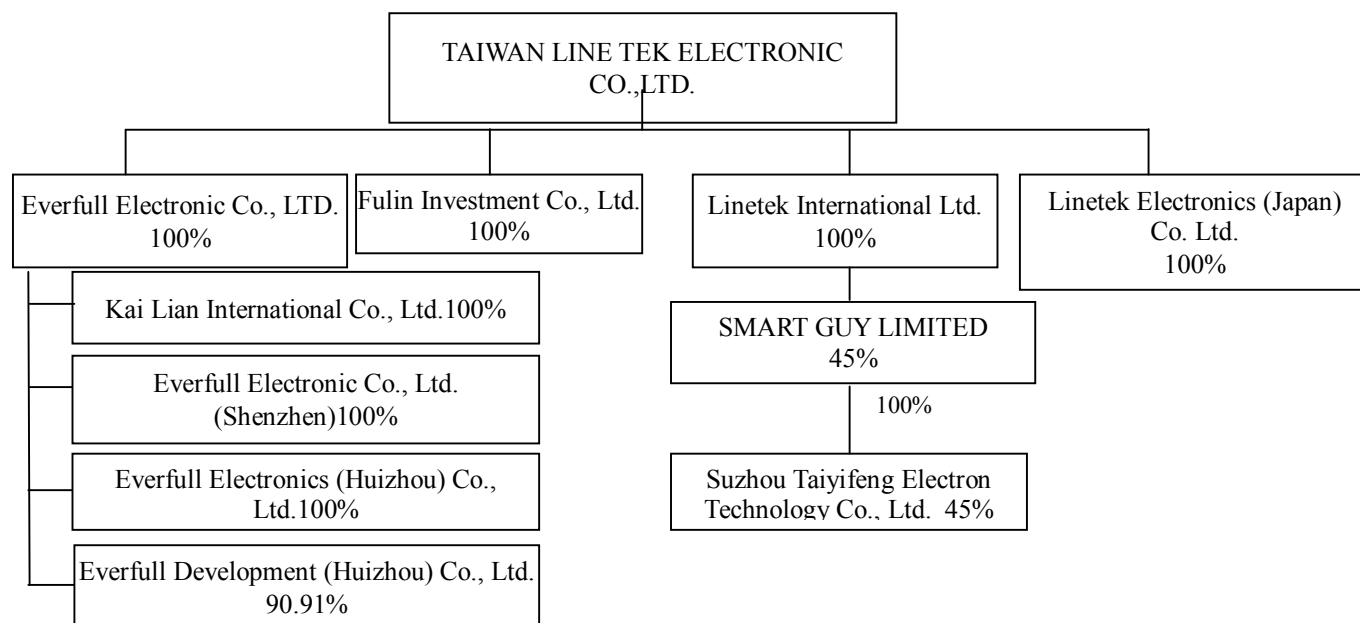
- and has had no unfavorable reports affecting the Company's image.
- (7) Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken: Not applicable
 - (8) Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken:
 - 1. The establishment of a new factory and acquisition of machinery and equipment in Vietnam by our company is aimed at improving the overall competitiveness of the group by taking advantage of the low production cost in the local area, and is a necessary preparation for expanding the global market in the United States and Europe, thus enhancing the overall business performance of the group.
 - 2. Potential risks and corresponding measures: The new factory of the subsidiary in Vietnam is established to serve customers nearby and reduce the impact of orders affected by the US-China trade war. The operation of the new factory in Vietnam is expected to be optimistic, and the biggest risk is production capacity. However, the relatively low cost of labor in the local area can be adjusted at any time, thus limiting the risks to the operation.
 - (9) Risks associated with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken:
 - 1. Purchasing: The Company's sources of procurement are reliable, and there is no risk associated with centralized purchasing.
 - 2. Sales: The Company conducts annual assessments of customer transaction creditworthiness based on risk, and conducts credit investigations of new and old customers through reputable credit reporting agencies or the Company's financial department to strengthen transaction risk management and stay informed of the financial status of trading partners. Currently, the top three customers in the main customer group account for about 65% of the Company's total revenue from sales. As they have a long-standing relationship, a close cooperative relationship, and a solid credit foundation, and other customers account for only 14.3% or less, this effectively reduces the risk of centralized sales.
 - (10) Effect upon and risk to the Company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10 percent stake in the Company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken.
 - (11) Effect upon and risk to company associated with any change in governance personnel or top management, and mitigation measures being or to be taken.: As of the publication date of the annual report, there was no such situation in the Company.
 - (12) Litigious and non-litigious matters. List major litigious, non-litigious or administrative disputes that: (1) involve the Company and/or any company director, any company supervisor, the general manager, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10 percent, and/or any company or companies controlled by the Company; and (2) have been concluded by means of a final and unappealable judgment, or are still under litigation. Where such a dispute could materially affect shareholders' equity or the prices of the Company's securities, the annual report shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the date of publication of the annual report: None.
 - (13) Other important risks, and mitigation measures being or to be taken: None.

VII. Other important matters: None.

8. Special items to be included

1. Information related to the Company's affiliates

(1) Taiwan Line Tek Electronic Co., Ltd. related party investment structure diagram: (12/31/2022)



1、Basic information of each related company:

12/31/2022

Company Name	Date of Incorporation	Address	Paid-in capital	Main business or production items
Fulin Investment Consulting Co., Ltd	12/17/1998	2F, No. 1, Ln. 270, Sec. 3, Beishen Rd., Shenkeng Dist., New Taipei City 222401, Taiwan (R.O.C.)	NTD 1 million	Engagement in various investment businesses
Everfull Electric Co. Ltd.	03/22/1991	Room 1905, 19th floor, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Sheung Wan, Hong Kong	USD 19.05 million	Production and sales of electronic wiring harnesses, signal connection wires, and power cord sets.
Kai Lian International Co., Ltd.	10/15/1998	Room 1905, 19th floor, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Sheung Wan, Hong Kong	HKD 600,000	Real estate leasing.
Linetek International Ltd.	12/03/2002	Offshore Chambers,P.O.Box 217, Apia, Samoa.	USD 11.1 million	Engagement in various investment businesses
Linetek Electronics (Japan) Co. Ltd.	03/25/2003	3-16-22, TSUKUDA, NISHIYODOGAWA-KU OSAKA	JPY 10 million	Sales and trading of power cord sets.
Everfull Electronic Co., Ltd. (Shenzhen) (Note)	03/30/2005	No. 120, Guanlan Avenue, Sihe Community, Guanlan District, Long Walsin District, Shenzhen City, Guangdong Province	USD 6.3 million	Produce, research, design, manufacture, and sell PVC pellets, copper wire, power cords, electrical wires, and electronic wires.
Everfull Electronics (Huizhou) Co., Ltd.	12/20/2013	No.2, Yi Fu Wan Road, Xiao Peng Gang Village, Long Xi Town, Bo Luo County, Hui Zhou City, Guang Dong Province, China.	RMB 186.45 million	Produce, research, design, manufacture, and sell PVC pellets, copper wire, power cords, electrical wires, and electronic wires.
Everfull Development (Huizhou) Co., Ltd.	03/30/2021	Chenwu Group Village Borderland Xiao Peng Gang Village, Long Xi Town, Bo Luo County, Hui Zhou City, Guang Dong Province, China.	RMB 50 million	Engaged in various corporate management services.

Note 1: "Everfull Electronic Co., Ltd. (Shenzhen) merged with Everfull Electronics (Huizhou) Co., Ltd., with Everfull Electronics (Huizhou) Co., Ltd. as the surviving company, and the relevant procedures are being processed."

2、Overall business description of related enterprises:

The main business is manufacturing, processing, and trading various computer system power transmission wire sets, electrical power transmission wire sets, information peripheral products signal connection wire sets, and communication system high-efficiency connection wire sets.

3、Directors, supervisors, and general managers of each related company:

12/31/2022 Unit: share : %

Company Name	Title	Name or Representative	Shareholding	
			Number of shares	Shareholding percentage
Fulin Investment Consulting Co., Ltd	Director	Taiwan Line Tek Electronic Co., Ltd. Representative: CHEN, LONG-SHUI、XIE, GUO-XIONG、XIE, YUAN-FENG	100,000	100%
Everfull Electric Co. Ltd.	Director	Taiwan Line Tek Electronic Co., Ltd. Representative: CHEN, LONG-SHUI、CHEN, ZHI-MING	12,500,001	100%
Kai Lian International Co., Ltd.	Director	Everfull Electric Co. Ltd. Representative: CHEN, LONG-SHUI、CHEN, ZHI-MING	600,000	100%
Linetek International Ltd.	Director	Taiwan Line Tek Electronic Co., Ltd. Representative: CHEN, LONG-SHUI	-	100%
LONGWELL JAPAN CO., LTD.	Director Supervisor	Taiwan Line Tek Electronic Co., Ltd. Representative: XIE, GUO-XIONG、CHEN, ZHI-MING、GAO, DI-JIAN Representative: JIANG, WEN-YU	200	100%
Everfull Electronic Co., Ltd. (Shenzhen)	Director	Everfull Electric Co. Ltd. Representative: XIE, GUO-XIONG、CHEN, LONG-SHUI、TAN, RUI-ZHEN		100%
Everfull Electronics (Huizhou) Co., Ltd.	Director Supervisor	Everfull Electric Co. Ltd. Representative: XIE, GUO-XIONG、CHEN, LONG-SHUI、XIE, YUAN-FENG Representative: JIANG, WEN-YU	-	100%
Everfull Development (Huizhou) Co., Ltd.	Director Supervisor	Everfull Electric Co. Ltd. Representative: CHEN, LONG-SHUI、XIE, GUO-XIONG、CHEN, ZHI-MING Representative: JIANG, WEN-YU	-	100%

4、Operating status of each affiliated company:

Date: As of December 31, 2022.

Unit: All except "Earnings per share" are in thousand dollars (NTD)

Company Name	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating income/profit	Net income/loss for the period after tax	Earnings per share (NTD)(after tax)
Fulin Investment Consulting Co., Ltd	1,000	1,646	101	1,545	-	(145)	(34,062)	(340.62)
Everfull Electric Co. Ltd.	631,087	1,049,230	7,151	1,042,079	48,077	(6,886)	(59,193)	-
Kai Lian International Co., Ltd.	2,365	79,359	95	79,264	-	(3,060)	8,468	-
Linetek International Ltd.	189,095	180,805	0	180,805	-	-	53,359	-
LONGWELL JAPAN CO., LTD.	2,853	10,308	8,550	1,757	43,683	(9)	15	-
Everfull Electronic Co., Ltd. (Shenzhen)	193,473	-	-	-	(1)	(2,474)	(1,351)	-
Everfull Electronics (Huizhou) Co., Ltd.	639,363	2,517,026	1,987,425	529,600	4,630,879	38,492	(68,170)	-
Everfull Development (Huizhou) Co., Ltd.	220,470	658,487	428,738	229,748	-	135	289	-

Note 1: The exchange rates as of December 31, 2022 were USD 1 = NTD 30.71, HKD 1 = NTD 3.938, JPY 1 = NTD 0.2324, RMB 1 = NTD 4.4094. The exchange rates for 2022 were USD 1 = NTD 29.80444, HKD 1 = NTD 3.80554, JPY 1 = NTD 0.22746, RMB 1 = NTD 4.4346.

Note 2: Everfull Electronic Co., Ltd. (Shenzhen) has merged with Everfull Electronics (Huizhou) Co., Ltd., with Everfull Electronics (Huizhou) Co., Ltd. as the surviving company, and relevant procedures are being processed.

5、Endorsement guarantee funds provided to others and engage in derivative commodity trading information related to related parties:

(1) Loaning funds to others

12/31/2022 Unit:(NTD) thousand dollars

Lending Company	Lending Counterparty	Business Relationship	Related Party	Maximum Amount in this Period	Ending Balance	Actual Disbursement Amount	Interest Rate Range	Nature of Funds Lending	Business Transaction Amount (Note 5)	Reason for Short-term Capital Needs	Provision for Bad Debt Amount	Collateral		Lending Limit for Individual Counterparty (Note 1、Note 2)	Total Lending Limit (Note 1、Note 2)	Note
												Name	Value			
Taiwan Line Tek Electronic Co., Ltd.	Everfull Electronics (Huizhou) Co., Ltd.	Other receivables from related parties.	Yes	\$ 552,780	\$ 552,780	\$552,780	Annual interest rate of 1.2% with monthly interest calculation.	Business transactions	\$2,406,546	-	\$ -	None	-	\$1,065,229	\$ 1,065,229	Note 7
	Everfull Electronics (Huizhou) Co., Ltd.	Other receivables from related parties.	Yes	122,840	122,840	122,840	Annual interest rate of 1% with monthly interest calculation.	Short-term liquidity needs.	-	Note 4	-	None	-	266,307	1,065,229	Note 7
Everfull Electronic Co., LTD.	Everfull Electronics (Huizhou) Co., Ltd.	Other receivables from related parties.	Yes	88,188	-	-	Not accrued interest.	Short-term liquidity needs.	-	Note 5	-	None	-	1,018,855	1,018,855	Note 8
Everfull Electronic Co., Ltd. (Shenzhen)	Everfull Electronics (Huizhou) Co., Ltd.	Other receivables from related parties.	Yes	85,101	-	-	Annual interest rate of 1.11% with monthly interest calculation.	Short-term liquidity needs.	-	Note 4	-	None	-	-	-	Note 9
Fulin Investment Consulting Co., Ltd	Taiwan Line Tek Electronic Co., Ltd.	Other receivables from related parties.	Yes	100,000	-	-	Annual interest rate of 0.13% with monthly interest calculation.	Short-term liquidity needs.	-	Note 6	-	None	-	618	618	Note 10

Note 1: For companies that need short-term working capital, the individual loan amount shall not exceed 10% of the net worth of this company. For companies that need funds for business transactions, the individual loan amount shall not exceed the amount of business transactions between both parties.

The total amount of funds lent by this company, except for transactions between foreign companies that directly or indirectly hold 100% voting shares of this company, shall not exceed 40% of the net worth of the lending company based on its most recent financial statement.

Note 2: Everfull Electric Co. Ltd., Suzhou Feng Mao Technology Co., Ltd., and Everfull Electronic Co., Ltd. (Shenzhen) may provide individual loans to foreign companies that are ultimately held by the parent company and need short-term working capital due to business needs. The total amount of funds lent shall not exceed the net worth of the lending company based on its most recent financial statement.

Note 3: Fulin Investment Co., Ltd. may provide individual loans to companies that need short-term working capital, and the loan amount shall not exceed 40% of this company's net worth. The total amount of funds lent shall not exceed 40% of this company's net worth.

Note 4: The funds lent to Everfull Electronics (Huizhou) Co., Ltd. are for its operational turnover.

Note 5: The funds lent to Everfull Electronics (Huizhou) Co., Ltd. are for the construction of its factory.

Note 6: The funds lent to Taiwan Line Tek Electronic Co., Ltd. are for its operational turnover.

Note 7: The approved loan amount for Everfull Electronics (Huizhou) Co., Ltd. by this company is USD 22,000, and the actual disbursement amount at the end of the period is USD 22,000.

Note 8: The approved loan amount by Everfull Electric Co. Ltd. for Everfull Electronics (Huizhou) Co., Ltd. is RMB 20,000, and both the approved loan amount and actual disbursement amount at the end of the period are RMB 0.

Note 9: Everfull Electronic Co., Ltd. (Shenzhen) approved a loan amount of RMB 19,300 for Everfull Electronics (Huizhou) Co., Ltd., and the actual disbursement amount at the end of the period is RMB 0. Everfull Electronics (Huizhou) Co., Ltd. was merged and dissolved in December 2022, and relevant procedures are being processed.

Note 10: Fulin Investment Consulting Co., Ltd. approved a loan amount of NTD 100,000 for Taiwan Line Tek Electronic Co., Ltd., and both the approved loan amount and actual disbursement amount at the end of the period are NTD 0.

(2) Guaranteeing for others

Unit:(NTD) thousand dollars
Date:12/31/2022

Name of the endorsing guarantor company	Beneficiary of the endorsement guarantee		Limit of endorsement guarantee to a single enterprise (Note 1、Note 2)	Maximum endorsement guarantee balance for the period	Endorsement guarantee balance at the end of the period	Actual amount disbursed	Endorsement guarantee amount secured by collateral	Ratio of accumulated endorsement guarantee amount to the most recent period's net worth	Maximum endorsement guarantee limit (Note 1、Note 2)	Guarantees from the parent company to subsidiaries	Guarantees from subsidiaries to the parent company	Guarantees to enterprises in Mainland China	Note
	Company Name	Relationship											
The Company	Everfull Electronics (Huizhou) Co., Ltd.	Sub-subsidiary company of the Company	\$ 798,922	\$ 715,551	\$ 450,373	\$ 230,365	\$ -	16.91%	1,331,537	Yes	No	Yes	Note 3
The Company	Everfull Electronics (Huizhou) Co., Ltd.	Sub-subsidiary company of the Company	305,657	264,564	264,564	135,898	-	25.97%	509,428	Yes	No	Yes	Note 4

Note 1: The total amount of endorsement and guarantee provided by the Company to its subsidiaries shall not exceed 50% of the Company's latest financial report net worth. The endorsement and guarantee limit for a single enterprise shall not exceed 20% of the Company's latest financial report net worth. For the direct and indirect wholly-owned subsidiaries holding 100% voting rights, the endorsement and guarantee limit for a single enterprise shall not exceed 30% of the Company's latest financial report net worth. For endorsement and guarantee provided due to business dealings, the limit shall not exceed the total amount of transactions with the Company in the latest fiscal year.

Note 2: Everfull Electric Co. Ltd.'s total amount of endorsement and guarantee shall not exceed 50% of its net worth, and the endorsement and guarantee limit for a single enterprise shall not exceed 30% of its net worth.

Note 3: The Company's endorsement and guarantee limit for Everfull Electronics (Huizhou) Co., Ltd. is USD 20,000 and RMB 102,000, as of December 31, 2022. Everfull Electronics (Huizhou) Co., Ltd. has actually used an endorsement and guarantee amount of USD 20,000 and RMB 52,105 as of that date.

Note 4: Everfull Electric Co. Ltd.'s endorsement and guarantee limit for Everfull Development (Huizhou) Co., Ltd. is RMB 60,000, as of December 31, 2022. Everfull Development (Huizhou) Co., Ltd. has actually used an endorsement and guarantee amount of RMB 30,820 as of that date.

(3) Engaged in derivative financial product trading:

The risk management work is carried out by the finance department of the Group in accordance with the policies approved by the Board of Directors. The finance department closely collaborates with various operational units within the Group to identify, evaluate and mitigate financial risks. The forward foreign exchange contracts signed with banks (selling US dollars and buying New Taiwan dollars and Chinese yuan) are used to hedge against the foreign exchange risk of export proceeds.

- (2) Consolidated financial statements of related companies: Please refer to the consolidated financial statements.
- (3) Related party report: Not applicable.
- 2. Private placement of securities during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None.
- 3. Holding or disposal of shares in the Company by the Company's subsidiaries during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None.
- 4. Other matters that require additional description: None.

- 9. If any of the situations listed in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the Company's securities, has occurred during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None.

Taiwan Line Tek Electronic Co., Ltd.

TAIWAN LINE TEK ELECTRONIC
CO.,LTD

The Company seals

Chairman: CHEN, LONG-SHUI

Printed date: April 30, 2023