Stock Code：6205

CHANT SINCERE CO.,LTD.

2022
Annual Report

Notice to readers

This English version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English version and the Chinese version, the Chinese version shall prevail.

Enquiry on the annual report: http://mops.twse.com.tw

Published on May 8, 2023

1. Spokesperson and acting spokesperson

Spokesperson：Wei-Li Hsu

Title：Senior Administrative Manager

Phone：(02)8647-1251

E-mail：winning_hsu@coxoc.com.tw

Deputy Spokesperson：Chung-Ying Su

Title：Financial Manager

Phone：(02)8647-1251

E-mail：joan@coxoc.com.tw

2.The address, and telephone number of the Company's headquarters and factories

Headquarters：7F-2, No.188, Sec. 3, Datong Rd., Xizhi Dist., New Taipei City.

Phone：(02)8647-1251

Factory：3F-1, No.190, Sec. 3, Datong Rd., Xizhi Dist., New Taipei City.

Phone：(02)8647-1251

3 Stock transfer service

Name: Concord Securities Co., Ltd.

Address: B1F, No. 176, Sec. 1, Keelung Rd., Xinyi Dist., Taipei City

Phone: (02)8787-1888

Website: www.concords.com.tw

4. Certifying CPA of last-year financial statements

CPA: Wu, Wei-Hao and Cheng, Ya-Huei

CPA Firm: PricewaterhouseCoopers, Taiwan

Address: 27F,No. 333, Sec. 1, Keelung Rd., Xinyi Dist., Taipei City

Phone: (02)2729-6666

Website：www.pwc.tw

5. the name of any exchanges where the company's securities are traded offshore, and themethod by which to access information on said offshore securities: N/A。

6. Company website：http://www.coxoc.com.tw

Table of Contents

One. Report to Shareholders

Business Report

Ladies and gentlemen:

The 2022 operation results and overview of the 2023 business plan of Chant Sincere Co., Ltd. are reported as follows:

I. 2022 Operation Results

1. Business Plan Implementation Results:
   The consolidated revenue in 2022 was NT$1,873,163 thousand, an increase of 17% over that in 2021; the net profit after tax was NT$321,904thousand, an increase of 121% over that in 2021. the after tax earnings per share was NT$4.06.

Unit: NT$ thousand

Item	2022	2021	Growth Rate (%)
Operating revenue	1,873,163	1,599,466	17.11%
Gross profit	678,184	468,270	44.83%
Operating profit	324,805	172,137	88.69%
Non-operating income and expenses	80,372	8,900	803.06%
Net profit before tax	405,177	181,037	123.81%
Profit after tax	321,904	145,613	121.07%
Earnings per share (NT$)	4.06	2.02	100.99%

2. Budget implementation: The Company has not announced financial forecasts.
3. Revenues, expenses and profitability analysis:

Unit: NT$ thousand

Item		2022	2021
Net cash inflow from operating activities		271,951	61,408
Net cash inflow (outflow) from investment activities		(255,691)	36,374
Net cash inflow (outflow) from financing activities		(179,972)	(107,977)
Return on assets (%)		10.33	5.20
Return on equity (%)		13.52	7.01
As a percentage of paid-in capital	Operating profit	40.72	21.92
	Net profit before tax	50.79	23.05
Net profit margin (%)		17.19	9.10
After tax earnings per share (NT$)		4.06	2.02

The net cash inflow from operating activities in 2022 was NT$271,951thousand, a increase of NT$210,543 thousand compared with that in 2021, mainly due to the increase in revenue growth and profit in 2022 . The net cash outflow from investment activities was NT$255,691 thousand, mainly due to the acquisition of property, plant and equipment and financial assets. The net cash outflow from financing activities was NT$179,972 thousand, mainly due to the distribution of cash dividends of NT$158,712 thousand. The rest of the profitability-related indicators are all better than 2021.

4. Research and Development Overview:

(1) Research and development expenses in the last three years:

Unit: NT$ thousand

Item	2022	2021	2020
Research and development expenses	45,823	41,201	42,130
Net operating revenue	1,873,163	1,599,466	1,334,922
% of operating revenue	2.45	2.58	3.16

(2) Short-term plan:

A. Actively improve R&D technologies, including Connector, Cable, Adapter, Dongle and Reader.

B. Research and develop high-speed and high-frequency transmission related connector products.

C. Research and develop waterproof connectors (USB series, M8, M12, FAKRA, Mini FAKRA and automotive ethernet)

D. Research and develop servers, switches, storage devices and various industrial connectors (Mini SAS, Slim SAS, OCulink, PCIE, U.2, SFPDD, QSFP DD and HS BTB).

E. Research and develop various automotive connectors (USB series, Type-C, FAKRA, HSD, Automotive Ethernet, MINI FAKRA, CM50 (automotive ethernet) and power connectors).

(3) Long-term plan:

A. Products: The four major axes of ADAS, Cloud Center, AR/VR and AIOT/IPC.

B. Technology:

(a) Improve structural design and high-frequency simulation capabilities.

(b) Purchase additional reliability equipment to strengthen verification capabilities.

(c) Continuously improve automation equipment.

(d) Product automatic detection capability.

II. 2023 Business Plan Overview and Prospect

1. Operating Guidelines

(1) Continuously develop the four major axes of ADAS, Cloud Center, AR/VR and AIOT/IPC.

(2) Actively enhance the technical capabilities of the R&D team and strengthen the Company’s core competitiveness.

(3) Expand the application of automated production equipment and smart factory management systems to improve production management efficiency and customer satisfaction.

2. Sales Volume Forecast and the Basis

The Company has not announced financial forecasts, so it does not explain the expected sales figures and their basis.

3. Key Production/Sales Policies

(1) Pay attention to product trends in the market, and deepen product development in industries, such as automobiles, Netcoms and industrial control.
(2) Mainly rely on order-based production, with a moderate amount of safety stock to improve operating efficiency.
(3) Actively develop outsourced manufacturers and strengthen supplier management, and improve automated production to reduce production costs.

III. Strategies of Future Development

1. Products: Continuously deploy the four major axes of ADAS, Cloud Center, AR/VR and AIOT/IPC.
2. R&D: The four major axes of ADAS, Cloud Center, AR/VR and AIOT/IPC.
   (a) Improve structural design and high-frequency simulation capabilities.
   (b) Purchase additional reliability equipment to strengthen verification capabilities.
   (c) Continuously improve automation equipment.
   (d) Product automatic detection capability.
3. Production: Focus on introducing production automation and successively purchase high-end testing equipment for self-verification of high-speed and high-frequency products, and gradually move the main production back to Taiwan.

IV. Impact of external competition environment, legal environment and overall business environment

The recent international economic situation is affected by the geopolitical conflict between Ukraine and Russia which increases the uncertainty in the supply of commodities, and worsens inflation; on the other hand, in order to reduce the CPI index, the United States adopts the policy of raising interest rates, which has further weakened the overall demand for electronic products, and the global manufacturing supply chain has also been seriously affected. The biggest challenge for the Company in 2023 is to think about how to reduce inventory, and the sales is expected to start growing quarter by quarter in the third quarter.

In recent years, the Company has actively carried out transformation, re-arranged and formulated strategies in the field of product technology and application, and developed towards high-end technologies of automobiles, industrial control, Netcom, optical fibers and waterproof connectors (wires), and has successfully entered the supply chain of major automobile manufacturers. The Company also obtained eight VDA6.3 certifications, becoming the leader of Taiwanese manufacturers of automotive signal transmission connectors and connecting harnesses. In addition, the revenue ratio of the series of products in industrial computers and Netcom applications has increased year by year, and the overall sales mix has gradually developed towards high-margin products. The Company has formulated relevant procedures and operations for legal compliance to further deepen the effect of the Company’s legal compliance in order to achieve risk control; the Company is also committed to corporate governance and sustainable operation, so as to generate good returns for shareholders.

Chairman:	Manager:	Accounting Supervisor:
Lien-Hsi Wu	Lien-Hsi Wu	Mei-Hui Liao

Two. Company Profile

I. Date of establishment: April 24, 1986

II. Company history

April 1986	The Company was formally established with a capital of NT$25,000 thousand, with the initial focus on the production of D-SUB Connectors.
May 1992	Set up the Ruifang factory in Taiwan to produce connectors, power cords and computer extension cords.
August 1996	Passed ISO 9002 quality certification.
April 1997	Moved into Xizhi World Economic and Trade Building, established the CIS corporate identification system, adopted the new trademark, and established the corporate operation headquarters.
June 1997	The SMEs Office of the Ministry of Economic Affairs provided special counseling to establish the Company’s management system.
June 1999	Expanded the Ruifang factory and set up the plastic injection/stamping department.
October 1999	Launched the RJ-45 series/Compact Flash Socket series products to fully develop the Japanese market.
February 2000	Invested in Coxoc Electronics Co., Ltd. with a 100% shareholding ratio and an actual investment amount of USD1,800 thousand, and reinvested in Shenzhen Yonglong Electronic Hardware Factory in mainland China to engage in processing and manufacturing of supplied materials.
July 2000	Set up the automation department.
July 2000	Approved by the Securities and Futures Commission (SFC) for public offering.
July 2001	Passed ISO 9001 quality certification.
October 2001	Won the 10th SMEA Award and the 4th Little Giant Award by the Ministry of Economic Affairs.
November 2001	Set up Chant Sincere Electronic Technology (Shenzhen) Co., Ltd. through indirect investment by Coxoc Electronics Co., Ltd. with a capital of USD640 thousand.
December 2001	Handled cash capital increase for NT$46,440 thousand, and the share capital accumulated to NT$300,000 thousand.
December 2001	Applied with the Gre Tai Securities Market (GTSM) for listing on the emerging market.
July 2002	Received the approval from the SFC for Listing on GSTSM.
July 2002	Handled NT$45,000 thousand capital increase from retained earnings, which increased the paid-in capital to NT$345,000 thousand.
December 2002	The Company’s stock was approved by GTSM to be traded on GTSM, and the stock code is 6205.
July 2003	Handled NT$40,000 thousand capital increase from retained earnings, which increased the paid-in capital to NT$385,000 thousand.
December 2003	Issued the Company’s first domestic unsecured convertible bonds for NT$200 million.
August 2004	Handled NT$74,250 thousand capital increase from retained earnings, which increased the paid-in capital to NT$459,250 thousand.
August 2005	Passed ISO 9001:2000 quality certification.
December 2005	Handled NT$26,963 thousand capital increase from retained earnings in September 2005, and completed the full conversion of the Company’s first domestic unsecured convertible bonds issued in December 2003; the paid-in capital increased to NT$552,583 thousand afterwards.
March 2006	Passed ISO 14001:2004 quality certification.
September 2006	Handled NT$122,047 thousand capital increase from retained earnings, which increased the paid-in capital to NT$674,630 thousand. Passed TL-9000 quality certification.

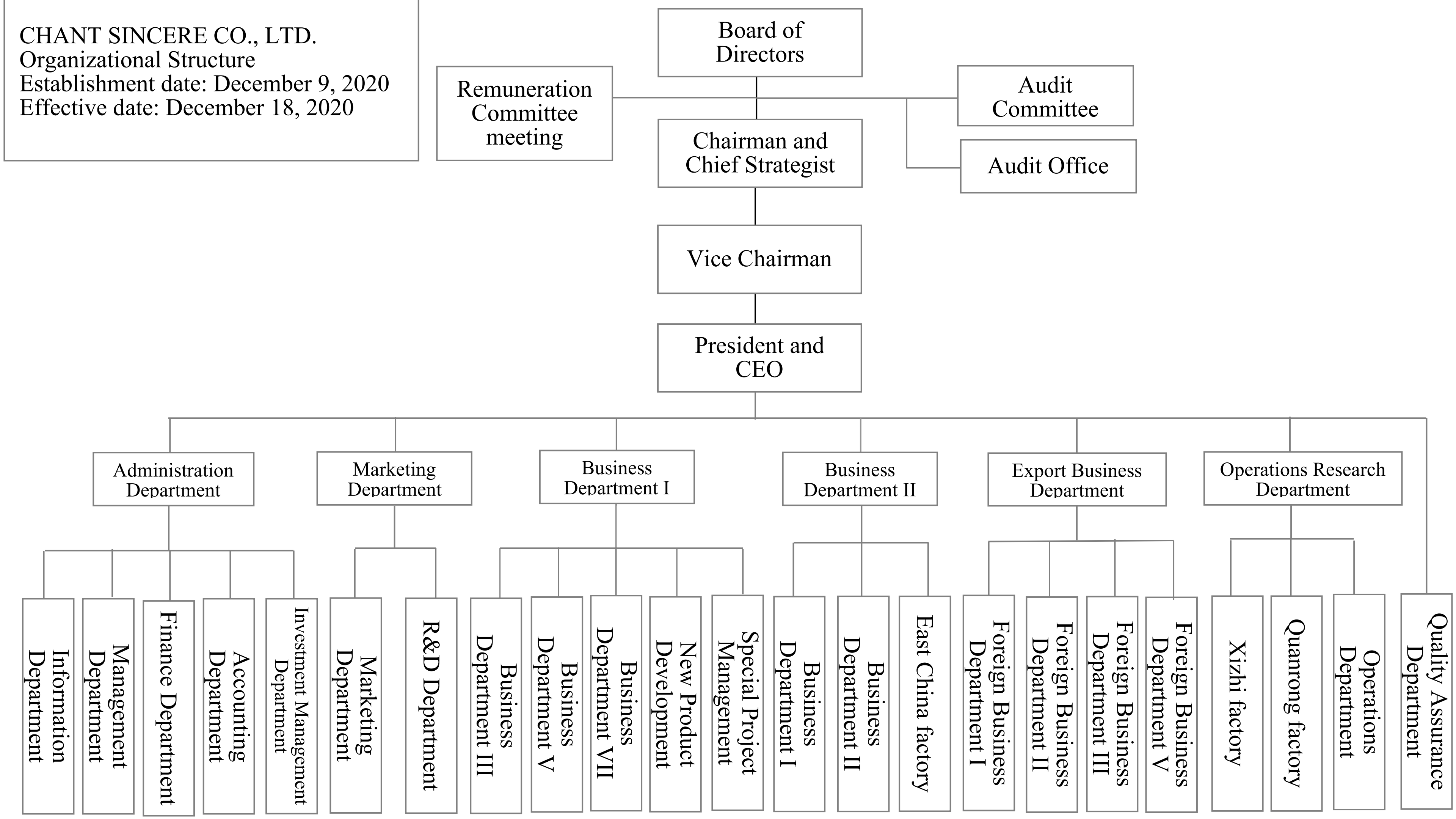
October 2006	Passed TS-16949 quality certification.
November 2006	Passed HDMI quality certification.
February 2007	Set up a special department for automata.
June 2007	Set up a mold center.
September 2007	Handled NT$45,731 thousand capital increase from retained earnings, which increased the paid-in capital to NT$720,361 thousand.
November 2007	Handled NT$79 thousand corporate bond conversion into common shares, which increased the paid-in capital to NT$720,440 thousand.
January 2008	The listing of the Company's stock changed from GTSM to TWSE.
September 2008	Handled NT$51,821 thousand capital increase from retained earnings, which increased the paid-in capital to NT$772,261 thousand.
July 2009	Certified by the Taiwan Corporate Governance Association.
November 2009	Ruifang factory moved to Xizhi headquarters.
November 2010	Passed the TIPS patent system certification.
January 2011	Handled NT$24,030 thousand capital decrease from treasury stock cancellation, which decreased the paid-in capital to NT$748,231 thousand.
January 2012	Handled NT$15,740 thousand capital decrease from treasury stock cancellation, which decreased the paid-in capital to NT$732,491 thousand.
July 2012	Handled NT$14,100 thousand capital decrease from treasury stock cancellation, which decreased the paid-in capital to NT$718,391 thousand.
May 2014	Passed ISO 13485:2003 quality certification.
June 2017	Passed the new ISO 13485 quality certification.
December 2017	Passed the new ISO 14001:2015 quality certification.
August 2018	Passed the new ISO 9001:2015 quality certification.
October 2018	Passed the new IATF 16949 quality certification.
November 2020	Issued the Company's third domestic unsecured convertible corporate bonds for NT$350 million.

Three. Corporate Governance Report

I. Company Structure

(I) Organizational structure

CHANT SINCERE CO., LTD.
Organizational Structure
Establishment date: December 9, 2020
Effective date: December 18, 2020



(II)Businesses of each major department

Department	Business
Audit Office	1. Establishment, revision and review of the Company's internal audit and internal control systems. 2. Tracking and auditing of the Company's management system and project implementation effectiveness.
Administration Department	1. Maintenance of the Company's ERP system and support for the needs of each unit. 2. Maintenance and management of the Company's computer hardware and equipment. 3. Maintenance and management of the Company's network information security. 4. Management of employee recruitment, attendance, insurance, salary, resignation and dismissal. 5. Employee raining, performance appraisal and planning and management of employee benefits. 6. Formulation, modification, issuance and control of various management measures and forms of the Company. 7. Procurement and management of fixed assets and equipment under general affairs. 8. Company capital management, funding arrangement and foreign exchange interest rate risk management. 9. Company accounting processing, accounting reports and budget preparation and analysis. 10. Company stock affair operations, convening of board meetings and shareholders' meetings, and the post-investment management of reinvestment businesses.
Marketing Department	1. Responsible for industry research and analysis, new product and new technology research and assessment, and the Company's overall marketing strategy. 2. Responsible for the research and assessment of new products and related technologies. 3. Product development and design of the Company's finished products such as receptacles and plugs. 4. Product development and design of the Company's finished products such as cables, dongles, readers and adapters. 5. Responsible for high frequency product simulation, measurement, jig board production and patent application. 6. Responsible for document management, drawing changes and revisions, production of approval letters, numbering of parts, etc.

Business Department I	1. Mainly to serve Netcom customers. 2. Responsible for the formulation and achievement of the Company's business goals, and supervising related businesses such as product sales and customer service. 3. Responsible for product market development, sales and customer service according to product and customer segmentation. 4. New customer development and expansion, and customer service and relationship maintenance. 5. Project management, inter-departmental communication, and training of internal technology and products for new development projects.
Business Department II	1. Mainly for the internal wires of computer peripherals. 2. Responsible for the formulation and achievement of the Company's business goals, and supervising related businesses such as product sales and customer service. 3. Responsible for product market development, sales and customer service according to product and customer segmentation. 4. New customer development and expansion, and customer service and relationship maintenance. 5. Project management, inter-departmental communication, and training of internal technology and products for new development projects.
Export Business Department	1. The main customers are European and American automotive wire manufacturers. 2. Responsible for the formulation and achievement of the Company's business goals, and supervising related businesses such as product sales and customer service. 3. Responsible for product market development, sales and customer service according to product and customer segmentation. 4. New customer development and expansion, and customer service and relationship maintenance. 5. Project management, inter-departmental communication, and training of internal technology and products for new development projects.
Operations Research Department	1. Responsible for the management of production, equipment, development, engineering materials and outsourcing quality, and formulating various implementation policies. 2. Responsible for production, inbound and outbound business management, production and sales, procurement operation planning, mastery of manufacturer status, supplier evaluation and performance assessment. 3. Process planning, improvement of production capacity and working hours, cost formulation and improvement of various operations. 4. Process quality anomaly analysis and formulation and implementation of improvement measures. 5. Development, integration and improvement of product automation equipment.
Quality Assurance Department	1. Maintenance, supervision and improvement of quality system process. 2. Quality system planning and process establishment. 3. Formulation of quality inspection specifications. 4. Product quality inspection and execution of function-related reliability tests. 5. Execution of supplier material quality verification, management and audit and assessment. 6. Customer complaint handling and coordination

II. Background information of directors, supervisors, managers, and heads of various departments and branches

(I) Directors

April 16, 2023

Position	Nationality or place of registration	Name	Gender Age	Date of Election (Take Office)	Term	Date first elected	Shareholding when elected		Current shareholding		Shareholding of spouse and underage children		Shares held by proxy		Main career (academic) achievements	Concurrent duties in the Company and other companies	Spouse or relatives of the second degree or closer acting as manager, director, or supervisor			Remarks
							Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage			Position	Name	Relation	
Chairman	The Republic of China	Lien-Hsi Wu	Male 61~70 years old	2020.06.16	3	1999.01.12	3,810,942	5.33%	4,005,942	5.01%	1,155,450	1.44%	0	0%	Education: Mechanical Engineering Department, Jui-Fang Industrial High School Experience: President, Chant Sincere Co., Ltd.	Chairman and President, Chant Sincere Co., Ltd. Director, Axmoo Investment Co., Ltd. Director,A&H Electronics Company(BVI)Ltd. Director, Chant Sincere Technology Co., Ltd. Director of Kunshan Chant Sincere Electronics Ltd. Director, Dongguan Quanrong Electronics Co., Ltd.	Vice Chairman	Ting-Ting Shih	Sister-in-law	Note 2
Directors	The Republic of China	Ting-Ting Shih	Female 61~70 years old	2020.06.16	3	2017.06.14	1,368,054	1.91%	1,368,054	1.71%	4,115,912	5.14%	0	0%	Education: Lukang Junior High School Experience: Special Assistant to the Chairman, Chant Sincere Co., Ltd.	Vice Chairman, Chant Sincere Co., Ltd. Chairman, Hsianghehsing Investment Co., Ltd. Director, Coxoc Electronics Co., Ltd.	Chairman	Lien-Hsi Wu	Brother-in-law	
Directors	The Republic of China	Wu-Hsiung Chen	Male 61~70 years old	2020.06.16	3	2008.06.13	1,122,194	1.57%	1,173,194	1.47%	483,648	0.60%	0	0%	Education: Union Vocational High School Experience: President, Yuheng Informaation Co., Ltd.	Vice President, Chant Sincere Co. Ltd. Director, Dongguan Quanrong Electronics Co., Ltd.	None	None	None	
Directors	The Republic of China	Chia-Hsiang Wu	Male 31~40 years old	2020.06.16	3	2012.06.12	1,437,041	2.01%	1,587,041	1.98%	0	0%	0	0%	Education: Master of Management, St. Leo University, Australia Experience: Special Assistant to the Chairman, Chant Sincere Co., Ltd.	Chairman, David Electronics Company Ltd. Direcotor, Hsianghehsing Investment Co., Ltd.	Vice Chairman	Ting-Ting Shih	Mother and son	

Position	Nationality or place of registration	Name	Gender Age	Date of Election (Take Office)	Term	Date first elected	Shareholding when elected		Current shareholding		Shareholding of spouse and underage children		Shares held by proxy		Main career (academic) achievements	Concurrent duties in the Company and other companies	Spouse or relatives of the second degree or closer acting as manager, director, or supervisor			Remarks
							Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage			Position	Name	Relation	
Directors	The Republic of China	Chun-Wei Wu	Male 31~40 years old	2021.07.28	3	2021.07.28	2,317,774	3.22%	2,317,774	2.90%	0	0%	0	0%	Education: Department of Mechanical Engineering, Datong University Experience: Manager, Marketing Department, Chant Sincere Co., Ltd.	Senior Manager, Marketing Department, Chant Sincere Co., Ltd. Direcotor, Min Chang Investment Co., Ltd.	Chairman	Lien-Hsi Wu	Father and son	
Independent director	The Republic of China	Ming-Lei Chang	Female 51~60 years old	2020.06.16	3	2014.06.20	0	0.00%	0	0.00%	0	0.00%	0	0%	Education: Ph.D. in Accounting, National Taiwan University Experience: Associate Professor, Accounting Group, School of Management, Yuan Ze University	Head of Accounting Department, School of Business, Chung Yuan Christian University Supervisor of Taiwan Cooperative Bank	None	None	None	
Independent director	ROC	Yin-Tien Wang	Male 61~70 years old	2020.06.16	3	2020.06.16	0	0.00%	0	0.00%	0	0.00%	0	0%	Education: PhD in Mechanical Engineering, University of Pennsylvania, USA Experience: Professor, Department of Mechanical and Mechatronic Engineering, Tamkang University	Professor and Head of the Department of Artificial Intelligence, Tamkang University Independent Director, Innodisk Corporation	None	None	None	
Independent director	ROC	Chang-Lin Chan	Male 51~60 years old	2022.06.15	3	2005.06.16 (Note 1)	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Education: PhD in Business Administration, Nation University of USA Experience: President, AIM (Samoa) Co., Ltd. Taiwan Branch Vice President, Guedeng Precision Industrial Co., Ltd.	President, Advanced Innovation Management Co., Ltd.	None	None	None	

Note 1: Mr. Chang-Lin Chan was first elected as the Company's independent director for a term from June 16, 2005 to June 15, 2008.

Note 2: Reasons, rationality, necessity and response measures for the chairman of the company to serve as the president:

The Chairman of the Company is also the President, because the Chairman is very familiar with the industry the company is in; in order to improve operational efficiency, decision making and execution to create a maximum value for the enterprise, there is still a need for the Chairman to concurrently serve as the President under the current circumstances. However, in order to implement corporate governance, the current response measures are as follows:

1. The Company has actively promoted the training system for key personnel.
2. The current independent directors have expertise in financial accounting, commercial and legal affairs and corporate business, and can effectively perform their supervisory functions.
3. Independent directors can fully discuss in the audit committee meeting and remuneration committee meeting and provide suggestions for the board of directors' reference.
4. In the 2023 shareholders' meeting, the Company plans to increase one independent director, and more than half of the directors will not be concurrent employees or managers.

1. Major Shareholders of corporate shareholders: None.

2. Disclosure of information on the professional qualifications of directors and the independence of independent directors:

Criteria / Name	Professional qualifications and experience	Independence status	Number of independent director positions of other public companies
Chairman Lien-Hsi Wu	With more than five years of experience required for the Company's business, one of the founders of the Company, and currently serving as the Chairman and President of the Company.	Not an independent director	None
Vice Chairman Ting-Ting Shih	With more than five years of experience required for the Company's business, one of the founders of the Company, and currently serving as the Vice Chairman of the Company.		None
Directors Wu-Hsiung Chen	With more than five years of experience required for the Company's business, and currently serving as the Vice President of the Company's Operations Research Department.		None
Directors Chia-Hsiang Wu	With more than five years of experience required for the Company's business, and currently serving as the Chairman of David Electronics Company Ltd.		None
Directors Chun-Wei Wu	With more than five years of experience required for the Company's business, and currently serving as the Senior Manager of the Company's Marketing Department.		None

Independent director Ming-Lei Chang	With more than five years of experience in finance or accounting and a CPA license. Current position: Dean, Accounting Department, Chung Yuan Christian University Experience: Associate Professor, Accounting Group, School of Management, Yuan Ze University	1. Not an employee of the Company or any of its affiliates. 2. Not a director or supervisor of the Company or any of its affiliates. 3. Not hold more than 1% of the total issued shares of the Company in his/her or his/her spouse's or minor children's or another person's name, or is not a top ten individual shareholder. 4. Not a manager in paragraph 1 or the spouse, second-tier relative or third-tier relative of the persons listed in paragraphs 2 and 3. 5. Not a director, supervisor or employee of a corporate shareholder which directly holds more than 5% of the total issued shares of the Company, or a top five shareholder, or which appoints him/her as its representative to serve as the Company's director or supervisor in accordance with Paragraph 1 or 2 of Article 27 of the Company Act. 6. Not a director, supervisor or employee of another company which has a seat on the board of directors, or more than half of its shares with voting rights are controlled by the same owner of the Company. 7. Not a director, supervisor or employee of another company or institution who is the same person or spouse as the Chairman, President or an equivalent position of the Company 8. Not a director, supervisor or manager of another company or institution which has financial or business dealings with the Company, or is a shareholder holding more than 5% of the shares of the Company 9. Not a professional, sole proprietor, partner, business owner or partner, or a director, supervisor, manager or the spouse of the above of a company or institution which provides audit services to the Company or its affiliated enterprises, or the cumulative remuneration amount of which in the past two years exceeds NT$500,000 for business, legal affairs, finance or accounting related services. 10. Not a spouse or relative of the second degree or closer to any other directors. 11. Not a government agency, a legal person or their representative as stipulated in Article 27 of the Company Act.	None
Independent director Yin-Tien Wang	With more than five years of experience required for the Company's business. Current position: Dean of the Department of Artificial Intelligence and Professor of the Department of Mechanical and Electrical Engineering, Tamkang University Experience: Professor and Dean, Department of Mechanical and Mechatronic Engineering, Tamkang University		1
Independent director Chang-Lin Chan	With more than five years of experience required for the Company's business. Current position: President, Advanced Innovation Management Co., Ltd. Experience: President, AIM (Samoa) Co., Ltd. Taiwan Branch Vice President, Guedeng Precision Industrial Co., Ltd.		None

Note 1: None of the directors have any of the circumstances in Article 30 of the Company Act.

3.Director diversity policy and independence:

(1) Board diversity:

In accordance with Article 20 of the "Code of Practice for Corporate Governance" of the Company, diversity shall be considered for the members of the board of directors, who shall have the knowledge, skills and literacy necessary for the performance of their duties. To achieve corporate governance goals, the overall board diversity policy is as follows:

A. Basic criteria and values: gender, age, nationality and culture, etc.

B. Professional knowledge and skills: The ability to make judgments about operations, accounting and financial analysis ability, business management ability, crisis management ability, industry knowledge, an international market perspective, leadership ability, and decision-making ability.

Specific management objectives and achievement of the diversity policy:

Objective management	Achievement status
At least one seat of female directors	Achieved
Diversified professional knowledge and skills	Achieved

Diversification item / Name		Nationality	Gender	Employee identity	Age				Professional background				Professional knowledge and skills:							
					31 to 40 years old	51 to 60 years old	61 to 70 years old	71 to 80 years old	Accounting	Finance	Industry	Technology	The ability to make judgments about operations.	Accounting and financial analysis ability.	Business management ability.	Crisis management ability.	Industry Knowledge	An international market perspective.	Leadership ability.	Decision-making ability
Directors	Lien-Hsi Wu	The Republic of China	Male	V			V				V	V	V		V	V	V	V	V	V
	Ting-TIng Shih		Female				V		V	V	V		V	V	V	V	V	V	V	V
	Wu-Hsiung Chen		Male	V			V				V	V	V		V	V	V	V	V	V
	Chia-Hsiang Wu		Male		V						V	V	V		V	V	V	V	V	V
	Chun-Wei Wu		Male	V	V						V	V	V		V	V	V	V	V	V
Independent directors	Ming-Lei Chang		Female			V			V	V			V	V	V	V		V	V	V
	Yin-Tien Wang		Male				V				V	V	V		V	V	V	V	V	V
	Chang-Lin Chan		Male			V					V	V	V		V	V	V	V	V	V

(2) Independence of the board of directors

Among the 8 directors of the Company, 3 independent directors account for approximately 37.5% and none of them have served more than 3 consecutive terms, and 3 directors with employee status, account for approximately 37.5%. As of the end of 2022, all independent directors met the relevant standards for independent directors, and more than half of the directors did not have a relationship of spouse and second-degree kinship relationship.

(II) Information of the President, Vice Presidents, senior managers, and heads of departments and branches

April 16, 2023

Position	Nationality	Name	Gender	Date of Election (Take Office)	Current shareholding		Shareholding of spouse and underage children		Shares held by proxy		Main career (academic) achievements	Concurrent positions in other companies	Spouse or relatives of the second degree or closer acting as managers			Remarks
					Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage			Position	Name	Relation	
President	The Republic of China	Lien-Hsi Wu	Male	1985.10.15	4,005,942	5.01%	1,155,450	1.44%	0	0%	Education: Mechanical Engineering Department, Jui-Fang Industrial High School Experience: President, Chant Sincere Co., Ltd.	Director, Axmoo Investment Co., Ltd. Director,A&H Electronics Company(BVI)Ltd. Director, Chant Sincere Technology Co., Ltd. Director of Kunshan Chant Sincere Electronics Ltd. Director, Dongguan Quanrong Electronics Co., Ltd.	None	None	None	Note 2
Vice President	The Republic of China	Wu-Hsiung Chen	Male	1992.08.01	1,173,194	1.47%	483,648	0.60%	0	0%	Education: Union Vocational High School Experience: President, Yuheng Informaation Co., Ltd.	Director, Dongguan Quanrong Electronics Co., Ltd.	None	None	None	
Vice President	The Republic of China	Dao-Ming Chen	Male	2019.01.01	0	0.00%	0	0%	0	0%	Education: Electronics Department of China Technical College Experience: Quality Assurance Manager and Business Manager, Chant Sincere Co., Ltd.	None	None	None	None	
Senior Administrative Manager	The Republic of China	Wei-Li Hsu	Female	2022.04.18	97,000	0.12%	0	0	0	0	Education: Institute of Accounting, Ming Chuan University Experience: Audit Manager, Chant Sincere Co. Ltd. Deputy Group Leader, Deloitte Taiwan	None	None	None	None	
Finance Department Manager	The Republic of China	Chung-Ying Su	Female	2009.05.01	40,447	0.05%	0	0%	0	0.00%	Education: National Taipei College of Business Experience: Group leader of Tsulien Manufacturing Inc.	None	None	None	None	
Manager, Accounting Departme	The Republic of China	Mei-Hui Liao	Female	2009.03.09	0	0%	0	0%	0	0.00%	Education: Applied Business Department, National Taipei College of Business	None	None	None	None	

nt											Experience: Accountant of Li Yan-Juan Accounting Firm					

Note 1: The number of shares held is as of April 16, 2023, and other information is as of the date of publication.

Note 2: Reasons, rationality, necessity and response measures for the Chairman of the Company to serve as the President:

The Chairman of the Company is also the President, because the Chairman is very familiar with the industry the company is in; in order to improve operational efficiency, decision making and execution to create a maximum value for the enterprise, there is still a need for the Chairman to concurrently serve as the President under the current circumstances. However, in order to implement corporate governance, the current response measures are as follows:

1. The Company has actively promoted the training system for key personnel.
2. The current independent directors have expertise in financial accounting, commercial and legal affairs and corporate business, and can effectively perform their supervisory functions.
3. Independent directors can fully discuss in the audit committee meeting and remuneration committee meeting and provide suggestions for the board of directors' reference.
4. In the 2023 shareholders' meeting, the Company plans to increase one independent director, and more than half of the directors will not be concurrent employees or managers.

(III) Compensation paid to directors, supervisors, the President, and vice presidents in the last year

1. Compensation of general directors and independent directors (a summary with the names and the corresponding tiers)

December 31, 2022; Unit: NT$ thousand

Position	Name (Note 1)	Directors' compensation								Sum of A, B, C, and D and as a percentage of net income after tax (Note 10)		Compensation received as an employee								Sum of A, B, C, D, E, F, and G and as a percentage of net income after tax (Note 10)		Compensation from reinvestments other than subsidiaries (Note 11)
		Compensations (A) (Note 2)		Pensions (B)		Remunerations for Director (C) (Note 3)		Fees for services rendered (D) (Note 4)				Salaries, bonuses, special allowances etc. (E) (Note 5)		Pensions (F)		Employee remuneration (G) (Note 6)						
																The Company		All companies included in the financial statements (Note 7)				
		The Company	All companies included in the financial statements (Note 7)	The Company	All companies included in the financial statements (Note 7)	The Company	All companies included in the financial statements (Note 7)	The Company	All companies included in the financial statements (Note 7)	The Company	All companies included in the financial statements (Note 7)	The Company	All companies included in the financial statements (Note 7)	The Company	All companies included in the financial statements (Note 7)	Amount paid in cash	Amount paid in shares	Amount paid in cash	Amount paid in shares	The Company	All companies included in the financial statements (Note 7)	
General directors	Lien-Hsi Wu																					
	Ting-TIng Shih																					
	Wu-Hsiung Chen	0	0	0	0	3,439	3,439	0	0	3,439 1.07%	3,439 1.07%	9,124	11,001	0	0	881	0	881	0	13,444 4.18%	15,321 4.76%	None
	Chia-Hsiang Wu																					
	Chun-Wei Wu																					
Independent director	Ming-Lei Chang																					
	Yin-Tien Wang	0	0	0	0	2,123	2,123	110	110	2,233 0.69%	2,233 0.69%	0	0	0	0	0	0	0	0	2,233 0.69%	2,233 0.69%	None
	Chang-Lin Chan																					

Note 1. Compensation received by the directors for providing service to any company included in the financial statements (e.g. consultancy service without the title of an employee) in the last year, except those disclosed in the above table: None.

Note 2. Please explain the policy, system, standards, and structure by which independent director compensation is paid and the association between the amount paid and independent directors' responsibilities, risks and time committed:

The remuneration of the independent directors of the Company is set aside in accordance with the relevant provisions of Article 20-1 of the Company's Articles of Association, and the remuneration ratio is calculated by the Remuneration Committee after considering the positions held by each director (general director or independent director), whether serving as a functional committee member, attendance rate at meetings and important contributions, and then submitted to the board meeting for resolution.

Remuneration Tier Table

Remuneration ranges paid to each director of the Company	Director's name			
	Total amount of the first four remunerations (A+B+C+D)		Total amount of the first seven remunerations (A+B+C+D+E+F+G)	
	The Company (Note 8)	All companies included in the financial statements (Note 9)	The Company (Note 8)	All companies included in the financial statements (Note 9)
Below NT$ 1,000,000	Independent director: Ming-Lei Chang, Yin-Tien Wang and Chang-Lin Chan General director: Ting-Ting Shih, Wu-Hsiung Chen, Chia-Hsiang Wu and Chun-Wei Wu	Independent director: Ming-Lei Chang, Yin-Tien Wang and Chang-Lin Chan General director: Ting-Ting Shih, Wu-Hsiung Chen, Chia-Hsiang Wu and Chun-Wei Wu	Independent director: Ming-Lei Chang, Yin-Tien Wang and Chang-Lin Chan General director: Chia-Hsiang Wu	Independent director: Ming-Lei Chang, Yin-Tien Wang and Chang-Lin Chan
NT$1,000,000 (inclusive) - NT$2,000,000 (non-inclusive)	General director: Lien-Hsi Wu	General director: Lien-Hsi Wu		
NT$2,000,000 (inclusive) - NT$3,500,000 (non-inclusive)			General director: Ting-TIng Shih and Chun-Wei Wu	General director: Ting-TIng Shih, Chun-Wei Wu and Chia-Hsiang Wu
NT$3,500,000 (inclusive) ~NT$5,000,000 (non-inclusive)			General director: Lien-Hsi Wu and Wu-Hsiung Chen	General director: Lien-Hsi Wu and Wu-Hsiung Chen
NT$5,000,000 (inclusive) ~ NT$10,000,000 (non-inclusive)				
NT$10,000,000 (inclusive) -~NT$15,000,000 (non-inclusive)				
NT$15,000,000 (inclusive) ~ NT$30,000,000 (non-inclusive)				
NT$30,000,000 (inclusive) - NT$50,000,000 (non-inclusive)				
NT$50,000,000 (inclusive) - NT$100,000,000 (non-inclusive)				
NT$ 100,000,000 and above				

Total	8	8	8	8

Note 1: Shareholders' names should be presented separately (for corporate shareholders, the name of the corporate shareholder and its representative should be presented separately)

Note 2: Refers to the director's remuneration in the most recent year (including director salary, position bonus, severance pay, various bonuses, incentives, etc.).

Note 3: Fill in the amount of directors' remuneration proposed to be distributed via the resolution of the board meeting on March 16, 2023.

Note 4: Refers to the relevant business execution expenses of the directors in the most recent year (including travel expenses, special expenses, various allowances, dormitory, car and other in-kind provisions). When providing houses, cars and other means of transportation or exclusive personal expenses, the nature and cost of the provided assets, actual or fair market value rents, fuel and other payments should be disclosed. In addition, if there is a driver, please note the relevant remuneration paid by the Company to the driver, but it is not included in the remuneration.

Note 5: Refers to the salary, position bonus, severance pay, various bonuses, incentives, travel expenses, special expenses, various subsidies, dormitory, car and other in-kind provisions received by directors and employees in the most recent year (including concurrently serving as the president, vice presidents, other managers and employees). When providing houses, cars and other means of transportation or exclusive personal expenses, the nature and cost of the provided assets, actual or fair market value rents, fuel and other payments should be disclosed. In addition, if there is a driver, please note the relevant remuneration paid by the Company to the driver, but it is not included in the remuneration.

Salary expenses recognized in accordance with IFRS 2 "Share-based Payments", including employee stock option certificates, new shares with restricted employee rights, and participation in subscription of shares from cash capital increase should also be included in the remuneration.

Note 6: Refers to the disclosure of the amount of employees' remuneration approved by the board meeting in the most recent year for those who have received employees' remuneration (including stock and cash) as concurrent directors and employees (including concurrently serving as the president, vice presidents, other managers and employees) in the most recent year. If it cannot be estimated, the distribution amount of this year shall be determined by the actual distribution ratio of last year.

Note 7: Disclose the total amount of remuneration paid to the directors by all companies (including the Company) in the consolidated report.

Note 8: For the total amount of remuneration paid by the Company to each director, disclose the name of the director in the corresponding tier.

Note 9: Disclose the total amount of remuneration paid to the Company's directors by all companies (including the Company) in the consolidated report; disclose the name of the director in the corresponding tier.

Note 10: The net profit after tax refers to the net profit after tax of the individual or entity financial report of the most recent year. The net profit after tax of the 2022 individual financial report is NT$321,972 thousand.

Note 11: a. This column should clearly indicate the amount of remuneration received by the director of the Company from reinvestment businesses other than the subsidiaries or from the parent company (if none, please fill in "None").

b. If the director of the Company receives remuneration from reinvestment businesses other than the subsidiaries or from the parent company, the remuneration received by the company director from reinvestment businesses other than the subsidiaries or from the parent company shall be included in column I of the remuneration tier table, and the column name be changed to "Parent Company and All Reinvestment Businesses".

c. Remuneration refers to the compensation, remuneration (including the remuneration of employees, directors and supervisors) and business expenses received by the directors of the Company as directors, supervisors or managers of the subsidiaries or parent company.

2. Supervisor's remuneration: Not applicable; the Company established an audit committee on June 16, 2020.

3. Remuneration of the president and vice presidents (a summary with the names and the corresponding tiers)

December 31, 2022 Unit: NT$ thousand

Position	Name (Note 1)	Salary (A) (Note 2)		Pensions (B)		Bonuses and Special Disbursements (C) (Note 3)		Remuneration for employees (D) (Note 4)				Sum of A, B, C, and D and as a percentage of net income after tax (%) (Note 8)		Any remuneration acquired from reinvestments besides subsidiaries (Note 9)
		The Company	All companies included in the financial statements (Note 5)	The Company	All companies included in the financial statements (Note 5)	The Company	All companies included in the financial statements (Note 5)	The Company		All companies included in the financial statements (Note 5)		The Company	All companies included in the financial statements (Note 5)	
								Amount paid in cash	Amount paid in shares	Amount paid in cash	Amount paid in shares			
President	Lien-Hsi Wu	5,045	5,045	373	373	7,091	7,091	2,243	0	2,243	0	14,752 4.58%	14,752 4.58%	None
Vice President	Wu-Hsiung Chen													
Vice President	Dao-Ming Chen													

Note: Regardless of the title, those whose positions are equivalent to the president or vice president (eg, CEO chief executive, director, etc.) should be disclosed.

Remuneration Tier Table

Remuneration ranges paid to each General Manager and Deputy General Manager of the Company	Names of President and vice presidents	
	The Company (Note 6)	All companies included in the financial statements (Note 7) E
Below NT$ 1,000,000		
NT$1,000,000 (inclusive) - NT$2,000,000 (non-inclusive)		
NT$2,000,000 (inclusive) - NT$3,500,000 (non-inclusive)		

NT$3,500,000 (inclusive) ~NT$5,000,000 (non-inclusive)	Lien-Hsi Wu and Wu-Hsiung Chen	Lien-Hsi Wu and Wu-Hsiung Chen
NT$5,000,000 (inclusive) ~ NT$10,000,000 (non-inclusive)	Dao-Ming Chen	Dao-Ming Chen
NT$10,000,000 (inclusive) -~NT$15,000,000 (non-inclusive)		
NT$15,000,000 (inclusive) ~ NT$30,000,000 (non-inclusive)		
NT$30,000,000 (inclusive) - NT$50,000,000 (non-inclusive)		
NT$50,000,000 (inclusive) - NT$100,000,000 (non-inclusive)		
NT$ 100,000,000 and above		
Total	3	3

Note 1: The names of the president and vice presidents should be listed separately, and the payment amounts should be disclosed in an aggregated manner. If the director concurrently serves as the president or vice president, the director's remuneration and remuneration tier table in this form and the table above should be filled in.

Note 2: Fill in the salary, position bonus and severance pay of the president and vice presidents in the most recent year.

Note 3: Fill in the salary, position bonus, various bonuses, incentives, travel expenses, special expenses, various subsidies, dormitory, car and other in-kind provisions received by the president and vice presidents. When providing houses, cars and other means of transportation or exclusive personal expenses, the nature and cost of the provided assets, actual or fair market value rents, fuel and other payments should be disclosed. In addition, if there is a driver, please note the relevant remuneration paid by the Company to the driver, but it is not included in the remuneration. Salary expenses recognized in accordance with IFRS 2 "Share-based Payments", including employee stock option certificates, new shares with restricted employee rights, and participation in subscription of shares from cash capital increase should also be included in the remuneration.

Note 4: Fill in the amount of employee remuneration (including stock and cash) distributed to the president and vice presidents as approved by the board of directors in the most recent year. If it cannot be estimated, the distribution amount of this year shall be determined by the actual distribution ratio of last year.

Note 5: Disclose the total amount of remuneration paid to the president and vice presidents by all companies (including the Company) in the consolidated report.

Note 6: For the total amount of remuneration paid by the Company to the president and each vice president, disclose the name of the president/vice president in the corresponding tier.

Note 7: Disclose the total amount of remuneration paid to the Company's president and each vice president by all companies (including the Company) in the consolidated report; disclose the name of the director in the corresponding tier.

Note 8: The net profit after tax refers to the net profit after tax of the individual or entity financial report of the most recent year. The net profit after tax of the 2022 individual financial report is NT$321,972 thousand.

Note 9: a. This column should clearly indicate the amount of remuneration received by the president and vice presidents of the Company from reinvestment businesses other than the subsidiaries or from the parent company (if none, please fill in "None").

b. If the president and vice presidents of the Company receives remuneration from reinvestment businesses other than the subsidiaries or from the parent company, the remuneration received by the president and vice presidents from reinvestment businesses other than the subsidiaries or from the parent company shall be included in column E of the remuneration tier table, and the column name be changed to "Parent Company and All Reinvestment Businesses".

c. Remuneration refers to the compensation, remuneration (including the remuneration of employees, directors and supervisors) and business expenses received by the president and vice presidents of the Company as directors, supervisors or managers of the subsidiaries or parent company.

4. Employee Remuneration Distributed to Managerial Officers and Distribution Situation

December 31, 2022; Unit: NT$ thousand

	Position	Name	Stock bonus amount (Note 1)	Cash bonus amount (Note 1)	Total	Total as a percentage of net income (%) (Note 2)
Managers	President	Lien-Hsi Wu	0	3,259	3,259	1.01%
	Vice President	Wu-Hsiung Chen				
	Vice President	Dao-Ming Chen				
	Senior Administrative Manager	Wei-Li Hsu				
	Finance Department Manager	Chung-Ying Su				
	Accounting manager	Mei-Hui Liao				

Note 1: The Company's 2022 earnings distribution proposal has not yet been approved by the shareholders' meeting, so the proposed amount of employee remuneration to be distributed to managers is filled in.

Note 2: The net profit after tax of the 2022 individual financial report is NT$321,972 thousand.

(IV) Compare and explain the analysis of the total amount of remuneration paid by the Company and all companies in the consolidated financial statements to the Company's directors, supervisors, president and vice presidents in the last two years as a percentage of the net profit after tax of the individual or entity financial report, and explain the remuneration policies standards and packages, procedures for setting remuneration and the relationship with business performance and future risks.

1. The ratio of total remuneration to net profit after tax

Unit: NT$ thousand

Position	2021 (the Company)		2021 (all companies included in the consolidated statements)	
	Total remuneration	Total as a percentage of net income	Total remuneration	Total as a percentage of net income
Directors	2,599	1.78%	2,599	1.78%
GM and VGM	11,374	7.77%	11,374	7.77%

Unit: NT$ thousand

Position	2022 (the Company)		2022 (all companies included in the consolidated statements)	
	Total remuneration	Total as a percentage of net income	Total remuneration	Total as a percentage of net income
Directors	5,672	1.76%	5,672	1.76%
GM and VGM	14,752	4.58%	14,752	4.58%

The total amount of remuneration paid by the Company to directors, supervisors, the president and vice presidents is mainly based on their degree of participation in the operation of the Company and the value of their contribution, with reference to domestic and foreign industry standards.

2. Remuneration policies, standards and packages, procedures of setting remuneration,

and the relationship with business performance and future risks:

According to Article 20-1 of the Articles of Association of the Company, the Company shall allocate 5% to 15% of the annual pre-tax net profit before the deduction of employees' remuneration and directors' remuneration as employees' remuneration, and no more than 2% as director's remuneration. However, profits must first be taken to offset cumulative losses, if any. The proposal shall be reported to the shareholders' meeting.

(1) Directors' remuneration:

In accordance with the Company's "Directors' Remuneration Distribution Method", the directors' remuneration is allocated based on the positions held by each director (general director or independent director), whether serving as a functional committee member, attendance rate at meetings and important contributions.

(2) Remuneration of the president and vice presidents:

The appointment, dismissal and remuneration of managers are handled in accordance with company regulations and approved by the board meeting. The overall remuneration package mainly includes the salary, bonuses, employee remuneration and benefits. It is calculated based on the manager's comprehensive consideration of the Company's revenue, gross profit margin, net profit margin and project target achievement rate.

The principles above may be adjusted at an appropriate time based on the necessity of responding to changes in the overall economic and industrial situation, while taking into account the Company's future development needs, profitability and operational risks.

III. Implementation of Corporate Governance

(I) Operation of board meeting

A total of 5 meetings were held in 2022, and the directors' attendance records are as follows:

Position	Name	Attendance in Person	Number of proxy attendance	In-person attendance rate (%)	Remarks
Chairman	Lien-Hsi Wu	5	0	100%	
Directors	Ting-TIng Shih	5	0	100%	
Directors	Wu-Hsiung Chen	5	0	100%	
Directors	Chia-Hsiang Wu	5	0	100%	
Directors	Chun-Wei Wu	5	0	100%	Assumed office on July 28, 2021.
Independent director	Ming-Lei Chang	5	0	100%	
Independent director	Yin-Tien Wang	5	0	100%	
Independent director	Chang-Lin Chan	3	0	100%	Assumed office on June 15, 2022.

Other mandatory disclosures:

I. For board meetings that meet any of the following descriptions, state the date, the session, the contents of the motions, all independent directors' opinions and how the Company responded to such opinions:

(I) Conditions listed in Article 14-3 of the Securities and Exchange Act:

Date of board meeting	Motion	Independent directors' opinions	Company's response to independent directors'	Results of Resolutions

			opinions	
2022.03.16 1st meeting	Evaluation of the certifying CPA's independence and suitability	None	None	The proposal was unanimously approved by all directors present.
	Amendment to the "Procedures of Acquisition or Disposal of Assets" of the Company.	None	None	The proposal was unanimously approved by all directors present.
	In order to maintain the independence and implement the rotation mechanism of the certifying CPA, it is planned to replace the certifying CPA in the first quarter of 2022.	None	None	The proposal was unanimously approved by all directors present.
2022.08.03 3th meeting	Review of the Certifying CPA's professional fees.	None	None	The proposal was unanimously approved by all directors present.

(II) Other than the aforementioned matters, matters resolved by the board meeting but with objections or reservations of independent directors with records or statements in writing in place: None.

II. For the recusals of directors due to conflicts of interests, the minutes shall clearly state the director's name, contents of the motion, the reason for not voting and actual voting counts: None.

III. TWSE/TPEX listed companies are required to disclose the cycle, duration, scope, method, and details of board performance self (or peer) evaluations performed, and complete Execution of Board Performance Evaluation.

Evaluation Cycle	Evaluation duration	Evaluation scope	Evaluation method	Evaluation content
Once a year	January 1, 2022 to December	Board of Directors	Internal self-assessment of the board of	1. Participation in the operation of the Company 2. Improvement of the

	31, 2022		directors by means of an internal questionnaire is adopted.	quality of the Board of Directors' decision making 3. Composition and structure of the Board of Directors 4. Election of directors and continuing study 5. Internal control
		Individual board member	Self-assessment of the board of directors by means of an internal questionnaire is adopted.	1. Understanding of the Company's goals and mission. 2. Understanding director duties and responsibilities. 3. Participation in the Company's operations. 4. Internal relationship maintenance and communication. 5. Expertise of directors and continuing study. 6. Internal control.
		Functional committee	Self-assessment of the board of directors by means of an internal questionnaire is adopted.	1.Participation in the Company's operations. 2.Awareness of the duties of the functional committee 3.Quality of decisions made by the functional committee 4. Makeup of the functional committee and election of its members 5. Internal control, etc.

Assessment results: It is shown that the overall board of directors and functional committees have fulfilled the responsibility of guiding and supervising the Company's strategy, major businesses and risk management, and has established an appropriate internal control system; the overall operation is in good condition and incompliance with the requirements of corporate governance.

IV. Enhancements to the functionality of board of directors in the current and the most recent year (e.g. assembly of Audit Committee, improvement of information transparency etc.), and progress of such enhancements:

1. The Company has set up an audit committee on June 16, 2020 to replace supervisors and strengthen the functions of the board of directors.
2. In addition to providing the relevant regulations for directors at any time, the Company will report the current situation of the its business when the board meeting is held to make the directors and supervisors aware, and will prepare relevant information on the proposals and assign personnel for the directors and supervisors to check and make inquiries.
3. Uphold the transparency of operations, safeguard the rights and interests of shareholders, and take the initiative to disclose important information such as

resolutions of board meetings on the company website.
4. Actively provide information on various refresher courses, and encourage directors and supervisors to actively participate in various corporate governance courses to strengthen board members' competence.

(II) Operation of the Audit Committee or the participation of supervisors in the operation of board meetings:

1. The Company set up an Audit Committee on June 16, 2020, whose operation is listed as follows:

A total of 5 meetings were held in 2022 , and the independent directors' attendance records are as follows:

Position	Name	Attendance in Person	Number of proxy attendance	Percentage of in-person attendance (%)	Remarks
Independent director	Ming-Lei Chang	5	0	100%	
Independent director	Yin-Tien Wang	5	0	100%	
Independent director	Chang-Lin Chan	3	0	100%	Assumed office on June 15, 2022.

Other mandatory disclosures:

I. The functions and powers of the Audit Committee are as follows:

1. To correct or revise the internal control system.
2. To assess efficiency of the internal control system.
3. To formulate or amend the procedures for major financial activities including acquisition or disposal of assets, derivative trading, extension of loans to others, and endorsements/guarantees for others.
4. Matters involving the director's personal interests.
5. Transactions of important assets or derivative products.
6. Major extension of loans to others and endorsements/guarantees.
7. Placement, issuance or private placement of any securities with an equity nature.
8. Appointment, dismissal or remuneration of certifying CPAs.
9. Appointment and dismissal of the finance, accounting, or internal audit manager.
10. The annual financial report signed or stamped by the chairman of the board, the manager and the accounting supervisor, and the second-quarter financial report that needs to be reviewed and certified by CPAs.
11. Any other material matter so required by the Company or the competent authorities.

II. If the Audit Committee's operation has any of the following circumstances, state the date of the meeting, the session, the contents of the motions, independent directors' objections or reservations or the contents of their major suggestions, the Audit Committee's resolution, and how the Company responded to the Audit Committee's opinion.

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

Date and session of	Motion	Independent directors'	Audit Committee	The Company's

the meeting		dissented opinions, qualified opinion, or material suggestion content	Results of Resolutions	handling of the Audit Committee's Opinion
2022.03.16 1st meeting	1. Proposal to approve the Company's draft 2021 financial statements and the draft consolidated financial statements. 2. Proposal to approve the Company's 2021 earnings distribution proposal. 3. Discussion of the Company's 2021"Assessment of the Effectiveness of Internal Control System" and "Internal Control System Statement". 4. Assessment of the certifying CPA's independence and suitability. 5.Amendment to the "Procedures of Acquisition or Disposal of Assets" of the Company. 6. In order to maintain the independence and implement the rotation mechanism of the certifying CPA, it is planned to replace the certifying CPA in the first quarter of 2022.	None	The proposals were passed without objection after the chairman's consultation with all the attending members, and were submitted to the board meeting for resolution.	None

2022.08.03 3rd meeting	1. Proposal to approve the Company's draft consolidated financial statements for the second quarter of 2022 which were prepared by the Company and reviewed by the CPA. 2. Review of the Certifying CPA's professional fees.	None	The proposals were passed without objection after the chairman's consultation with all the attending members, and were submitted to the board meeting for resolution.	None

(II) Other than the aforementioned matters, matters not approved by the Audit Committee but approved by two-thirds or more of all the directors: None.

III. For the avoidance by independent directors due to conflicts of interests, state the independent director's name, contents of the motion, reasons for the avoidance due to conflicts of interests, and the status of participation in voting: None.

IV. Communication between the independent directors and the internal audit supervisor and the CPA (including the material matters, methods and results of the communication on the Company's financial and business status).

Date	Key points of the meeting/communication	Communication results
2022.03.16	1st audit committee meeting in 2022: 1. Reporting of the Audit Manager: (1) Reporting on internal audit issues. 2. Communication between the independent directors and the CPA: (1) Audit scope and findings in 2021. (2) Communication matters during the 2022 planning phase.	Well known
2022.05.04	2nd audit committee meeting in 2022: 1. Reporting of the Audit Manager: (1) Reporting on internal audit issues. 2. Communication between the independent directors and the CPA: (1) Post-review communication matters for the first quarter of 2022. (2) Recent legal reminders.	Well known
2022.08.03	3rd audit committee meeting in 2022: 1. Reporting of the Audit Manager: (1) Reporting on internal audit issues. 2. Communication between the independent directors and the CPA: (1) Post-review communication matters for the second quarter of 2022. (2) Exclusive meeting between committee members and the CPA.	Well known
2022.11.02	4th audit committee meeting in 2022: 1. Reporting of the Audit Manager: (1) Reporting on internal audit issues.	Well known

		2. Communication between the independent directors and the CPA: (1) Post-review communication matters for the third quarter of 2022. 3. Exclusive meeting between committee members and internal auditors.		
	2022.12.16	5th audit committee meeting in 2022: 1. Reporting of the Audit Manager: (1) Reporting on internal audit issues. (2) The Company's 2023 audit plan.	Well known	

2. Involvement of supervisors in the operation of the board meeting: Not applicable.

(III) Differences from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons:

Assess criteria	Actual governance			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
I. Does the Company follow the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" to establish and disclose its corporate governance practices?	V		The Company has established the "Corporate Governance Best Practice Principles", "Code of Ethical Corporate Management" and "Code of Ethics", and has a sound internal control system and various management measures; in addition, the Company refers to relevant laws and regulations to comply with the requirements of the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and has disclosed them on the Company's website.	Compliant
II. Shareholding structure and shareholders' equity (I) Does the Company have internal operating procedures for handling shareholders' suggestions,	V		(I) The Company has a system of spokesperson and acting spokesperson, and has set up an e-mail box in the Investor Section of the Company's website to deal with shareholders' suggestions or disputes.	Compliant

Assess criteria	Actual governance			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
concerns, disputes and litigation matters. If yes, has these procedures been implemented accordingly?				
(II) Does the Company have a list of the major shareholders who actually control the Company and those who ultimately have control over the major shareholders?	V		(II) The Company entrusts its stock affairs to a professional stock affairs agency, and has dedicated stock affairs personnel to pay attention to the changes in the equity of major shareholders at all times.	Compliant
(III) Has the Company built and executed a risk management system and "firewall" between the Company and its affiliates?	V		(III) The Company has formulated the "Operating Standards for Financial Transactions Between Related Parties", which clearly regulate the operation as well as business and financial dealings with related enterprises, and has achieved a risk control mechanism.	Compliant
(IV)Has the Company formulated internal regulations to prevent insiders from trading	V		(IV) The Company has formulated the "Code of Ethical Conduct for Directors and Managers" and "Ethical Corporate Management Procedures and Behavior Guidelines" which expressly prohibit the insiders of the Company from using information not yet published on the	Compliant

Assess criteria	Actual governance			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
securities using undisclosed information on the market?			market to buy and sell securities.	
III. Composition and responsibilities of the board of directors (I) Has the board of directors formulated diversification policies, specific management objectives and implemented them?	V		(I) 1. The Company passed the "Code of Practice for Corporate Governance" at the 1st board meeting on March 20, 2015, and the diversification policy was formulated in Paragraph 3 and 4 of Article 20. The nomination and selection of board members are conducted in accordance with the provisions of the Company's Articles of Association to evaluate the education and experience of each candidate; in addition, the Company refers to the opinions of stakeholders and complies with the "Director Election Method" and "Code of Practice for Corporate Governance" to ensure the diversity and independence of board members . 2. The implementation of the diversity policy for all directors is as follows: Among the 8 directors of the Company, the 2 female directors account for about 25%, and the 3 independent directors account for about 38%, 4 directors are between 61 and 70 years old, 2 between 51 and 60 years old, and 2 between 31 and 40 years old. 3. Please refer to page 13 to 14 of the annual report for details of the policies, specific management objectives and implementation of the diversification of board members.	Compliant
(II) Other than the Remuneration Committee and		V	(II) The Company will review the actual business needs and add various functional	(II) After prudently evaluating the

<table>
<tr><th rowspan="2">Assess criteria</th><th colspan="3">Actual governance</th><th rowspan="2">Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>the Audit Committee which are required by law, does the Company set up other functional committees?</td><td></td><td></td><td>committees if there is such a need in the future.</td><td>overall operation scale and efficiency, the Company has not yet a plan to set up other functional committees, and will further evaluate and plan in the future based on operational needs.</td></tr>
<tr><td>(III) Does the Company establish a methodology for evaluating the performance of its board of directors, implemented it on an annual basis, and submit the evaluation result to the board meeting and use it as a reference for individual director’s remuneration and nomination for reappointment?</td><td>V</td><td></td><td>(III) 1. The Company has formulated the “Board of Directors Self-Assessment Method”, which stipulates that the board of directors shall conduct performance assessment for the board and its members at least once a year. The internal assessment period of the board of directors is at the end of each year, and the performance evaluation of the current year shall be carried out in accordance with these Measures.
2. On December 16, 2022, the Company completed the assessment of the board, its members and functional committees, and reviewed the results and the direction for continuous improvement in 2023.
The measurement items of the performance evaluation of the board of the Company include the following five aspects:
(1) Participation in the operation of the Company.
(2) Improvement of the quality of the Board of Directors’ decision making.
(3) Composition and structure of the Board of Directors.
(4) Election of directors and continuing study.
(5) Internal control.</td><td>Compliant</td></tr>
</table>

Assess criteria	Actual governance			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
			The measurement items for the performance evaluation of directors include the following: (1) Understanding of the Company's goals and mission. (2) Understanding director duties and responsibilities. (3) Participation in the operation of the Company. (4) Management of internal relationship and communication. (5) Expertise of directors and continuing study. (6) Internal control. The measurement items for the performance evaluation of functional meetings include the following: (1) Participation in the operation of the Company. (2) Awareness of the duties of the functional committee. (3) Quality of decisions made by the functional committee. (4) Makeup of the functional committee and election of its members. (5) Internal control. 3. This assessment is conducted by means of an internal questionnaire, and directors also participate in the assessment of themselves. According to the results of the performance evaluation of the board of directors on December 16, 2022, the overall operation of the board is good, and the results were submitted to the board meeting on March 16,2023. The Company will report the performance evaluation result to the board meeting, and use it as a reference for individual director remuneration and nomination for reappointment.	

Assess criteria	Actual governance			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
(IV) Does the Company regularly evaluate the CPAs' independence?	V		(IV) 1. The board of directors of the Company assesses the independence of the certifying CPAs by the Accounting Department every year in accordance with the audit quality indicators (AQIs) and provisions of Articles 46 and 47 of the Certified Public Accountant Act. As of the date of issuance of the assessment checklist, no certifying CPAs of the Company and their related personnel have been found to have violated the independence requirement and be incompetent. 2. Please refer to the CPA Competency and Independence Assessment Table on pages 43 to 46 of the annual report.	Compliant
IV. Has the TWSE/TPEX listed company allocated an adequate number of competent corporate governance staff and appointed a corporate governance officer to oversee corporate governance affairs (including but not limited to providing directors/supervisors with the information needed to	V		On August 3, 2022, the board meeting passed a resolution designating the senior VP of the administrative department who has held the position of director of corporate governance related affairs for a public company for at least 3 years to serve as the director of corporate governance. The main responsibilities are as follows: (I) Handling matters related to the board meeting and shareholders' meeting in accordance with the law. (II) Preparing the minutes of the board meeting and shareholders' meeting. (III) Assisting in onboarding and continuous study of directors. (IV) Providing the information required by the directors to carry out their business. (V) Assisting directors in complying with laws and regulations. (VI) Report to the board meeting the inspection results on whether the qualifications of independent directors during the nomination, election and tenure periods comply with relevant laws and regulations. (VII) Handling matters related to changes in directors.	Compliant

Assess criteria	Actual governance			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
perform their duties, assisting directors/supervisors with compliance issues, the convention of board meetings and shareholder meetings, and preparation of board/shareholder meeting minutes)?			(VIII) Other matters stipulated in the Articles of Association or contracts of the Company.	
V. Does the Company establish a means of communicating with its stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) or created a Stakeholders Section on its Company website? Does the Company respond to stakeholders' concerns on corporate social responsibilities?	V		The Company has established a spokesperson system to handle related matters in accordance with regulations, and is setting up a Stakeholder Section on the Company's website.	Compliant
VI. Does the Company engage	V		The Company appointed Concord Securities to	Compliant

Assess criteria	Actual governance			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
a share transfer agency to handle shareholder meeting affairs?			handle the affairs of the shareholders’ meeting.	
VII. Information disclosure (I) Has the Company set up a website to disclose finance and business matters and corporate governance information?	V		(I) The Company has set up a website to disclose financial, business, corporate governance and stock affair related information.	Compliant
(II) Does the Company use other information disclosure channels (e.g. maintaining an English-language website, designating staff to handle information collection and disclosure, implementing the spokesperson system, webcasting investors conference etc.)?	V V		(II) The Company has a spokesperson system and announces important information and financial information on the MOPS.	Compliant
(III) Does the				

Assess criteria	Actual governance			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
Company publish and make the official filing of the annual financial report within two months after the end of an accounting period, and publish/file Q1, Q2 and, Q3 financial reports along with monthly business performance before the designated due dates?			(III) The Company announces the annual and the first, second and third quarter financial reports and the monthly operation situation within the specified time.	Compliant
VIII. Does the Company have other information that enables a better understanding of the Company's corporate governance practices (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholders' interests,	V		Please refer to the table below for other important information.	Compliant

<table>
<tr><th rowspan="2">Assess criteria</th><th colspan="3">Actual governance</th><th rowspan="2">Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>continuing education of directors/ supervisors, implementation of risk management policies and risk measurements, implementation of customer policy, and liability insurance for directors and supervisors)?</td><td></td><td></td><td></td><td></td></tr>
<tr><td colspan="5">1. Employee rights and employee care
The Company widely collects suggestions from employees, establishes systematized proposal, communication and complaint channels to allow reasonable and appropriate voicing, reply and handling of employees’ expectations, suggestions, doubts and grievances, and attaches great importance to employees’ rights and interests and expresses its care about employees; the Company has formulated measures for the prevention of and appeal against sexual harassment of employees, and established a gender-equal working environment; the Employee Welfare Committee organizes various travel activities for employees every year, and employees with outstanding work performance are awarded at the end of the year.
2. Investor relationship
The Company upholds the principle of fairness and openness to all shareholders. It convenes a shareholders’ meeting every year in accordance with the provisions of the Company Act and relevant laws and regulations, and informs all shareholders to attend the shareholders’ meeting in accordance with relevant regulations. The Company encourages shareholders to actively participate in the election of directors and supervisors at the shareholders’ meeting or amend the Company’s Articles of Association, and will report major financial activities such as acquisition or disposal of assets and endorsements/guarantees to the shareholders’ meeting. The Company also provides shareholders with sufficient opportunities to ask questions or make proposals, so as to achieve the effect of checks and balances; it also formulates the rules of procedure for the shareholders’ meeting according to law, and properly keeps the shareholders’ meeting minutes and fully discloses relevant information on the MOPS. In addition, in order to ensure that shareholders have the right to fully know, participate in and make decisions on</td></tr>
</table>

Assess criteria	Actual governance			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	

the Company's major issues, the Company has set up the positions of spokesperson and acting spokesperson, and has designated personnel to handle shareholders' suggestions, doubts and disputes.

Since the Company's public offering, in line with the principle of information disclosure, the Company has dedicated personnel responsible for collecting and disclosing company information, handling relevant information announcements and declarations, and providing timely information that may affect investors' decision-making.

3. Protection of stakeholders

The Company protects the rights and interests of stakeholders (such as customers, investors, employees, suppliers, creditors, analysts and accountants) through the following methods:

(1) Set up a dedicated department to handle matters related to stakeholders in order to safeguard the rights and interests of stakeholders.

(2) Actively respond to the questions of stakeholders through open and transparent channels.

(3) Disclose relevant information to stakeholders in open channels of communication.

(4) Strengthen the functions and roles of the board of directors of the Company.

(5) Independent directors actively participate in the board meeting of the Company and play a supervisory role.

(6) The "Code of Ethical Conduct for Directors and Managers" has been formulated in order to make the conducts of the directors and managers of the Company in line with the ethical standards.

4. Directors' ongoing education:

The 2022 director training information is as follows:

Position	Name	Course name	Training hours
Chairman	Lien-Hsi Wu	Sharing of Advanced Practice of Audit Committee - Merger and Acquisition Review and Director Responsibilities	3
		Virtual World Explosion: The Future Development of Metaverse and Cryptocurrency Blockchain	3
Directors	Ting-Ting Shih	Threat to Hunting Supply Chain Information Security - A New Opportunity for Innovation in Taiwan	3
		Response to Global Net Zero Emissions and Corporate ESG Action	3
Directors	Wu-Hsiung Chen	Introduction to the Dispute over Company Management Rights and the Trial Law of Commercial Courts	3
		Discussion on Enterprise Tax Governance and	3

Assess criteria	Actual governance			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	

		Tax Technology Solutions from the Trends of ESG and the Pandemic Environment	
Directors	Chia-Hsiang Wu	Response to Global Net Zero Emissions and Corporate ESG Action	3
		On the Functions of the Board of Directors from the Perspective of Enterprise Fraud Prevention and Control	3
Directors	Chun-Wei Wu	Sustainable Management of Enterprises: Practical Analysis of Asset Inheritance and Succession	3
		Virtual World Explosion: The Future Development of Metaverse and Cryptocurrency Blockchain	3
Independent director	Ming-Lei Chang	Labor Dispute Prevention and Corporate Governance	3
		Carbon Management Trends and Countermeasures towards Net Zero	3
Independent director	Yin-Tien Wang	How Do Directors and Supervisors without Accounting Background Review Financial Reports	3
		How Should Directors and Supervisors Supervise Corporate Risk Management and Crisis Management	3
Independent director	Chang-Lin Chan	Practice Seminar for Directors (Including Independent Directors), Supervisors and Corporate Governance Officers.	12

5. Implementation of risk management policies and risk measurement standards

(1) The Company has formulated the “Operating Standards for Financial Transactions between Related Parties” and the “Management Measures for Customer Credit Investigation” to clearly define the risk control mechanism, and the Company’s internal control system has included supplier management operations and customer management operations on the checklist.

(2) The Finance Department of the Company holds regular monthly meetings to report on the Company’s risk control implementation status of the exchange gain and loss, investment and capital income and expenditure management, overdue account management, business analysis of reinvested companies, financial index performance management and inventory management.

Financial asset impairment assessment and provision policy: On each balance sheet date, for those whose credit risk has increased significantly since the original recognition, the loss provision shall be measured according to the expected credit loss

<table>
<tr><th rowspan="2">Assess criteria</th><th colspan="3">Actual governance</th><th rowspan="2">Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td colspan="5">amount during the existence period; for accounts receivable or contract assets which are not included as significant financial components, the loss provision is measured at the amount of expected credit loss in the duration.
Inventory depreciation loss provision policy:
Inventory is stated at the lower of cost or net realizable value. The amount in cost is determined using the weighted average method. The cost of finished goods and work-in-progress, including raw materials, direct labor, other direct costs and production-related manufacturing overheads, are allocated according to the actual production capacity; the actual production capacity is not significantly different from the normal production capacity, but it does not include borrowing costs. The lower of cost or net realizable value is compared on an item-by-item basis. Net realizable value refers to the remainder of the estimated selling price after deducting variable selling expenses over the normal operating cycle and estimated costs to completion.
6. Customer management operations
The company has a quality assurance department to provide transparent and effective after-sales service and customer complaint handling for products and services.
7. Purchase of liability insurance for directors and supervisors
The Company has purchased liability insurance for directors and supervisors since May 1, 2019, and has reported and announced the relevant insurance status on the MOPS.</td></tr>
<tr><td>IX. Please explain what has been improved on the results of the corporate governance evaluation issued by the Corporate Governance Center of the Taiwan Stock Exchange in the most recent year, and the proposals of priority enhancements and measures for those that have not yet</td><td>V</td><td></td><td>I. Items already improved:
1. Has the company set up an audit committee that meets the requirements?
Improvement: The company has established an audit committee after the 2020 shareholders meeting.
2. Has the company’s internal rules been formulated and disclosed on the company’s website to prohibit insiders such as company directors or employees from making profits from information that cannot be obtained in the market?
Improvement: It is disclosed on the Company’s website the specific measures for the prohibition of insider trading (such as: holding training courses, the objects, course content, etc.).
3. Has the company been certified by ISO 14001, ISO50001 or similar environmental or energy management systems?</td><td>Compliant</td></tr>
</table>

Assess criteria	Actual governance			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
improved.			Improvement: The date of obtaining the certification and its validity period have been disclosed in the Company's annual report and website. 4. Did the Company upload the shareholders' meeting handbook and supplemental materials 30 days prior to the general shareholders' meeting? ? Improvement: The shareholders' meeting handbook and supplemental materials have been uploaded to MOPS 30 days prior to the general shareholders' meeting. 5.The head office has introduced ISO14064-1 organization-level greenhouse gas emission quantitative report and external verification II. Items for priority improvement: 1. Set up a corporate governance officer. 2. Prepare a sustainability report and obtain third-party verification.	

Chant Sincere Co., Ltd.

Table of Evaluation of Certifying CPA's Independence and Suitability

Evaluation date: March 7, 2023

	Assess criteria	Wei-Hao Wu, CPA	Ya-Huei Cheng, CPA
I	Now hired by the commissioner to undertake a regular job for a fixed salary, or serve as a director or supervisor.	N	N
II	Being a former director, supervisor, or manager of the commissioner, or an employee who has had a significant impact on the certification case, and has resigned for less than two years.	N	N
III	Having financial business dealings other than the accountant's business with the commissioner.	N	N
IV	Being a relationship with the commissioner's person in charge or manager, such as spouse, direct blood relative, direct in -law or blood relative of the second degree.	N	N
V	The accountant himself/herself or his/her spouse or minor children are in an investment or financial interest sharing relationship with the commissioner.	N	N
VI	The accountant himself/herself or his/her spouse or minor children hold the securities issued by the commissioner, such as stock and corporate bond.	N	N
VII	The accountant himself/herself or his/her spouse or minor children have a fund borrowing/lending relationship with the commissioner.	N	N
VIII	Executing management consulting or other non-certification businesses which are sufficient to affect independence.	N	N
IX	Other stakeholder relationships regulated by the financial report preparation criteria by the competent authority.	N	N
X	Proved by other laws and regulations or facts that either party directly or indirectly controls the personnel, finance or business operators of the other party.	N	N
XI	Using another accountant's name to perform business.	N	N
XII	Utilizing the CPA status to improperly compete in industry and commerce.	N	N
XIII	Soliciting business in an unfair way.	N	N
XIV	Leaking the Company's financial or business secrets, or leaking to the Company the financial and business secrets of other certified customers.	N	N
XV	Sanctioned by the competent authority in the past two years which was sufficient to impact his reputation.	N	N
XVI	Having pending or adjudicated judicial litigation cases in the past two years which was sufficient to impact his reputation.	N	N
XVII	Whether a statement of independence has been signed.	Y	Y

*There is such a matter = Y; there is no such matter= N; not applicable = NA

Approved by: Wei-Li Hsu　　　　　　　　　　Prepared by: Mei-Hui Liao

Note: Approved by the board meeting on March 16, 2023.

Chant Sincere Co., Ltd.

Table of Evaluation of Certifying CPA's Independence and Suitability

Evaluation date: March 9, 2022

Assess criteria		Wei-Hao Wu, CPA	Ya-Huei Cheng, CPA
I	Now hired by the commissioner to undertake a regular job for a fixed salary, or serve as a director or supervisor.	N	N
II	Being a former director, supervisor, or manager of the commissioner, or an employee who has had a significant impact on the certification case, and has resigned for less than two years.	N	N
III	Having financial business dealings other than the accountant's business with the commissioner.	N	N
IV	Being a relationship with the commissioner's person in charge or manager, such as spouse, direct blood relative, direct in -law or blood relative of the second degree.	N	N
V	The accountant himself/herself or his/her spouse or minor children are in an investment or financial interest sharing relationship with the commissioner.	N	N
VI	The accountant himself/herself or his/her spouse or minor children hold the securities issued by the commissioner, such as stock and corporate bond.	N	N
VII	The accountant himself/herself or his/her spouse or minor children have a fund borrowing/lending relationship with the commissioner.	N	N
VIII	Executing management consulting or other non-certification businesses which are sufficient to affect independence.	N	N
IX	Other stakeholder relationships regulated by the financial report preparation criteria by the competent authority.	N	N
X	Proved by other laws and regulations or facts that either party directly or indirectly controls the personnel, finance or business operators of the other party.	N	N
XI	Using another accountant's name to perform business.	N	N
XII	Utilizing the CPA status to improperly compete in industry and commerce.	N	N
XIII	Soliciting business in an unfair way.	N	N
XIV	Leaking the Company's financial or business secrets, or leaking to the Company the financial and business secrets of other certified customers.	N	N
XV	Sanctioned by the competent authority in the past two years which was sufficient to impact his reputation.	N	N
XVI	Having pending or adjudicated judicial litigation cases in the past two years which was sufficient to impact his reputation.	N	N

XVII Whether a statement of independence has been signed.	Y	Y

*There is such a matter = Y; there is no such matter= N; not applicable = NA

Approved by: Wei-Li Hsu Prepared by: Mei-Hui Liao

Note: Approved by the board meeting on March 16, 2022.

(IV) If the company has set up a remuneration committee, disclose its composition, responsibilities and operations:

The board meeting of the Company established the Remuneration Committee in 2011; its main functions are to review the human resources policy, remuneration, retirement benefits and other policies, and submit the review results to the board meeting for approval. Operation of the Remuneration Committee in 2022: Reviewed the Company's salary policy, human resources, and employee dividend and bonus payment policies.

1. Information of Remuneration Committee members

Criteria / Identity and name (Note 1)		Professional qualifications and experience	Independence status	Number of positions as Remuneration Committee member in other public companies
Convener and Independent director	Yin-Tien Wang	With more than five years of experience required for the Company's business. Current position: Dean of the Department of Artificial Intelligence and Professor of the Department of Mechanical and Electrical Engineering, Tamkang University Experience: Professor and Dean, Department of Mechanical and Mechatronic Engineering, Tamkang University	1. Not an employee of the Company or any of its affiliates. 2. Not a director or supervisor of the Company or any of its affiliates. 3. Not hold more than 1% of the total issued shares of the Company in his/her or his/her spouse's or minor children's or another person's name, or is not a top ten individual shareholder. 4. Not a manager in paragraph 1 or the spouse, second-tier relative or third-tier relative of the persons listed in paragraphs 2 and 3. 5. Not a director, supervisor or employee of a corporate shareholder which directly holds more than 5% of the total issued shares of the Company, or a top five shareholder, or which appoints him/her as its representative to serve as the Company's director or supervisor in accordance with Paragraph 1 or 2 of Article 27 of the Company Act. 6. Not a director, supervisor or employee of another company which has a seat on the board of directors, or more than half of its shares with voting rights are controlled by the same owner of	1
Independent director	Ming-Lei Chang	With more than five years of experience in finance or accounting and a CPA license. Current position: Dean, Accounting Department, Chung Yuan Christian University Experience: Associate Professor, Accounting Group, School of Management, Yuan Ze University		0

Independent director	Chang-Lin Chan (Note 1)	With more than five years of experience in commerce, law or finance. Current position: President, Advanced Innovation Management Co., Ltd. Experience: President, Shangli Ju Innovation Management Consulting (Samoa) Co., Ltd. Taiwan Branch. Vice President, Guedeng Precision Industrial Co., Ltd.	the Company. 7. Not a director, supervisor or employee of another company or institution who is the same person or spouse as the Chairman, President or an equivalent position of the Company 8. Not a director, supervisor or manager of another company or institution which has financial or business dealings with the Company, or is a shareholder holding more than 5% of the shares of the Company 9. Not a professional, sole proprietor, partner, business owner or partner, or a director, supervisor, manager or the spouse of the above of a company or institution which provides audit services to the Company or its affiliated enterprises, or the cumulative remuneration amount of which in the past two years exceeds NT$500,000 for business, legal affairs, finance or accounting related services. 10. Not a spouse or relative of the second degree or closer to any other directors. 11. Not a government agency, a legal person or their representative as stipulated in Article 27 of the Company Act.	0

Note 1: Mr. Chang-Lin Chan was appointed as a new member of the Remuneration Committee on December 17, 2021, and was elected an independent director at the shareholders' meeting on June 15, 2022.

Note 2: Article 2 of the Articles of Association of the Remuneration Committee of the Company specifies the functions and powers of the Committee:

The Committee shall faithfully perform the following functions and powers with the attention of a good manager, and submit its recommendations to the board meeting for discussion.

I. Formulate and regularly review the policies, systems, standards and structures for the performance evaluation and remuneration of directors and managers.

II. Periodically evaluate and determine the salaries of directors and managers.

III. Other cases discussed by the board meeting, the Chairman or the President.

When performing the functions and powers in the preceding paragraph, the Committee shall do so in compliance with the following principles:

I. For the performance evaluation and salary remuneration of directors and managers, reference shall be made to the normal level of payment in the industry, while considering the rationality of their connection with personal performance, company operating performance and future risks.

II. Directors and managers should not be led to engage in any behavior that exceeds the Company's risk appetite for the pursuit of remuneration.

III. The proportion of dividends paid for the short-term performance of directors and senior managers and the timing of payment of some variable salaries should be determined in consideration of industry characteristics and the nature of the Company's business.

2. Information on the operations of the Remuneration Committee

(1) There are three members of the Remuneration Committee of the Company. (2) Term of office of the current members: From June 16, 2020 to June 15, 2023. (3) In 2022, the Remuneration Committee held two meetings, and the qualifications and attendance status of the members are as follows:

Position	Name	Number of actual	Number of proxy	Percentage of actual attendance	Remarks
Convener	Yin-Tien Wang	2	0	100%	Newly appointed on June 16, 2020.
Member	Ming-Lei Chang	2	0	100%	Re-elected on June 16, 2020.
Member	Chang-Lin Chan	2	0	100%	Newly appointed on December 17, 2021.
Other mandatory disclosures: I. If the board meeting does not adopt or amend the recommendations of the Remuneration Committee, state the date of the meeting, the session, the contents of the motions, the board meeting resolution, and how the Company responded to the opinion of the Remuneration Committee: None. II. For resolutions of the Remuneration Committee, if any members has objections or reservations					

Note:

(1) If a member of the Remuneration Committee resigns before the end of the year, the date of resignation shall be indicated in the remarks column, and the actual attendance rate (%) shall be calculated based on the number of meetings of the Remuneration Committee and the number of actual attendance during the term of office.

(2) Before the end of the year, if there is a re-election of the Remuneration Committee, fill in the new and old members of the Committee, and indicate in the remarks column the old, new or re-appointed members and the date of re-election. The actual attendance rate (%) is calculated based on the number of meetings held by the Remuneration Committee and the actual number of attendance during the term of office.

The discussion items and resolutions of the Remuneration Committee in 2022:

Date of meeting	Motion	Independent directors' opinions	Company's response to independent directors' opinions	Results of Resolutions
2022.03.16 1st meeting	Proposal to approve the remuneration distribution plan for employees and directors for 2021.	None	None	The proposal was unanimously approved by all members present.
2022.12.16 2nd meeting	Proposal to approve the Company's 2022 year-end bonus.	None	None	The proposal was unanimously approved by all members present.

(V) Promotion of Sustainable Development and differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons:

<table>
<tr><th rowspan="2">Items promoted</th><th colspan="3">Execution</th><th rowspan="2">Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary Description</th></tr>
<tr><td>I. Has the Company established a governance structure to promote sustainable development, and designated a full-time (part-time) unit to promote sustainable development, which is to be handled by the senior management with the authorization of the Board of Directors, and the actual supervision of the Board of Directors?</td><td>V</td><td></td><td>1. The Sustainable Development Promotion Team of the Company is composed of the Chairman and the management team (the heads of administration, business, marketing and operations research departments) to jointly formulate the long-term sustainable development plan.
2. It convenes team meetings at least once a year to identify issues related to the Company's operations and the concerns of stakeholders, select performance indicators, compile relevant budgets and execution plans, and report to the board of directors and track relevant results.</td><td>Compliant</td></tr>
<tr><td>II. Has the Company conducted a risk assessment on environmental, social, and corporate governance issues that are relevant to its operations and implemented risk management policies or strategies based on principles of materiality? (Note</td><td>V</td><td></td><td>The relevant risk management policies formulated by the Company based on the principle of materiality are as follows:
<table><tr><th>Major issues</th><th>Risk assessment items</th><th>Countermeasures</th></tr><tr><td>Environment</td><td>Environmental pollution</td><td>1. The Company introduced the ISO 14001 environmental management system to improve the environmental awareness of relevant departments.
2. The Company conducted activities to recycle resources, such as the use of recycled paper, employees bringing their own cups and tableware,</td></tr></table></td><td>Compliant</td></tr>
</table>

<table>
<tr><th rowspan="2">Items promoted</th><th colspan="3">Execution</th><th rowspan="2">Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary Description</th></tr>
<tr><td>2)</td><td></td><td></td><td>
<table>
<tr><td rowspan="2"></td><td></td><td>and sorting and recycling of business supplies and garbage.</td></tr>
<tr><td>Climate change</td><td>The Company introduced ISO 14064-1 organizational-level greenhouse gas emission quantification reports and external verification, promoted energy-saving management in offices, factories and public areas, and fully used energy-saving lamps and document e-work to reduce energy waste and consumption.</td></tr>
<tr><td rowspan="2">Society</td><td>Product safety</td><td>The Company has established the “HSF Product Control Program”, which is aimed at environmental protection control of suppliers, incoming materials, manufacturing process and finished product delivery, raw materials, auxiliary materials and other processes and material inspection, in order to achieve environmental protection of products and protect the earth.</td></tr>
<tr><td>Employee safety and health risks</td><td>1. Establish a safe and hygienic working environment to prevent accidents and ensure employee safety. For example, regular safety inspections of the environment and equipment, regular health checks of employees, and regular disaster drills.
2. Firmly follow labor laws and gender work equality regulations.</td></tr>
<tr><td>Corporate governance</td><td>Legal compliance</td><td>1. Pay attention to the revision of laws and regulations by the competent authority at all times to regularly update relevant methods and regulations to avoid misapplication.
2. Sign a legal advisor contract with external law firms to handle the Company’s related</td></tr>
</table>
</td><td></td></tr>
</table>

Items promoted	Execution			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary Description	
			legal work. 3. The relevant personnel of the Company focus on tracking the changes of laws and regulations related to the Company, such as social economy, environmental protection, intellectual property, etc. Reinforcing the functions of the board: 1. The Company plans annual refresher courses for directors to strengthen their expertise in corporate governance. 2. The Company provides directors with director and manager liability insurance to protect them from litigation claims.	
III.Environmental issues (I) Has the Company set up an appropriate environmental management system based on the characteristics of its industry?	V		(I) The Company has obtained and passed the certification of the new version of ISO 14001 environmental management system (valid from December 22, 2020 to December 21, 2023), and handles all environmental management requirements including raw material acquisition, production process, design and development, product disposal, and final disposal in accordance with the environmental management system and environmental laws and regulations, and reviews the implementation results at all times for continuous improvement.	Compliant
(II) Is the Company committed to achieving efficient use of resources and uses recycled materials that produce less impact on the environment?	V		(II) The Company has recently implemented activities to recycle resources, such as the use of recycled paper, employees bringing their own water cups and tableware, and sorting and recycling of business supplies and garbage.	Compliant
(III) Does the Company			(III) To achieve sustainable development, in addition to pursuing performance growth, we	Compliant

<table>
<tr><th rowspan="2">Items promoted</th><th colspan="3">Execution</th><th rowspan="2">Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary Description</th></tr>
<tr><td>evaluate the potential risks and opportunities of climate change to the Company now and in the future, and take corresponding measures to respond to climate related issues?</td><td>V</td><td></td><td>must treat the environment well and attach importance to social responsibility. The Company is concerned about global climate change trends, and has identified the potential risks and opportunities of climate change as follows:
1. Possible risks
<table>
<tr><th>Aspect</th><th>Risk</th><th>Countermeasures</th></tr>
<tr><td>Environmental laws and regulations</td><td>Increased operating costs</td><td>1. Introduced ISO14064-1 greenhouse gas inventory, obtained external verification, and promoted carbon reduction measures with 2021 as the reference year.
2. Required the production materials to be environmentally friendly, such as RoHS.</td></tr>
<tr><td>Global warming</td><td>Air conditioning load increase and power shortage</td><td>1. Implemented energy-saving and carbon reduction measures, and turning off electric lights during lunch breaks.
2. Priority is given to energy-saving equipment when purchasing equipment.
3. Participated in low-carbon initiative organizations and symposiums.</td></tr>
</table>
(2) Possible opportunities
<table>
<tr><th>Related opportunities</th><th>Countermeasures</th></tr>
<tr><td>Increased product demand</td><td>Develop the market for electric vehicles and other green energy products.</td></tr>
<tr><td>Energy efficiency improvement</td><td>1. Used more efficient production and distribution processes.
2. Adopted energy-saving measures.</td></tr>
</table>
</td><td></td></tr>
</table>

<table>
<tr><th rowspan="2">Items promoted</th><th colspan="3">Execution</th><th rowspan="2">Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary Description</th></tr>
<tr><td>(IV) Does the Company make statistics on greenhouse gas emissions, water consumption and the total weight of waste for the past two years and formulate policies for energy conservation and carbon reduction, greenhouse gas reduction, water consumption reduction or other waste management?</td><td>V</td><td></td><td>(IV)The Company’s connectors and wires are assembled, and the sources of greenhouse gas emissions are mainly electricity consumption and equipment. The assembly process will not produce harmful substances, waste water or waste gas that will seriously pollute the environment. Therefore, the water consumption and waste weight issue is of less significance.
1. The head office and Xizhi factory are currently introduced to ISO 14064-1:2018 in March 2022 for organizational-level greenhouse gas emission inventory and obtained SGS external verification in September, promoted energy-saving management in offices, factories and public areas, and fully used energy-saving lamps and document e-work to reduce energy waste and consumption. The following is the inventory information for 2021:
<table>
<tr><th>Unit: ton</th><th>2021</th></tr>
<tr><td>Scope 1:
Direct greenhouse gas emissions</td><td>25.6288</td></tr>
<tr><td>Scope 2:
Energy indirect greenhouse gas emissions</td><td>369.2298</td></tr>
<tr><td>Total</td><td>394.859</td></tr>
</table>
2. Based on the inventory results, carry out voluntary greenhouse gas reduction plans with 2021 as the reference year.
3. In 2013, the Dongguan factory in mainland China introduced ISO14064-1: 2006 organization-level greenhouse gas emission quantitative report and external verification. After external verification by SGS, the CO2 emissions in 2019 and 2020 were as follows. It is planned to introduce the new version of ISO14064-1:2018 in the</td><td>Compliant</td></tr>
</table>

<table>
<tr><th rowspan="2">Items promoted</th><th colspan="3">Execution</th><th rowspan="2">Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary Description</th></tr>
<tr><td></td><td></td><td></td><td>second quarter of 2023, and complete the greenhouse gas inventory and external verification for 2022 in the third quarter.

Unit: ton / 2019 / 2020
Scope 1: Direct greenhouse gas emissions / 37.7708 / 41.7471
Scope 2: Energy indirect greenhouse gas emissions / 549.3279 / 547.8878
Total / 587.099 / 589.635</td><td></td></tr>
<tr><td>IV. Social issues
(I) Has the company formulated relevant management policies and procedures according to relevant laws and regulations and the International Bill of Human Rights?</td><td>V</td><td></td><td>(I) In addition to complying with local labor laws and regulations, the Company has formulated the employee handbook and management regulations, and also upholds the spirit and basic principles of human rights protection promulgated in international human rights conventions such as the “UN Universal Declaration of Human Rights” and the “International Labor Convention”, and is committed to integrating human rights principles and spirit into the Company’s values and culture to treat all employees with dignity and respect. The Company’s implementation policies and human rights protection measures are as follows:

Implementation policies / Specific measures
Provide a safe and hygienic work environment / Establish a safe and hygienic working environment to prevent accidents and ensure employee safety.
Eliminate unlawful discrimination and ensure equal job opportunities / Firmly follow labor laws and gender work equality regulations.
Prohibition of child labor / Employment of workers under the age of 16 is prohibited.
Prohibition of forced labor / When it is necessary to extend working hours beyond the normal working hours,</td><td>Compliant</td></tr>
</table>

Unit: ton	2019	2020
Scope 1: Direct greenhouse gas emissions	37.7708	41.7471
Scope 2: Energy indirect greenhouse gas emissions	549.3279	547.8878
Total	587.099	589.635

Implementation policies	Specific measures
Provide a safe and hygienic work environment	Establish a safe and hygienic working environment to prevent accidents and ensure employee safety.
Eliminate unlawful discrimination and ensure equal job opportunities	Firmly follow labor laws and gender work equality regulations.
Prohibition of child labor	Employment of workers under the age of 16 is prohibited.
Prohibition of forced labor	When it is necessary to extend working hours beyond the normal working hours,

<table>
<tr><th rowspan="2">Items promoted</th><th colspan="3">Execution</th><th rowspan="2">Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary Description</th></tr>
<tr><td></td><td></td><td></td><td><table><tr><td></td><td>the Company may do so only after obtaining the consent of the employees themselves.</td></tr><tr><td>Employee health management</td><td>1. Regularly hold employee health management sessions.
2. Regular organize staff travel and welfare activities.</td></tr></table></td><td></td></tr>
<tr><td>(II) Does the Company establish and implement reasonable employee benefit measures (including remuneration, leaves and other benefits) and adequately reflect its operating performance or result to the employee remuneration?</td><td>V</td><td></td><td>(II) In addition to actively implementing humanistic management and various welfare measures, the Company has formulated various reward and remuneration measures to distribute performance awards and employee remuneration in a timely manner to motivate employees. In addition, various benefits such as three-festival gifts, birthday gifts, wedding gifts, maternity subsidies and funeral subsidies are granted to attract talents and retain employees. Under the concept of workplace diversity and equality, at the end of 2022, female employees accounted for 56%, and female senior executives also accounted for 43%. Employees with outstanding performance have good opportunities for promotion, and various types of bonuses and remuneration are closely related to personal work performance.</td><td>Compliant</td></tr>
<tr><td>(III) Operating performance or results are also appropriately reflected in the compensation of employees (annual salary adjustment and promotion based on performance</td><td>V</td><td></td><td>(III) The Company's work environment and personal safety protection measures for employees are briefly described as follows:
1. Work environment protection measures
(1) Maintenance and inspection of machinery and equipment:
① All machines/instruments and equipment shall be subject to regular inspections, key inspections and operation inspections according to the</td><td>Compliant</td></tr>
</table>

Items promoted	Execution			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary Description	
appraisal).			requirements. 2. Environmental hygiene protection: (1) The Company's Xizhi factory and offices are completely non-smoking, and the environment is cleaned and disinfected regularly. (2) The Company has formulate relevant work rules for general safety and hygiene work, material handling and storage safety, electrical safety and noise workplaces, and conducts regular training to ensure the safety of personnel in various operations. (3) Regularly outsource fire drills and publicize the basic knowledge of fire protection in accordance with the provisions of the Fire Services Act. 3. Access control and security protection: (1) The Company's offices, warehouses and factory entrances and exits are all equipped with access control, and the Company has signed a contract with a security company to maintain the safety of the offices, warehouses and factory. 4. Disaster prevention and response: (1) The Company has labor safety and health management and first aid personnel to handle related matters, and implements training courses in accordance with regulations to continuously improve employees' awareness of labor safety and first aid. (2) In order to properly manage, prevent and reduce the spread of infectious diseases, the Company has formulated specific management measures for the prevention of and response to infectious diseases, and takes into account various infectious disease prevention measures of the competent health and epidemic prevention authorities to effectively reduce the	

Items promoted	Execution			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary Description	
			spread of infectious diseases in offices, warehouses and the factory, and carries out preventive management. (3) When the Company encounters natural disasters, in addition to reporting to the competent authority according to the law, each department shall conduct pre-publicity, evacuation, and post-event inventory and recovery for the work undertaken according to the notification of the management unit, and report the progress of each work item to ensure that personnel safety in the factory and offices. 5. Personal safety protection measures (1) Hygiene protection: ① The Company conducts health checks for all employees every three years in accordance with the law, and holds health information lecture courses with partner hospitals from time to time. ② For foreign workers, the Company entrusts an agency company to conduct irregular health examinations; for employees with special working environments, the Company regularly conducts special health examinations. ③ The Company has formulate measures for the control of sexual harassment, and set up grievance channels to maintain gender equality in work. (2) Insurance and medical care: ① The Company purchases labor insurance (including occupational accident insurance) and health insurance for employees in accordance with the law to provide basic protection for employees. ② The Company has signed up an	

Items promoted	Execution			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary Description	
			insurance company with market experience and excellent evaluation to plan a group insurance scheme that meets the Company,'s need, and provides the second-level protection for employees who are injured, disabled or dead due to business. For employees on business trips, travel insurance will be added to provide an extra guarantee. ③ The Company has set up a welfare committee and formulated subsidy measures such as condolences for employees' injuries and illnesses. 6. Work safety inspection project: Item: Number of times 1. Environment inspection: Twice a year 2. Fire drill: Twice a year 3. Equipment and machine inspection and maintenance: Daily 4. Health checkups for noise machine personnel: Once a year 5. Health checkups for all employees: Once every three years 7. There was no occupational accident in 2022	
(IV) Does the Company establish effective career development training plans for employees?	V		(IV) The Company has established training measures, performance management measures and employee promotion management measures to train employees' career ability by implementing the measures above .	Compliant
(V) Regarding				

Items promoted	Execution			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary Description	
product and service issues such as customer health and safety, customer privacy, and marketing and labelling, does the company follow relevant regulations and international standards, and formulate relevant consumer or customer rights protection policies and grievance procedures?	V		(V) The products of the Company have obtained international ISO certifications (such as ISO 9001, ISO13485, ISO 14001, and IATF 16949) and international green energy standards (in compliance with EU RoHS regulations), with the aim of providing customers with quality products. The Company attaches great importance to customer service, and has formulated the "Customer Service Management Procedures" and "Customer Complaint Handling Procedures". The Company complies with relevant laws and international standards for marketing and labeling of products and services.	Compliant
(VI) Has the company formulated a vendor management policy that requires vendors to comply with relevant regulations on environmental protection, occupational safety and health or labor human rights issues? What is the	V		(VI) The Company's management requirements for suppliers are in compliance with environmental protection, occupational safety and health, labor rights and other issues and follow relevant norms, and the Company will regularly check whether suppliers have incidents or records that affect the environment and society, so as not to contradict the Company's corporate social responsibility policy. .	Compliant

Items promoted	Execution			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary Description	
implementation status?				
V. Does the Company prepare a sustainability report or any report of non-financial information based on international reporting standards or guidelines? Are the abovementioned reports supported by the assurance or opinion of a third-party certifier?	V		The Company has formulated the "Code of Sustainable Development" and set up a "Corporate Governance" section on its website. In the future, it will continue to disclose the status of sustainable development, and require suppliers to abide by the norms of social and environmental responsibility in consideration of the interests of stakeholders and treating customers in a fair and reasonable manner.	Compliant
VI. If the Company has the sustainable development best practice principles formulated in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies," please describe the differences between the operation and the principles: None.				
VII. Other important information helpful to understand the implementation of the promotion of sustainable development: The Company adheres to the concept of sustainable management, provides employees with stable jobs to maintain a high-quality life, and provides shareholders with stable returns; these are the basic social responsibility of the Company; in addition, the Company addresses environmental protection issues such as environmental safety and hygiene, energy conservation, carbon reduction and greening, and fully implements them. In terms of social welfare, the Company donated NT$40,000 to Zhongtai Temple and NT$120,000 to Tamkang University Scholarship.				

(VI) Enforcement of ethical corporate management, and the differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and reasons:

Assess criteria	Actual governance			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
I. Establishment of integrity policies and solutions				
(I) Has the Company formulated ethical corporate management policies approved by the board meeting, and specified the policies and measures? What is the commitment of the board of directors and senior management on actively implementing the policies in the regulations and external documents?	V		(I) The Company has formulated the “Code of Ethical Corporate Management” and “Code of Ethical Conduct for Directors and Managers”, which specifically regulate the matters that all employees of the Company, including directors and managers, should pay attention to in the execution of business.	Compliant
(II) Whether the Company has established a mechanism for evaluating the risk of unethical conduct, regularly analyzes and evaluates the activities in the scope of business with a higher risk	V		(II) The Company has established the “Code of Ethical Corporate Management” and “Code of Ethical Conduct for Directors and Managers”, and strengthened relevant preventive measures by means of announcements and declarations of important information, such as “Related Party Transactions”. The “Work Rules” clearly stipulates the punishment mechanism for employees who opportunistically conceal facts and seek undue interests. The Company also	Compliant

Assess criteria	Actual governance			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
of unethical conduct, and on the basis of this, has formulated a plan to prevent unethical conduct, which covers at least the preventive measures for the conduct set out in Paragraph 2 of Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"? ?	V		encourages internal and external personnel to report unethical or improper behavior, so as to implement ethical corporate management and ensure the legitimate rights and interests of the whistleblower and the counterparty.	
(III)Whether the Company has specified operating procedures, conduct guidelines, and disciplinary and complaint systems for violations in the plan to prevent unethical conduct and implemented the plan as well as regularly reviews and amends it?			(III) The Company has established the "Ethical Corporate Management Procedures and Behavior Guidelines", and also conducts training and publicity for employees to fully understand the relevant regulations and disciplinary measures.	Compliant

Assess criteria	Actual governance			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
II. Enforcement of business integrity (I) Does the company evaluate the ethic records of its counterparty, and explicitly stipulate the terms concerning ethical behaviors in the contract signed with the counterparty?	V		(I) Before developing a commercial relationship, the Company evaluates the legality and ethical corporate management policy of the party and ascertain whether the party has a record of involvement in unethical conduct, in order to ensure that the party conducts business in a fair and transparent manner and will not request, offer or take bribes.	Compliant
(II) Does the Company have a unit that specializes in business integrity, and this unit report regularly (at least once a year) to the board of directors on the ethic management policies and unethical conduct prevention programs and on the monitoring of their implementation?	V		(II) The responsible unit is the stock affairs unit, which is responsible for the revision, implementation, interpretation, consulting services, notification of content, recording and filing of the "Code of Ethical Corporate Management" and "Ethical Corporate Management Procedures and Behavior Guidelines", and supervision of the implementation, and shall report regularly to the board meeting. The promotion of ethical corporate management in 2022 was reported to the board meeting on December 16, 2022.	Compliant
(III) Does the Company have the policy to prevent conflict of	V		(III) The Company has formulated the "Code of Ethical Corporate Management" to prevent conflicts of interest and provide appropriate communication channels. It is	Compliant

Assess criteria	Actual governance			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
interest, provide appropriate channels for an explanation, and implement it?			also stated in the Company's "Rules of Procedure of Board Meetings" that if a director or the legal person he represents has a specific interest which is likely to harm the interests of the Company, he shall not participate in the discussion and voting, and shall not exercise voting rights on behalf of other directors.	
(IV) Does the Company implement ethical corporate management by establishing an effective accounting system and internal control system, and have an internal audit unit to plan and conduct periodic audits on the compliance status of the programs that prevent the unethical conduct according to the unethical conduct risk assessment result, or appoint a CPA to perform the audit?	V		(IV) In order to implement ethical corporate management, the Company does not have external accounts and secret accounts; in addition, internal auditors regularly check the compliance of the accounting system and internal control system, and prepares an audit report and submits it to the board meeting.	Compliant
(V) Does the Company regularly organize internal and external education	V		(V) The Company has established the "Code of Ethical Corporate Management" and "Ethical Corporate Management Procedures and Behavior Guidelines"; in addition to posting them on the	Compliant

Assess criteria	Actual governance			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
and training on ethical corporate management?			Company's website, the Company strengthens the publicity for new employees and implements them in its operations.	
III. Whistleblowing system (I) Has the Company set up a specific whistleblower reporting and reward system and a convenient reporting channel, and designated appropriate personnel to deal with the reported matters?	V		(I) Article 15 of the Company's "Ethical Corporate Management Procedures and Behavior Guidelines" is about the relevant provisions of the whistle-blowing system. The accusation information shall be reported to the department head if it involves a general employee, and to an independent director if it involves a director or a senior executive.	Compliant
(II) Does the Company establish standard operating procedures for investigating the complaints received and ensuring such complaints are handled confidentially?	V		(II) Article 15 of the Company's "Ethical Corporate Management Procedures and Behavior Guidelines" is about the relevant provisions of the whistle-blowing system. The acceptance, investigation process and results of the whistleblowing case shall be recorded and preserved, and the identity and content of the whistleblower shall be kept confidential.	Compliant
(III) Whether the Company takes measures to protect whistleblowers from being improperly handled due to reporting?	V		(III) Article 15 of the Company's "Ethical Corporate Management Procedures and Behavior Guidelines" is about the relevant provisions of the whistle-blowing system. The identity and content of the whistleblower shall be kept confidential, and the whistleblower shall not be treated improperly due to the accusation. .	Compliant

<table>
<tr><th rowspan="2">Assess criteria</th><th colspan="3">Actual governance</th><th rowspan="2">Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>IV. Enhanced information disclosure
(I) Does the company disclose the information concerning the contents and achievements of its Code of Ethical Corporate Management on its website as well as on the Market Observation Post System?</td><td>V</td><td></td><td>(I) The Company has formulated policies related to ethical corporate management, and has posted relevant information on ethical corporate management in the Investor Section of the Company’s website.</td><td>Compliant</td></tr>
<tr><td colspan="5">V. If the Company has established business integrity policies in accordance with “Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies,” please describe its current practices and any deviations from the Best Practice Principles: None.</td></tr>
<tr><td colspan="5">VI. Other important information that helps to understand the operation status of the Company’s ethical corporate management (such as the Company’s review and amendment of its Code of Ethical Corporate Management): None.</td></tr>
</table>

(VII) If the Company has established the Code of Practice for Corporate Governance or other relevant regulations, disclose the inquiry method: Please visit the Company’s website. of the company website (http://www.coxoc.com.tw).

(VIII) Other important information sufficient to enhance the understanding of the operation of corporate governance: The Company continues investing resources to strengthen the operation of corporate governance, and has set up a Corporate Governance Section on the Company’s website to describe the corporate governance status. The website also provides relevant rules and measures of the Company. for download and query.

(IX) Disclosures relating to the execution of internal control system

1. Statement of Internal Control System: Please refer to page 273 to page 274.

2. If an external CPA reviewed the internal control system, the result of such review must be disclosed: None.

(X) For the most recent year and up to the date of printing of the annual report, if the Company and its internal personnel have been punished according to law, or the Company has punished its internal personnel for violating the provisions of the internal control system, and the punishment results may have a significant impact on shareholders' equity or securities prices, the punishment contents, main deficiencies and improvement status shall be listed: None.

(XI) Major resolutions passed in shareholder meetings and board meetings held in the last year and up to the publication date of the annual report: Please refer to page 275.

(XII) Documented opinions or declarations made by directors or supervisors against board resolutions in the most recent year and up to the publication date of the annual report: None.

(XIII) Resignation and dismissal of the Chairman, President, head of accounting, head of finance, chief internal auditor, head of corporate governance and head of R&D in the most recent year and up to the publication date of the annual report: None.

IV. Certifying CPAs' fees

Unit: Thousand NTD

Name of accounting firm	Name of CPA	Period of audit service	Audit fees	Non-audit fees	Total	Remarks
PricewaterhouseCoopers Taiwan	Wei-Hao Wu Ya-Huei Cheng	2022	3,480	600	4,080	Note 1

Note 1: The non-audit public fees are the transfer pricing fee of NT$350 thousand, and the financial report English translation fee of NT$250 thousand, totaling NT$600 thousand.

(I) Where the Company changes the accounting firm and the audit fees paid for the fiscal year in which such the change took place are lower than those of the previous fiscal year, the amounts of the audit fees before and after the change and the reason(s) shall be disclosed: None.

(II) For any reduction in audit fee by more than 10% compared to the previous year, state the amount, percentage, and reason of such variation: None.

V. Information of Change of CPAs:

1. About the former CPAs

Date of Change	March 16, 2022 (date of board meeting's resolution)
Reasons and Explanations of Change	In 2022, due to the internal rotation mechanism of the CPA firm appointed by the Company, the certifying CPAs were changed from accountants Yan-Na Li and Wei-Hao Wu to accountants Wei-Hao Wu and Ya-Huei Cheng.

<table>
<tr><td rowspan="3">Explain that the appointor or accountant terminates or does not accept the appointment</td><td>Counterparty
Circumstances</td><td>Accountant</td><td>Appointor</td></tr>
<tr><td>Voluntarily terminating the appointment</td><td>N/A</td><td>N/A</td></tr>
<tr><td>Not accepting the appointment any more (continual)</td><td>N/A</td><td>N/A</td></tr>
<tr><td>Comments and Reasons of Audit Report besides No Qualified Opinions verified for the Past Two Fiscal Years</td><td colspan="3">None</td></tr>
</table>

<table>
<tr><td rowspan="6">No different opinions against issuer</td><td rowspan="4">YES</td><td></td><td>Accounting Policies or Practices</td></tr>
<tr><td></td><td>Disclosure of Financial Report</td></tr>
<tr><td></td><td>Audit Scope or Step</td></tr>
<tr><td></td><td>Others</td></tr>
<tr><td>NO</td><td colspan="2">V</td></tr>
<tr><td colspan="3">Description: Not applicable.</td></tr>
<tr><td>Other disclosures
(Any matter related to Items 1-4~1-7, Subparagraph 6 of Article 10 of the Code should be disclosed)</td><td colspan="3">None</td></tr>
</table>

2. About the Succeeding Accountant

Name of accounting firm	PricewaterhouseCoopers Taiwan
Name of CPA	Accountant Ya-Huei Cheng
Date of Appointment	March 16, 2022
The accounting treatment methods or accounting principles for specific transactions prior to the appointment, and consultation matters and results of opinions that may be issued in the financial report.	None
Written opinion of the successor accountant on the different opinions of the former accountant.	None

3. Reply from the former accountant regarding Items 1 and 2-3, Subparagraph 6 of Article 10 in the Code: None.

VI. Is any of the Company's Chairman, President, or financial or accounting manager employed by the accounting firm or any of its affiliated company within the most recent year: None.

VII. Details of shares transferred or pledged by directors, supervisors, managers, or shareholders with more than 10% ownership interest in the last year and up to the publication date of the annual report:

1. Details of shares transferred or pledged by directors, supervisors, managers, and shareholders with more than 10% ownership interest:

Unit: Share

Title	Name	2022		As of April 16, 2023	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Chairman/President	Lien-Hsi Wu	0	0	0	0
Director/Vice Chairman	Ting-Ting Shih	0	0	0	0
Director/Vice President	Wu-Hsiung Chen	0	0	0	0
Director	Chia-Hsiang Wu	0	0	0	0
Director	Chun-Wei Wu	0	0	0	0
Independent director	Yin-Tien Wang	0	0	0	0
Independent director	Ming-Lei Chang	0	0	0	0
Independent director	Chang-Lin Chan(Note 1)	0	0	0	0
Vice President	Dao-Ming Chen	(8,000)	0	(3,000)	0
Senior Administrative Manager	Wei-Li Hsu (Note 2)	0	0	0	0
Accounting Manager	Mei-Hui Liao	0	0	0	0
Financial Manager	Chung-Ying Su	0	0	(2,000)	0

Note 1: Mr. Chang-Lin Chan took office on June 15, 2022.
Note 2: Miss Wei-Li Hsu took office on April 18, 2022.

2. Cases in which the counterparty of transfer of shares by directors, supervisors, managerial officers, and shareholders with more than 10% shareholding is a related party: None.

3. Cases in which the counterparty of pledge of shares by directors, supervisors, managerial officers, and shareholders with more than 10% shareholding is a related party: None.

VIII. Information on the top ten shareholders in terms of shareholding ratio, who are each other's related persons specified in the Financial Accounting Standards Bulletin No. 6, or are spouses or relatives within the second degree of kinship

April 16, 2023
Unit: Share

Name	Self-owned Shares	Shareholding of spouse and underage children	Shareholding under the title of a third party	Names and relationships of top-10 shareholders characterized as related parties defined in Statements of Financial Accounting Standards No. 6.	Remarks

	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Name	Relation	
Rong-Chun Wu	4,115,912	5.14%	1,368,054	1.71%	—	—	Lien-Hsi Wu	Brothers	
Lien-Hsi Wu	4,005,942	5.01%	1,155,450	1.44%	—	—	Rong-Chun Wu	Brothers	
Minchang Investment Co., Ltd.	3,344,643	4.18%	—	—	—	—	Lien-Hsi Wu	Spouse	
Representative: Yu-Hui Yang	1,155,450	1.44%	4,005,942	5.01%	—	—			
Yang-Ching Huang	2,600,000	3.25%	—	—	—	—			
Hsianghehsing Investment Co., Ltd.	2,487,201	3.11%	—	—	—	—	Rong-Chun Wu	Spouse	
Representative: Ting-Ting Shih	1,368,054	1.71%	4,115,912	5.14%	—	—			
Chun-Wei Wu	2,317,774	2.90%	—	—	—	—	Lien-Hsi Wu	Father and son	
Fu Hwa Small and Medium Selection Fund Special Account	2,000,000	2.50%	—	—	—	—			
Chia-Hsiang Wu	1,587,041	1.98%	—	—	—	—	Rong-Chun Wu	Father and son	
Hsiu-Mei, Hsu	1,521,000	1.90%							
Chun-Ping Wu	1,502,597	1.88%	—	—	—	—	Lien-Hsi Wu	Father and daughter	

IX. Shares held in the same reinvestment enterprise by the Company, the Company's directors, supervisors, managers, and enterprises directly or indirectly controlled by the Company, and the aggregate shareholding of the parties above

March 31, 2022; Unit: Share

Reinvestment enterprise	Held by the Company		Held by directors, supervisors, managers, and directly or indirectly controlled enterprises		Aggregate ownership	
	Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding ratio
COXOC ELECTRONICS CO.,LTD.	117,547	100.00%	—	—	117,547	100.00%
CHANT SINCERE TECHNOLOGY CO.,LTD.	210,000	100.00%	—	—	210,000	100.00%
AXMOO INVESTMENT CO., LTD.	20,300,000	100.00%	—	—	20,300,000	100.00%
DAVID ELECTRONICS COMPANY LTD.	4,236,042	86.89%	—	—	4,236,042	86.89%
KUNSHAN CHANT SINCERE ELECTRONICS LTD.			N/A	100.00%	N/A	100.00%
A&H INTERNATIONAL CO., LTD.	50,500	100.00%			50,500	100.00%
DAVID ELECTRONICS COMPANY. (BVI)LTD.			2,000,339	100.00%	2,000,339	100.00%
ZHUHAI DAVID ELECTRONICS CO., LTD.			N/A	100.00%	N/A	100.00%
DONGGUAN QUANRONG ELECTRONICS CO., LTD.			N/A	100.00%	N/A	100.00%
Grand-Tek Technology Co., Ltd	5,693,579	23.15%			5,693,579	23.15%

Note: It is a long-term investment of the Company by the equity method.

Four. Capital Overview

I. Capital and Shares

(I) Source of capital

1. Types of shares issued by the Company in the most recent year and as of the printing date of the annual report

Unit: Thousand shares; NT$ thousand

Year/ Month	Issue Price	Authorized Share Capital		Paid-up capital		Remarks		
		Shares	Amount	Shares	Amount	Sources of share capital	Payment in properties other than cash	Others
1986.04	100	250	25,000	250	25,000	Starting share capital	None	-
1997.04	100	500	50,000	500	50,000	Issue of shares NT$25,000 thousand	None	Note 1
1997.10	100	1,000	100,000	1,000	100,000	Issue of shares NT$50,000 thousand	None	Note 2
1998.12	10	19,900	199,000	19,900	199,000	Issue of shares NT$99,000 thousand	None	Notes 3 and 4
2000.12	10	32,300	323,000	23,000	230,000	NT$31,000 thousand transferred from earnings (including NT$630 thousand capital increase transferred from employee bonus).	None	Note 5
2001.08	10	32,300	323,000	28,280	282,800	NT$52,800 thousand transferred from earnings (including NT$1,050 thousand capital increase transferred from employee bonus).	None	Note 6
2002.02	10	32,300	323,000	30,000	300,000	Issue of shares NT$17,200 thousand	None	Note 7
2002.07	10	41,100	411,000	34,500	345,000	NT$45,000 thousand transferred from earnings (including NT$5,000 thousand capital increase transferred from employee bonus).	None	Note 8
2003.07	10	48,350	483,500	38,500	385,000	NT$40,000 thousand transferred from earnings (including NT$5,500 thousand capital increase transferred from employee bonus).	None	Note 9
2004.08	10	78,050	780,500	45,925	459,250	NT$74,250 thousand transferred from earnings (including NT$8,800 thousand capital increase transferred from employee bonus).	None	Note 10
2005.05	10	78,050	780,500	48,424	484,241	NT$24,991 thousand transferred from convertible corporate bonds.	None	Note 11
2005.07	10	78,050	780,500	48,487	484,870	NT$629 thousand transferred from convertible corporate bonds.	None	Note 12
2005.09	10	78,050	780,500	51,183	511,833	NT$26,963 thousand transferred from earnings (including NT$4,000 thousand capital increase transferred from employee bonus).	None	Note 13
2005.11	10	78,050	780,500	54,983	549,834	NT$38,001 thousand transferred from convertible corporate bonds.	None	Note 14
2006.02	10	78,050	780,500	55,258	552,583	NT$2,749 thousand transferred from convertible corporate bonds.	None	Note 15
2006.09	10	88,050	880,500	67,463	674,630	NT$122,047 thousand transferred from earnings (including NT$11,530 thousand capital increase transferred from employee bonus).	None	Note 16
2007.09	10	88,050	880,500	72,036	720,361	NT$45,731 thousand transferred from earnings (including NT$12,000 thousand capital increase transferred from employee bonus).	None	Note 17
2007.11	10	88,050	880,500	72,044	720,440	NT$79 thousand transferred from convertible corporate bonds.	None	Note 18
2008.09	10	88,050	880,500	77,226	772,261	NT$51,821 thousand transferred from earnings (including NT$17,000 thousand capital increase transferred from employee bonus).	None	Note 19
2011.01	10	88,050	880,500	74,283	742,831	Capital reduction of NT$24,030	None	Note 20

						thousand (cancellation of treasury shares)		
2012.01	10	88,050	880,500	73,249	732,491	Capital reduction of NT$15,740 thousand (cancellation of treasury shares)	None	Note 21
2012.07	10	88,050	880,500	71,839	718,391	Capital reduction of NT$14,100 thousand (cancellation of treasury shares)	None	Note 22
2021.05	10	100,000	1,000,000	72,029	720,290	NT$1,899 thousand transferred from convertible corporate bonds.	None	Note 23
2021.11	10	100,000	1,000,000	72,040	720,402	NT$112 thousand transferred from convertible corporate bonds.	None	Note 24
2022.04	10	100,000	1,000,000	78,546	785,459	NT$65,057 thousand transferred from convertible corporate bonds.	None	Note 25
2022.06	10	100,000	1,000,000	79,373	793,733	NT$8,274 thousand transferred from convertible corporate bonds.	None	Note 26
2022.09	10	100,000	1,000,000	79,417	794,172	NT$439 thousand transferred from convertible corporate bonds.	None	Note 27
2022.11	10	100,000	1,000,000	79,595	795,949	NT$1,777 thousand transferred from convertible corporate bonds.	None	Note 28
2023.04	10	100,000	1,000,000	79,773	797,736	NT$1,777 thousand transferred from convertible corporate bonds.	None	Note 29

Note 1: 86 Jian-San-Jia-Zi No. 150419

Note 2: October 20, 1997 Jing-(86)-Shang-Zi No. 120929

Note 3: December 23, 1998 Jing-(87)-Shang-Zi No. 142196

Note 4: The paid-in share capital of 19,900 thousand shares is calculated from the paid-in share capital of 9,900 thousand shares with the original face value of NT$100 per share in the previous period, and the paid-in share capital of 10,000 thousand shares converted according to the par value of NT$10 per share.

Note 5: July 11, 2000 (89) Tai-Cai-Zheng (I) No. 57695

Note 6: July 4, 2001 (90) Tai-Cai-Zheng (I) No. 142952

Note 7: November 12, 2001 (90) Tai-Cai-Zheng (I) No. 168620

Note 8: July 17, 2002 (91) Tai-Cai-Zheng (I) No. 140269

Note 9: July 1, 2003 (92) Tai-Cai-Zheng (I) No. 129183

Note 10: June 29, 2004 Tai-Cai-Zheng (I) No. 0930128672

Note 11: May 18, 2005 Jing-Shou-Zhung-Zi No. 09432130250

Note 12: July 25, 2005 Jing-Shou-Zhung-Zi No. 09432507120

Note 13: July 19, 2005 Jin-Guan-Zheng-Yi-Zi No. 0940127623; September 21, 2005 Jing-Shou-Zhung No. 09401185850

Note 14: November 14, 2005 Jing-Shou-Zhung-Zi No. 09401228570

Note 15: February 14, 2006 Jing-Shou-Zhung-Zi No. 09501025130

Note 16: September 7, 2006 Jing-Shou-Shang-Zi No. 09501203050

Note 17: September 7, 2007 Jing-Shou-Shang-Zi No. 09601232690

Note 18: January 18, 2008 Jing-Shou-Shang-Zi No. 09701015420

Note 19: September 18, 2008 Jing-Shou-Shang-Zi No. 09701239440

Note 20: January 24, 2011 Jing-Shou-Shang-Zi No. 10001017130

Note 21: January 17, 2012 Jing-Shou-Shang-Zi No. 10101011380

Note 22: July 2, 2012 Jing-Shou-Shang-Zi No. 10101122930

Note 23: May 28, 2021 Jing-Shou-Shang-Zi No. 11001089840

Note 24: November 19, 2021 Jing-Shou-Shang-Zi No. 110012100000

Note 25: April 1, 2022 Jing-Shou-Shang-Zi No. 11101052890

Note 26: June 1, 2022 Jing-Shou-Shang-Zi No. 11101085640

Note 27: September 5, 2022 Jing-Shou-Shang-Zi No. 11101158410

Note 28: November 10, 2022 Jing-Shou-Shang-Zi No. 11101216430

Note 29: April 6, 2023 Jing-Shou-Shang-Zi No. 11230052660

2. Those who have been approved to issue securities under the aggregate declaration system shall disclose the approved amount and the planned and already issued securities: None.

April 16, 2023 Unit: Thousand shares

Share category	Authorized capital			Remarks
	Outstanding shares	Unissued shares	Total	
Common Stock	80,029	19,971	100,000	The Company's shares are listed on the Taiwan Stock Exchange, including the number of shares that have been converted from corporate bonds but have not been registered for change.

Note: The Company's shares are listed and there are no restrictions on trading.

(II) Shareholder structure

April 16, 2023

Shareholding/ shareholder structure	Government agency	Financial institution	Other institutional investors	Individual	Foreign institution and foreigner	Total
Number	0	0	46	8,138	23	8,207
No. of shares held	0	0	13,754,963	63,884,625	2,389,048	80,028,636
Shareholding ratio	0	0	17.18%	79.83%	2.99%	100.00%

(III) Diversification of equity

April 16, 2023 face value NT$10 per share

Shareholding range	Number of Shareholder	No. of shares held	Shareholding ratio (%)
1 to 999 shares	1,522	212,757	0.27
1,000 to 5,000 shares	5,494	10,507,479	13.13
5,001 to 10,000 shares	603	4,703,674	5.88
10,001 to 15,000 shares	173	2,226,669	2.78
15,001 to 20,000 shares	110	2,016,846	2.52
20,001 to 30,000 shares	108	2,763,378	3.45
30,001 to 40,000 shares	39	1,417,000	1.77
40,001 to 50,000 shares	27	1,241,506	1.55
50,001 to 100,000 shares	58	4,078,038	5.10
100,001 to 200,000 shares	27	3,709,251	4.63
200,001 to 400,000 shares	16	4,252,602	5.31
400,001 to 600,000 shares	9	4,377,902	5.47
600,001 to 800,000 shares	0	0	0
800,001 to 1,000,000 shares	3	2,681,267	3.35
1,000,001 shares and above	18	35,840,267	44.79
Total	8,207	80,028,636	100.00

(IV) List of major shareholders:

1. List of shareholders with a shareholding ratio of more than 5% or the top ten shareholders

April 16, 2023 Unit: Share

Shares / Name of major shareholder	No. of shares held	Shareholding percentage (%)
Rong-Chun Wu	4,115,912	5.14
Lien-Hsi Wu	4,005,942	5.01
Min Chang Investment Co., Ltd.	3,344,643	4.18
Yang-Ching Huang	2,600,000	3.25
Hsianghehsing Investment Co., Ltd.	2,487,201	3.11
Chun-Wei Wu	2,317,774	2.90
Fu Hwa Small and Medium Selection Fund	2,000,000	2.50
Chia-Hsiang Wu	1,587,041	1.98
Hsiu-Mei Hsu	1,521,000	1.90
Chun-Ping Wu	1,502,597	1.88

2. Major shareholders of corporate shareholders

April 16, 2023

Name of Institutional Shareholder	Major Shareholders of Institutional Shareholder
Min Chang Investment Co., Ltd.	Lien-Hsi Wu (25.00%), Yu-Hui Yang (23.50%), Chun-Ping Wu (17.50%), Chun-Bei Wu (17.50%), Chun-Wei Wu (15%), Cheng-Chie Yang (0.75%), Yu-Hsia Yang (0.25%), Chiao-Nian Yang (0.25%), Yu-Hsiu Yang (0.25%)
Hsianghehsing Investment Co., Ltd.	Rong-Chun Wu (25%), Ting-Ting Shih (23.5%), Chia-Hsiang Wu (18.25%), Chia-Ho Wu (18%), Chia-Ni Wu (15.25%)

(V) Information on the market price, net value, earnings and dividend for the last two years

Unit: In New Taiwan Dollars

Item \ Year			2021	2022	As of March 31, 2023 (Note 8)
Market price per share (Note 1)	High		81.50	95.70	98.90
	Minimum		27.15	59.80	65.50
	Average		39.59	77.37	87.15
Net worth per share (Note 2)	Before dividend		29.39	30.29	28.89
	after Distribution		27.39	—	—
Earnings per share	Weighted average number of shares (thousand shares)		72,461	79,399	79,918
	Earnings per share (Note 3)	Before Adjustment	2.02	4.06	1.16
		After Adjustment	2.02	4.06	
Dividends per share	Cash dividend (Note 9)		2.00	3.00	
	Stock dividends	From earnings			
		From Capital Surplus			
	Accumulated Unpaid Dividend (Note 4)				
ROI Analysis	Price/Earnings Ratio (Note 5)		19.60	19.06	
	Price/Dividend Ratio (Note 6)		19.80	25.79	
	Cash Dividend Yield (Note 7)		5.05	3.88	

Note 1: List the highest and lowest market share price for each year, and calculate the average market price based on the turnover value each year.

Note 2: Please use the number of the issued shares at year end as the base, and in accordance with the distribution resolution of the board meeting or the shareholders' meeting held in the following year.

Note 3: If there is a retroactive adjustment due to circumstances such as stock dividend, etc., earnings per share before and after the adjustment should be shown.

Note 4: If equity securities are issued with terms that allow dividends to be accumulated until the year the Company makes a profit, disclose separately the amount of cumulative undistributed dividends up to the current year.

Note 5: P/E ratio = current average closing price per share/earnings per share

Note 6: P/D ratio =current average closing price per share/cash dividend per share

Note 7: Cash dividend yield=cash dividend per share/current average closing price per share.

Note 8: Fill in the net value per share and earnings per share with the data audited (reviewed) by

CPAs as of the most recent quarter; fill in the remaining fields with the data of the current year up to the publication date of this annual report.

Note 9: Earnings distribution of 2022 is pending the resolution of the shareholders' meeting.

(VI) Dividend policy and execution status

1. Dividend policy stated in the Company's Articles of Incorporation

If there is any surplus in the Company's annual accounts, it will be distributed in the following order.

I. Appropriation for taxes.

II. Making up for past losses.

III. Allocating 10% as legal reserve.

IV. Appropriating or reversing the special reserve in accordance with the law or regulations of the authority.

V. For the rest, the board of directors shall formulate an earnings distribution proposal in accordance with the dividend policy in Paragraph 2 of this article, and submit it to the shareholders' meeting.

The Company is in the business growth stage, and the policy of distributing dividends must take into account the Company's current and future investment environment, capital needs, domestic and international competition, capital budget and other factors, as well as the interests of shareholders and the balance between dividends and the Company's long-term financial planning. According to the law, the board meeting shall formulate a distribution proposal and submit it to the shareholders' meeting. The dividends to shareholders shall includes 20% to 100% from cash dividends and 0% to 80% from stock dividends.

VI. In order to motivate employees and the management team, from the net profit before tax of the current period before the Company's debit of employees' remuneration and directors' remuneration, 5% to 15% shall be allocated as employees' remuneration and not more than 2% as directors' remuneration. However, profits must first be taken to offset cumulative losses, if any.

2. Resolution on the dividend distribution for the current year

The proposal for the Company's 2022 earnings distribution was approved in the board meeting held on March 16, 2023; other than setting aside 10% as the legal reserve from the net profit after tax according to law, with the addition of the adjustment for the 2022 retained earnings of NT$94,817,025, a legal reserve of NT$41,678,903 was set aside according to law, and a total cash dividend of ordinary shares of NT$240,067,836 was to be distributed (cash dividend of NT$3 per share), accounting for 75% of the net profit after tax in 2022. The above-mentioned earnings distribution plan will be submitted to the shareholders' meeting for approval.

3. When it is expected that there will be major changes in the dividend policy, an explanation should be given: the Company has not expected any major changes in the dividend policy as of the date of publication of the annual report.

(VII) Impact of the proposed stock dividend for the current year on the Company's business performance and earnings per share: The Company has no dividend distribution for the year. .

(VIII) Employees 'remuneration and directors' and supervisors' remuneration of

1. Percentage or range of employee's remuneration and directors' and supervisors'

remuneration as stated in the Articles of Incorporation:

The Company shall allocate 5% to 15% of the annual pre-tax net profit before the deduction of employees' remuneration and directors' remuneration as employees' remuneration, and no more than 2% as director's remuneration. However, profits must first be taken to offset cumulative losses, if any.

2. The basis for estimating employees' remuneration and directors' and supervisors' remuneration for the current period, the calculation basis of the number of shares for the distribution of stock dividends, and the accounting treatment if the actual distribution amount is different from the estimated amount:

If there is a change in the employees' remuneration and directors' and supervisors' remuneration in the profit distribution plan resolved by the shareholders' meeting, the difference shall be treated according to the change in accounting estimates and listed as profit or loss for the following year, without affecting the recognized financial report.

3. Information on the proposed distribution of employees' remuneration approved by the board meeting:

(1) Amounts of employees' remuneration and directors' and supervisors' remuneration If there is any discrepancy between the recognized expense amount and the estimated amount for the year, disclose the discrepancy, reasons and treatment:

The Company's 2022 employees' remuneration and directors' remuneration were approved by the board meeting on March 16, 2023. It is proposed to pay the 2022 employees' remuneration for NT$21,392,085 and directors' remuneration for NT$5,561,941; these figures are identical to the figures of employees' remuneration for NT$21,392,085 and directors' remuneration for NT$5,561,941 recognized in the 2022 financial statements.

(2) The amount of employees' remuneration distributed by stock and its proportion to the total amount of net profit after tax and employees' remuneration in individual or individual respective financial reports for the current period:

The profit distribution proposal approved by the board resolution did not contain the distribution of stock dividends to employees, so it is not applicable.

(3) The imputed earnings per share after considering the proposed distribution of employees' remuneration and directors' and supervisors' remuneration: NT$4.06.

4. The distribution of employees' remuneration and directors' and supervisors' remuneration for 2021:

Distribution Items	The actual number of shares to be allotted as resolved by the general shareholders' meeting	The original number of shares to be allotted as resolved by the board meeting	Cause of difference
I. Employee stock remuneration			
1. Number of shares	0	0	—
2. Amount (NT$)	0	0	—
3. Proportion of outstanding shares at the end of 2021 (%)	—	—	—
II.Employees' cash remuneration (NT$)	12,219,353	12,219,353	—
III.Directors'remuneration	2,508,719	2,508,719	—

Distribution Items	The actual number of shares to be allotted as resolved by the general shareholders' meeting	The original number of shares to be allotted as resolved by the board meeting	Cause of difference
(NT$)			

(IX) Buyback of company shares by the Company: None.

II. Handling of corporate bonds (including oversea corporate bonds):

(I) Handling of corporate bonds

Types of corporate bonds	The third domestic unsecured convertible corporate bonds (bond code: 62053)
Issuing (handling) date	2020.11.04
Face value	One hundred thousand New Taiwan dollars
Issuing and trading place (Note 3)	Taipei Exchange
Issued price	Issued at 100% of the bond's face value
Total amount	NT$350 million
Interest rate	0%
Term	3-year term; maturity date: November 4, 2023
Guarantee agency	N/A
Trustee	Hua Nan Bank
Underwriter	Taichung Bank Securities
Certifying lawyer	Ya-Wen Chiu, Attorney, Handsome Attorneys-at-law
Certifying accountant	Yan-Na Li ,Wei-Hao Wu, CPA, PWC Taiwan
Repayment method	Unless the holders of the convertible corporate bonds are converted into ordinary shares of the Company in accordance with Article 10 of these regulations, or the Company withdraws the bonds in advance in accordance with Article 18 of these regulations, or the Company repurchases and cancels the bonds at the business premises

	of a securities firm, the Company will repay 100.7519% of the bonds' face value (at an annual yield to maturity of 0.25%) in cash when the convertible corporate bonds mature.
Outstanding principal	NT$70,267,224
Terms of redemption or prepayment	(I) From the next day (February 5, 2021) to the 40 days before the expiry date (September 25, 2023), if the closing prices of the Company's ordinary shares for 30 consecutive business days exceed the current conversion price by more than 30% (inclusive), the Company may, within the next 30 business days, send a "Bond Callback Notice" with a valid period of 30 days (the period shall start from the date of dispatch by the Company, and the expiry date of the period shall be the base date for bond redemption, and the aforesaid period shall not be the period of suspension of conversion in Article 9) to the bondholders (the list of bondholders on the fifth business day prior to the date of dispatch of the "Bond Callback Notice" shall prevail; for creditors who acquire the convertible corporate bonds due to trading or other reasons, the Company's announcement shall prevail), and the Company shall notify the Taipei Exchange by letter. Within five business days after the bond callback base date, the Company shall redeem its outstanding convertible corporate bonds in cash at the bond face value. (II) From the next day (February 5, 2021) to the 40th day before the maturity date (September 25, 2023), if the outstanding balance of the convertible corporate bonds is less than 10% of the original total issued amount, the Company may, at any time thereafter, send by registered mail a "Bond Callback Notice" with a valid period of 30 days (the period starts from the date of dispatch by the Company, and the expiry date of the period is the base date for bond callback, and the aforesaid period shall not be the period of suspension of conversion in Article 9) to the

		bondholders (the list of bondholders on the fifth business day prior to the date of dispatch of the "Bond Callback Notice" shall prevail; for creditors who acquire the convertible corporate bonds due to trading or other reasons, the Company's announcement shall prevail), and the Company shall notify the Taipei Exchange by letter. Within 5 business days after the bond callback base date, the Company shall redeem its outstanding convertible corporate bonds in cash at the bond face value. (III) If the bondholder fails to reply in writing to the Company's stock affairs agency before the base date of the bond callback as stated in the "Bond Callback Notice" (which will take effect when delivered, and the mailers' postmark date will be the evidence), the Company shall call back the convertible corporate bonds held by the bondholder in cash at the face value within five business days after the base date of bond callback.
Restrictive terms (Note 4)		None
Name of credit rating agency, rating date, and corporate bond rating results		N/A
Additional rights	Amount of ordinary shares, overseas depositary receipts or other marketable securities converted (exchange or subscribed to) up to the date of publication of the annual report	Converted into ordinary shares for NT$81,895,570.
	Issuance and conversion (exchange or subscription) approach	Please refer to the issuance and conversion method.
Possible dilution of the equity and the impact on existing shareholders' rights and interests from the method of issuance and conversion, exchange or share subscription, and issuance		The coupon rate of the convertible corporate bonds issued this time is 0%, which allows the Company to obtain low-cost funds, and the conversion price is issued at a premium to the reference market price of ordinary shares, so there is

conditions	no negative impact on shareholders' equity.
Custodian institution for the subject of the exchange	N/A

Note 1: The handling of corporate bonds includes the public offering and private placement of corporate bonds being handled. Publicly offered corporate bonds being handled refer to those that have been validated (approved) by the Commission; privately placed corporate bonds being handled refer to those that have been approved by the board meeting.
Note 2: The number of fields may be adjusted according to the actual number of transactions.
Note 3: Fill in overseas corporate bonds.
Note 4: Such as restrictions on the distribution of cash dividends, external investment or the requirement to maintain a certain proportion of assets.
Note 5: For private placements, mark them in a prominent way.
Note 6: For convertible corporate bonds, exchangeable corporate bonds, aggregately declared corporate bonds or corporate bonds with stock options, the information on the conversion of corporate bonds, exchangeable corporate bonds, aggregately declared corporate bonds or corporate bonds with stock options should be disclosed in a tabular format according to the nature.

(II) Convertible corporate bond information

Types of corporate bonds		Third domestic unsecured convertible corporate bonds (bond code: 62053)		
		2021	2022	Current year up to April 30, 2023
Market price of the convertible corporate bonds	High	234.00	287.00	281.00
	Minimum	107.50	191.00	240.00
	Average	148.61	241.82	241.88
Conversion price		34.20	33.20	33.20
Issuance (handling) date and conversion price at the time of issuance		2020/11/04 NT$35.80		
Method of fulfilling the conversion obligation		Issuance of new shares	Issuance of new shares	Issuance of new shares

III. Issuance of preferred shares: None.

IV. Issuance of offshore depositary receipts: None.

V. Issuance of employee stock option certificate: None.

VI. New shares with restricted employee rights: None.

VII. Handling of mergers and acquisitions (including mergers, acquisitions and divisions): None.

VIII. Progress on the planned use of capital:

(I) Plan content

1. The effective-upon-declaration date and document number of the competent authority: Letter of the Financial Supervisory Commission dated October 19, 2020 referenced Jin-Guan-Zheng-Fa-Zi No. 1090370022.
2. Total amount of funds required for this project: NT$350,000 thousand.
3. Source of funds: Issuing the third domestic unsecured convertible corporate bonds; the total number of certificates issued is 3,500, each with a face value of NT$100,000, which are issued based on the full face value, with a total issuance amount of NT$350,000 thousand, a coupon rate of 0% and a term of 3 years.
4. Planned projects and estimated progress of fund utilization

Unit: NT$ thousand

Planned project	Expected completion date	Total funds needed	Estimated progress of fund utilization		
			2020	2021	
			4th quarter	1st quarter	2nd quarter
Replenishing working capital	2nd quarter of 2021	350,000	200,000	100,000	50,000
Total		350,000	200,000	100,000	50,000

5. The expected benefits of the project
   In order to meet the operating working capital requirement for the continuous growth of the Company's future operation scale, the funds raised this time will replace financing from banks. In addition to increasing long-term stable funding sources, they can reduce the dependence on bank financing and make the use of funds more flexible, which is beneficial to the Company's overall operational development and sound financial structure, and can reduce operational and financial risks and enhance market competitiveness.
6. Revision of the project: No such situation.

(II) Actual implementation status

Unit: NT$ thousand

Planned project	Execution		2nd quarter of 2021	Reasons for being ahead or behind schedule
Replenishing working capital	Cumulative amount spent	Expected	350,000	The cumulative implementation progress is in line with the original planned fund utilization plan.
		Actual	350,000	
	Cumulative implementation progress	Expected	100%	
		Actual	100%	

(III) Benefit evaluation

As of the second quarter of 2021, the Company has actually paid NT$350,000 thousand in working capital, and the cumulative implementation progress ratio is 100.00%. The expected benefits are in line with the actual achievement.

Five. Operational Overview

I. Business activities

1. Business scope

(1) Major Contents of Owned Business

①Processing, manufacturing and trading of various electronic components (connectors and electronic wires) and small finished products.

②Import and export business of the aforementioned products.

③In addition to licensed businesses above, any businesses that are not prohibited or restricted by laws and regulations.

(2) Business proportion

Main products \ Proportion	2022	
	Amount (NT$ thousand)	Ratio (%)
Electronic connector	890,723	47.6%
Cable	954,193	50.9%
Others	28,247	1.5%
Total	1,873,163	100%

(3) The Company's current products and services:

① The Company's connectors and cable products are mainly used in four aspects, namely ADAS, Cloud Center, AR/VR and AIoT/IPC. We provide a complete sales plan with a variety of products, and have become the first choice supplier for customers who pursue the quality of international manufacturers with ordinary prices and fast and good services. The Company's main connector (wire) products are as follows:

Classification	Main products	Product application
Could Center connector/cable	1. DisplayPort 2. HDMI 3. USB 3.0 4. USB Type C 5. RJ45 6. SFP 7. QSFP 8. QSFP DD 9. Mini SAS HD 10. Slimline 11. Oculink 12. MT Ferrule 13. MPO Guide Pin 14. MPO Connector Kit 15. MPO Patch Cord 16. Fiber Array 17. Patch Cord 18. RF Cable	The products are mainly used in high transmission equipment, such as network servers, switches and memories, 8k*4k screens and high-capacity SSDs.

AR/VR	1. uSD 4.0 conn/adapter 2. Multi card reader(SD 4.0+uSD 4.0+CF) 3. OTG reader 4. OTG adapter 5. USB 3.0 cable AM to AF(1M) 6. Type C USB 3.0 OTG reader 7. Type C to SD 4.0 8. USB type C Dongle 9. USB type C & USB 3.1 10.Type C to C Gen2 Cable	The products are mainly used in virtual reality and electronic products such as external hard disks, computer monitors, TVs, digital TVs and set-top-boxes to support higher power charging capabilities and transmission rates.
AIoT/Industrial connector/cable	1. D-sub 2. CF / CFast / CFexpress 3. IEEE1394 4. SD4.0 Push Push 5. DIN 41612 6. Waterproof-M12 Cat 6 PUR cable 7. Waterproof-M12 A,D,X cable	The products are mainly used in AIoT items and industrial machinery and equipment to enhance the transmission rate and the function of waterproof and dustproof shielding to ensure the stability of the machine's and equipment's circuits.
ADAS connector/cable	1.Automotive connectors: FAKRA Conn./Cable HSD Conn./Cable Mini FAKRA Conn./Cable HCMTD Conn./Cable CM50	Automotive connectors are mainly used in automotive ADAS connector products to provide assisted driving functions.

② Safety & Association Approvals

UL, VDE, HDMI, DP, USB-IF, USB3.0, ISO-9001, ISO-13485 and IATF16949. In order to meet the needs of customers in different regions of the world and let customers use our products with peace of mind, the Company actively joins various associations and meets the safety regulations of various countries, with the aim to become a global and international high-quality supplier.

③ Conformance to environmental trends: (RoHS(2), Halogen Free(HF) and REACH)

In response to the green needs to protect the environment, the Company has introduced lead-free, RoHS and halogen-free processes for the products it manufactures since 2004. At present, all its products can meet the requirements of environmental protection prohibited substances. In order to meet the requirements of future processes, the Company has successively introduced such requirements into the product process.

(4) New products planned to be developed

Combining years of design experience in consumer electronics, computer and communication industry connection applications, with precision manufacturing and high-standard testing capabilities, the Company has successfully selected automotive electronic connectors and communication connectors with high technical difficulties and great potential for its development for a professional positioning in the market. In order to achieve the goal of sustained high growth and high added value; the research and development of new products will accelerate the integration of computers, automotive electronics and communications to build a high concentration and integrity of technology. The trend of digitization and wireless communication is moving towards precision technologies such as fine pitch, surface mount and high frequency. The Company complies with the requirements of the environmental protection trend, and cooperates with major leading manufacturers of computers and computer peripherals, automotive electronics and communication products to jointly develop new products with future prospects. Our main new products currently under development are as follows:

A. Cloud center connector/cable: QSFP-DD/Sliver/MCIO

B. AR/VR: USB Type C 4.0/USB Type C to LVDS

C. AIoT/Industrial connector/cable: Circular Connector/ Hybrid Connector / RJ10G/One Pair Ethernet

D. ADAS connector/cable:Mini Fakra - Water-Proof/Floating Fakra HCMTD - Water-Proof

The new automotive connector series of products have to go through a certification period of 2 to 3 years, and have gradually entered the market of major automobile manufacturers in various countries. The Company exclusively provided the first generation of GPU module connector, and in 2017 developed to the second generation of audio and video navigation connector products with large-quantity shipments to customers. In 2018, the Company developed the third generation of products which passed the certification, and entered the supply chain of American automakers with small quantities of shipments. In 2019, the Company entered the supply chain of major global car manufacturers. It is estimated that the Company's revenue will grow by 20%~40%, and the Company will continue to develop connector products for ADAS applications (FAKRA conn., HSD conn., mini FAKRA, HCMTD and CM50), and the prospects are promising.

2. Industry Overview

(1) Current and future industry prospects

Connector products generally refer to all the connecting components and their accessories used in the signal and power supply of electronic products, including related wires, sockets and plugs, which belong to the generalized connectors. A connector connects the circuits, modules and systems in electronic products, and is a bridge between all signals; its quality will affect the reliability of current and signal transmission, and also the operation of the entire electronic product. Therefore, high sensitivity must be achieved for the circuit design of connectors. The following table is the classification table of Taiwan's electronic component industry:

Classification Table of Taiwan's Electronic Component Industry

Product classification	Content
Active components	Semiconductors, tubes and displays
Passive components	Resistors, capacitors, inductors/coils, electronic transformers and filters
Mechanism elements	Connectors, printed circuit boards, electronic relays, switches and precision small motors
Functional elements	Sensor/energy converter, recording media, audio parts, battery and power supply

Source: ITIS Program of ITRI Materials Institute

① Current Situation and Trend of Global Connector Industry

A. At present, the global connector industry is highly concentrated, and the top ten in the global connector market are TE Connectivity、Amphenol、Molex、Luxshare-Ict、Aptiv、Foxconn、Yazaki、JAE、Rosenberger、Hirose. Foxconn is the only domestic connector manufacturer that ranks among the top ten in the world. Domestic manufacturers have actively expanded their global business in recent years, and international orders have grown rapidly. Therefore, Taiwan's connector output value has jumped to the fourth largest in the world. China is the world's largest connector consumer market, but its connectors are still mainly low-end and mid-ranged, and its market share of high-end products is low.

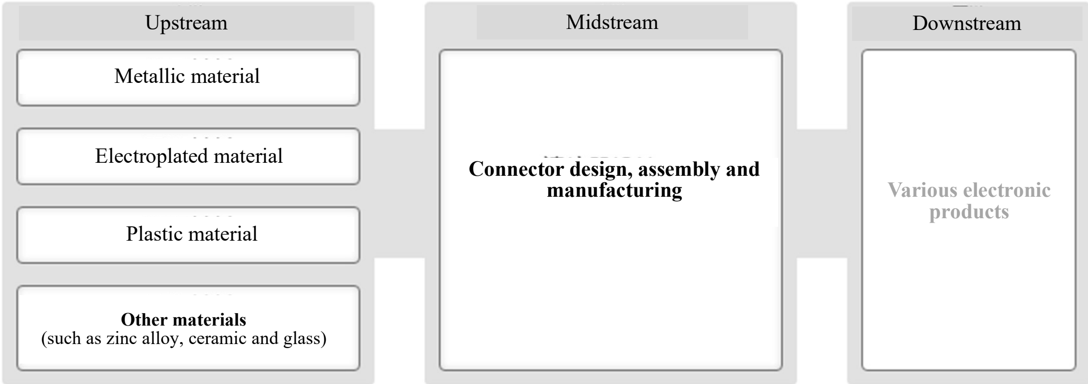
B. With the international famous connector manufacturers such as TE and Molex transferring their production bases to China, the level of connector manufacturing in China has rapidly improved. The demand and investment of high-end connectors in the military fields such as aerospace, electronics and ships are constantly increasing, so its connector technology in various application fields has gradually reached the international level. Cloud computing and peripheral equipment, industry, military aviation and other fields have greater demand, which has led to the rapid growth of the high-end connector market. At present, China's demand for high-end products is large and growing rapidly, especially in the fields of automobile, telecommunications and data communication, cloud computing and peripheral equipment, industry and military aviation, which makes the high-end connector market grow rapidly. Mainland Chinese connector manufacturers have formed alliances with Taiwanese factories to join hands to enter Apple's component supply chain, and deepen their supply relationship with Apple's various products, including connectors, acoustic components, antennas, wireless charging, soft boards, headphones, and even Apple's HomePod speaker. Due to the capital advantage of Chinese manufacturers with the integration of the technology of Taiwanese manufacturers, their market share of Apple's various product lines has been expanded. As Taiwanese manufacturers are facing great competitive pressure, we can enter the new blue ocean only by relying on continuous transformation and upgrading and increasing the value-added services. In addition, we must rely on technology and production capacity to cooperate with the mainland manufacturers and take advantage of the market and access advantages of mainland manufacturers to improve competitiveness.

② Current Situation and Trend of Taiwan’s Connector Industry

With the demand for multiple innovations in the emerging application market, domestic connector manufacturers are seeking new product lines to develop new applications; in the future, the connector market will require smaller sizes, higher reliability, and stronger wireless performance with certain degree of intelligence; with high-frequency, high-speed and wireless transmission, correctors will be more accurate, cost lower and be more automated. In 2020, 5G smart devices will begin to popularize, and more applications may be launched. The large data and high transmission requirements of 5G require higher-frequency and higher-speed connectors, and is expected to drive the upgrade and business opportunities of connector products. In the era of the Internet of Things, wireless technology is ubiquitous, and the connection to wireless transmission in many occasions such as industry and automobiles will be a guarantee in the future. With the advent of the AI era, connectors may be able to perform simple intelligent judgment and protection; with the advent of Industry 4.0, advanced machines will become the main force of the connector industry for the precision machining, abrasive tools and CAD of connectors.

(2) Association between upstream, midstream, and downstream industry participants

Figure 1: Introduction to the connector industry chain



① Upstream:

The upstream products of the connector industry are copper alloy metal, electroplating solution, plastic and other materials, which together account for about 60% of the manufacturing cost. Among them, the cost of metal materials accounts for the largest proportion, followed by plastic materials and electroplated materials. Metal materials are used to make connector terminals. In order to prevent electronic signals from being hindered or degraded during the transmission process, the connector terminals are mostly made of copper alloy plates with brass or phosphor bronze as raw materials. In the manufacturing process of the connector, the plastic part is injection-molded from plastic, and the metal part is stamped and formed, and then finished by electroplating. Gold and tin are the most commonly used electroplating materials. Common plastic materials used in connector housings include PBT, PPS, nylon, LCP and resins. Due to the rapid change of electronic products, manufacturers must carefully observe and analyze market demand changes, and timely launch connector products that meet market trends. In addition, manufacturers must enhance inventory management to avoid inventory depreciation losses caused by fluctuations in raw material prices. At present, Taiwanese connector manufacturers have been able to fully grasp the main process of the midstream, but the upstream raw materials and equipment are still mainly in the hands of Japanese companies, and there is a lack of domestic manufacturers investing in research and development in related fields, so the bargaining power of Taiwanese manufacturers over upstream manufacturers is still at a disadvantage.

② Midstream:

A. The midstream products of the connector industry are connectors and wires. The production steps include product design and mold development in the front section, metal stamping, plastic injection or electroplating and stage assembly in the middle section, and assembly testing in the latter stage. The electroplating process is mostly outsourced due to technology and cost factors. Connectors can be divided into those composed of metal parts. plastic parts or pure metal parts. Metal parts are made by stamping, machining and die-casting. Stamping is usually used to make terminals and housings, and some housings are also manufactured by die-casting. Machining is usually used to manufacture terminals and housings of RF connectors, and plastic parts are mostly injection molded. As electronic products gradually move towards high frequencies, the situation of electromagnetic interference will become more and more difficult, and the design of connectors will become more and more complicated.

B. Taiwanese manufacturers mainly ship products with connectors such as PCB boards, I/O equipment, card, IC sockets, etc. Domestic manufacturers have become the main market suppliers in 3C applications, with computers and peripherals, network communication and consumer electronics as the main application areas. With the stagnation of industrial growth, manufacturers are gradually transforming into green energy, automotive, medical, industrial, 5G, high-speed telecommunications and other products. Today, the world's leading connector manufacturers in the United States and Japan focus on high-end emerging applications. U.S. manufacturers focus on large-voltage and high-current, RF, optical fiber, and high-frequency backplane connectors required for basic communication equipment and new energy systems, and Japanese manufacturers focus on the layout of smart handheld devices, cloud devices, embedded systems, high-precision micro-board connectors, I/O connectors, charging connectors and battery connectors used in electric vehicles.

C.The main customers of Taiwan's connector industry are concentrated in the computer and communications industry. In non-3C industries, including automobiles, military aerospace, transportation and medical industries, the market share is relatively low, mainly because the industrial supply chain is relatively closed and the certification difficulty is high, and it requires long-term management to enter the supply chain. Nowadays, as the 3C market is saturated, the demand is slowing down, and the trend of low-price products affects the profits of manufacturers, domestic manufacturers are also accelerating their development in non-3C fields. At present, Taiwanese manufacturers have gradually shifted to 5G, electric vehicles, cloud, smart home, Internet of Things, industrial 4.0 and other high value-added niche commodities. With the launch of new 3C new products, self-driving cars, robots, drones and artificial intelligence technologies are expected to drive the application of the Internet of Things in automobiles, industry and medical care to become more intelligent, forming new market opportunities and kinetic energy which will drive the output value of connectors to continue growing.

③ Downstream:

A. The application level of connectors is very wide, including automobile, computer, communication, industry, military aerospace, transportation and medical industries. From the perspective of industrial application, the current proportion of the application in various fields is automobile 23.6%, followed by communication 22%, consumer electronics 13.5%, industry 12.3%, and rail transit 7%. At present, the connectors in thin and light devices not only need to have high-speed transmission rate, but also need to integrate data, audio and video, and power signals with a large number of pins. The mechanism design makes the plugging and unplugging smoother and waterproof, and can also be exchanged between master and slave, so PCs, panels, mobile phones and other equipment can be used at the same time to meet the dual requirements on thickness and performance of electronic devices of the new generation. BTB connectors have the advantages of reduced noise, stable high-frequency transmission, light weight, and no need for soldering. Therefore, the demand for BTB connectors by smartphones is on the rise, and it is estimated that there will be a considerable room for penetration in the high-end market in the future.

B. As the AIoT trend is forming, new 3C high-frequency products are coming out, and Type-C is now the mainstream of the market. As notebook computers are becoming light-weight and thin, the demand for peripheral dockings has skyrocketed. Therefore, Type-C is required for the advantages of being simpler, lighter, smaller in size, and easier to operate. Microsoft's Surface series are also equipped with Type-C, and its penetration rate in PC, tablet, and smart phone markets continues to increase. Smartphones are more rapidly accepting Type-C, and manufacturers have also launched related peripheral products such as USB PD chargers, flash drives, mobile hard drives, mobile power supplies, cables and headphones in sync with the Type-C boom with upgraded specifications.

(3) Various trends of product development

The connector industry predicts that in 2022, it will focus on the development of USB Type-C connectors , 5G, and self-driving cars. The explanations are as follows:

① Market applications of USB Type-C have entered the mainstream:

A. The European Union continues to promote the unified use of USB Type-C for smartphone cables to achieve environmental benefits. At present, Apple's iPhone still uses the lightening design, but with the upcoming regulations in July 2020, major mobile phone brands will fully introduce the Type-C specification. Although Apple has introduced the Type-C interface in Macbook laptops and iPad tablets, only the iPhone still uses Lightening on the device side. If the EU decree is officially promulgated, it is estimated that Apple will fully enter the Type-C generation.

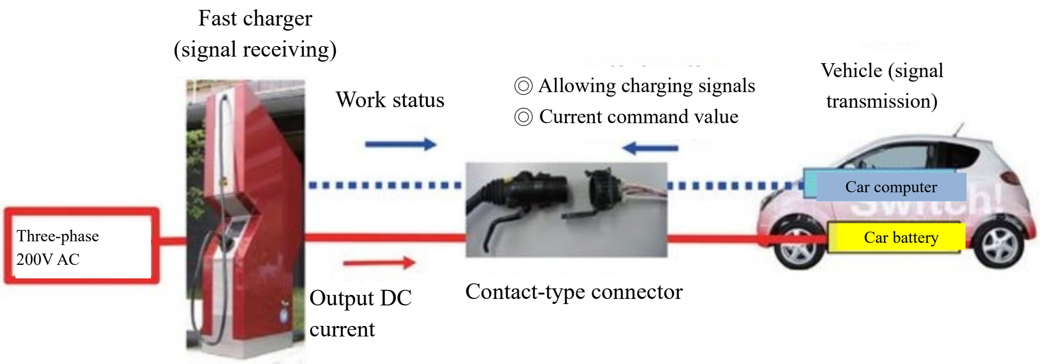
B. In the future, fields such as AI, 5G and self-driving cars will continue to drive the expansion needs of the data center and server market. With the evolution from PCIe 4.0 to 5.0, the data transmission rate of enterprise server systems will double from 16 Gbps to 32 Gbps, and the demand for signal transmission integrity will increase significantly. In the future, data transmission will be performed at high-speed transmission speed; in the future, the demand for PCIe Gen5 and DDR5 socket will gradually emerge. At this stage, Type-C has become the mainstream of the market, and Type-C is also the only supported port in the latest USB4 standard, because USB4 is designed based on the USB Type-C interface. USB4 also increases the transfer rate of the original USB 3.2 from 20 Gbps (Gen 2x2) to 40 Gbps (Gen 3x2), and can be transmitted through a single physical interface to carry out the transmission of various protocols. In response to market demand, the transmission speed supported by USB will continue to increase in the future, so the future connector market will still attract attention.

② The development of the new energy vehicle industry and driverless or autopilot has led to a surge in demand for automotive connectors:

A. In the new energy vehicle industry, traditional connector equipment is difficult to meet its high current and high voltage requirements, so connector manufacturers have carried out related research and development for high-power connection products of new energy vehicles. For example, TE Connectivity, launched a series of innovative products such as MSD high-voltage maintenance switches, the HVP800 high-voltage and high-current connector solution (250A), EVC Contactors launched high-voltage contactors, and Tesla is conducting the research and development of the electric vehicle charging technology for the electric current rate of new energy vehicles.

B. With the advent of the intelligent vehicle era, the driverless or autopilot system has received more and more attention. For example, the development of a series of driving systems such as cruise, side-view assistance, automatic emergency braking, automatic parking and charging systems requires more high-quality connectors to optimize car performance and experience, while improving the hardware safety reliability of automotive electronic systems for a safer driving experience. The driverless or autopilot feature is the development trend of the future automobile industry.

Figure 2: Illustration of electric vehicle charging system



③ 5G Communication Technology Has Become the Trend of the Future Technology Industry

A. 5G refers to the 5th-generation mobile network. The first 5G standard was set at the 3GPP conference in June 2018, which is an extension of the existing 4G communication technology. In theory, it can provide the faster and low-latency wireless communication technology. According to the performance standard of IMT-2020, 5G services must be able to support users within the coverage area at a maximum speed of 20 Gbit/s, the transmission speed between users must reach a minimum standard of 1 Gbit/s, and the transmission delay must be less than 1 ms; this means that the 5G speed is 10 to 20 times faster than that of the existing 4G wireless network.

B. The transmission speed will vary according to the application scenario. The biggest improvement is that the delay is only 1 ms (0.001 seconds), which is nearly 50 times shorter than the delay time of the 4G system of 50 ms (0.05 seconds). In the future, the latency of 5G transmission will be very low, and the connection stability will be higher. As the next-generation high-frequency 5G technology gradually moves from the laboratory to commercialization, the wireless communication technology is developing towards higher speed and wider bandwidth. However, the spectrum used in the mid-to-low frequency bands below 6 GHz is already quite crowded, and further subdivisions will cause a serious interference problem,. Therefore, high-frequency millimeter wave (mm wave) applications above 30 GHz will become the focus of future development.

(4) Competition

The Company is a professional manufacturer of electronic connectors and electronic connecting wires. Under the strategy of product quality improvement and innovation, its revenue and gross profit have maintained a relatively high level in recent years. At present, the large-scale TWSE and TPEx listed peers in Taiwan include Hon Hai, Cheng Uei Precision, Lotes, Bizlink and U.E. Electronic. Due to the different scales of production and sales, and the competitive advantages and market segmentation of products, the Company has a place in the industrial control, automotive, military, communications and medical industries.

3. Technology and R&D Overview

(1) Technical level of our business

For the technology sources, the Company's R&D department not only integrates existing resources for independent research and development, but also actively participates in various technical seminars sponsored by the Connector Association and technology transfer alliances managed by the Institute of Technology and the Industrial Technology Research Institute, and also actively joins relevant associations to obtain the standard specifications of the main products help to improve the technical level and service quality of the Company.

(2) Research and development

The electronic products in the market are developing in the directions of being light, thin, short and portable, while non-consumer electronics are developing in the directions of industrial, automotive, medical and waterproof applications. The main product development direction of the Company also corresponds to these trends. Integrating its strong technical research and development and highly stable quality, the Company’s future development priorities of research and development work are as follows:

①Short-term plan

A. Actively enhance R&D technologies in connectors, cables, adapters, dongles and readers.

B. Research and develop high-speed and high-frequency transmission related connector products.

C. Research and develop waterproof connectors (USB series, M8, M12, FAKRA, Mini FAKRA and HCMTD).

D. Research and develop servers, switches, storage devices and various industrial connectors (Mini SAS, slim SAS, OCulink, PCIE, U.2, SFPDD, QSFP DD and HS BTB).

E. Research and develop various automotive connectors and cables (USB series, Type-C, FAKRA, HSD, Mini FAKRA, HCMTD (automotive Ethernet), and power connectors).

②Long-term plan

A.Products:

The four main aspects of ADAS, Cloud Center, AR/VR and AIOT/IPC.

B. Technology:

(a) Improve structural design and high-frequency simulation capabilities.
(b) Purchase additional reliability equipment to strengthen verification capabilities.
(c) Continuously improve automation equipment.
(d) Product automatic detection capability.

(3) Research and development personnel and their education and experience

Item \ Year	2020		2021		2022		As of March 31, 2023	
	Number	%	Number	%	Number	%	Number	%
University and above	24	77.4%	18	75.0%	35	94.6%	35	94.6%
Professional college	6	19.4%	5	20.8%	1	2.7%	1	2.7%
Below senior and professional high school	1	3.2%	1	4.2%	1	2.7%	1	2.7%
Total	31	100%	24	100%	37	100%	37	100%

(4) Research and development expenses and technologies or products successfully developed in each of the last five years

①The Company's research and development expenses in each of the last five years

Unit: NT$ thousand

Item \ Year	2018	2019	2020	2021	2023
Expense	31,775	38,197	42,130	41,201	45,823
Net operating revenue	1,508,724	1,176,905	1,334,922	1,599,466	1,873,163
R&D expenses as a percentage of net operating income (%)	2.11	3.25	3.16	2.58	2.45

Source: Financial statements audited and certified by CPAs

②The technologies or products the Company successfully developed

Year	Technology	
2022	1	M12 8PIN MALE TO M8 4PIN FEMALE(IP67)CABLE
	2	USB C TO AM 3.1 CABLE(WITH DUAL SCREW)
	3	USB4 USB TYPE-C TO USB TYPE-C CABLE WITH E-MARKER IC CABLE
	4	USB TYPE C OUTER SHELL(IP5K2)
	5	MINI FAKRA R/A PLUG AM 2*2 TYPE
	6	QSFP56 WATERPROOF CABLE
	7	MINI FAKRA A TYPE 2*2 JACK_031
	8	BOX HEADER SMT
	9	M12 X COEE 8PIN PLUG CONNECTOR ID TERMINAL
	10	BACK COVER WITH FAKRA CABLE ASSY
	11	MICRO-COAXIAL TO TYPE C FEMALE CABLE
	12	USB3.1 GEN1 TYPE C 90° TO 180° 120mm CABLE
	13	M12 D-CODE 4P FEMALE PANEL MOUNT GROOVE CONN
	14	MICRO-COAXIAL TO TYPE C MALE CABLE
	15	FAKRA JACK 1*2 TO FAKRA JACK_031 CABLE

	16	LIGHT PIPE, 1X2, POLYCARBINATE, CLEAR
	17	LIGHT PIPE, 1X4, POLYCARBINATE, CLEAR
	18	MINIFAKRA AM TYPE 2*2, JACK FOR 1.5D CABLE
	19	COVER WITH FAKRA SEMI-FINISHED PRODUCT
	20	FLOATING FAKRA SOCKET
	21	MINI FAKRA BM PLUG 1*2
	22	M.2 CONNECTOR
	23	QSFP28 1*1 CAGE DIP
	24	CFAST SOCKET
	25	FKARA TO ANTENNA SIDE CONNECTOR
	26	MINI FAKRA UPRIGHT PLUG, PCB CONN, A/B/C CODE
	27	FAKRA VERTICAL PCB CONNECTOR H:15.5mm
	28	D-SUB PCB RIGHT ANGLE TRAY
	29	USB TYPR C SOCKET DUAL-ROW SMT(CH1.75)
	30	MINISAS HD 4I R/A TO 4 SATA STR
	31	MINI FAKRA 2*2 JACK CONNECTOR FOR CABLE Z CODE (B TYPE)IP67 & IP69K
	32	MINI FAKRA 2*2 PLUG CONNECTOR FOR CABLE Z CODE (B TYPE)IP67 & IP69K
	33	M12, 8P, PLUG, X CODE
	34	FAKRA JACK WITH SECOND LOCK
	35	MINI FAKRA 1*2 TO FAKRA JACK RTK-031 2.5M
	36	CFEXPRESS TYPE B LID
	37	FAKRA ADAPTER UN-MATED WATER-PROOF CODE A/F(CNC TYPE)
	38	FAKRA ADAPTER UN-MATED WATER-PROOF CODE A/F (STAMPING TYPE)
	39	USB TYPE C 3.40
	40	USB TYPE C SOCKET DUAL-ROW (CH1.75)
	41	CU31 FEMALE COVER
	42	MINI FAKRA QUAD JACK A TYPE DACAR302 CABLE (CODE B) 77C
	43	MINI FAKRA QUAD JACK A TYPE DACAR302 CABLE (CODE A) 534mm
	44	MINISAS HD CONNECTOR
	45	MINI FAKRA QUAD A TYPE PLUG FOR CABLE CONN
	46	MINI FAKRA QUAD JACK A TYPE TO FAKRA R/A JACK CABLE
	47	FAKRA R/A JACK F KEY TO Z KEY, DACAR302
	48	MINI FAKRA QUAD A TYPE PLUG TO FAKRA R/A JACK*2_302 CABLE
	49	BOX HEADER 44PIN
	50	HCMTD 1*1 PLUG TO OPEN CABLE
	51	HCMTD JACK TO OPEN CABLE

4. Long and short-term business development plans

The Company's goal is to continue to innovate, research and develop new products in order to respond to the rapid change of market demand; the Company's future business development priorities are as follows:

(1) Short and mid-term plans:

①Memory card connection related products:

Since memory cards are widely used in various consumer electronic products, the Company still hopes to rapidly develop various memory card connection related products, closely meet the needs of customers to maintain a leading position in the market, and further cooperate with the CFA Institute to jointly develop interface products.

②RoHS environment friendly products:

In response to global environmental protection and the needs of major international manufacturers, the Company has completed the production and process improvement to introduce all products into a non-polluting environment.

③Automotive connectors:

Taiwan's market share of automotive connectors in the world is still at a low point. The Company has gradually accumulated experience in OEM orders, and is striving for Asian OEM and technical cooperation with international manufacturers. It has obtained IATS-16949 certification, with semi-automatic and fully automatic manufacturing process, and developed Single End & Different Pair series products in response to market trends to meet the needs of automotive customers.

④Communication connector:

In recent years, the international communication market has grown exponentially, and the existing connectors can no longer meet the needs for faster speed and wider bandwidth. The Company has developed several products to meet the demand of server customers, and Slimline, Oculink and QSFP DD are the products the Company has developed in recent years, and the Company continues to develop products for 800 Gpbs & 1600 Gpbs.

(2) Long-term plan:

①Ultra-fine pitch connectors:

In view of the application requirements of personalization and mobility, the trend for products to be light, thin and short is still the main trend. The development of ultra-fine pitch connectors is bound to become the mainstream of the market. Therefore, the research and development of the Company is also towards such precision molds and products.

②Optical fiber connectors:

Copper wires are no longer sufficient for future market products, and will be replace by fiber optic products. The Company has deployed related products and continued the cooperative relationship with existing customers.

③High-frequency value-added services:

As the market continues to demand larger capacity and faster data transmission, related equipment needs to be upgraded and use high-speed, high-frequency connectors and cables. The Company has the ability of high-frequency simulation and actual measurement, and hopes to help customers solve the high-frequency problem encountered in the initial design, so as to consolidate the cooperative relationship with customers.

④Research and development of cooling technology:
The server equipment is developing towards 800 and 1600 Gbps; the required external transmission wires are mainly fiber optic wires, and higher power photoelectric conversion modules are used on the wires will inevitably generate more heat. The Company has purchased simulation software for the technical R&D.

II. Market and sales overview

1. Market analysis

(1) Areas where the Company's main products (services) are sold (provided)

Unit: NT$ thousand

Location \ Year		2020		2021		2022	
		Sales	%	Sales	%	Sales	%
Domestic sales	Taiwan	296,078	22.18	333,817	20.87	411,481	21.97
Export sales	Mainland China	717,591	53.76	781,645	48.87	882,765	47.13
	U.S.A	66,711	4.99	116,991	7.31	152,977	8.17
	Others	254,542	19.07	367,013	22.95	425,940	22.73
Export subtotal		1,038,844	77.82	1,265,649	79.13	1,461,682	78.03
Total		1,334,922	100.00	1,599,466	100.00	1,873,163	100.00

(2) Future market supply, demand and growth

According to the research data of Bishop & Associates in March 2022, the global connector market will increase by USD15.264 billion in 2020~2021, an increase of 24.3%. According to the Lucintel report, it is estimated that the annual compound growth rate will be 4.7% in the next 5 years. It is estimated that the output value of the global connector industry will reach USD 84 billion by 2024, showing that the demand for the display connector industry will continue to grow steadily.

(3) Competitive advantage

①Complete product line, dedicated to the market management of niche products
The Company currently has thousands of products, and their application fields cover industrial, medical, military, and electronic communications. The breadth (diversification) and depth (complete specifications) of products meet the needs of customers for their one-stop purchase. In recent years, the Company has actively entered the automotive and waterproof fields of the connector market. With the digital development of personal portable consumer electronic products, the demand for information access anytime and anywhere has stimulated the light, thin, short, and small features. As the small memory card market grows, the Company fully grasps the pulse of market demand for products, effectively masters the niche market, and applies overall strategies such as marketing planning, production layout and resource allocation to maximize the benefits of the overall product mix. Therefore, the Company’s average

product gross profit margin can remain stable.

②The Company masters the key process, integrate the supply system of third-party manufacturers, and have a production system that can quickly respond to market changes and demands. The electronic connector industry is quite mature in terms of production and supply, and the competition is fierce. Therefore, in terms of production layout, the Company takes the capital investment with the best economic benefits for maximum production benefits as the main strategic focus, in order to master the core key processes of terminal iron shell stamping and plastic injection molding, effectively integrate the support system of third-party manufacturers, build a cost and quality competitive advantage and respond quickly and flexibly to market changes, so as to establish a production system that meets customer needs. At present, the Xizhi factory is designated to key processes such as mold design and development, terminal stamping, plastic injection molding and (semi) automation, and focuses on the production of high value-added products. In addition, in response to the global strategic layout, the Company set up wholly-owned manufacturing plants in Dongguan, mainland China through overseas subsidiaries. In addition to providing customer service nearby, they engage in the production of low-end and mid-level products to reduce production costs. In addition, in the production planning of core technologies and niche products, the Company uses professional teams and management systems of R&D, quality assurance and procurement, integrates the support system for third-party manufacturers, cultivates long-term cooperation and tacit understanding, in order to give full play to production efficiency in terms of capacity flexibility, quality and cost competition. Therefore, the Company has an advantage over its peers in terms of equipment and asset utilization efficiency.

③Strengthen the R&D department and carry out customer-oriented product development
In the technology industry, the R&D department has strong economic benefits and a high level of technology. Innovation, technology application and product design are the most important tasks of the R&D department. The ability of the R&D department is regarded as an important resource for the success or failure of an enterprise. Therefore, the Company has comprehensively improved the technology and equipment of its own R&D department. At present, it not only has advanced software and technology related to computer-aided engineering such as Moldex3D, Abaqus, 2D and 3D Design, but will also further move towards automation technology in the future to develop and produce automation equipment, while strengthening the communication between technical R&D personnel and market research, sales and production departments, in order to focus the energy of innovation on "customer-orientation".

④Build a complete quality assurance system to ensure product quality
The proportion of the Company's export sales is more than 50%, and the main markets are the United States, South Korea, Europe and Japan. Based on the insistence on quality and maintenance of stable customer relationships, the Company has very strict quality requirements, and has passed ISO 9001, ISO 13485, ISO 14001 and IATF16949 certification in order to build a complete quality assurance system, improve the management of product quality. The Company has successively invested in the purchase of testing equipment and the development of automatic optical inspection (AOI) equipment, and moves towards total quality management (TQM). Going forward, the Company will continue to improve product yield and maintain a good reputation and image. With the Company's years of pragmatic management efforts, its products have been well received by domestic and foreign manufacturers

and customers; this is an important niche for the Company to stand out in the industry.

(4) Favorable and unfavorable factors of the development prospect and countermeasures

①Favorable factors

A. In terms of industry development trends, electronic connectors and electronic connecting wires are important components for the connection and transmission of electronic signals. Therefore, with the recovery of the global information and communication market, the market demand for electronic components will grow, and the connector industry has considerable room for growth in the future.

B. In terms of business strategy, the Company adopts a cross-strait division of labor, with the mainland production bases specializing in the production of low- and mid-end products, while the base in Taiwan being responsible for the production, sales, research and development of high-end products and capital planning, in order to effectively use organizational resources to maximize benefits.

C. In terms of product competitiveness, the Company has a complete product line with more than 5,000 products at the moment, covering a wide range of applications. The breadth (diversification) and depth (complete specifications) of products meet the needs of customers for their one-stop purchase.

②Unfavorable factors

A. Due to the minimized profits in the electronics industry and the trend that customers are unwilling to prepare materials, the difficulty of production control is bound to increase; the demand for delivery time is getting shorter, and the unit price requirement is becoming more stringent, bringing greater pressure to manufacturers.

B. The labor productivity in mainland China is generally insufficient, and the labor cost is also on the rise, increasing the Company's operating costs.

C. With the rise of China's red supply chain, the four major monopolies of the United States, Japan, South Korea and Taiwan is beginning to loosen. For Taiwanese connector manufacturers and other global connector manufacturers, countermeasures must be developed to combat this red tide.

③Countermeasures

A. Expand the scale of the production base in Taiwan, establish a high-end automated assembly line (including automatic optical inspection (AOI) equipment), win high-end customers with quality and technology and maintain a higher gross profit margin.

B. To reduce production costs, the Company has set up wholly-owned factories in Shenzhen, mainland China through overseas subsidiaries to engage in manufacturing. In addition, through the integration of third-party suppliers, the Company adopts the outsourcing production method to increase production flexibility, so as to alleviate the impact of insufficient domestic labor productivity and rising costs. Continuously design semi-automatic and automatic assembly lines to reduce the cost of quality problems caused by constant changes in operators.

C. Cooperate with mainland manufacturers with technology and production capacity, and use the market and access advantages of mainland manufacturers to improve competitiveness and resist the red tide. In addition, the Company is committed to the development of markets outside China (Americas and Europe) to cope with the impact of the red supply chain.

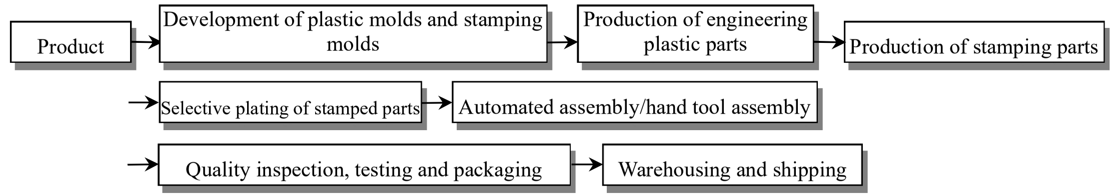
2. Important applications and production processes of main products

(1) Important applications or functions of main products:

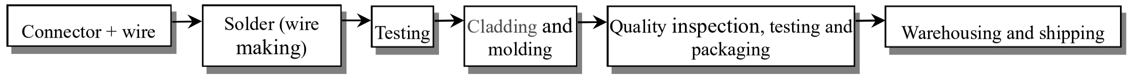
Main products	Important applications and functions
Electronic connectors	Electrical connectors refer to all connecting components and accessories used in electronic signals and power supply. Generalized connectors also include sockets, plugs and cable assemblies. From the point of view of electronic item purchasing, the connector is a part of the interconnection that can be clutched or replaced, in other words, it is a bridge for all signals, so the performance of the connector will affect the operation quality of the entire electronic system.
Electric cable	1. Signal line: It is suitable for electronic signal transmission between the main computer system and its peripheral products, communication products, industrial control and home appliances. 2. Power cord: It is suitable for power transmission of the main computer system and its peripheral products, communication products, industrial control and home appliances.
Small-size finished goods	Peripherals, card readers and adapters for smartphones, tablet computers, industrial computers, notebook computers, desktop computers, etc.

(2) Production process of main products

①Small-size finished products of electronic connector:



②Electric cable



3. Supply of major raw materials

Item	Suppliers	Supply status
Plastic	Sun Yieh Industrial, Chang Yu Precision and Horne Fuu Precision	Stable
Terminals	Tai Shan Lin Hardware and Heng Diing Industrial	Stable
Wire	Copartner、Quan Jie 、Sunfpu	Stable

4. Names of customers representing more than 10% of total purchases (sales) in either of the previous two years, the amounts and percentages of purchase (sales); describe the reasons for any increase or decrease.

(1) List of major vendors in the last two years

Unit: NT$ thousand

	2021				2022				As of the 1st quarter of 2023(Note 2)			
Item	Name	Amount	As a percentage of net purchases for the year (%)	Relationship with the Issuer	Name	Amount	As a percentage of net purchases for the year (%)	Relationship with the Issuer	Name	Amount	Ratio of net purchase in the current year and up to the previous quarter (%)	Relationship with the issuer
1	A	153,308	14.77	Related parties	A	96,585	7.67	—	A	22,566	6.05	—
2	—	—	—	—	—	—	—	—	—	—	—	—

	Others (Note 1)	884,395	85.23		Others (Note 1)	1,161,915	92.33		Others (Note 1)	350,589	93.95	
	Net purchase	1,037,703	100.00		Net purchase	1,258,500	100.00		Net purchase	373,155	100.00	

Note 1: The ratio of the purchase amount to the net purchase amount of the whole year is less than 10%.
Explanation of changes: Company A was originally an investee of the Company evaluated by the equity method. In the first quarter of 2022, the Company disposed of 21% of its equity, and the shareholding ratio dropped to 19% afterwards;
At the same time, it is assessed that the Company has lost its significant influence on the company, and the investment is transferred to financial assets measured at fair value through other comprehensive income. The increase or decrease in its purchase amount is mainly based on factors such as product price, quality and delivery time.
Note 2: As of the publication date of the annual report, if the most recent financial information of a listed or OTC company is audited and certified or reviewed by a certified public accountant, please also disclose it.

(2) List of major purchasing customers in the last two years

Unit: NT$ thousand

	2021				2022				As of the 1st quarter of 2023 (Note 2)			
Item	Name	Amount	As a percentage of net sales for the year (%)	Relationship with the Issuer	Name	Amount	As a percentage of net sales for the year (%)	Relationship with the Issuer	Name	Amount	Ratio of net sale in the current year and up to the previous quarter (%)	Relationship with the issuer
1	A	352,589	22.04	Non-related party	A	289,130	15.44	Non-related party	A	45,655	8.82	Non-related party
2	B	86,722	5.42	Non-related party	B	89,130	4.76	Non-related party	B	22,901	4.43	Non-related party
3	C	188,341	11.78	Non-related party	C	462,550	24.69	Non-related party	C	241,002	46.58	Non-related party
	Others (Note 1)	971,814	60.76	—	Others (Note 1)	1,032,353	55.11	—	Others (Note 1)	207,811	40.17	
	Net sales	1,599,466	100.00	—	Net sales	1,873,163	100.00	—	Net sales	517,369	100.00	

Note 1: The ratio of the sale amount to the net sale amount of the whole year is less than 10%.
Reasons for changes: The changes are mainly due to changes in market trends and product demand.

Note 2: As of the publication date of the annual report, if the most recent financial information of a listed or OTC company is audited and certified or reviewed by a certified public accountant, please also disclose it.

5. Output value in the last two years

Unit: KPCS; NT$ thousand

Year	2021			2022		
Products with major output values	Production capacity	Production volume	Production value	Production capacity	Production volume	Production Value
Electronic connectors	Note	121,767	634,503	Note	120,726	668,532
Electronic cable	Note	16,789	558,385	Note	18,753	674,652

Note: The Company's machinery and equipment are mainly used for the production of key raw materials such as terminals and plastics. Most of the back-end assembly work relies on flexible manufacturing such as outsourced processing or assembly either manually or with (semi-) automatic equipment, so its normal production capacity statistics can not be obtained.

6.Sales value in the last two years

Unit: KPCS; NT$ thousand

Year / Sales volume/value / Main product	2021				2022			
	Domestic sales		Export sales		Domestic sales		Export sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Electronic connectors	21,319	233,434	84,263	658,212	21,314	267,716	72,041	623,007
Electric cable	2,108	93,197	12,367	590,940	2,150	135,658	11,575	818,535
Others (Note)	—	7,186	—	16,497	—	8,107	—	20,140
Total	23,427	333,817	96,630	1,265,649	23,464	411,481	83,616	1,461,682

Note: It is the income from mold development.

III. Employee size, average years of service, average age, and education distribution in the last 2 years and up to the publication date of the annual report

Unit: People

Year		2021	2022	As of March 31, 2023
Employee count	Indirect employees	111	123	126
	Direct employees	41	54	53
	Total	152	177	179
Average age		40	39	38
Average years of service		9.06	8.04	8.19
Academic background	Doctoral Degree	0.66%	0.56%	0.56%
	Masters Degree	3.95%	3.39%	3.35%
	University	69.74%	71.76%	73.74%
	Senior high school	24.34%	23.16%	21.23%
	Below senior high school	1.31%	1.13%	1.12%

IV. Environmental protection expenditure

Losses suffered due to environmental pollution (including compensation and violations of environmental protection laws and regulations according to the results of environmental protection inspection) in the most recent year and up to the printing date of the annual report; disclose the estimated amount that may occur at present and in the future and countermeasures; if it cannot be reasonably estimated, explain the reason why it cannot be reasonably estimated: None.)

The Company mainly produces and assembles connectors and connecting lines. The assembly process does not produce harmful substances, waste water and waste gas that pollute the environment. The Company has appointed a nationally certified recycling company for the treatment of the remaining materials from production, therefore, the Company will not produce any major pollution within its business scope.

Response measures for the EU RoHS: The Company has fully introduced the RoHS process, completed the ISO14000 environmental protection certification, and established product testing and incoming inspection operations in accordance with relevant specifications.

V. Labor-management relations

1. The Company's employee welfare measures, further education, training, retirement system and their implementation, as well as the agreement between labor and management and various employee right and interest protection measures:

(1) Employee welfare measures and implementation

The Company has always cared about and attached great importance to the welfare of employees. In addition to appropriating welfare funds on a monthly basis in accordance with regulations, the Company has established an employee welfare committee, and selected welfare committee members to formulate annual plans to facilitate the handling of various welfare activities; in addition, the Company handles employee group insurance and employee on-the-job training, and distributes employee dividends, in order to enrich employee benefits.

(2) Staff further education and training

Talent is one of the important assets of an enterprise. In order to create and maintain the best human resource quality, the Company regularly invests in employee training every year, and plans complete training courses and multiple learning channels according to the job function. In the future, the Company will continue to adhere to the concept of lifelong learning and provide employees with good capability development.

2022 Refresher Course Summary		
Unit	Course name	Training expenses (NT$)
Legal Department	Basic Course on Intellectual Property	6,000
Legal Department	Latest Interpretation of Business Contracts	6,000
Quality Assurance Department	ISO9001:2015 Internal Audit Personnel Training	5,600
Finance Department	Financial Analysis Indicator Interpretation and Elite Risk Prevention	3,300
Board of Directors	Labor Dispute Prevention and Exemption - Labor Contract	3,000
Quality Assurance Department	Certified Quality Technician (CQT)	33,600
Board of Directors	Audit Committee's Merger and Acquisition Review and Director's Responsibilities	3,000
Board of Directors	Moving towards ESG Carbon Management of Net Zero Emission	3,000
Board of Directors	Threat to Hunting Supply Chain Information Security	3,000
Board of Directors	Response to Global Net Zero Emissions and Corporate ESG Action	3,000
Board of Directors	On the Functions of the Board of Directors from the Perspective of Enterprise Fraud Prevention and	3,000

	Control	
Board of Directors	How Do Directors and Supervisors without Accounting Background Review Financial Reports	3,000
Board of Directors	Enterprise Tax Governance under ESG Trends and Pandemic Environment	3,000
Board of Directors	Introduction to the Dispute over Company Management Rights and the Trial Law of Commercial Courts	3,000
Board of Directors	Sustainable Operation of Enterprises	3,000
Board of Directors	Virtual World Explosion: The Future Development of Metaverse and Cryptocurrency Blockchain	3,000
Board of Directors	Environmental Radiation Detection and Application	1,000
Board of Directors	Practical Training for First-time Directors and Supervisors	7,500
Finance Department	Enhancing the Sustainable Value of Enterprises	3,300
Audit Office	Training for First-time Internal Auditors	9,900
Administration Department	Financial Reporting Responsibility and Risk Management	2,500
Administration Department	The War on Business Secret Protection	2,500
R&D Department	Standards for Automotive Electronic Connectors	12,000
Quality Assurance Department	ISO14064-1:2018 Training for Greenhouse Gas Verification Personnel	8,190
Quality Assurance Department	ISO13485:2016 Medical Equipment Management System	11,400
Xizhi factory	Simple Operation and Setting of Electrostatic Sensors	0
Xizhi factory	Introduction to Mechanism Design	0
Xizhi factory	Part Processing Method	0
Xizhi factory	Introduction to Safety Grating	0
Xizhi factory	Materials and Processing	0

The relevant certificates and licenses designated by the competent authority which are received by the Company's personnel related to financial information transparency are as follows:

1. International Internal Auditor Certificate: None.
2. Basic Competency Test of Corporate Internal Control organized by the Securities and Futures Institute: 2 audit staff.
3. Internal Auditor of the Republic of China: None.
4. Accountant of the Republic of China: None.

(3) Retirement system and implementation status

In accordance with the provisions of the Labor Standards Act, the Company has formulated the "Employee Retirement Measures", which clearly stipulates that employees can retire and receive pensions in accordance with the regulations. In addition, a special account for labor pension has been established in accordance with the law. In the old system, the pension provision is set aside on a monthly basis, and deposited in the special account at the entrusted financial institution. In the new system, 6% is set aside on a monthly basis, and deposited in the individual pension account.

(4) Agreements between labor and management and various measures to safeguard the rights and interests of employees

The Company has formulated personnel management rules and personnel operating standards, and has a complete plan for employee recruitment, promotion, retirement and pensions. As a common standard for the Company and employees, labor-management meetings are held regularly to enhance the exchange of views between labor and management. Therefore, labor-management relations are harmonious without any disputes.

2. Losses suffered due to environmental pollution (including compensation and violations of environmental protection laws and regulations according to the results of environmental protection inspection) in the most recent year and up to the printing date of the annual report; disclose the estimated amount that may occur at present and in the future and countermeasures; if it cannot be reasonably estimated, explain the reason why it cannot be reasonably estimated.

(1) The Company has no losses due to labor disputes in the most recent year and up to the printing date of the annual report.

(2) The Company abides by the Labor Standards Act and relevant laws and regulations, and the labor and management have established a good interactive relationship, so it is predicted that there will be no losses due to labor disputes in the future.

VI. Infocomm Security Management:

(I) Describe the infocomm security risk management structure, infocomm security policy, specific management scheme and resources invested in infocomm security management.

1. Risk Management Structure of Information and Communication Security

With reference to the COSO framework, the Company measures elements such as the control environment, risk assessment, control activities, and supervision of information and communication, in order to establish the corporate operation and management mechanism.

2. Information security control measures

(1) The Company regularly takes inventory of information assets and personal data, conducts risk management based on information security and personal data risk assessment, and implements various control measures.

(2) Outsourced manufacturers must sign a confidentiality agreement to ensure that those who use the Company's information services or perform related information services have the responsibility and obligation to protect the Company's information assets they obtain or use, so as to prevent unauthorized access, tampering, vandalism or improper disclosure.

(3) Important information systems or equipment have been appropriately backed up or mutually assisted or a monitoring mechanism is in place, and drills are regularly carried out to maintain their availability.
(4) Anti-virus software is installed on all personal computers, virus patterns are regularly checked and updated, and the use of unauthorized software is prohibited.
(5) The employees are required to be responsible for the safekeeping and use of the account, password and authority level, and regularly change the password.
(6) A business continuity management mechanism is established and regularly tested and drilled to maintain its applicability. Regular internal audits are carried out every year to ensure the effectiveness of the information security and personal information protection management system.
(7) Regular internal audits are carried out every year to ensure the effectiveness of the information security and personal information protection management system.

(II) Losses arising from major infocomm security incidents in the last year up to the publication date of the annual report, possible impact and countermeasures; state the reasons if the losses can not be reasonably estimated.

VII. Important Contracts

Supply and sales, technical cooperation and long-term loan contracts that are still in force and will expire in the year, and important contracts that can affect the rights and interests of investors:

Nature of contract	Contract counterparty	Contract period	Contract content	Restrictive clauses
Purchase contract	Company A	November 30, 2011 to November 29, 2012 (rolled over every year)	Purchase quallity agreement	Confidentiality agreement already signed
Purchase contract	Company B	November 24, 2015 to November 23, 2016 (rolled over every year)	Purchase quallity agreemen	Confidentiality agreement already signed
Authorization contract	Company C	From September 1, 2015 to the lapse of the patent right	Product-patent authorized manufacturing and sales	1. No delegation of authorization. 2. Confidentiality agreement already signed.

Sales contract	Company D	March 10, 2020 to March 10, 2021 (rolled over annually)	Purchase and sales Basic agreement	Confidentiality agreement already signed
Sales contract	Company E	July 22, 2020 to July 21, 2021 (rolled over annually)	Purchase and sales Basic agreement	Confidentiality agreement already signed

Six. Financial Overview

I. Condensed balance sheet and income statement for the last five years; indicate the name of the CPAs and the audit opinions.

(I) Condensed Five-year Balance Sheet

1.Condensed Individual Balance Sheet - IFRS-compliant

Unit: NT$ thousand

Item \ Year (note 1)		Financial information for the most recent 5 years (Note 1)				
		2018	2019	2020	2021	2022
Current assets		954,146	783,846	1,217,288	1,260,590	1,421,068
Property, plant and equipment		305,205	324,678	359,432	381,254	456,090
Intangible assets		16,121	10,559	5,787	2,995	5,304
Other assets		863,010	1,047,879	1,018,035	1,212,337	1,184,542
Total assets		2,138,482	2,166,962	2,600,542	2,857,176	3,067,004
Current liabilities	Before dividend	393,652	332,066	363,742	365,883	588,324
	After dividend	501,411	418,273	471,781	524,595	Note (2)
Non-current liabilities		73,680	84,922	425,895	182,550	61,979
Total liabilities	Before dividend	467,332	416,988	789,637	548,433	650,303
	After dividend	575,091	503,195	897,676	707,145	Note (2)
Share capital		718,391	718,391	718,391	785,459	797,726
Additional paid-in capital		193,737	192,968	211,032	369,572	398,423
Retained earnings	Before dividend	781,946	801,881	863,851	937,445	1,195,522
	After dividend	674,187	715,674	755,812	778,733	Note (2)
Others		(22,924)	36,734	17,631	216,267	25,030
Treasury shares		—	—	—	—	—
Total equity	Before dividend	1,671,150	1,749,974	1,810,905	2,308,743	2,416,701
	After dividend	1,563,391	1,663,767	1,702,866	2,150,031	Note (2)

Note 1: All the financial statements in each years have been certificated by the accountant.

Note 2: The 2022 profit distribution proposal has not yet been approved by the shareholders' meeting.

2 Condensed Consolidated Balance Sheet - IFRS-compliant

Unit: NT$ thousand

Item \ Year		Financial information for the most recent 5 years (Note 1)					Financial information of the 1st quarter of 2023
		2018	2019	2020	2021	2022	
Current assets		1,509,960	1,393,165	1,819,809	1,968,370	1,959,545	2,046,279
Property, plant and equipment		347,160	367,718	416,288	443,428	518,584	534,383
Intangible assets		15,996	10,138	5,137	3,058	5,745	4,984
Other assets		356,387	486,292	457,593	620,722	741,633	741,313
Total assets		2,229,503	2,257,313	2,698,827	3,035,578	3,225,507	3,326,959
Current liabilities	Before dividend	467,482	391,789	429,044	511,801	682,439	889,383
	After dividend	575,241	477,996	537,083	670,513	Note (2)	Note (2)
Non-current liabilities		77,272	102,365	447,119	191,099	115,403	117,436
Total liabilities	Before dividend	544,754	494,154	876,163	702,990	797,842	1,006,774
	After dividend	652,513	580,361	984,202	861,612	Note (2)	Note (2)
Equity attributable to owners of parent		1,671,150	1,749,974	1,810,905	2,308,743	2,416,701	2,309,374
Share capital		718,391	718,391	718,391	785,459	797,726	800,286
Additional paid-in capital		193,737	192,968	211,032	369,572	398,423	404,373
Retained earnings	Before dividend	781,946	801,881	863,851	937,445	1,195,522	1,062,329
	After dividend	674,187	715,674	755,812	778,733	Note (2)	Note (2)
Others		(22,924)	36,734	17,631	216,267	25,030	42,386
Treasury shares		—	—	—	—	—	—
Non-controlling interests		13,599	13,185	11,759	23,935	10,964	10,811
Total equity	Before dividend	1,684,749	1,763,159	1,822,664	2,332,678	2,427,665	2,320,185
	After dividend	1,576,990	1,676,952	1,714,625	2,173,966	Note (2)	Note (2)

Note 1: All the financial statements in each years have been certificated by the accountant.

Note 2: The 2022 profit distribution proposal has not yet been approved by the shareholders' meeting.

(II) Condensed Five-year Income Statement

1 Condensed Individual Income Statement - IFRS-compliant

Unit: NT$ thousand

Year (note 1) / Item	Financial information for the most recent 5 years (Note 1)				
	2018	2019	2020	2021	2022
Operating revenue	993,943	745,132	948,818	1,140,544	1,510,291
Gross profit	308,000	211,967	328,946	392,000	541,625
Operating profit and loss	126,470	32,520	119,691	178,722	278,834
Non-operating income and expenses	65,066	97,518	51,214	(4,552)	114,104
Profit before tax	191,536	130,038	170,905	174,170	392,938
Current net income from continuing operations	144,312	112,710	143,509	146,435	321,972
Loss from discontinued operations	—	—	—	—	—
Current net income (loss)	144,312	112,710	143,509	146,435	321,972
Other comprehensive income for the current period (net, after-tax)	(59,601)	74,642	(14,333)	233,834	(96,420)
Total comprehensive income for the year	84,711	187,352	129,176	380,269	225,552
Earnings per share	2.01	1.57	2.01	2.02	4.06

Note 1: All the financial statements in each years have been certificated by the accountant.

2 Condensed Consolidated Income Statement - IFRS-compliant

Unit: NT$ thousand

Item \ Year (note 1)	Financial information for the most recent 5 years (Note 1)					Financial information of the 1st quarter of 2023 (Note 1)
	2018	2019	2020	2021	2022	
Operating revenue	1,508,724	1,176,905	1,334,922	1,599,466	1,873,163	517,369
Gross profit	451,469	345,879	458,405	468,270	678,184	216,392
Operating profit and loss	162,092	86,963	173,136	172,137	324,805	117,898
Non-operating income and expenses	37,118	56,315	5,390	8,900	80,372	(215)
Profit before tax	199,210	143,278	178,526	181,037	405,177	117,683
Current net income from continuing operations	141,120	112,323	142,062	145,613	321,904	92,826
Loss from discontinued operations	—	—	—	—	—	—
Current net income (loss)	141,120	112,323	142,062	145,613	321,904	92,826
Other comprehensive income for the current period (net, after-tax)	(59,282)	74,615	(14,312)	233,832	(96,402)	31,252
Total comprehensive income in the current period	81,838	186,938	127,750	379,445	225,502	124,078
Net income attributable to parent company shareholders	144,312	112,710	143,509	146,435	321,972	92,985
Net Profit Belongs to Non-controlling Interests	(3,192)	(387)	(1,447)	(822)	(68)	(159)
Total Amount of Comprehensive Income Attributed to Owner of Parent Company	84,711	187,352	129,176	380,269	225,552	124,231
Total Amount of Comprehensive Income Belongs to Non-controlling Interests	(2,873)	(414)	(1,426)	(824)	(50)	(153)
Earnings per share	2.01	1.57	2.01	2.02	4.06	1.16

Note 1: All the financial statements in each years have been certificated by the accountant.

(III) Names of financial statement auditors in the last 5 years and audit opinions

Year	CPA firm	Certified public accountant	Audit Opinion
2018	PricewaterhouseCoopers Taiwan	Ya-Huei Cheng and Yan-Na Li	Unqualified opinion
2019	PricewaterhouseCoopers Taiwan	Yan-Na Li ad Shou-Hung Hsueh	Unqualified opinion
2020	PricewaterhouseCoopers Taiwan	Yan-Na Li and Wei-Hao Wu	Unqualified opinion
2021	PricewaterhouseCoopers Taiwan	Yan-Na Li and Wei-Hao Wu	Unqualified opinion
2022	PricewaterhouseCoopers Taiwan	Wei-Hao Wu and Ya-Huei Cheng	Unqualified opinion

Note: The change of accountants in the last five years was due to the adjustment of internal operations of PWC Taiwan.

II. Financial analysis for the last 5 years

(I) Individual financial ratio analysis - IFRS-compliant

Year (note 1) / Item of analysis (note 2)		Financial Analysis over the Past 5 Years (Note 1)				
		2018	2019	2020	2021	2022
Financial structure (%)	Debt to asset ratio	21.85	19.24	30.36	19.19	21.20
	Rate of Long-term Funds to Property, Plant and Equipment	547.55	565.14	622.32	653.45	543.46
Solvency (%)	Current Ratio	242.38	236.05	334.66	344.53	241.55
	Quick Ratio	227.67	222.03	311.73	320.86	219.94
	Interest Coverage Ratio	15,962.33	696.39	218.16	48.09	328.99
Operating efficiency	Accounts receivable turnover (times)	4.53	4.07	5.52	4.56	3.72
	Average cash collection days	81	90	66	80	98
	Inventory turnover (times)	14.66	12.08	11.70	10.71	9.89
	Accounts payable turnover (times)	2.23	2.10	2.65	3.26	3.63
	Average inventory turnover days	25	30	31	34	37

	Property, plant and equipment turnover (times)	3.69	2.37	2.77	3.08	3.61
	Total asset turnover (times)	0.46	0.35	0.40	0.42	0.51
Profitability	Return on assets (%)	6.69	5.24	6.05	5.47	10.90
	Return on equity (%)	8.66	6.59	8.06	7.11	13.63
	Net profits before tax to paid-in capital (%)	26.66	18.10	23.79	22.17	49.26
	Net profit margin (%)	14.52	15.13	15.13	12.84	21.32
	Earnings per share (NTD)	2.01	1.57	2.01	2.02	4.06
Cash flow	Cash flow ratio (%)	46.15	10.07	40.12	1.16	36.00
	Cash flow adequacy ratio (%)	89.44	97.90	85.14	80.35	61.49
	Cash reinvestment ratio (%)	5.36	-3.97	2.62	-4.10	2.10
Degree of leverage	Operating leverage	1.20	1.90	1.24	1.14	1.08
	Financial leverage	1.00	1.01	1.01	1.02	1.00

Reasons for the changes in the financial ratios for the last two years (analysis can be exempted if the change is less than 20%)

1. Decrease in current ratio and quick ratio: Due to the conversion of corporate bonds payable to long-term liabilities due within one year.
2. Increase in interest coverage ratio: Due to an increase in pre-tax profit.
3. Increase in average cash collection days: Due to an increase in operating revenue and accounts receivable at the end of the period.
4. Increase in total asset turnover rate: Due to an increase in operating revenue.
5. Increase in return on assets and return on shareholders' equity: Due to an increase in net profit after tax.
6. Increase in the ratio of pre-tax profit to paid-in capital: Due to an increase in pre-tax profit.
7. Increase in net profit margin and earnings per share: Due to an increase in net profit after tax.
8. Increase in cash flow ratio: Due to an increase in net cash inflow from operating activities.
9. Decrease in cash flow adequacy ratio: Due to a decrease in net cash inflow from operating activities and increase in inventories.
10. Increase in cash reinvestment ratio: Due to an increase in net cash inflow from operating activities.

Note 1: All the financial statements in each years have been certificated by the accountant.

Note 2: Earnings per share are calculated by retrospectively adjusting the weighted average number of ordinary shares in circulation after each year's earnings are converted into capital increase or capital reserves are converted into capital according to the capital increase ratio.

Note 3: Formulas for calculation of various analyses:

1. Financial position

(1) Debt to assets ratio = total liabilities/total assets

(2) Long-term capital to property, plant, and equipment ratio = (total equity + non-current liabilities)/net property, plant, and equipment

2. Solvency

(1) Current ratio = current assets/current liabilities
(2) Quick ratio = (current assets - inventory - prepaid expenses)/current liabilities
(3) Interests coverage multiplier = net profits before tax and interest expense/interest expense for the period
3. Operating performance
(1) Receivable (including accounts receivable and notes receivable from business operations) turnover rate = net sales / balance of average accounts receivable for various periods (including accounts receivable and notes receivable from business operations).
(2) Average collection days = 365/accounts receivable turnover rate
(3) Inventory turnover rate = costs of goods sold/average inventory
(4) Payable (including accounts payable and notes payable from business operations) turnover rate = costs of goods sold / balance of average accounts payable for various periods (including accounts payable and notes payable from business operations).
(5) Average sales days = 365/inventory turnover rate
(6) Property, plant, and equipment turnover rate = net sales/average property, plant, and equipment
(7) Total assets turnover rate = net sales/average total assets
4. Profitability
(1) Return on assets = [net profits after tax + interest expense x (1 - tax rate)]/average total assets
(2) Return on equity = net profits after tax/average total equity
(3) Net profit margin = net profits after tax/net sales
(4) Earnings per share = (net profits attributable to shareholders of owners of the parent - preferred stock dividend)/ weighted average number of shares outstanding
5. Cash flow
(1) Cash flow ratio = net cash flow from operating activities/current liabilities.
(2) Cash flow adequacy ratio = sum of net cash flow from operating activities for the most recent 5 years / sum of capital expenditures, inventory additions, and cash dividend for the most recent 5 years
(3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividend) / (gross property, plant, and equipment + long-term investment + other non-current assets + working capitals).
6. Degree of leverage:
(1) Operating Leverage = (Net Operating Income - Variable Operating Costs and Expenses) / Operation Revenues
(2) Financial leverage = operating profits / (operating profits - interest expense).

(II) Consolidated financial ratio analysis - IFRS-compliant

Item of analysis (note 2) \ Year (note 1)		Financial Analysis over the Past 5 Years (Note 1)					Financial information of the 1st quarter of 2023 (Note 1)
		2018	2019	2020	2021	2022	
Financial structure (%)	Debt to asset ratio	24.43	21.89	32.46	23.16	27.74	30.26
	Rate of Long-term Funds to Property, Plant and Equipment	485.29	507.32	545.24	569.15	490.39	456.16
Solvency (%)	Current Ratio	323.00	355.59	424.15	384.60	287.14	230.09
	Quick Ratio	285.36	317.23	377.87	340.01	239.41	195.36
	Interest Coverage Ratio	5,243.37	87.73	95.56	41.50	237.12	366.48
Operating efficiency	Accounts receivable turnover (times)	3.78	3.21	3.82	3.73	3.46	3.42
	Average cash collection days	97	114	96	98	106	107
	Inventory turnover (times)	6.47	5.49	5.70	6.14	4.77	4.27
	Accounts payable turnover (times)	3.66	3.44	3.80	4.23	3.86	4.01
	Average inventory turnover days	56	67	64	59	76	86
	Property, plant and equipment turnover (times)	4.75	3.29	3.41	3.72	3.89	3.93
	Total asset turnover (times)	0.66	0.52	0.54	0.56	0.60	0.63
Profitability	Return on assets (%)	6.20	5.07	5.79	5.20	10.33	2.84
	Return on equity (%)	8.33	6.52	7.92	7.01	13.52	3.91
	Net profits before tax to paid-in capital (%)	27.73	19.94	24.85	23.05	50.79	14.71
	Net profit margin (%)	9.35	9.54	10.64	9.10	17.19	17.94
	Earnings per share (NTD)	2.01	1.57	2.01	2.02	4.06	1.16
Cash flow	Cash flow ratio (%)	31.56	27.44	50.88	12.00	39.85	3.58
	Cash flow adequacy ratio (%)	116.98	115.87	105.36	87.22	75.29	75.22
	Cash reinvestment ratio (%)	3.37	-0.01	5.65	-1.80	4.31	1.26

Degree of leverage	Operating leverage	1.22	1.49	1.25	1.26	1.13	1.12
	Financial leverage	1.00	1.02	1.01	1.03	1.01	1.00

Reasons for the changes in the financial ratios for the last two years (analysis can be exempted if the change is less than 20%)

1. Decrease in current ratio and quick ratio: Due to the conversion of corporate bonds payable to long-term liabilities due within one year.
2. Increase in interest coverage ratio: Due to an increase in pre-tax profit.
3. Decrease in inventory turnover rate and increase in average sales days: Due to an increase in period-end inventory.
4. Increase in return on assets and return on shareholders' equity: Due to an increase in net profit after tax.
5. Increase in the ratio of pre-tax profit to paid-in capital: Due to an increase in pre-tax profit.
6. Increase in net profit margin and earnings per share: Due to an increase in net profit after tax.
7. Increase in cash flow ratio: Due to an increase in net cash inflow from operating activities.
8. Increase in cash reinvestment ratio: Due to an increase in net cash inflow from operating activities.

Note 1: All the financial statements in each years have been certificated by the accountant.

Note 2: Earnings per share are calculated by retrospectively adjusting the weighted average number of ordinary shares in circulation after each year's earnings are converted into capital increase or capital reserves are converted into capital according to the capital increase ratio.

Note 3: Formulas for calculation of various analyses:

1. Financial position

(1) Debt to assets ratio = total liabilities/total assets

(2) Long-term capital to property, plant, and equipment ratio = (total equity + non-current liabilities)/net property, plant, and equipment

2. Solvency

(1) Current ratio = current assets/current liabilities

(2) Quick ratio = (current assets - inventory - prepaid expenses)/current liabilities

(3) Interests coverage multiplier = net profits before tax and interest expense/interest expense for the period

3. Operating performance

(1) Receivable (including accounts receivable and notes receivable from business operations) turnover rate = net sales / balance of average accounts receivable for various periods (including accounts receivable and notes receivable from business operations).

(2) Average collection days = 365/accounts receivable turnover rate

(3) Inventory turnover rate = costs of goods sold/average inventory

(4) Payable (including accounts payable and notes payable from business operations) turnover rate = costs of goods sold / balance of average accounts payable for various periods (including accounts payable and notes payable from business operations).

(5) Average sales days = 365/inventory turnover rate

(6) Property, plant, and equipment turnover rate = net sales/average property, plant, and equipment

(7) Total assets turnover rate = net sales/average total assets

4. Profitability

(1) Return on assets = [net profits after tax + interest expense x (1 - tax rate)]/average total assets

(2) Return on equity = net profits after tax/average total equity

(3) Net profit margin = net profits after tax/net sales

(4) Earnings per share = (net profits attributable to shareholders of owners of the parent - preferred stock dividend)/ weighted average number of shares outstanding

5. Cash flow
(1) Cash flow ratio = net cash flow from operating activities/current liabilities.
(2) Cash flow adequacy ratio = sum of net cash flow from operating activities for the most recent 5 years / sum of capital expenditures, inventory additions, and cash dividend for the most recent 5 years
(3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividend) / (gross property, plant, and equipment + long-term investment + other non-current assets + working capitals).
6. Degree of leverage:
(1) Operating Leverage = (Net Operating Income - Variable Operating Costs and Expenses) / Operation Revenues
(2) Financial leverage = operating profits / (operating profits - interest expense).

III. Audit Report from the Auditing Committee on the Latest Financial Statements

Chant Sincere Co., Ltd.

Audit Committee's Audit Report

We have reviewed the Company's 2022 business report, financial statements (including consolidated and individual financial statements), and earnings distribution proposal prepared by the board of directors. The financial statements have been audited by CPAs Wei-Hao Wu and Ya-Huei Cheng of PWC Taiwan, and an independent auditor's report was issued accordingly. The aforementioned business report, financial statements and earnings distribution proposal have been reviewed and determined to be correct and accurate by the Audit Committee members. We hereby submit this report according to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act for your review.

To

The 2023 general shareholders' meeting of the Company

Chant Sincere Co., Ltd.
Audit Committee convener: Ming-Lei Chang

March 16, 2023

IV. The most recent annual financial statements, including the CPA’s audit report, two-year comparative balance sheet, income statement, statement of changes in equity, cash flow statement and notes or schedules

INDEPENDENT AUDITORS’ REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of CHANT SINCERE CO., LTD.

Opinion

We have audited the accompanying parent company only balance sheets of CHANT SINCERE 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, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as at December 31, 2022 and 2021, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors’ responsibilities for the audit of the parent company only financial statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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:

Valuation of inventory

Description

Refer to Notes 4(12), 5(2) and 6(5) for a description of accounting policy on inventory valuation, accounting estimates and assumptions in relation to inventory and details of loss allowance.

The Company is mainly engaged in manufacturing and selling connectors and cable wires. Due to rapid technological innovations and fluctuations in market demand, there is a higher risk of inventory obsolescence. As inventories are stated at the lower of cost and net realisable value, the determination of net realisable value of inventories is subject to subjective judgment and uncertainties. Thus, we considered the valuation of inventory as a key audit matter.

As of December 31, 2022, the amount of inventories and allowance for inventory valuation losses were NT$122,275 thousand and NT$10,759 thousand, respectively.

How our audit addressed the matter

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

1. Assessed the reasonableness of provision policies on and procedures of allowance for inventory valuation losses, including understanding the operation and nature of the industry, and the historical information of actual clearance of inventory, to judge the reasonableness and consistency of valuation policies on the inventory valuation losses.
2. Reviewed the stock count plan and observed the annual stock count event in order to assess the effectiveness of internal controls over obsolete inventory.
3. Verified management's appropriateness of the systematic logic used in the inventory aging report and confirmed whether the information was consistent with its policies.
4. Verified whether inventory valuation losses were calculated in accordance with its policies, and ascertained the adequacy of the allowance for inventory valuation losses.

Recognition of export sales revenue

Description

Refer to Note 4(26) for accounting policies on sales revenue recognition.

The Company is mainly engaged in manufacturing and selling connectors and cable wires, which were used in consumer PCs, automobile and communication market. The types of sales include domestic sales, export sales and warehouse sales. Revenue from export sales are recognised based on the terms of the contract. As the determination as to when the control of the products has transferred to customers involves management's subjective judgment, this may lead to improper revenue recognition. Thus, we considered the recognition of export sales revenue as a key audit matter.

For the year ended December 31, 2022, the net amount of sales revenue was NT$1,510,291 thousand.

How our audit addressed the matter

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

1. Obtained an understanding on the effectiveness of internal controls over the timing of revenue recognition.
2. Selected samples of export sales transactions and ascertained the consistency of the timing of export revenue recognition with the terms specified in the contracts.
3. Selected samples of receivable accounts and sent out confirmations to ascertain existence of export sales revenue.
4. Ascertained the reasonableness of revenue recognition timing against supporting documents of revenue from export sales during a certain period before and after the balance sheet date.

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.

Auditor's 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 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 Standards on Auditing of the Republic of China, we exercise professional judgment and 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 company audit. We remain solely responsible for our audit opinion.

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

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

Wu, Wei-Hao

Cheng, Ya-Huei

For and on behalf of PricewaterhouseCoopers, Taiwan

March 16, 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 report of independent accountants 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.

CHANT SINCERE 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	6(1)	$ 647,031	21	$ 729,865	26
1110	Financial assets at fair value through profit or loss - current	6(2)	11,492	-	1,794	-
1136	Financial assets at amortised cost - current	6(1)	145,000	5	113,064	4
1150	Notes receivable, net	6(4)	1,750	-	1,894	-
1170	Accounts receivable, net	6(4)	476,428	16	324,043	11
1180	Accounts receivable due from related parties, net	6(4) and 7	3,942	-	2,941	-
1200	Other receivables	7	8,290	-	370	-
130X	Inventories	6(5)	111,516	4	70,484	2
1410	Prepayments		15,619	-	16,135	1
11XX	**Total current assets**		1,421,068	46	1,260,590	44
	Non-current assets					
1517	Financial assets at fair value through other comprehensive income - non-current	6(3)	252,726	8	496,643	18
1550	Investments accounted for under equity method	6(6)	901,987	30	690,827	24
1600	Property, plant and equipment	6(7)	456,090	15	381,254	13
1755	Right-of-use assets	6(8)	9,443	-	6,531	-
1780	Intangible assets		5,304	-	2,995	-
1840	Deferred tax assets	6(20)	16,685	1	16,232	1
1900	Other non-current assets		3,701	-	2,104	-
15XX	**Total non-current assets**		1,645,936	54	1,596,586	56
1XXX	**Total assets**		$ 3,067,004	100	$ 2,857,176	100

(Continued)

CHANT SINCERE 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					
2150	Notes payable		$ 1,763	-	$ 1,240	-
2170	Accounts payable		124,463	4	125,300	4
2180	Accounts payable to related parties	7	184,362	6	97,293	4
2200	Other payables	6(9)	94,739	3	76,228	3
2230	Current income tax liabilities	6(20)	67,085	2	33,425	1
2250	Provisions for liabilities - current		9,500	-	3,500	-
2280	Lease liabilities - current		5,110	-	3,449	-
2320	Long-term liabilities, current portion	6(10)	78,555	3	-	-
2399	Other current liabilities		22,747	1	25,448	1
21XX	**Total current liabilities**		588,324	19	365,883	13
	Non-current liabilities					
2530	Convertible bonds payable	6(10)	-	-	118,740	4
2570	Deferred tax liabilities	6(20)	44,176	2	42,090	1
2580	Lease liabilities - non-current		4,407	-	3,141	-
2600	Other non-current liabilities	6(11)	13,396	-	18,579	1
25XX	**Total non-current liabilities**		61,979	2	182,550	6
2XXX	**Total liabilities**		650,303	21	548,433	19
	Equity					
	Share capital	6(12)				
3110	Common stock		797,726	26	785,459	28
	Capital surplus	6(13)				
3200	Capital surplus		398,423	13	369,572	13
	Retained earnings	6(14)				
3310	Legal reserve		351,366	11	333,203	12
3350	Unappropriated retained earnings		844,156	28	604,242	21
	Other equity interest	6(15)				
3400	Other equity interest		25,030	1	216,267	7
3XXX	**Total equity**		2,416,701	79	2,308,743	81
	Significant contingent liabilities and unrecognised contract commitments	9				
3X2X	**Total liabilities and equity**		$ 3,067,004	100	$ 2,857,176	100

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

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

	Items	Notes	2022 AMOUNT	2022 %	2021 AMOUNT	2021 %
4000	Operating revenue	6(16) and 7	$ 1,510,291	100	$ 1,140,544	100
5000	Operating costs	6(5)(18)(19) and 7	(968,666)	(64)	(748,544)	(65)
5900	Gross profit from operations		541,625	36	392,000	35
	Operating expenses	6(18)(19) and 7				
6100	Selling expenses		(88,303)	(6)	(78,138)	(7)
6200	Administrative expenses		(134,040)	(9)	(99,031)	(9)
6300	Research and development expenses		(39,357)	(3)	(36,069)	(3)
6450	Expected credit loss	12(2)	(1,091)	-	(40)	-
6000	Total operating expenses		(262,791)	(18)	(213,278)	(19)
6900	Operating profit		278,834	18	178,722	16
	Non-operating income and expenses					
7100	Interest income		3,994	-	3,811	-
7010	Other income	7	7,266	1	10,763	1
7020	Other gains and losses	6(17) and 7	28,068	2	(10,133)	(1)
7050	Finance costs		(1,198)	-	(3,699)	-
7070	Share of (loss)/profit of subsidiaries, associates and joint ventures accounted for under equity method	6(6)	75,974	5	(5,294)	(1)
7000	Total non-operating income and expenses		114,104	8	(4,552)	(1)
7900	**Profit before income tax**		392,938	26	174,170	15
7950	Income tax expense	6(20)	(70,966)	(5)	(27,735)	(2)
8200	**Profit for the year**		$ 321,972	21	$ 146,435	13
	Other comprehensive income (net)					
	Items that will not be reclassified to profit or loss					
8311	Remeasurements of defined benefit plans	6(11)	$ 4,208	1	$ 744	-
8316	Unrealised (losses) gains from investments in equity instruments measured at fair value through other comprehensive income	6(3)	(41,788)	(3)	171,066	15
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method	6(15)	(61,069)	(4)	63,805	5
8349	Income tax related to items that will not be reclassified to profit or loss	6(20)	(842)	-	(149)	-
8310	Other comprehensive income (net) that will not be reclassified to profit or loss		(99,491)	(6)	235,466	20
	Items that will be reclassified to profit or loss					
8380	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method	6(15)	3,869	-	(2,040)	-
8399	Income tax related to items that will be reclassified to profit or loss	6(20)	(798)	-	408	-
8360	Other comprehensive income that will be reclassified to profit or loss		3,071	-	(1,632)	-
8300	**Other comprehensive (loss) income for the year, net of tax**		($ 96,420)	(6)	$ 233,834	20
8500	**Total comprehensive income for the year**		$ 225,552	15	$ 380,269	33
	Earnings per share (in dollars)	6(21)				
9750	Basic earnings per share		$	4.06	$	2.02
9850	Diluted earnings per share		$	3.92	$	1.82

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

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

			Capital Reserves					Retained Earnings		Other equity interest		
	Notes	Common stock	Capital surplus, additional paid-in capital	Capital surplus, treasury share transactions	Capital surplus - difference between proceeds on actual acquisition of or disposal of equity interest in a subsidiary and its carrying amount and changes in the ownership interest	Capital surplus, changes in equity of associates and joint ventures accounted for using equity method	Capital surplus, share options	Legal 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	Total equity
2021												
Balance at January 1, 2021		$ 718,391	$ 191,142	$ 8,509	$ 1,826	$ -	$ 9,555	$ 318,385	$ 545,466	($ 16,136)	$ 33,767	$ 1,810,905
Profit (loss) for the year		-	-	-	-	-	-	-	146,435	-	-	146,435
Other comprehensive income (loss) for the year	6(15)	-	-	-	-	-	-	-	595	(1,632)	234,871	233,834
Total comprehensive income (loss)		-	-	-	-	-	-	-	147,030	(1,632)	234,871	380,269
Disposal of investments in equity instruments at fair value through other comprehensive income	6(15)	-	-	-	-	-	-	-	34,603	-	(34,603)	-
Conversion of convertible bonds	6(10)	67,068	164,811	-	-	-	(6,271)	-	-	-	-	225,608
Appropriations and distribution of retained earnings:	6(14)											
Legal reserve		-	-	-	-	-	-	14,818	(14,818)	-	-	-
Cash dividends		-	-	-	-	-	-	-	(108,039)	-	-	(108,039)
Balance at December 31, 2021		$ 785,459	$ 355,953	$ 8,509	$ 1,826	$ -	$ 3,284	$ 333,203	$ 604,242	($ 17,768)	$ 234,035	$ 2,308,743
2022												
Balance at January 1, 2022		$ 785,459	$ 355,953	$ 8,509	$ 1,826	$ -	$ 3,284	$ 333,203	$ 604,242	($ 17,768)	$ 234,035	$ 2,308,743
Profit (loss) for the year		-	-	-	-	-	-	-	321,972	-	-	321,972
Other comprehensive income (loss) for the year	6(15)	-	-	-	-	-	-	-	3,366	3,071	(102,857)	(96,420)
Total comprehensive income (loss)		-	-	-	-	-	-	-	325,338	3,071	(102,857)	225,552
Disposal of investments in equity instruments at fair value through other comprehensive income	6(15)	-	-	-	-	-	-	-	91,451	-	(91,451)	-
Changes in equity of investment in associates and joint ventures accounted for using equity method	6(6)	-	-	-	-	74	-	-	-	-	-	74
Conversion of convertible bonds	6(10)	12,267	29,914	-	-	-	(1,135)	-	-	-	-	41,046
Capital surplus, changes in ownership interests in subsidiaries		-	-	-	(2)	-	-	-	-	-	-	(2)
Appropriations and distribution of retained earnings:	6(14)											
Legal reserve		-	-	-	-	-	-	18,163	(18,163)	-	-	-
Cash dividends		-	-	-	-	-	-	-	(158,712)	-	-	(158,712)
Balance at December 31, 2022		$ 797,726	$ 385,867	$ 8,509	$ 1,824	$ 74	$ 2,149	$ 351,366	$ 844,156	($ 14,697)	$ 39,727	$ 2,416,701

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

CHANT SINCERE 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
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 392,938	$ 174,170
Adjustments			
Adjustments to reconcile profit (loss)			
(Gain) loss on valuation of financial assets or liabilities at fair value through profit or loss	6(17)	93	(2,650)
Expected credit loss	12(2)	1,091	40
Share of profit (loss) of associates and joint ventures accounted for using equity method	6(6)	(75,974)	5,294
Loss on disposal of investments	6(17)	2,275	-
Depreciation charges on property, plant and equipment (Including Right-of-use assets)	6(18)	19,663	19,654
Amortisation	6(18)	2,953	5,766
Dividend income		(7,266)	(10,620)
Interest income		(3,994)	(3,811)
Interest expense		1,198	3,699
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets measured at fair value through profit or loss		(9,922)	1,526
Notes receivable, net		144	(856)
Accounts receivable		(153,476)	(157,034)
Accounts receivable due from related parties, net		(1,001)	230
Other receivables		-	10
Inventories		(41,032)	(7,867)
Prepayments		516	(3,151)
Changes in operating liabilities			
Notes payable		523	346
Accounts payable		(837)	38,240
Accounts payable to related parties		87,069	(49,809)
Other payables		19,862	7,696
Provisions for liabilities		6,000	(3,000)
Other current liabilities		(2,701)	(136)
Other non-current liabilities		(1,817)	(6,596)
Cash inflow generated from operations		236,305	11,141
Interest received		3,994	3,811
Interest paid		(206)	(194)
Dividends received		7,266	10,620
Payment of income tax		(35,562)	(28,936)
Income taxes refund		-	7,793
Net cash flows from operating activities		211,797	4,235
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease in financial assets at amortised cost		(31,936)	11,329
Acquisition of financial assets at fair value through other comprehensive income		(72,871)	(27,560)
Proceeds from disposal of financial assets at fair value through other comprehensive income		-	23,186
Acquisition of investments accounted for using equity method		14,441	(26,100)
Purchase of property, plant and equipment	6(22)	(91,337)	(38,508)
Increase in intangible assets		(5,262)	(2,974)
Increase in refundable deposits		(1,831)	(1,000)
Decrease in refundable deposits		234	800
Disposal of investment proceeds using the equity method		18,042	-
Dividends received in cash		39,100	65,793
Net cash flows (used in) from investing activities		(131,420)	4,966
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of lease liabilities	6(8)	(4,499)	(4,495)
Cash dividends paid	6(14)	(158,712)	(108,039)
Net cash flows used in financing activities		(163,211)	(112,534)
Net decrease in cash and cash equivalents		(82,834)	(103,333)
Cash and cash equivalents at beginning of year		729,865	833,198
Cash and cash equivalents at end of year		$ 647,031	$ 729,865

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

CHANT SINCERE CO., LTD.
NOTES TO THE PARENT COMPANY ONLY 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 Organisation

Chant Sincere Co., Ltd. (the "Company") was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) in April 1986, and started operation in the same year. The Company is primarily engaged in the manufacturing, processing and sales of electronic components. The Company has been a listed company in the Taipei Exchange since December 20, 2002, and the Company's stocks were transferred to be listed in the Taiwan Stock Exchange since January 21, 2008.

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 16, 2023.

3. Application of New Standards, Amendments and Interpretations

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

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

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

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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

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

4. Summary of Significant Accounting Policies

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

(1) Compliance statement

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

(2) Basis of preparation

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

(a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

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

(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

The parent company only financial statements are presented in New Taiwan dollar, which is the Company's functional and presentation currency.

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 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 other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within 'other gains and losses'.

(4) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Cash equivalents

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

C. At initial recognition, the Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

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

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

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.

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. The Company measured at fair value plus transaction cost on initial recognition, and measured at fair value in the subsequence. 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 Company's business model is achieved by collecting contractual cash flows.

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.

D. The Company'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

At each reporting date, the Company 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) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The costs of finished goods and work in progress, including raw materials, direct labor, other direct cost, and manufacturing expenses in relation to production, were amortised at actual capacity, and the difference between the actual capacity and the normal capacity was not much, however, borrowing cost was not included. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(13) Investments accounted for using equity method /subsidiaries, associates

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

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

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

D. 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.

E. When the Company loses control of a subsidiary, the Company 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 Company 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.

F. Associates are all entities over which the Company 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.

G. The Company's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

H. 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 Company's ownership percentage of the associate, the Company recognises change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.

I. Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company'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 Company.

J. In the case that an associate issues new shares and the Company does not subscribe or acquire new shares proportionately, which results in a change in the Company's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Company's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

K. Upon loss of significant influence over an associate, the Company remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss.

L. When the Company 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.

M. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss proportionately.

N. In accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers", the profit or loss and other comprehensive income or loss presented on the parent company only financial statements are consistent with the profit or loss and the amortisation of other comprehensive income attributable to owners of the parent company presented on the consolidated financial statements. In addition, owner's equity presented on the parent company only financial statements is consistent with equity attributable to owners of parent presented in the consolidated financial statements.

(14) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	12 to 55 years
Machinery and equipment	3 to 6 years
Module equipment	2 to 3 years
Transportation equipment	2 to 5 years
Other equipment	3 to 5 years

(15) 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 incremental borrowing interest rate. 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 is stated at cost comprising the following:

(a) The amount of the initial measurement of lease liability;

(b) Any lease payments made at or before the commencement date; and

(c)Any initial direct costs incurred by the lessee.

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.

(16) Intangible assets

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 3 years.

(17) Impairment of non-financial assets

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

(18) 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.

(19) Convertible bonds payable

Convertible bonds issued by the Company contain conversion options (that is, the bondholders have the right to convert the bonds into the Company's common shares by exchanging a fixed amount of cash for a fixed number of common shares) and redemption right. The Company classifies the bonds payable upon issuance as a financial asset or an equity instrument in accordance with the contract terms. They are accounted for as follows:

A. The embedded redemption right is recognised initially at net fair value as 'financial assets at fair value through profit or loss'. They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognised as 'gain or loss on valuation of financial assets at fair value through profit or loss'.

B. The host contracts of bonds are initially recognised at fair value. Any difference between the initial recognition and the redemption value is accounted for as the premium or discount on bonds payable and subsequently is amortised in profit or loss as an adjustment to 'finance costs' over the period of circulation using the effective interest method.

C. The embedded conversion options which meet the definition of an equity instrument are initially recognised in 'capital surplus—share options' at the residual amount of total issue price less the amount of financial assets at fair value through profit or loss and bonds payable as stated above. Conversion options are not subsequently remeasured.

D. Any transaction costs directly attributable to the issuance are allocated to each liability or equity component in proportion to the initial carrying amount of each abovementioned item.

E. When bondholders exercise conversion options, the liability component of the bonds (including bonds payable and 'financial assets at fair value through profit or loss') shall be remeasured on the conversion date. The issuance cost of converted common shares is the total book value of the abovementioned liability component and 'capital surplus—share options'.

(20) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount 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.

(21) Provisions

Provisions (including contingent liabilities from warranties) are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risksspecific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

(22) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.

ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

iii. Past service costs are recognised immediately in profit or loss.

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.

(23) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent company only balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is 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 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.

(24) Share capital

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.

(25) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance. Additionally, the Company authorised the Board of Directors to resolve with the attendance of two-thirds of directors and the agreement of over half of directors. The distributable dividends and bonus or all or some of legal reserve and capital surplus as regulated in the Company Act could be distributed in the form of cash, and the distribution should be reported to the shareholders.

(26) Revenue recognition

The Company is primarily engaged in the manufacturing and sales of connectors and cable wires. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, 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.

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

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

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

None.

(2) Critical accounting estimates and assumptions

The Company makes estimates and assumptions based on the expectation of future events that are believed to be reasonable under the circumstances at the end of the balance sheet date. The resulting accounting estimates might differ from the actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

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 $111,516.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand and revolving funds	$ 1,110	$ 1,241
Checking accounts and demand deposits	200,871	434,818
Time deposits	445,050	293,806
Total	$ 647,031	$ 729,865

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.

C. On December 31, 2022 and 2021, the Company had time deposits with maturity over three months shown as "current financial assets at amortised cost" in the amounts of $145,000 and $113,064, respectively. For the years ended December 31, 2022 and 2021, the Company recognised interest income from financial assets at amortised cost in the amounts of $745 and $889, respectively.

D. Information relating to current financial assets at amortised cost credit risk is provided in Note 12(2). The counterparties of the Company's investment certificates of deposit are financial institutions with good credit quality, so it expects that the probability of counterparty default is remote.

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

Items	December 31, 2022	December 31, 2021
Current items:		
Financial assets held for trading		
Listed stocks	$ 1,116	$ 1,116
Derivative instrument - issuance of redemption of convertible bonds	118	180
Hybrid instrument - convertible Bonds	9,922	-
Valuation adjustment	336	498
Total	$ 11,492	$ 1,794

A. The Company recognised net profit (loss) amounting to loss of $93 and gain of $2,650 on financial assets designated as at fair value through profit or loss for the years ended December 31, 2022 and 2021, respectively.

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

C. Information relating to credit risk is provided in Note 12(2).

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

Items	December 31, 2022	December 31, 2021
Non-current items:		
Equity instruments		
Listed stocks	$ 188,555	$ 318,985
Unlisted stocks	20,772	3,236
Valuation adjustment	43,399	174,422
Total	$ 252,726	$ 496,643

A. The Company has elected to classify investment in ATTEND TECHNOLOGY INC. and Guangdong Quanjie Technology Co., Ltd. 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 $37,068 and $24,473 as at December 31, 2022 and 2021, respectively.

B. On January 5, 2022, the Company increased its shareholding ratio in GRAND-TEK TECHNOLOGY CO., LTD. As the Company's shareholding ratio has reached 20%, the Company has significant influence over GRAND-TEK TECHNOLOGY CO., LTD. Accordingly, the investment was transferred to investments accounted for using equity method from the acquisition date. Refer to Note 6(6).

C. For the years ended December 31, 2022 and 2021, the Company had unrealised (loss) gain on equity instruments at fair value through other comprehensive income due to changes in fair value in the amounts of ($41,788) and $171,066, respectively.

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

	Year ended December 31	
	2022	2021
Equity instruments at fair value through other comprehensive income		
Dividend income recognised in profit or loss held at end of year	$ 7,199	$ 10,620

E. Details of the Company's financial assets at fair value through other comprehensive income pledged to others as collateral.

(4) Notes and accounts receivable

	December 31, 2022	December 31, 2021
Notes receivable	$ 1,750	$ 1,894
Accounts receivable	$ 477,559	$ 324,083
Accounts receivable due from related parties	3,942	2,941
Less: Allowance for uncollectible accounts	(1,131)	(40)
	$ 480,370	$ 326,984

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

	December 31, 2022		December 31, 2021	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	$ 475,337	$ 1,750	$ 289,900	$ 1,894
Up to 30 days	981	-	6,538	-
31 to 90 days	3,579	-	30,586	-
91 to 180 days	492	-	-	-
Over 181 days	1,112	-	-	-
	$ 481,501	$ 1,750	$ 327,024	$ 1,894

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 arisen from contracts with customers. As of January 1, 2021, the balance of receivables from contracts with customers amounted to $171,258.

C. The Company does not hold any notes and accounts receivable as collaterals.

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 Company's notes receivable was $1,750 and $1,894, and accounts receivable was $480,370 and $326,984, respectively.

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

(5) Inventories

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 20,092	($ 752)	$ 19,340
Work in progress	8,850	(63)	8,787
Finished goods	93,333	(9,944)	83,389
Total	$ 122,275	($ 10,759)	$ 111,516

	December 31, 2021		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 9,947	($ 392)	$ 9,555
Work in progress	11,735	(148)	11,587
Finished goods	51,843	(2,501)	49,342
Total	$ 73,525	($ 3,041)	$ 70,484

Recognised current expenses in relation to inventories:

	Year ended December 31	
	2022	2021
Cost of goods sold	$ 932,363	$ 743,940
Loss (gain) from reversal of decline in market value	9,118	(656)
Others	27,185	5,260
	$ 968,666	$ 748,544

(6) Investments accounted for using equity method

	December 31, 2022	December 31, 2021
Subsidiaries:		
COXOC ELECTRONICS CO., LTD.	$ 38,382	$ 37,824
CHANT SINCERE TECHNOLOGY CO., LTD.	61,810	57,732
A&H INTERNATIONAL CO., LTD.	140,728	131,691
AXMoo Investment corp.	243,254	298,023
DAVID ELECTRONICS CO., LTD.	72,670	73,003
Quan Jie Technology Co.,Ltd.	-	55,770
Associates:		
Guangdong Quanjie Technology Co., Ltd	-	36,784
GRAND-TEK TECHNOLOGY CO., LTD.	345,143	-
	$ 901,987	$ 690,827

A. Subsidiaries

Please refer to Note 4(3) in the consolidated financial statements for the year ended December 31, 2022 for the information regarding the Company's subsidiaries.

B. Associates

(a) The basic information of the associates that are material to the Company is as follows:

Company name	Principal place of business	Shareholding ratio		Nature of relationship	Method of measurement
		December 31, 2022	December 31, 2021		
GRAND-TEK TECHNOLOGY CO., LTD.	Taiwan	23.15%	Not applicable (Note)	Strategic Investment	Equity method

Note：On January 5, 2022, the Company increased its shareholding ratio in GRAND-TEK TECHNOLOGY CO., LTD. As the Company's shareholding ratio has reached 20%, the Company has significant influence over GRAND-TEK TECHNOLOGY CO., LTD. Accordingly, the investment was transferred to investments accounted for using equity method from financial assets at fair value through other comprehensive income.

(b) The summarised financial information of the associate that is material to the Group is as follows:

Balance sheet

	GRAND-TEK TECHNOLOGY CO., LTD.	
	December 31, 2022	
Current assets	$	650,557
Non-current assets		489,861
Current liabilities	(	344,150)
Non-current liabilities	(	170,078)
Total net assets	$	626,190
Share in associate's net assets	$	144,963
Goodwill		199,233
Others		947
Carrying amount of the associate	$	345,143

	GRAND-TEK TECHNOLOGY CO., LTD.	
	Year ended December 31, 2022	
Revenue	$	1,130,523
Profit for the year from continuing operations		123,044
Other comprehensive income, net of tax		3,664
Total comprehensive income	$	126,708
Dividends received from associates	$	14,882

(c) The Company's material associate, GRAND-TEK TECHNOLOGY CO., LTD., has quoted market prices. As of December 31, 2022, the fair value was $316,563.

(d)The carrying amount of the Company's interests in all individually immaterial associates and the Company's share of the operating results are summarised below:

	Year ended December 31			
	2022		2021	
Profit or loss for the year from continuing operations	($	2,054)	$	783
Other comprehensive income, net of tax		-		-
Total comprehensive income	($	2,054)	$	783

(e) In the first quarter of 2022, the Company sold some of its shares in Guangdong Quanjie Technology Co., Ltd. and lost significant influence as the Company's shareholding ratio decreased to 19%. The carrying amount, which was transferred to investments accounted for using equity method on the date of disposal, was remeasured at its fair value and recognised as financial assets at fair value through other comprehensive income, and the difference was recognised as loss on disposal of investment in the amount of $2,241.

C. The Company's share of profit of associates and joint ventures accounted for using equity method for the years ended December 31, 2022 and 2021 was loss of $75,974 and loss of $5,294, respectively, and were valued based on the investees' financial statements that were audited by other independent auditors.

D. For the years ended December 31, 2022 and 2021, the amounts of $10,542 and $4,235 due to the unrealised loss which arose from up-stream transactions of purchasing from investees had been cancelled, respectively.

(7) Property, plant and equipment

	2022							
	Land	Buildings and structures	Machinery and equipment	Moulding equipment	Transportation equipment	Other equipment	Unfinished construction and equipment under acceptance	Total
At January 1								
Cost	$ 225,391	$ 77,561	$ 18,797	$ 13,995	$ -	$ 3,341	$ 83,971	$ 423,056
Accumulated depreciation and impairment	-	(22,587)	(8,606)	(9,063)	-	(1,546)	-	(41,802)
	$ 225,391	$ 54,974	$ 10,191	$ 4,932	$ -	$ 1,795	$ 83,971	$ 381,254
Opening net book amount as at January 1	$ 225,391	$ 54,974	$ 10,191	$ 4,932	$ -	$ 1,795	$ 83,971	$ 381,254
Additions	30,098	21,405	-	-	800	1,863	35,820	89,986
Disposals	-	-	-	-		-	-	-
Transfers	-	-	24,516	43,340		-	(67,856)	-
Depreciation charge	-	(2,889)	(5,226)	(6,033)	(222)	(780)	-	(15,150)
Closing net book amount as at December 31	$ 255,489	$ 73,490	$ 29,481	$ 42,239	$ 578	$ 2,878	$ 51,935	$ 456,090
At December 31								
Cost	$ 255,489	$ 98,966	$ 40,508	$ 53,557	$ 800	$ 4,511	$ 51,935	$ 505,766
Accumulated depreciation and impairment	-	(25,476)	(11,027)	(11,318)	(222)	(1,633)	-	(49,676)
	$ 255,489	$ 73,490	$ 29,481	$ 42,239	$ 578	$ 2,878	$ 51,935	$ 456,090

	2021						
	Land	Buildings and structures	Machinery and equipment	Moulding equipment	Other equipment	Unfinished construction and equipment under acceptance	Total
At January 1							
Cost	$ 225,391	$ 76,482	$ 20,731	$ 18,292	$ 5,146	$ 55,094	$ 401,136
Accumulated depreciation and impairment	-	(19,908)	(7,912)	(11,336)	(2,548)	-	(41,704)
	$ 225,391	$ 56,574	$ 12,819	$ 6,956	$ 2,598	$ 55,094	$ 359,432
Opening net book amount as at January 1	$ 225,391	$ 56,574	$ 12,819	$ 6,956	$ 2,598	$ 55,094	$ 359,432
Additions	-	175	1,609	4,850	-	30,333	36,967
Disposals	-	-	-	-	-	-	-
Transfers	-	904	552	-	-	(1,456)	-
Depreciation charge	-	(2,679)	(4,789)	(6,874)	(803)	-	(15,145)
Closing net book amount as at December 31	$ 225,391	$ 54,974	$ 10,191	$ 4,932	$ 1,795	$ 83,971	$ 381,254
At December 31							
Cost	$ 225,391	$ 77,561	$ 18,797	$ 13,995	$ 3,341	$ 83,971	$ 423,056
Accumulated depreciation and impairment	-	(22,587)	(8,606)	(9,063)	(1,546)	-	(41,802)
	$ 225,391	$ 54,974	$ 10,191	$ 4,932	$ 1,795	$ 83,971	$ 381,254

A. For the years ended December 31, 2022 and 2021, there were no borrowing costs capitalised as part of property, plant and equipment.

B. Property, plant and equipment had not impaired and were not pledged as collateral.

C. The significant components of buildings include main plants and hydropower construction, which are depreciated over 12~55 and 8 years, respectively.

(8) Lease transactions－lessee

A. The Company leases various assets including building and business vehicles. Rental contracts are typically made for periods of 2 to 5 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:

	December 31, 2022	December 31, 2021
	Book value	Book value
Buildings	$ 4,315	$ 4,454
Transportation equipment (Business vehicles)	5,128	2,077
	$ 9,443	$ 6,531

	Year ended December 31	
	2022	2021
	Depreciation charge	Depreciation charge
Buildings	$ 3,599	$ 3,599
Transportation equipment (Business vehicles)	914	910
	$ 4,513	$ 4,509

C. For the years ended December 31, 2022 and 2021, the additions to right-of-use assets were $7,425 and $4,904, respectively.

D. Information on profit or loss in relation to lease contracts is as follows:

	Year ended December 31	
	2022	2021
Items affecting profit or loss		
Interest expense on lease liabilities	$ 196	$ 194
Expense on short-term lease contracts	389	256
Expense on leases of low-value assets	72	72

E. For the years ended December 31, 2022 and 2021, the Company's total cash outflow for leases were $5,156 and $5,017, respectively.

(9) Other payables

	December 31, 2022	December 31, 2021
Salary and bonus payable	$ 36,477	$ 31,203
Employees' compensation and directors' and supervisors' remuneration payable	26,954	14,728
Accrued commission	7,369	3,513
Payable on machinery and equipment	6,550	7,901
Processing fees payable	3,242	2,996
Other accrued expenses	14,147	15,887
	$ 94,739	$ 76,228

(10) Convertible bonds payable

	December 31, 2022	December 31, 2021
Bonds payable	$ 79,292	$ 121,205
Less: Discount on bonds payable	(737)	(2,465)
Current portion	(78,555)	-
	$ -	$ 118,740

Issuance of domestic convertible bonds by the Company

The terms of the third domestic unsecured convertible bonds issued by the Company are as follows:

A. The Company issued $350,000, 0%, third domestic unsecured convertible bonds, as approved by the regulatory authority. The bonds mature 3 years from the issue date (November 4, 2020 ~ November 4, 2023) and will be redeemed in cash at face value at the maturity date. The Company will repay in one lump sum at 100.7519% of the convertible bonds' face value at the maturity date. The bonds were listed on the Taipei Exchange on November 4, 2020.

B. Starting from the next date of three months after the issuance of the convertible bonds, until the maturity date, excluding (1) the book closure period of common stock in accordance with laws; (2) fifteen business days before the book closure date for issuance of bonus shares, book closure date for cash dividends, book closure date for rights issue, until the record date; (3) capital reduction record date to the date before the first day of trading of the Company's stock after capital reduction; (4) the first date the Company changed the par value of the stock to the day before the first day of trading of the Company's stock when the stockholder acquires new stocks, the bondholders can request for the conversion of the convertible bonds into the Company's common stocks through the securities firm by notifying the Taiwan Depository Clearing Corporation (TDCC) at any time in accordance with the regulations.

C. The conversion price of the bonds is set up based on the pricing model in the terms of the bonds, and is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. The conversion price will be reset based on the pricing model in the terms of the bonds on each effective date regulated by the terms. If the reset conversion price is higher than the conversion price before the reset, the conversion price will not be adjusted.

D. From the next date of three months after the issuance of the convertible bonds to 40 days before the maturity date, if the Company's closing price of common share exceeded 30% of the current conversion price for 30 consecutive business days, or the balance of outstanding convertible bonds is lower than 10% of the initial total issuance amount, within the subsequent 30 business days or any time, the Company can send a registered mail of "redemption notice of bonds" with an expiry period of 30 days, and request the Taipei Exchange to issue an announcement regarding the redemption notice. Additionally, within 5 days after the effective date of bonds redemption, the Company could redeem by cash at face value or call back the outstanding convertible bonds.

E. Under the terms of the bonds, all bonds redeemed (including bonds repurchased from the Taipei Exchange), matured and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished.

F. As of December 31, 2022, the bonds totaling $271,300 had been converted into 7,934 thousand shares of common share.

(11) Pensions

A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries contribute monthly an amount equal to 4.7% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company and its domestic subsidiaries will make contributions for the deficit by next March.

Effective from 2013, the Company has a funded defined benefit pension plan in accordance with the "Regulations on Pensions of Managers", covering all managers appointed by the Company. For hired managers who meet the regulation of retirement or post-employment, 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.

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

	December 31, 2022	December 31, 2021
Present value of defined benefit obligations	($ 31,367)	($ 33,512)
Fair value of plan assets	17,971	14,933
Net defined benefit liability	($ 13,396)	($ 18,579)

(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
2022			
At January 1	($ 33,512)	$ 14,933	($ 18,579)
Current service cost	(104)	-	(104)
Interest (expense) income	(201)	90	(111)
	(33,817)	15,023	(18,794)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	916	916
Change in demographic assumptions	-	-	-
Change in financial assumptions	1,705	-	1,705
Experience adjustments	745	-	745
	2,450	916	3,366
Pension fund contribution	-	2,032	2,032
Paid pension	-	-	-
At December 31	($ 31,367)	$ 17,971	($ 13,396)

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2021			
At January 1	($ 33,962)	$ 8,191	($ 25,771)
Current service cost	(174)	-	(174)
Interest (expense) income	(102)	25	(77)
	(34,238)	8,216	(26,022)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	114	114
Change in demographic assumptions	(32)	-	(32)
Change in financial assumptions	891	-	891
Experience adjustments	(378)	-	(378)
	481	114	595
Pension fund contribution	-	6,848	6,848
Paid pension	245	(245)	-
At December 31	($ 33,512)	$ 14,933	($ 18,579)

(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 authorised 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	2021
Discount rate	1.30%	0.60%
Future salary increases	3.00%	3.00%

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

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

	Discount rate		Future salary increases	
	Increase 25%	Decrease 25%	Increase 25%	Decrease 25%
December 31, 2022				
Effect on present value of defined benefit obligation	($ 574)	$ 592	$ 503	($ 491)

	Discount rate		Future salary increases	
	Increase 25%	Decrease 25%	Increase 25%	Decrease 25%
December 31, 2021				
Effect on present value of defined benefit obligation	($ 690)	$ 714	$ 612	($ 596)

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 $296.

(g) As of December 31, 2022, the weighted average duration of the retirement plan is 8 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	$	2,409
1 to 2 years		3,659
2 to 5 years		11,206
6 to 10 years		5,942
	$	23,216

B. 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 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. The pension costs under the defined contribution pension plans of the Company for the years ended December 31, 2022 and 2021 were $5,040 and $5,050, respectively.

(12) Share capital

As of December 31, 2022, the Company had authorised capital in the amount of $1,000,000 ($38,500 was reserved for the issuance of the conversion of employee stock options), and the paid-in capital was $797,726 with a par value of $10 (in dollars) per share, the Company had collected all the proceeds of issued shares.

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

	2022	2021
At January 1	78,546	71,839
Conversion of bonds	1,227	6,707
At December 31	79,773	78,546

(13) 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.

(14) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. The remainder, if any, to be retained or to be appropriated shall be resolved by the stockholders at the stockholders' meeting. Additionally, the Company authorised the Board of Directors to resolve with the attendance of two-thirds of directors and the agreement of over half of directors. The distributable dividends and bonus or all or some of legal reserve and capital surplus as regulated in the Company Act could be distributed in the form of cash, and the distribution should be reported to the shareholders.

B. The Company's dividends distribution policies were as follows: as the Company was in growth stage, dividends distribution policies should necessarily base on the current and future investment environment, capital requirement, competition in domestic and foreign countries, capital budget and other factors and focus on securing shareholders' interest, balancing dividends and the Company's long-term financial plan. Distributions should be proposed by the Board of Directors in accordance with laws, and reported to the shareholders. For the distribution of shareholders' dividends, the cash dividends presented 20%~100% of total dividends, and the stock dividends presented 0%~80% of total dividends.

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

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

E. The Company recognised dividends distributed to owners amounting to $158,712 ($2 (in dollars) per share) and $108,039 ($1.5 (in dollars) per share) for the years ended December 31, 2022 and 2021, respectively. On March 16, 2023, the Board of Directors proposed for the distribution of dividends from the 2022 earnings in the amount of $240,068 at $3 (in dollars) per share.

(15) Other equity items

	2022		
	Unrealised gains (losses) on valuation	Currency translation	Total
At January 1	$ 234,035	($ 17,768)	$ 216,267
Valuation adjustment	(102,857)	-	(102,857)
Cumulative gains reclassified to retained earnings due to derecognition	(91,451)	-	(91,451)
Currency translation differences:			
–Group	-	3,869	3,869
–Tax on Group	-	(798)	(798)
At December 31	$ 39,727	($ 14,697)	$ 25,030

	2021		
	Unrealised gains (losses) on valuation	Currency translation	Total
At January 1	$ 33,767	($ 16,136)	$ 17,631
Valuation adjustment	234,871	-	234,871
Cumulative gains reclassified to retained earnings due to derecognition	(34,603)	-	(34,603)
Currency translation differences:			
–Group	-	(2,040)	(2,040)
–Tax on Group	-	408	408
At December 31	$ 234,035	($ 17,768)	$ 216,267

(16) Operating revenue

	Year ended December 31	
	2022	2021
Revenue from contracts with customers	$ 1,510,291	$ 1,140,544

Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods at a point in time in the following major product lines:

	Year ended December 31			
	Electronic connector	Cable wire	Others	Total
Revenue from external customer contracts	$ 788,747	$ 698,170	$ 23,374	$ 1,510,291
Timing of revenue at a point in time	$ 788,747	$ 698,170	$ 23,374	$ 1,510,291

	Year ended December 31			
	Electronic connector	Cable wire	Others	Total
Revenue from external customer contracts	$ 775,480	$ 350,115	$ 14,949	$ 1,140,544
Timing of revenue at a point in time	$ 775,480	$ 350,115	$ 14,949	$ 1,140,544

(17) Other gains and losses

	Year ended December 31	
	2022	2021
Net (losses) gains on financial assets at fair value through profit or loss	($ 93)	$ 2,650
Net currency exchange gains (losses)	27,083	(14,460)
Losses on disposals of investments	(2,275)	-
Other income	3,353	1,677
Total	$ 28,068	($ 10,133)

(18) Expenses by nature

	Year ended December 31	
	2022	2021
Employee benefit expense	$ 184,535	$ 160,391
Depreciation charge	$ 19,663	$ 19,654
Amortisation charges on intangible assets	$ 2,953	$ 5,766

(19) Employee benefit expense

	2022	2021
Wages and salaries	$ 162,153	$ 138,691
Labour and health insurance fees	11,665	11,702
Pension costs	5,255	5,301
Other personnel expenses	5,462	4,697
	$ 184,535	$ 160,391

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall not be lower than 5%~15% for employees' compensation and shall not be higher than 2% for directors' and supervisors' remuneration.

B. For the years ended December 31, 2022 and 2021, employees' compensation was accrued at $21,392 and $12,219, respectively; while directors' and supervisors' remuneration was accrued at $5,562 and $2,509, respectively. The aforementioned amounts were recognised in salary expenses.

The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on 5% and 1% of distributable profit of current year as of the end of reporting period. The employees' compensation and directors' and supervisors' remuneration resolved by the Board of Directors were $21,392 and $5,562, respectively, and the employees' compensation will be distributed in the form of cash.

Employees' compensation and directors' and supervisors' remuneration for 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' and supervisors' remuneration of the Company as approved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(20) 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	$ 71,522	$ 39,078
Tax on undistributed surplus earnings	238	1,266
Prior year income tax overestimation	(787)	(1,009)
Total current tax	70,973	39,335
Deferred tax:		
Origination and reversal of temporary differences	(7)	(11,600)
Total deferred tax	(7)	(11,600)
Income tax expense	$ 70,966	$ 27,735

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

	Year ended December 31	
	2022	2021
Remeasurement of defined benefit obligations	$ 842	$ 149
Currency translation differences	798	(408)
	$ 1,640	($ 259)

(c) The income tax charged/(credited) to equity during the period: None.

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	$ 78,880	$ 35,334
Effects from items adjusted in accordance with tax regulation	(8,046)	(7,856)
Change in assessment of realisation of deferred tax assets	681	-
Prior year income tax over estimation	(787)	(1,009)
Tax on undistributed surplus earnings	238	1,266
Income tax expense	$ 70,966	$ 27,735

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
Deferred tax assets:				
-Temporary differences:				
Loss on inventory	$ 608	$ 1,544	$ -	$ 2,152
Pension	4,645	(1,036)	(842)	2,767
Currency translation differences, net	4,864	-	(798)	4,066
Others	6,115	1,585	-	7,700
Subtotal	16,232	2,093	(1,640)	16,685
Deferred tax liabilities:				
-Temporary differences:				
Gains on investment	(38,449)	(2,668)	-	(41,117)
Others	(3,641)	582	-	(3,059)
	(42,090)	(2,086)	-	(44,176)
	($ 25,858)	$ 7	($ 1,640)	($ 27,491)

	2021			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
-Temporary differences:				
Loss on inventory	$ 739	($ 131)	$ -	$ 608
Pension	6,503	(1,709)	(149)	4,645
Currency translation differences, net	4,456	-	408	4,864
Others	6,273	(158)	-	6,115
Subtotal	17,971	(1,998)	259	16,232
Deferred tax liabilities:				
-Temporary differences:				
Gains on investment	(53,149)	14,700	-	(38,449)
Others	(2,539)	(1,102)	-	(3,641)
	(55,688)	13,598	-	(42,090)
	($ 37,717)	$ 11,600	$ 259	($ 25,858)

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

(21) Earnings per share

	Year ended December 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 321,972	79,399	$ 4.06
Diluted earnings per share			
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	349	
Convertible bonds	905	2,704	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 322,877	82,452	$ 3.92

	Year ended December 31, 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 146,435	72,461	$ 2.02
Diluted earnings per share			
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation		208	
Convertible bonds	2,804	9,154	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 149,239	81,823	$ 1.82

(22) Supplemental cash flow information

Investing activities with partial cash payments

	Year ended December 31	
	2022	2021
Purchase of property, plant and equipment	$ 89,986	$ 36,967
Add: Opening balance of payable on equipment	7,901	9,442
Less: Ending balance of payable on equipment	(6,550)	(7,901)
Cash paid during the year	$ 91,337	$ 38,508

7. Related Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
COXOC ELECTRONICS CO., LTD.	The subsidiary of the Company
CHANT SINCERE TECHNOLOGY CO., LTD.	The subsidiary of the Company
A&H INTERNATIONAL CO., LTD.	The subsidiary of the Company
DAVID ELECTRONICS CO., LTD.	The subsidiary of the Company
Quan Jie Technology Co.,Ltd.	The subsidiary of the Company (Note 1)
Dongguan Quanrong Electronics Co., Ltd.	The second-tier subsidiary of the Company
Kunshan Chant Sincere Electronics Ltd.	The second-tier subsidiary of the Company
DON CONNEX ELECTRONICS CO., LTD.	This company's chairman and the Company's chairman were within the second degree of relationship
QUAN HUNG CO., LTD.	This company's chairman and the Company's chairman were within the second degree of relationship
CHUAN WEI WIRE & CABLE CO., LTD.	This company's chairman and the Company's chairman were within the second degree of relationship

Names of related parties	Relationship with the Company
ATTEND TECHNOLOGY INC.	Other related party
ZHENG ZONG YUAN	Other related party
Guangdong Quanjie Technology Co., Ltd.	Associate (Note 2)
GRAND-TEK TECHNOLOGY CO., LTD.	Associate (Note 3)
Directors, supervisors, general manager and vice presidents, etc.	Key management personnel of the Company

Note 1: Quan Jie Technology Co.,Ltd. has completed liquidation in December 2022.

Note 2: On February 15, 2022, the Company sold some of the shares held and lost significant influence. As the Company's shareholding ratio decreased to 19%, the entity was not anymore considered a related party since that date.

Note 3: On January 5, 2022, the Company's shareholding ration increased to 20%. As the Company has significant influence over the entity, it became an associate since that date.

(2) Significant related party transactions

A. Operating revenue

	Year ended December 31	
	2022	2021
Other related parties	$ 5,369	$ 4,935
Subsidiaries	-	319
Total	$ 5,369	$ 5,254

The aforementioned sales were executed based on general prices and conditions, and were collected within 60~90 days after monthly billings.

B. Purchases

	Year ended December 31	
	2022	2021
Dongguan Quanrong Electronics Co., Ltd.	$ 521,431	$ 366,742
Subsidiaries	30,934	9,944
Associate	76	-
Other related parties	2,515	1,971
Total	$ 554,956	$ 378,657

The aforementioned purchases, except Dongguan Quanrong Electronics Co., Ltd. adopted cost-plus pricing approach and monthly billings, others were executed based on general prices and conditions, and were paid within 60~90 days after monthly billings.

C. Rent income

	Year ended December 31	
	2022	2021
Subsidiaries	$ -	$ 143

D. Operating expenses

	Year ended December 31	
	2022	2021
Subsidiaries	$ -	$ 219
Associate	13	-
Total	$ 13	$ 219

E. Other income

	Year ended December 31	
	2022	2021
Subsidiaries	$ 343	$ 343

F. Receivables from related parties:

	December 31, 2022	December 31, 2021
Accounts receivable:		
Subsidiaries	$ 1,338	$ 1,290
Other related parties	2,604	1,651
	3,942	2,941
Other receivables		
Subsidiaries	8,290	370
Total	$ 12,232	$ 3,311

G. Accounts payable

	December 31, 2022	December 31, 2021
COXOC ELECTRONICS CO., LTD.	$ 38,381	$ 37,824
Dongguan Quanrong Electronics Co., Ltd.	131,726	54,699
Subsidiaries	13,514	4,262
Other related parties	741	508
Total	$ 184,362	$ 97,293

H. Property transactions:

Acquisition of financial assets

				Year ended December 31, 2022	
	Accounts	No. of shares	Objects	Proceeds	Loss
ZHENG ZONG YUAN	Investments accounted for using equity method	21%	Guangdong Quanjie Technology Co., Ltd.	$ 17,141	$ 2,241

Year ended December 31, 2021: No such transaction.

(3) Key management compensation

	Year ended December 31	
	2022	2021
Salaries and other short-term employee benefits	$ 25,241	$ 19,235
Other long-term benefits	664	539
Total	$ 25,905	$ 19,774

8. Pledged Assets

None.

9. Significant Commitments and Contingencies

(1) Contingencies

None.

(2) Commitments

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

	December 31, 2022	December 31, 2021
Property, plant and equipment	$ 19,326	$ 17,569

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

None.

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 liabilities divided by total assets.

During the year ended December 31, 2022, the Company's strategy, which was unchanged from 2021, was to maintain the gearing ratio below 40%. The debt ratios at December 31, 2022 and 2021 were as follows:

	December 31, 2022	December 31, 2021
Total liabilities	$ 650,303	$ 548,433
Total assets	3,067,004	2,857,176
Debt ratio	21%	19%

(2) Financial instruments

A. Financial instruments by category

	December 31, 2022	December 31, 2021
Financial assets		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	$ 11,492	$ 1,794
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	$ 252,726	$ 496,643
Financial assets at amortised cost/Loans and receivables		
Cash and cash equivalents	$ 647,031	$ 729,865
Financial assets at amortised cost	145,000	113,064
Notes receivable	1,750	1,894
Accounts receivable due from related parties	480,370	326,984
Other receivables	8,290	370
Refundable deposits (shown as other non-current assets)	3,701	2,104
	$ 1,286,142	$ 1,174,281
Financial liabilities		
Financial liabilities at amortised cost		
Notes payable	$ 1,763	$ 1,240
Accounts payable to related parties	308,825	222,593
Other payables	94,739	76,228
Corporate bonds payable (including current portion)	78,555	118,740
	$ 483,882	$ 418,801
Lease liability	$ 9,517	$ 6,590

B. Financial risk management policies

(a) The Company’s book value of financial instruments not at fair value (including cash and cash equivalents, notes receivable, accounts receivable, accounts receivable due from related parties, other receivables, notes payable, accounts payable, accounts payable to related parties, other payables) approximates its fair value. Additionally, Refer to Note 12(3) for fair value information of financial instruments measured at fair value.

(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 cooperation 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, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Exchange rate risk

i. The Company's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: RMB), which would be materially affected by the exchange rate fluctuations.

ii. The Company operates internationally and is exposed to exchange rate risk arising from various currency, primarily with respect to the USD, RMB and HKD. Foreign exchange rate risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

iii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group treasury. The group companies used forward foreign exchange contracts through the Group treasury to manage the exchange rate risk arising from future commercial transactions, and recognised assets and liabilities. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

iv. The Company has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.

	December 31, 2022		
	Foreign currency amount(In thousands)	Exchange rate	Carrying amount(New Taiwan dollar)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 15,643	30.71	$ 480,397
RMB:NTD	35,119	4.41	154,875
Financial liabilities			
Monetary items			
USD:NTD	$ 6,846	30.71	$ 210,241
RMB:NTD	6,444	4.41	28,418

	December 31, 2021				
		Foreign currency amount(In thousands)	Exchange rate		Carrying amount(New Taiwan dollar)
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
USD:NTD	$	14,429	27.68	$	399,395
RMB:NTD		13,875	4.34		60,218
Financial liabilities					
Monetary items					
USD:NTD	$	3,741	27.68	$	103,551
RMB:NTD		13,814	4.34		59,953

v. The unrealised 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 $4,388 and $557, respectively.

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

	Year ended December 31, 2022		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	3%	$ 14,412	-
RMB:NTD	3%	4,646	-
Financial liabilities			
Monetary items			
USD:NTD	3%	$ 6,307	-
RMB:NTD	3%	853	-

	Year ended December 31, 2021		
	Sensitivity analysis		
	Degree of variation	Effect on profit or	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	3%	$ 11,982	-
RMB:NTD	3%	1,807	-
Financial liabilities			
Monetary items			
USD:NTD	3%	$ 3,107	-
RMB:NTD	3%	1,799	-

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 and open-end funds 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 $115 and $18, 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 $2,527 and $4,966, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.

ii. The Company manages its credit risk taking into consideration the entire group's concern. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' 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 the assumption under IFRS 9, that is, the default occurs when the contract payments are past due over 181 days.

iv. The Company adopts following assumption 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.

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, contract assets and rents receivable in accordance with credit rating of customer. The Company applies the modified approach using a provision matrix to estimate the expected credit loss.

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.

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 accounts receivable. On December 31, 2022 and 2021, the provision matrix is as follows:

	Not past due	1 to 30 days	31 to 90 days	91 to 180 days	Over 181 days	Total
December 31, 2022						
Expected loss rate	0%	0%	0%-0.03%	0%-3.46%	100%	
Total book value	$ 477,087	$ 981	$ 3,579	$ 492	$ 1,112	$ 483,251
Loss allowance	$ 1	$ -	$ 1	$ 17	$ 1,112	$ 1,131

	Not past due	1 to 30 days	31 to 90 days	91 to 180 days	Over 181 days	Total
December 31, 2021						
Expected loss rate	0%	0%-0.04%	0%-0.12%	0%	0%	
Total book value	$ 291,794	$ 6,538	$ 30,586	$ -	$ -	$ 328,918
Loss allowance	$ 1	$ 3	$ 36	$ -	$ -	$ 40

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

	2022	
	Notes receivable	Accounts receivable
At January 1	$ -	$ 40
Provision for impairment	-	1,091
At December 31	$ -	$ 1,131

	2021	
	Notes receivable	Accounts receivable
At January 1	$ -	$ -
Provision for impairment	-	40
At December 31	$ -	$ 40

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the Company's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets.

ii. Company treasury invests surplus cash in interest bearing current accounts and time deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above-mentioned forecasts. As at December 31, 2022 and 2021, the Group held money market position of $790,921 and $841,688, respectively, that are expected to readily generate cash inflows for managing liquidity risk.

iii. 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 non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

December 31, 2022	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years
Notes payable	$ 1,763	$ -	$ -	$ -
Accounts payable to related parties	286,972	22,033	-	-
Other payables	40,464	54,275	-	-
Lease liability	1,489	3,812	3,063	1,460
Bonds payable (including current portion)	220	79,072	-	-

Non-derivative financial liabilities:

December 31, 2021	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years
Notes payable	$ 1,240	$ -	$ -	$ -
Accounts payable to related parties	202,224	20,369	-	-
Other payables	42,472	33,756	-	-
Lease liability	1,045	2,535	2,726	488
Bonds payable	333	1,005	119,866	-

(3) Fair value information

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

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

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

Level 3: Unobservable inputs for the asset or liability.

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

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 1,120	$ -	$ -	$ 1,120
Derivative instrument - issuance of redemption of convertible bonds	-	157	-	157
Hybrid instrument - convertible Bonds	10,215			10,215
Financial assets at fair value through other comprehensive income				
Equity securities	215,658	-	37,068	252,726
Total	$ 226,993	$ 157	$ 37,068	$ 264,218

December 31, 2021	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 1,445	$ -	$ -	$ 1,445
Derivative instrument - issuance of redemption of convertible bonds	-	349	-	349
Financial assets at fair value through other comprehensive income				
Equity securities	472,170	-	24,473	496,643
Total	$ 473,615	$ 349	$ 24,473	$ 498,437

C. The methods and assumptions the Company used to measure fair value are as follows:

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

	Listed shares	Open-end fund	Corporate bond
Market quoted price	Closing price	Net asset value	Weighted average quoted price

(b) 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.

(c) 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.

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

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

F. Management segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and making any other necessary adjustments to the fair value.

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	$ 37,068	Market comparable approach	Price–earnings ratio, price-to-book ratio multiple and discount for lack of marketability	20%	The higher the multiple, the higher the fair value; the higher the discount for lack of marketability, 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	$ 24,473	Market comparable approach	Price–earnings ratio, price-to-book ratio multiple and discount for lack of marketability	20%	The higher the multiple, the higher the fair value; the higher the discount for lack of marketability, the lower the fair value.

H. The Company has carefully assessed the valuation models and assumptions used to measure fair value, thus, the valuation of fair value was reasonable. However, use of different valuation models or assumptions may result in different measurement.

(4) Others

Relative to the Covid-19 pandemic and pandemic prevention measures implemented by the government, the Company has taken necessary actions and continuously managed the related event. Based on the Company's assessment, the Covid-19 pandemic had no significant impact on the Company’s going-concern, assets impairment and finance risks.

13. Supplementary Disclosures

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: Refer to table 1.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Refer to table 2.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: None.

E. Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Refer to table 3.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: Refer to table 4.

I. Trading in derivative instruments undertaken during the reporting periods: Refer to Note4 12(3).

J. Significant inter-company transactions during the reporting periods: Refer to table 5.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China)：Refer to table 6.

(3) Information on investments in Mainland China

A. For information of reinvestment in China area: Refer to Note 7.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Refer to table 5.

(4) Major shareholders information

Major shareholders information: Refer to table 8.

14. Operating segment information

Not applicable.

CHANT SINCERE CO., LTD.

Provision of endorsements and guarantees to others

Year ended December 31, 2022

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

Number	Endorser/guarantor	Party being endorsed/ guaranteed: Company name	Party being endorsed/ guaranteed: Relationship with the counterparty	Limit on endorsements/ guarantees provided for a single party (Note)	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)	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
0	CHANT SINCERE CO., LTD.	Dongguan Quanrong Electronics Co., Ltd.	Subsidiaries	$ 725,010	$ 66,648 (RMB 15,000 thousand)	$ 65,886 (RMB 15,000 thousand)	$ 43,924 (RMB 10,000 thousand)	$ -	1.81	$ 1,208,351	Y	N	Y	

Note : The ceiling on total endorsements/guarantees amount shall not exceed 50% of the Company's current assets. The ceiling on endorsements/guarantees amount to single party shall not exceed 20% of current net assets, however, the ceiling on endorsements/guarantees amount to single foreign affiliated company shall not exceed 30% of current net assets.

CHANT SINCERE CO., LTD.
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
December 31, 2022

Table 2

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	Book value	Ownership (%)	Fair value	Footnote
CHANT SINCERE CO., LTD.	NORTHSTAR SYSTEMS CORPORATION	None.	Non-current financial asset measured at fair value through other comprehensive income	39,391 shares	$ -	0.09%	$ -	
"	ATTEND TECHNOLOGY INC.	Other related parties	Non-current financial asset measured at fair value through other comprehensive income	778,400 shares	23,336	9.73%	23,336	
"	MSP Engineering Co.,Ltd.	None.	Non-current financial asset measured at fair value through other comprehensive income	79 shares	-	13.17%	-	
"	NEXTRONICS ENGINEERING CORP.	None.	Non-current financial asset measured at fair value through other comprehensive income	1,340,821 shares	80,583	4.14%	80,583	
"	Fubon Financial Holding Co Ltd. - Preferred share	None.	Non-current financial asset measured at fair value through other comprehensive income	475,000 shares	28,690	-	28,690	
"	Fubon Financial Holding Co Ltd. - Preferred share B	None.	Non-current financial asset measured at fair value through other comprehensive income	21,922 shares	1,261	-	1,261	
"	Cathay Financial Holding Co. Ltd. - Preferred share	None.	Non-current financial asset measured at fair value through other comprehensive income	629,000 shares	35,601	-	35,601	
"	Cathay Financial Holding Co. Ltd. - Preferred share B	None.	Non-current financial asset measured at fair value through other comprehensive income	26,293 shares	1,436	-	1,436	
"	P-TWO INDUSTRIES INC.	None.	Non-current financial asset measured at fair value through other comprehensive income	2,192,000 shares	55,129	3.98%	55,129	
"	Guangdong Quanjie Technology Co., Ltd.	None.	Non-current financial asset measured at fair value through other comprehensive income	-	13,732	19.00%	13,732	
"	CVILUX CORPORATION	None.	Non-current financial asset measured at fair value through other comprehensive income	418,000 shares	12,958	0.53%	12,958	
"	Fubon Financial Holding Co Ltd.	None.	Current financial assets at fair value through profit or loss	19,890 shares	1,120	0.00%	1,120	
"	NEXTRONICS ENGINEERING CORP.-Convertible Bond	None.	Current financial assets at fair value through profit or loss	90 lots	10,215	-	10,215	
AXMoo Investment Corp.	P-TWO INDUSTRIES INC.	None.	Current financial asset measured at fair value through other comprehensive income	1,300,439 shares	32,706	2.36%	32,706	
"	DRAYTEK CORP.	None.	Current financial asset measured at fair value through other comprehensive income	400,000 shares	10,080	0.44%	10,080	
"	G-SHANK ENTERPRISE CO., LTD.	None.	Current financial asset measured at fair value through other comprehensive income	300,000 shares	13,425	0.16%	13,425	
"	CASHBOX PARTYWORLD CO., LTD.	None.	Current financial asset measured at fair value through other comprehensive income	50,000 shares	4,315	0.04%	4,315	
"	ELITE ADVANCED LASER CORPORATION	None.	Current financial asset measured at fair value through other comprehensive income	180,000 shares	6,615	0.12%	6,615	
"	INNOLUX CORPORATION	None.	Current financial asset measured at fair value through other comprehensive income	543,000 shares	6,000	0.01%	6,000	
"	CVILUX CORPORATION	None.	Current financial asset measured at fair value through other comprehensive income	280,000 shares	8,680	0.35%	8,680	

CHANT SINCERE CO., LTD.

Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more

Year ended December 31, 2022

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

			Transaction				Compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
Dongguan Quanrong Electronics Co., Ltd.	CHANT SINCERE CO., LTD.	Parent company	(Sales)	($ 521,431)	(28%)	Note 1	Note 1	Note 1	$ 131,726	23%	
"	Kunshan Chant Sincere Electronics Ltd.	Affiliated company	(Sales)	(274,955)	(15%)	Note 2	Note 2	Note 2	63,221	11%	

Note 1: The transaction price adopted cost-plus pricing approach as the pricing basis, and collected after monthly billings.
Note 2: The transaction price adopted cost-plus pricing approach as the pricing basis, and collected within 90 days after monthly billings.

CHANT SINCERE CO., LTD.
Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more
December 31, 2022

Table 4

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	Allowance for doubtful accounts
					Amount	Action taken		
Dongguan Quanrong Electronics Co., Ltd.	CHANT SINCERE CO., LTD.	Parent company	$ 131,726	5.59	Not applicable	Not applicable	$ 66,625	-

CHANT SINCERE CO., LTD.
Significant inter-company transactions during the reporting period
Year ended December 31, 2022

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction: General ledger account	Transaction: Amount	Transaction: Transaction terms	Transaction: Percentage of consolidated total operating revenues or total assets (Note 3)
2	Dongguan Quanrong Electronics Co., Ltd.	CHANT SINCERE CO., LTD.	2	Sales revenue	$ 521,431	Note 4	28%
2	Dongguan Quanrong Electronics Co., Ltd.	Kunshan Chant Sincere Electronics Ltd.	3	Sales revenue	274,955	Note 5	15%
1	COXOC ELECTRONICS CO., LTD.	CHANT SINCERE CO., LTD.	2	Accounts receivable	38,381	-	1%
2	Dongguan Quanrong Electronics Co., Ltd.	CHANT SINCERE CO., LTD.	2	Accounts receivable	131,726	-	4%
2	Dongguan Quanrong Electronics Co., Ltd.	Kunshan Chant Sincere Electronics Ltd.	3	Accounts receivable	63,221	-	2%
5	DAVID ELECTRONICS CO., LTD.	CHANT SINCERE CO., LTD.	2	Sales revenue	30,934	-	2%
4	Zhuhai David Electronics Company Limited	DAVID ELECTRONICS CO., LTD.	2	Sales revenue	29,970	-	2%
5	DAVID ELECTRONICS CO., LTD.	CHANT SINCERE CO., LTD.	2	Accounts receivable	13,514		0%
3	DAVID ELECTRONICS COMPANY (BVI)., LTD.	DAVID ELECTRONICS CO., LTD.	2	Accounts receivable	46,004	-	1%
4	Zhuhai David Electronics Company Limited	DAVID ELECTRONICS COMPANY (BVI)., LTD.	3	Accounts receivable	25,762	-	1%

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 to consolidated total operating revenues for income statement accounts.

Note 4: The transaction price adopted cost-plus pricing approach as the pricing basis, and collected after monthly billing.

Note 5: The transaction price adopted cost-plus pricing approach as the pricing basis, and collected in 90 days after monthly billings.

Note 6: For the year ended December 31, 2022, another side of transactions among the Company and subsidiaries were not disclosed due to the direction of transaction was in reversal. Additionally, the threshold of significant transactions was NT$ 10 million.

CHANT SINCERE CO., LTD.
Information on investees (not including investees in Mainland China)
Year ended December 31, 2022

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at December 31, 2022	Initial investment amount: Balance as at December 31, 2021	Shares held as at December 31, 2022: Number of shares	Shares held as at December 31, 2022: Ownership (%)	Shares held as at December 31, 2022: Book value	Net income of investee for the year ended December 31, 2022	Investment income (loss) recognised by the Company for the year ended December 31, 2022	Footnote
CHANT SINCERE CO., LTD.	COXOC ELECTRONICS CO., LTD.	British Virgin Islands	Manufacture, sales and service of electric plugs, electric sockets, plug adapters and connectors	$ 36,661	$ 36,661	117,547	100%	$ 38,382	$ 558	$ 558	Subsidiaries
"	CHANT SINCERE TECHNOLOGY CO., LTD.	American Samoa	General investment business	6,764	6,764	210,000	100%	61,810	12,121	12,121	Subsidiaries
"	AxMoo Investment Corp.	Taiwan	General investment business	200,000	200,000	20,300,000	100%	243,254	6,734	6,734	Subsidiaries
"	DAVID ELECTRONICS CO., LTD.	Taiwan	Manufacture, sales and process of conductor joints and connectors	19,054	19,054	4,236,042	86.89%	72,670	(516)	(448)	Subsidiaries
"	A&H INTERNATIONAL CO., LTD.	British Virgin Islands	General investment business	15,381	15,381	50,500	100%	140,728	41,988	31,445	Subsidiaries
"	Quan Jie Technology Co., Ltd.	Taiwan	Manufacture and sales of electronic components	-	56,100	-	-	-	(60)	(49)	Subsidiaries
"	GRAND-TEK TECHNOLOGY CO., LTD.	Taiwan	Research, manufacture and sales of high frequency connector wire, wireless communication integration subsystem	332,915	-	5,693,579	23.15%	345,143	123,044	26,787	Associate
DAVID ELECTRONICS CO., LTD.	DAVID ELECTRONICS COMPANY (BVI)., LTD.	British Virgin Islands	Manufacture, process and sales of electronic components	89,937	89,937	2,000,339	100%	33,408	(243)	Not applicable	Second-tier subsidiary

CHANT SINCERE CO., LTD.
Information on investments in Mainland China
Year ended December 31, 2022

Table 7

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: Remitted to Mainland China	Amount remitted from Taiwan to Mainland: Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Net income of investeefor 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
Kunshan Chant Sincere Electronics Ltd.	Sales of electronic components	$ 6,679 (USD 210 thousand)	CNANT SINCERE TECHNOLOGY CO., LTD. (Note 1)	$ 6,679 (USD 210 thousand)	$ -	$ -	$ 6,679 (USD 210 thousand)	$ 12,459	100%	$ 12,459 (Note 3)	$ 66,880	$ 36,305 (RMB 8,060 thousand)	
Dongguan Quanrong Electronics Co., Ltd.	Manufacture, process and sales of electronic	28,179 (USD 900 thousand)	A&H INTERNATIONAL CO., LTD. (Note 1)	$ 28,179 (USD 900 thousand)	-	-	28,179 (USD 900 thousand)	41,988	100%	41,988 (Note 3)	167,492	44,180 (RMB 10,000 thousand)	
Zhuhai David Electronics Company Limited	Manufacture and sales of electronic components	31,491 (USD 1,000 thousand)	DAVID ELECTRONICS COMPANY(BVI) LTD. (Note 1)	$ 31,491 (USD 1,000 thousand)	-	-	31,491 (USD 1,000 thousand)	16	86.89%	14	7,410	-	
Guangdong Quanjie Technology Co., Ltd.	Manufacture and sales of electronic components	(Note 9)	(Note 9)	$ 27,479 (USD 886 thousand)	-	-	(Note 9)	(Note 9)	(Note 9)	(1,174)	(Note 9)	-	

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
CHANT SINCERE CO., LTD.	$ 110,663 US$3,447 thousand (Note 4)	$ 105,857 US$3,447 thousand (Note 5, Note 6 and Note 8)	$ 1,456,599
DAVID ELECTRONICS CO., LTD.	$ 49,254 US$1,638 thousand (Note 4)	$ 50,303 US$1,638 thousand (Note 5 and Note 7)	$ 80,000

Note 1: Through investing in an existing company in the third area, which then invested in the investee in Mainland China.
Note 2: Directly invest in a company in Mainland China.
Note 3: The financial statements were audited by R.O.C. parent company's CPA.
Note 4: The amount of New Taiwan dollars was exchanged based on historical exchange rate.
Note 5: The amount of New Taiwan dollars was exchanged based on the exchange rate at the balance sheet date.
Note 6: The amount approved by Investment Commission, MOEA, and the accumulated investment amount when the Company report to Investment Commission, MOEA was USD 3,447 thousand. The difference of USD 2,055 thousand between reported amount and the total investment amount of USD 1,392 thousand (210 thousand + 900 thousand + 282 thousand) in Kunshan Chant Sincere Electronics Ltd., Dongguan Quanrong Electronics Co., Ltd. and Zhongshan Quanjie Wire Co., Ltd. was shown in the statement of Information on investments in Mainland China, the reasons were as follows:

A. In 1990, Investment Commission, MOEA approved by the Tou-Shen-II-Zi Letter No. 89002369, (1990), that British Virgin Islands outward investor, COXOC ELECTRONICS CO.,LTD., could lease plants in Shenzhen-Fuyong-Huaide in Mainland China, it is "Yonglong Electronics and Metal Factory", invested and operated it with equipment and components in the amount of USD 1,000 thousand in the way of processing on order. This processing plants was disposed in 2008, the Company had not cancelled the registration in Mainland China to the Investment Commission until now.

B. In 2004, Investment Commission, MOEA approved by the Tou-Shen-II-Zi Letter No. 092039335, that British Virgin Islands outward investor, COXOC ELECTRONICS CO.,LTD., could lease plants in Shenzhen-Baoan-Songgang in Mainland China, it is "Quanxin Electronics and Metal Factory", invested and operated it with equipment and components in the amount of USD 640 thousand in the way of processing on order. This processing plants was disposed in 2013, the Company had not cancelled the registration in Mainland China to the Investment Commission until now.

C. On October 5, 2006, the Investment Commission, MOEA approved by the Tou-Shen-II-Zi Letter No. 09500325340, that British Virgin Islands outward investor, COXOC ELECTRONICS CO.,LTD., could receive plants from A&H INFORMATION CO., LTD. who leased plants in Shenzhen-Baoan-Songgang in Mainland China, it is "Quansheng electric and hardware factory", invested and operated it with equipment and components in the amount of USD 415 thousand in the way of processing on order. This processing plants was disposed in 2013, the Company had not cancelled the registration in Mainland China to the Investment Commission until now.

Note 7: There was a difference of USD 600 thousand between the amount of USD 1,400 thousand approved by the Investment Commission, MOEA, and the actual remitted amount of USD 800 thousand which was an investment in Hong Hsin Electronics (Shenzhen) Co., Ltd. by DAVID ELECTRONICS CO., LTD. The reasons were as follows: (1) the subsidiary, David Electronics Co., (BVI) Ltd., invested with self-owned capital in the amount of $498.96 thousand, and (2) investing with Mainland China investments in T.D.C Electronics and Metal Factory which was appraised to be USD $101.04 thousand. This company had been disposed in December 2018, and had cancelled the registration on June 19, 2019 to the Investment Commission.
Note 8: In 2019, the Company directly invested in Zhongshan Quanjie Wire Co., Ltd. after the approval of the Investment Commission, MOEA by the Tou-Shen-II-Zi Letter No. 10800270660.
Note 9: In the first quarter of 2022, the Company sold some of shares held in Guangdong Quanjie Technology Co., Ltd. and lost significant impact due to the Company's shareholding ratio decreased to 19%. The carrying amount, which was transferred to investments accounted for using equity method on the date of disposal, was remeasured at its fair value and recognised as financial assets at fair value through other comprehensive income.

CHANT SINCERE CO., LTD.
Major shareholders information
December 31, 2022

Table 8

Name of major shareholders	Shares	
	Name of shares held	Ownership (%)
Wu RongChun	4,115,912	5.15%
Wu LianXi	4,005,942	5.02%

Note 1: The major shareholders' information was derived from the data using the Company issued common shares (including treasury shares) and preferred shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded on the financial statements may be different from the actual number of shares in dematerialised form due to the difference of calculation basis.

Note 2: If the aforementioned data contains shares which were kept in the trust by the shareholders, the data was disclosed as a separate account of the client which was set by the trustee. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, refer to Market Observation Post System.

V. Latest Audited Consolidated Financial Statements of the Parent and Subsidiaries

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of CHANT SINCERE CO., LTD.

Opinion

We have audited the accompanying consolidated balance sheets of CHANT SINCERE 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, 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 of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 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 consolidated financial statements are stated as follows:

Valuation of inventory

Description

Refer to Notes 4(13), 5(2) and 6(5) for a description of accounting policy on inventory valuation, accounting estimates and assumptions in relation to inventory and details of loss allowance account.

The Group is mainly engaged in manufacturing and selling connectors and cable wires. Due to rapid technological innovations and fluctuations in market demand, there is a higher risk of inventory obsolescence. As inventories are stated at the lower of cost and net realisable value, the determination of net realisable value of inventories is subject to subjective judgment and uncertainties. Thus, we considered the valuation of inventory as a key audit matter.

As of December 31, 2022, the amount of inventories and allowance for inventory valuation losses were NT$299,689 thousand and NT$25,873 thousand, respectively.

How our audit addressed the matter

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

1. Assessed the reasonableness of provision policies on and procedures of allowance for inventory valuation losses, including understanding the operations and nature of the industry, and the historical information of actual clearance of inventory, to judge the reasonableness and consistency of valuation policies on the inventory valuation losses.
2. Reviewed the stock count plan and observed the annual stock count in order to assess the effectiveness of internal controls over obsolete inventory.
3. Verified management's appropriateness of the systematic logic used in the inventory aging report and confirmed whether the information was consistent with its policies.
4. Verified whether inventory valuation losses were calculated in accordance with its policies, and ascertained the adequacy of the allowance for inventory valuation losses.

Recognition of export sales revenue

Description

Refer to Note 4(29) for accounting policies on sales revenue recognition.

The Group is mainly engaged in manufacturing and selling connectors and cable wires, which were used in consumer PCs, automobile and communication market. The types of sales include domestic sales, export sales and warehouse sales. Revenue from export sales are recognised based on the terms of the contract. As the determination as to when the control of the products has transferred to customers involves management's subjective judgment, this may lead to improper revenue recognition. Thus, we considered the recognition of export sales revenue as a key audit matter.

For the year ended December 31, 2022, the net amount of sales revenue was NT$1,873,163 thousand.

How our audit addressed the matter

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

1. Obtained an understanding of the effectiveness of internal controls over the timing of revenue recognition.
2. Selected samples of export sales transactions and ascertained the consistency in the timing of export revenue recognition with the terms specified in the contracts.
3. Selected samples of receivable accounts and sent out confirmations to ascertain existence of export sales revenue.
4. Ascertained the reasonableness of revenue recognition timing against supporting documents of revenue from export sales during a certain period before and after the balance sheet date.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of Chant Sincere Co., Ltd. as at and for the years ended December 31, 2022 and 2021.

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 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.

Wu, Wei-Hao	Cheng, Ya-Huei

For and on behalf of PricewaterhouseCoopers, Taiwan
March 16, 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.

CHANT SINCERE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED 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	6(1)	$ 827,473	26	$ 987,940	33
1110	Financial assets at fair value through profit or loss - current	6(2)	11,492	-	1,794	-
1120	Financial assets at fair value through other comprehensive income - current	6(3)	81,821	3	125,314	4
1136	Financial assets at amortised cost - current	6(1)	145,000	5	113,064	4
1150	Notes receivable, net	6(4)	2,578	-	2,081	-
1170	Accounts receivable, net	6(4)	562,874	17	508,260	17
1180	Accounts receivable due from related parties, net	6(4) and 7	2,615	-	1,651	-
1200	Other receivables		1	-	56	-
130X	Inventories	6(5)	273,816	8	186,156	6
1410	Prepayments		51,875	2	42,054	1
11XX	**Total current assets**		1,959,545	61	1,968,370	65
	Non-current assets					
1517	Financial assets at fair value through other comprehensive income - non-current	6(3)	252,726	8	496,643	16
1550	Investments accounted for under equity method	6(6)	345,143	11	36,784	1
1600	Property, plant and equipment	6(7) and 8	518,584	16	443,428	15
1755	Right-of-use assets	6(8)	69,577	2	15,559	-
1760	Investment property - net	6(9)	47,967	1	47,967	2
1780	Intangible assets	6(10)	5,745	-	3,058	-
1840	Deferred tax assets	6(22)	19,032	1	18,579	1
1900	Other non-current assets		7,188	-	5,190	-
15XX	**Total non-current assets**		1,265,962	39	1,067,208	35
1XXX	**Total assets**		$ 3,225,507	100	$ 3,035,578	100

(Continued)

CHANT SINCERE 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 AMOUNT	%	December 31, 2021 AMOUNT	%
	Current liabilities					
2100	Short-term borrowings		$ 5,000	-	$ -	-
2150	Notes payable		1,763	-	1,253	-
2170	Accounts payable		319,864	10	266,310	9
2180	Accounts payable to related parties	7	741	-	29,918	1
2200	Other payables	6(11)	149,000	5	131,340	4
2230	Current income tax liabilities	6(22)	70,897	2	37,110	1
2250	Provisions for liabilities - current		14,063	-	8,503	-
2280	Lease liabilities - current		18,558	1	11,240	1
2320	Long-term liabilities, current portion	6(12)	78,555	2	-	-
2399	Other current liabilities		23,998	1	26,127	1
21XX	**Total current liabilities**		682,439	21	511,801	17
	Non-current liabilities					
2530	Convertible bonds payable	6(12)	-	-	118,740	4
2570	Deferred tax liabilities	6(22)	47,310	1	45,224	1
2580	Lease liabilities - non-current		51,127	2	4,908	-
2600	Other non-current liabilities	6(13)	16,966	1	22,227	1
25XX	**Total non-current liabilities**		115,403	4	191,099	6
2XXX	**Total liabilities**		797,842	25	702,900	23
	Equity attributable to owners of parent					
	Share capital	6(14)				
3110	Common stock		797,726	25	785,459	26
	Capital surplus	6(15)				
3200	Capital surplus		398,423	12	369,572	12
	Retained earnings	6(16)				
3310	Legal reserve		351,366	11	333,203	11
3350	Unappropriated retained earnings		844,156	26	604,242	20
	Other equity interest	6(17)				
3400	Other equity interest		25,030	1	216,267	7
31XX	**Total equity attributable to owners of the parent**		2,416,701	75	2,308,743	76
36XX	Non-controlling interest		10,964	-	23,935	1
3XXX	**Total equity**		2,427,665	75	2,332,678	77
	Significant contingent liabilities and unrecognised contract commitments	9				
3X2X	**Total liabilities and equity**		$ 3,225,507	100	$ 3,035,578	100

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

CHANT SINCERE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

	Items	Notes	2022 AMOUNT	2022 %	2021 AMOUNT	2021 %
4000	Operating revenue	6(18) and 7	$ 1,873,163	100	$ 1,599,466	100
5000	Operating costs	6(5)(20)(21) and 7	(1,194,979)	(63)	(1,131,196)	(71)
5900	Gross profit from operations		678,184	37	468,270	29
	Operating expenses	6(20)(21) and 7				
6100	Selling expenses		(118,643)	(6)	(106,901)	(7)
6200	Administrative expenses		(187,828)	(10)	(147,985)	(9)
6300	Research and development expenses		(45,823)	(3)	(41,201)	(2)
6450	Expected credit loss	12(2)	(1,085)	-	(46)	-
6000	Total operating expenses		(353,379)	(19)	(296,133)	(18)
6900	Operating profit		324,805	18	172,137	11
	Non-operating income and expenses					
7100	Interest income		4,752	-	4,732	-
7010	Other income		12,614	1	13,594	1
7020	Other gains and losses	6(19)	39,109	2	(6,587)	(1)
7050	Finance costs		(1,716)	-	(4,470)	-
7060	Share of (loss)/profit of subsidiaries, associates and joint ventures accounted for under equity method	6(6)	25,613	1	1,631	-
7000	Total non-operating income and expenses		80,372	4	8,900	-
7900	**Profit before income tax**		405,177	22	181,037	11
7950	Income tax expense	6(22)	(83,273)	(5)	(35,424)	(2)
8200	**Profit for the year**		$ 321,904	17	$ 145,613	9

(Continued)

CHANT SINCERE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

	Items	Notes	2022 AMOUNT	2022 %	2021 AMOUNT	2021 %
	Other comprehensive income (net)					
	Items that will not be reclassified to profit or loss					
8311	Remeasurements of defined benefit plans		$ 4,208	-	$ 744	-
8316	Unrealised (losses) gains from investments in equity instruments measured at fair value through other comprehensive income	6(3)	(102,857)	(5)	234,871	15
8349	Income tax related to items that will not be reclassified to profit or loss	6(22)	(842)	-	(149)	-
8310	Other comprehensive (loss) income (net) that will not be reclassified to profit or loss		(99,491)	(5)	235,466	15
	Items that will be reclassified to profit or loss					
8361	Exchange differences on translation of foreign financial statements	6(17)	4,007	-	(2,042)	-
8370	Share of other comprehensive loss of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	6(17)	(120)	-	-	-
8399	Income tax related to items that will be reclassified to profit or loss	6(22)	(798)	-	408	-
8360	Other comprehensive income (loss) that will be reclassified to profit or loss		3,089	-	(1,634)	-
8300	**Other comprehensive (loss) income for the year, net of tax**		($ 96,402)	(5)	$ 233,832	15
8500	**Total comprehensive income for the year**		$ 225,502	12	$ 379,445	24
	Profit attributable to:					
8610	Owners of the parent		$ 321,972	17	$ 146,435	9
8620	Non-controlling interest		(68)	-	(822)	-
			$ 321,904	17	$ 145,613	9
	Comprehensive income attributable to:					
8710	Owners of the parent		$ 225,552	12	$ 380,269	24
8720	Non-controlling interest		(50)	-	(824)	-
			$ 225,502	12	$ 379,445	24
	Earnings per share (in dollars)	6(23)				
9750	Basic earnings per share		$	4.06	$	2.02
9850	Diluted earnings per share		$	3.92	$	1.82

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

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

		Equity attributable to owners of the parent												
			Capital Reserves					Retained Earnings		Other Equity Interest				
	Notes	Common stock	Capital surplus, additional paid-in capital	Capital surplus, treasury share transactions	Capital surplus - difference between proceeds on actual acquisition of or disposal of equity interest in a subsidiary and its carrying amount and changes in the ownership interest	Capital surplus, change in equity of associates and joint ventures accounted for using equity method	Capital surplus, share options	Legal 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	Total	Non-controlling interest	Total equity
2021														
Balance at January 1, 2021		$ 718,391	$ 191,142	$ 8,509	$ 1,826	$ -	$ 9,555	$ 318,385	$ 545,466	($ 16,136)	$ 33,767	$ 1,810,905	$ 11,759	$ 1,822,664
Profit (loss) for the year		-	-	-	-	-	-	-	146,435	-	-	146,435	(822)	145,613
Other comprehensive income (loss) for the year	6(17)	-	-	-	-	-	-	-	595	(1,632)	234,871	233,834	(2)	233,832
Total comprehensive income (loss)		-	-	-	-	-	-	-	147,030	(1,632)	234,871	380,269	(824)	379,445
Disposal of investments in equity instruments at fair value through other comprehensive income	6(17)	-	-	-	-	-	-	-	34,603	-	(34,603)	-	-	-
Conversion of convertible bonds	6(12)	67,068	164,811	-	-	-	(6,271)	-	-	-	-	225,608	-	225,608
Increase in non-controlling interests		-	-	-	-	-	-	-	-	-	-	-	13,000	13,000
Appropriations and distribution of retained earnings:														
Legal reserve		-	-	-	-	-	-	14,818	(14,818)	-	-	-	-	-
Cash dividends	6(16)	-	-	-	-	-	-	-	(108,039)	-	-	(108,039)	-	(108,039)
Balance at December 31, 2021		$ 785,459	$ 355,953	$ 8,509	$ 1,826	$ -	$ 3,284	$ 333,203	$ 604,242	($ 17,768)	$ 234,035	$ 2,308,743	$ 23,935	$ 2,332,678
2022														
Balance at January 1, 2022		$ 785,459	$ 355,953	$ 8,509	$ 1,826	$ -	$ 3,284	$ 333,203	$ 604,242	($ 17,768)	$ 234,035	$ 2,308,743	$ 23,935	$ 2,332,678
Profit (loss) for the year		-	-	-	-	-	-	-	321,972	-	-	321,972	(68)	321,904
Other comprehensive income (loss) for the year	6(17)	-	-	-	-	-	-	-	3,366	3,071	(102,857)	(96,420)	18	(96,402)
Total comprehensive income (loss)		-	-	-	-	-	-	-	325,338	3,071	(102,857)	225,552	(50)	225,502
Disposal of investments in equity instruments at fair value through other comprehensive income	6(17)	-	-	-	-	-	-	-	91,451	-	(91,451)	-	-	-
Change in net equity of associates and joint ventures accounted for using equity method	6(6)	-	-	-	-	74	-	-	-	-	-	74	-	74
Conversion of convertible bonds	6(12)	12,267	29,914	-	-	-	(1,135)	-	-	-	-	41,046	-	41,046
Decrease in non-controlling interests		-	-	-	-	-	-	-	-	-	-	-	(12,921)	(12,921)
Capital surplus, changes in ownership interests in subsidiaries		-	-	-	(2)	-	-	-	-	-	-	(2)	-	(2)
Appropriations and distribution of retained earnings:														
Legal reserve		-	-	-	-	-	-	18,163	(18,163)	-	-	-	-	-
Cash dividends	6(16)	-	-	-	-	-	-	-	(158,712)	-	-	(158,712)	-	(158,712)
Balance at December 31, 2022		$ 797,726	$ 385,867	$ 8,509	$ 1,824	$ 74	$ 2,149	$ 351,366	$ 844,156	($ 14,697)	$ 39,727	$ 2,416,701	$ 10,964	$ 2,427,665

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

CHANT SINCERE 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		$ 405,177	$ 181,037
Adjustments			
Adjustments to reconcile profit (loss)			
Gains on valuation of financial assets at fair value through profit or loss	6(19)	(2,039)	(6,688)
Expected credit impairment loss	12(2)	1,085	46
Share of profit of associates and joint ventures accounted for using equity method	6(6)	(25,613)	(1,631)
Losses on disposals of investments	6(19)	2,275	-
Losses on disposals of property, plant and equipment	6(19)	-	171
Depreciation charges on property, plant and equipment (including right-of-use assets)	6(20)	38,944	39,139
Amortisation	6(20)	3,150	5,903
Interest income		(4,752)	(4,732)
Interest expense		1,716	4,470
Dividend income		(12,614)	(13,594)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets measured at fair value through profit or loss, net		(7,790)	5,564
Notes receivable, net		(497)	(767)
Accounts receivable		(55,699)	(167,599)
Accounts receivable due from related parties, net		(964)	(249)
Other receivables		55	(43)
Inventories		(87,660)	(27,323)
Prepayments		(12,039)	(10,091)
Changes in operating liabilities			
Notes payable		510	334
Accounts payable		53,554	65,338
Accounts payable to related parties		(29,177)	(5,812)
Other payables		19,011	18,241
Provisions for liabilities - current		5,560	(2,559)
Other current liabilities		(2,129)	75
Other non-current liabilities		(1,817)	(6,597)
Cash inflow generated from operations		288,247	72,633
Interest received		4,752	4,732
Interest paid		(724)	(966)
Payment of income tax		(48,067)	(36,378)
Income taxes refund		247	7,793
Dividends received		27,496	13,594
Net cash flows from operating activities		271,951	61,408

(Continued)

CHANT SINCERE 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 INVESTING ACTIVITIES			
Acquisition of financial assets at fair value through other comprehensive income		($ 154,976)	($ 59,906)
Proceeds from disposal of financial assets at fair value through other comprehensive income		64,096	143,056
(Increase) decrease in financial assets at amortised cost		(31,936)	11,329
Acquisition of investments accounted for using equity method		(40,766)	-
Disposal of investment proceeds using the equity method		18,042	-
Purchase of property, plant and equipment	6(24)	(102,325)	(54,753)
Increase in intangible assets	6(10)	(5,849)	(3,036)
Increase in refundable deposits		(2,431)	(1,138)
Decrease in refundable deposits		454	822
Net cash flows (used in) from investing activities		(255,691)	36,374
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term loans		5,000	-
Payments of lease liabilities	6(8)	(13,206)	(14,382)
Increase in guarantee deposits		-	1,522
Decrease in guarantee deposits		(133)	(78)
Cash dividends paid	6(16)	(158,712)	(108,039)
Change in non-controlling interests		(12,921)	13,000
Net cash flows used in financing activities		(179,972)	(107,977)
Effects due to changes in exchange rate		3,245	(1,557)
Net decrease in cash and cash equivalents		(160,467)	(11,752)
Cash and cash equivalents at beginning of year		987,940	999,692
Cash and cash equivalents at end of year		$ 827,473	$ 987,940

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

CHANT SINCERE CO., LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

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

1. History and Organization

Chant Sincere Co., Ltd. (the "Company") was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) in April 1986. The Company and its subsidiaries (collectively referred herein as the "Group") are primarily engaged in the manufacturing, processing and sales of electronic components. The Company has been a listed company in the Taipei Exchange since December 20, 2002, and the Company's stocks were transferred to be listed in the Taiwan Stock Exchange since January 21, 2008.

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 16, 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:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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

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.

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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.

(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:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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”.

(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 and financial liabilities (including derivative instruments) at fair value through profit or loss.

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

(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 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) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(d) 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.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%) December 31, 2022	Ownership (%) December 31, 2021	Description
The Company	COXOC ELECTRONICS CO., LTD.	Sales of electronic components	100%	100%	
The Company	A&H INTERNATIONAL CO., LTD.	Sales of electronic components	100%	100%	
The Company	AXMoo Investment Corp.	General investments	100%	100%	
The Company	David Electronics Co., Ltd.	Manufacturing, processing and sales of electronic components	86.89%	86.89%	
The Company	CHANT SINCERE TECHNOLOGY CO., LTD.	General investments	100%	100%	
The Company	Quan Jie Technology Co., Ltd.	Manufacturing, processing and sales of electronic components	-	81.19%	Note
CHANT SINCERE TECHNOLOGY CO., LTD.	KUNSHAN CHANT SINCERE ELECTRONICS LTD.	Sales of electronic components	100%	100%	
David Electronics Co., Ltd.	DAVID ELECTRONICS COMPANY (BVI) LTD.	Manufacturing, processing and sales of electronic components	100%	100%	
DAVID ELECTRONICS COMPANY (BVI) LTD.	Zhuhai David Electronics Co., Ltd.	Manufacturing and sales of electronic components	100%	100%	
A&H INTERNATIONAL CO., LTD.	DONGGUAN QUANRONG ELECTRONICS CO., LTD.	Manufacturing, processing and sales of electronic components	100%	100%	

Note: Quan Jie Technology Co., Ltd. has completed its liquidation in December 2022.

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

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

E. Significant restrictions

Cash and short-term deposits of $41,306 deposited in China are under local foreign exchange control which restricts the capital to be remitted outside the borders (except for normal dividend distribution).

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, 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 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 other foreign exchange gains and losses based on the nature of those transactions 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 an associate or joint arrangement, 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 Group retains partial interest in the former foreign associate or joint arrangement after losing significant influence over the former foreign associate, or losing joint control of the former joint arrangement, such transactions should be accounted for as disposal of all interest in these foreign operations.

(c) 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 arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(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 settlement 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.

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. Dividends are recognised as revenue 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. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.

D. 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

At each reporting date, the Group 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) 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 actual operating capacity, and there is little difference between the actual operating capacity and the normal operating capacity. It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(14) 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 change in ownership interests in 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. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

F. Upon loss of significant influence over an associate, the Group remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss.

G. 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.

H. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss proportionately.

(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 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. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	12~ 55years
Machinery and equipment	2 ~ 10 years
Mold equipment	2 ~ 3 years
Transportation equipment	2~ 8 years
Other equipment	3 ~ 5 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 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 fixed payments, less any lease incentives receivable.

The Group 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:

(a) The amount of the initial measurement of lease liability;

(b) Any lease payments made at or before the commencement date; and

(c) Any initial direct costs incurred by the lessee.

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.

(17) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model.

(18) Intangible assets

A. Patent and Premium are stated initially at cost and are amortised on a straight-line basis over its estimated useful life of 3 to 5 years.

B. Software is stated initially at cost and is amortised on a straight-line basis over its estimated useful life of 3 to 5 years.

(19) 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. Except for goodwill, 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) Convertible bonds payable

Convertible bonds or issued by the Group contain conversion options (that is, the bondholders have the right to convert the bonds into the Group' s common shares by exchanging a fixed amount of cash for a fixed number of common shares) and call options. The Group classifies the bonds payable upon issuance as a financial asset an equity instrument in accordance with the contract terms. They are accounted for as follows:

A. The embedded call options are recognised initially at net fair value as 'financial assets at fair value through profit or loss'. They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognised as 'gain or loss on valuation of financial assets at fair value through profit or loss'.

B. The host contracts of bonds are initially recognised at fair value. Any difference between the initial recognition and the redemption value is accounted for as the premium or discount on bonds payable and subsequently is amortised in profit or loss as an adjustment to 'finance costs' over the period of circulation using the effective interest method.

C. The embedded conversion options which meet the definition of an equity instrument are initially recognised in 'capital surplus—share options' at the residual amount of total issue price less the amount of financial assets at fair value through profit or loss and bonds payable as stated above. Conversion options are not subsequently remeasured.

D. Any transaction costs directly attributable to the issuance are allocated to each liability or equity component in proportion to the initial carrying amount of each abovementioned item.

E. When bondholders exercise conversion options, the liability component of the bonds (including bonds payable and 'financial assets at fair value through profit or loss') shall be remeasured on the conversion date. The issuance cost of converted common shares is the total book value of the abovementioned liability component and 'capital surplus—share options'.

(23) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount 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.

(24) Provisions

Provisions (contingent liabilities from warranty provision.) are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

(25) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group 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 government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.

ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

iii. Past service costs are recognised immediately in profit or loss.

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 Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(26) 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 and its subsidiaries operate and generate 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 other than a business combination 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.

(27) Share capital

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.

Additionally, the Company authorised the Board of Directors to resolve with the attendance of two-thirds of directors and the agreement of over half of directors. The distributable dividends and bonus or all or some of legal reserve and capital surplus as regulated in the Company Act could be distributed in the form of cash, and the distribution should be reported to the shareholders.

(28) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance. Additionally, the Company authorised the Board of Directors to resolve with the attendance of two-thirds of directors and the agreement of over half of directors. The distributable dividends and bonus or all or some of legal reserve and capital surplus as regulated in the Company Act could be distributed in the form of cash, and the distribution should be reported to the shareholders.

(29) Revenue recognition

The Group is primarily engaged in the manufacturing and sales of connectors and cable wires. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, 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.

(30) 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.

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

The Group makes estimates and assumptions based on the expectation of future events that are believed to be reasonable under the circumstances at the end of the reporting period. The resulting accounting estimates might be different from the actual results. The estimates and assumptions that may significantly adjust the carrying amounts of assets and liabilities within the next financial year are addressed below:

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 $273,816.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand and revolving funds	$ 1,891	$ 1,865
Checking accounts and demand deposits	376,095	662,068
Time deposits	449,487	324,007
Total	$ 827,473	$ 987,940

A. The Group transacts with a variety of financial institutions with high credit quality for the purpose of dispersing credit risk, so it expects that the probability of counterparty default is low.

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

C. On December 31, 2022 and 2021, the Company had time deposits with maturity over three months shown as “current financial assets at amortised cost” in the amounts of $145,000 and $113,064, respectively. For the years ended December 31, 2022 and 2021, the Company recognised interest income from financial assets at amortised cost in the amounts of $745 and $889, respectively.

D. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2). The counterparties of the Company's investment certificates of deposit are financial institutions with good credit quality, so it expects that the probability of counterparty default is remote.

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

	December 31, 2022	December 31, 2021
Current items:		
Financial assets held for trading		
Listed stocks	$ 1,116	$ 1,116
Derivatives instruments - issuance of redemption of convertible bonds	118	180
Hybrid instruments - convertible bonds	9,922	-
Valuation adjustment	336	498
Total	$ 11,492	$ 1,794

A. The Group recognised net profit loss amounting to loss of $2,039 and gain of $6,688 on financial assets held for trading for the years ended December 31, 2022 and 2021, respectively.

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

C. Information relating to credit risk is provided in Note 12(2).

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

Items	December 31, 2022	December 31, 2021
Current items:		
Equity instruments		
Listed stocks	$ 85,887	$ 65,702
Valuation adjustment	(4,066)	59,612
	$ 81,821	$ 125,314
Non-current items:		
Equity instruments		
Listed stocks	$ 188,555	$ 318,985
Unlisted stocks	20,772	3,236
Valuation adjustment	43,399	174,422
	$ 252,726	$ 496,643

A. The Group has elected to classify investments in ATTEND TECHNOLOGY INC. and Quan Jie Technology Co., Ltd. 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 $37,068 and $24,473 as at December 31, 2022 and 2021, respectively.

B. On January 5, 2022, the Group increased its shareholding ratio in GRAND-TEK TECHNOLOGY CO., LTD. As the Group's shareholding ratio has reached 20%, the Group has significant influence over GRAND-TEK TECHNOLOGY CO., LTD. Accordingly, the investment was transferred to investments accounted for using equity method from the acquisition date. Refer to Note 6(6).

C. For the years ended December 31, 2022 and 2021, the Group sold investments in equity instruments measured at fair value through other comprehensive income at fair value amounting to $91,451 and $34,603, respectively, resulting in cumulative gains (losses) on disposal which were derecognised and transferred to retained earnings. The Group had unrealised (loss) gain on equity instruments at fair value through other comprehensive income due to changes in fair value in the amounts of ($102,857) and $234,871, respectively.

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

	Year ended December 31	
	2022	2021
Equity instruments at fair value through other comprehensive income		
Dividend income recognised in profit or loss		
held at end of year	$ 11,548	$ 13,105
Derecognised during the year	1,066	489
	$ 12,614	$ 13,594

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

(4) Notes and accounts receivable

	December 31, 2022	December 31, 2021
Notes receivable	$ 2,578	$ 2,081
Accounts receivable	$ 565,411	$ 509,712
Accounts receivable due from related parties	2,615	1,651
Less: Allowance for uncollectible accounts	(2,537)	(1,452)
	$ 565,489	$ 509,911

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

	December 31, 2022		December 31, 2021	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	$ 559,972	$ 2,578	$ 472,698	$ 2,081
Up to 30 days	1,466	-	6,614	-
31 to 90 days	3,579	-	30,645	-
91 to 180 days	492	-	-	-
Over 180 days	2,517	-	1,406	-
	$ 568,026	$ 2,578	$ 511,363	$ 2,081

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. As of January 1, 2021, the balance of receivables from contracts with customers amounted to $344,829.

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

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 receivable was $2,578 and $2,081, and accounts receivable was $565,489 and $509,911, respectively.

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

(5) Inventories

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 66,227	($ 10,387)	$ 55,840
Work in progress	53,930	(1,307)	52,623
Finished goods	179,532	(14,179)	165,353
Total	$ 299,689	$ (25,873)	$ 273,816

	December 31, 2021		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 43,371	($ 8,066)	$ 35,305
Work in progress	60,685	(659)	60,026
Finished goods	96,859	(6,034)	90,825
Total	$ 200,915	($ 14,759)	$ 186,156

The cost of inventories recognised as expense for the year:

	Year ended December 31	
	2022	2021
Cost of goods sold	$ 1,147,918	$ 1,116,869
Loss from reversal of decline in market value	20,530	8,236
Others	26,531	6,091
	$ 1,194,979	$ 1,131,196

(6) Investments accounted for using equity method

	2022	2021
At January 1	$ 36,784	$ 35,429
Addition of investments accounted for using equity method	333,302	-
Disposal of investments accounted for using equity method	(36,822)	-
Earnings distribution of investments accounted for using equity method	(14,882)	-
Share of profit or loss of investments accounted for using equity method	25,613	1,631
Changes in retained earnings	40	-
Changes in capital surplus	74	-
Changes in other equity items	1,034	(276)
At December 31	$ 345,143	$ 36,784

Associates:

	Year ended December 31	
Company name	2022	2021
Guangdong Quanjie Technology Co., Ltd.	$ -	$ 36,784
GRAND-TEK TECHNOLOGY CO., LTD.	345,143	-
	$ 345,143	$ 36,784

Associates

(a) The basic information of the associate that is material to the Group is as follows:

Company name	Principal place of business	Shareholding ratio		Nature of relationship	Method of measurement
		December 31, 2022	December 31, 2021		
GRAND-TEK TECHNOLOGY CO., LTD.	Taiwan	23.15%	Not applicable (Note)	Strategic Investment	Equity method

Note: On January 5, 2022, the Group increased its shareholding ratio in GRAND-TEK TECHNOLOGY CO., LTD. As the Group's shareholding ratio has reached 20%, the Group has significant influence over GRAND-TEK TECHNOLOGY CO., LTD. Accordingly, the investment was transferred to investments accounted for using equity method from financial assets at fair value through other comprehensive income.

(b) The summarised financial information of the associate that is material to the Group is as follows:

Balance sheet

	GRAND-TEK TECHNOLOGY CO., LTD.	
	December 31, 2022	
Current assets	$	650,557
Non-current assets		489,861
Current liabilities	(	344,150)
Non-current liabilities	(	170,078)
Total net assets	$	626,190
Share in associate's net assets	$	144,963
Goodwill		199,233
Others		947
Carrying amount of the associate	$	345,143

	GRAND-TEK TECHNOLOGY CO., LTD.	
	Year ended December 31, 2022	
Revenue	$	1,130,523
Profit for the year from continuing operations		123,044
Other comprehensive income, net of tax		3,664
Total comprehensive income	$	126,708
Dividends received from associates	$	14,882

(c) The Group's material associate, GRAND-TEK TECHNOLOGY CO., LTD., has quoted market prices. As of December 31, 2022, the fair value was $316,563.

(d) The Group's interests in all individually immaterial associates and the Group's share of the operating results are summarised below:

	Year ended December 31			
	2022		2021	
Profit or loss for the year from continuing operations	($	2,054)	$	783
Other comprehensive income, net of tax		-		-
Total comprehensive income	($	2,054)	$	783

(e) The aforementioned investments accounted for using equity method are all evaluated based on each associate's audited financial statements for the corresponding period. The Group's share of profit or loss of associates and joint ventures accounted for using equity method for the years ended December 31, 2022 and 2021 was $25,613 and $1,631, respectively.

(f) In the first quarter of 2022, the Group sold some of its shares in Guangdong Quanjie Technology Co., Ltd. and lost significant influence as the Group's shareholding ratio decreased to 19%. The carrying amount, which was transferred to investments accounted for using equity method on the date of disposal, was remeasured at its fair value and recognised as financial assets at fair value through other comprehensive income, and the difference was recognised as loss on disposal of investment in the amount of $2,241.

(7) Property, plant and equipment

	2022							
	Land	Buildings and structures	Machinery and equipment	Moulding equipment	Transportation equipment	Other equipment	Unfinished construction and equipment under acceptance	Total
At January 1								
Cost	$ 238,491	$ 96,677	$ 63,649	$ 16,405	$ 586	$ 9,263	$ 88,268	$ 513,339
Accumulated depreciation and impairment	-	(28,016)	(25,482)	(10,291)	(586)	(5,536)	-	(69,911)
	$ 238,491	$ 68,661	$ 38,167	$ 6,114	$ -	$ 3,727	$ 88,268	$ 443,428
Opening net book amount as at January 1	$ 238,491	$ 68,661	$ 38,167	$ 6,114	$ -	$ 3,727	$ 88,268	$ 443,428
Additions	30,098	21,405	6,239	1,490	800	2,064	38,878	100,974
Transfers	-	-	26,293	44,628	-	-	(70,921)	-
Depreciation charge	-	(3,265)	(13,390)	(7,295)	(222)	(2,051)	-	(26,223)
Net exchange differences	-	-	328	(19)	-	12	84	405
Closing net book amount as at December 31	$ 268,589	$ 86,801	$ 57,637	$ 44,918	$ 578	$ 3,752	$ 56,309	$ 518,584
At December 31								
Cost	$ 268,589	$ 118,082	$ 90,132	$ 58,597	$ 1,394	$ 10,048	$ 56,309	$ 603,151
Accumulated depreciation and impairment	-	(31,281)	(32,495)	(13,679)	(816)	(6,296)	-	(84,567)
	$ 268,589	$ 86,801	$ 57,637	$ 44,918	$ 578	$ 3,752	$ 56,309	$ 518,584

	2021							
	Land	Buildings and structures	Machinery and equipment	Moulding equipment	Transportation equipment	Other equipment	Unfinished construction and equipment under acceptance	Total
At January 1								
Cost	$ 238,491	$ 95,598	$ 58,714	$ 20,568	$ 590	$ 11,384	$ 59,159	$ 484,504
Accumulated depreciation and impairment	-	(24,962)	(24,121)	(13,191)	(590)	(5,352)	-	(68,216)
	$ 238,491	$ 70,636	$ 34,593	$ 7,377	$ -	$ 6,032	$ 59,159	$ 416,288
Opening net book amount as at January 1	$ 238,491	$ 70,636	$ 34,593	$ 7,377	$ -	$ 6,032	$ 59,159	$ 416,288
Additions	-	175	12,337	6,039	-	230	34,431	53,212
Disposals	-	-	243	-	-	(414)	-	(171)
Transfers	-	904	4,213	172	-	-	(5,289)	-
Depreciation charge	-	(3,054)	(12,260)	(7,477)	-	(2,107)	-	(24,898)
Net exchange differences	-	-	(959)	3	-	(14)	(33)	(1,003)
Closing net book amount as at December 31	$ 238,491	$ 68,661	$ 38,167	$ 6,114	$ -	$ 3,727	$ 88,268	$ 443,428
At December 31								
Cost	$ 238,491	$ 96,677	$ 63,649	$ 16,405	$ 586	$ 9,263	$ 88,268	$ 513,339
Accumulated depreciation and impairment	$ -	$ (28,016)	$ (25,482)	$ (10,291)	$ (586)	$ (5,536)	$ -	$ (69,911)
	$ 238,491	$ 68,661	$ 38,167	$ 6,114	$ -	$ 3,727	$ 88,268	$ 443,428

A. For the years ended December 31, 2022 and 2021, there were no borrowing costs capitalised as part of property, plant and equipment.

B. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

C. The significant components of buildings and structures include main plants and hydropower engineering, which are depreciated over 12~55 and 8 years, respectively.

(8) Leasing arrangements－lessee

A. The Group leases various assets including buildings, business vehicles. Rental contracts are typically made for periods of 2 to 5 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:

	December 31, 2022	December 31, 2021
	Book Value	Book Value
Buildings	$ 62,642	$ 12,504
Transportation equipment (Business vehicles)	6,935	3,055
	$ 69,577	$ 15,559

	Year ended December 31	
	2022	2021
	Depreciation charge	Depreciation charge
Buildings	$ 10,992	$ 12,744
Transportation equipment (Business vehicles)	1,729	1,497
	$ 12,721	$ 14,241

C. For the years ended December 31, 2022 and 2021, the additions to right-of-use assets were $66,647 and $8,126, respectively.

D. The information on profit and loss accounts relating to lease contracts is as follows:

	Year ended December 31	
	2022	2021
Items affecting profit or loss		
Interest expense on lease liabilities	$ 659	$ 965
Expense on short-term lease contracts	3,231	3,874
Expense on leases of low-value assets	122	120

E. For the years ended December 31, 2022 and 2021, the Group’s total cash outflow for leases were $17,218 and $19,341, respectively.

(9) Investment property

	2022	2021
	Land	Land
At December 31 (at January 1)		
Cost	$ 47,967	$ 47,967

The fair value of the investment property held by the Group as at December 31, 2022 and 2021 was $52,665 and $51,657, respectively, which was valued by independent valuers. Valuations were made using the income approach which is categorised within Level 3 in the fair value hierarchy.

(10) Intangible assets

	2022 Software	2021 Software
At January 1		
Cost	$ 23,918	$ 20,709
Accumulated amortisation and impairment	(20,860)	(15,572)
	$ 3,058	$ 5,137
Opening net book amount as at January 1	$ 3,058	$ 5,137
Additions	5,849	3,036
Amortisation charge	(3,150)	(5,903)
Transfers	-	789
Net exchange differences	(12)	(1)
Closing net book amount as at December 31	$ 5,745	$ 3,058
At December 31		
Cost	$ 29,759	$ 23,918
Accumulated amortisation and impairment	(24,014)	(20,860)
	$ 5,745	$ 3,058

A. Details of amortisation on intangible assets are as follows:

	Year ended December 31	
	2022	2021
Selling expenses	$ -	$ 21
Administrative expenses	1,959	2,026
Research and development expenses	1,191	3,856
	$ 3,150	$ 5,903

B. The Group has no intangible assets pledged to others.

(11) Other payables

	December 31, 2022	December 31, 2021
Salary and bonus payable	$ 62,071	$ 56,326
Processing fees payable	19,698	20,212
Employees' compensation and directors' and supervisors' remuneration payable	26,954	14,728
Payables on machinery and equipment	6,550	7,901
Accrued commission	7,369	3,513
Other accrued expenses	26,358	28,660
	$ 149,000	$ 131,340

(12) Convertible bonds payable

		December 31, 2022		December 31, 2021
Bonds payable	$	79,292	$	121,205
Less: Discount on bonds payable	(	737)	(	2,465)
Current portion	(	78,555)		-
	$	-	$	118,740

A. Issuance of domestic convertible bonds by the Company

The terms of the third domestic unsecured convertible bonds issued by the Company are as follows:

(a) The Company issued $350,000, 0%, third domestic unsecured convertible bonds, as approved by the regulatory authority. The bonds mature 3 years from the issue date (November 4, 2020 ~ November 4, 2023) and will be redeemed in cash at face value at the maturity date. The Company will repay in one lump sum at 100.7519% of the convertible bonds' face value at the maturity date. The bonds were listed on the Taipei Exchange on November 4, 2020.

(b) Starting from the next date of three months after the issuance of the convertible bonds, until the maturity date, excluding (1) the book closure period of common stock in accordance with laws; (2) fifteen business days before the book closure date for issuance of bonus shares, book closure date for cash dividends, book closure date for rights issue, until the record date; (3) capital reduction record date to the date before the first day of trading of the Company's stock after capital reduction; (4) the first date the Company changed the par value of the stock to the day before the first day of trading of the Company's stock when the stockholder acquires new stocks, the bondholders can request for the conversion of the convertible bonds into the Company's common stocks through the securities firm by notifying the Taiwan Depository Clearing Corporation (TDCC) at any time in accordance with the regulations.

(c) The conversion price of the bonds is set up based on the pricing model in the terms of the bonds, and is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. The conversion price will be reset based on the pricing model in the terms of the bonds on each effective date regulated by the terms. If the reset conversion price is higher than the conversion price before the reset, the conversion price will not be adjusted.

(d) From the next date of three months after the issuance of the convertible bonds to 40 days before the maturity date, if the Company's closing price of common share exceeded 30% of the current conversion price for 30 consecutive business days, or the balance of outstanding convertible bonds is lower than 10% of the initial total issuance amount, within the subsequent 30 business days or any time, the Company can send a registered mail of "redemption notice of bonds" with an expiry period of 30 days, and request the Taipei Exchange to issue an announcement regarding the redemption notice. Additionally, within 5 days after the effective date of bonds redemption, the Company could redeem by cash at face value or call back the outstanding convertible bonds.

(e) Under the terms of the bonds, all bonds redeemed (including bonds repurchased from the Taipei Exchange), matured and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished.

(f) As of December 31, 2022, the bonds totaling $271,300 had been converted into 7,934 thousand shares of common stock.

(13) Pensions

A. (a) The Company and its 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 and its domestic subsidiaries contribute monthly an amount equal to 4.7% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company and its domestic subsidiaries will make contributions for the deficit by next March.

Effective from 2013, the Company has a funded defined benefit pension plan in accordance with the "Regulations on Pensions of Managers", covering all managers appointed by the Company. For hired managers who meet the regulation of retirement or post-employment, 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.

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

	December 31, 2022	December 31, 2021
Present value of defined benefit obligations	($ 31,367)	($ 33,512)
Fair value of plan assets	17,971	14,933
Net defined benefit liability	($ 13,396)	($ 18,579)

9

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

2022	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	($ 33,512)	$ 14,933	($ 18,579)
Current service cost	(104)	-	(104)
Interest (expense) income	(201)	90	(111)
	(33,817)	15,023	(18,794)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	916	916
Change in demographic assumptions	-	-	-
Change in financial assumptions	1,705	-	1,705
Experience adjustments	745	-	745
	2,450	916	3,366
Pension fund contribution	-	2,032	2,032
Paid pension	-	-	-
At December 31	($ 31,367)	$ 17,971	($ 13,396)

2021	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	($ 33,962)	$ 8,191	($ 25,771)
Current service cost	(174)	-	(174)
Interest (expense) income	(102)	25	(77)
	(34,238)	8,216	(26,022)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	114	114
Change in demographic assumptions	(32)	-	(32)
Change in financial assumptions	891	-	891
Experience adjustments	(378)	-	(378)
	481	114	595
Pension fund contribution	-	6,848	6,848
Paid pension	245	(245)	-
At December 31	($ 33,512)	$ 14,933	($ 18,579)

(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 authorised 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	2021
Discount rate	1.30%	0.60%
Future salary increases	3.00%	3.00%

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

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

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2022				
Effect on present value of defined benefit obligation	($ 574)	$ 592	$ 503	($ 491)
December 31, 2021				
Effect on present value of defined benefit obligation	($ 690)	$ 714	$ 612	($ 596)

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 $296.

(g) As of December 31, 2022, the weighted average duration of the retirement plan is 8 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	$	2,409
1-2 years		3,659
2-5 years		11,206
6-10 years		5,942
	$	23,216

B. (a) Effective July 1, 2005, the Company and its 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 its 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. The pension costs under the defined contribution pension plans of the Company for the years ended December 31, 2022 and 2021 were $5,899 and $5,914, respectively.

(b) The Company’s consolidated mainland China subsidiaries, Kunshan Chant Sincere Electronics Ltd., Dongguan Quanrong Electronics Co., Ltd. and Zhuhai David Electronics Company Limited, 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. The contribution percentage for the years ended December 31, 2022 and 2021 was 13%~20%, respectively. Other than the monthly contributions, the Group has no further obligations. The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2022 and 2021 were $4,720 and $5,142, respectively.

(14) Share capital

As of December 31, 2022, the Company had authorised capital in the amount of $1,000,000 ($38,500 was reserved for the issuance of the conversion of employee stock options), and the paid-in capital was $797,726 with a par value of $10 (in dollars) per share. The Company had collected all the proceeds of issued shares.

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

	2022	2021
At January 1	78,546	71,839
Conversion of bonds	1,227	6,707
At December 31	79,773	78,546

(15) Capital surplus

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

(16) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. The remainder, if any, to be retained or to be appropriated shall be resolved by the stockholders at the stockholders' meeting. Additionally, the Company authorised the Board of Directors to resolve with the attendance of two-thirds of directors and the agreement of over half of directors. The distributable dividends and bonus or all or some of legal reserve and capital surplus as regulated in the Company Act could be distributed in the form of cash, and the distribution should be reported to the shareholders.

B. The Company's dividends distribution policies were as follows: as the Company was in growth stage, dividends distribution policies should necessarily base on the current and future investment environment, capital requirement, competition in domestic and foreign countries, capital budget and other factors and focus on securing shareholders' interest, balancing dividends and the Company's long-term financial plan. Distributions should be proposed by the Board of Directors in accordance with laws, and reported to the shareholders. For the distribution of shareholders' dividends, the cash dividends presented 20%~100% of total dividends, and the stock dividends presented 0%~80% of total dividends.

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

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

E. The Company recognised dividends distributed to owners amounting to $158,712 ($2 (in dollars) per share) and $108,039 ($1.5 (in dollars) per share) for the years ended December 31, 2022 and 2021, respectively. On March 16, 2023, the Board of Directors proposed for the distribution of dividends from the 2022 earnings in the amount of $240,068 at $3 (in dollars) per share.

(17) Other equity items

	2022		
	Unrealised gains (losses) on valuation	Currency translation	Total
At January 1	$ 234,035	($ 17,768)	$ 216,267
Valuation adjustment	(102,857)		(102,857)
Cumulative gains reclassified to retained earnings due to derecognition	(91,415)		(91,451)
Currency translation differences:			
–Group	-	3,869	3,869
–Tax on Group	-	(798)	(798)
At December 31	$ 39,727	($ 14,697)	$ 25,030

	2021		
	Unrealised gains (losses) on valuation	Currency translation	Total
At January 1	$ 33,767	($ 16,136)	$ 17,631
Valuation adjustment	234,871	-	234,871
Cumulative gains reclassified to retained earnings due to derecognition	(34,603)	-	(34,603)
Currency translation differences:			
–Group	-	(2,040)	(2,040)
–Tax on Group	-	408	408
At December 31	$ 234,035	($ 17,768)	$ 216,267

(18) Operating revenue

	Year ended December 31	
	2022	2021
Revenue from contracts with customers	$ 1,873,163	$ 1,599,466

Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods at a point in time in the following major product lines:

	Year ended December 31, 2022						
	Chant Sincere Co., Ltd.			David Electronics Co., Ltd.			
	Electronic connector	Cable wire	Others	Electronic connector	Cable wire	Others	Total
Revenue from external customer contracts	$ 876,643	$ 892,247	$ 23,453	$ 14,080	$ 61,946	$ 4,794	$ 1,873,163
Timing of revenue at a point in time	$ 876,643	$ 892,247	$ 23,453	$ 14,080	$ 61,946	$ 4,794	$ 1,873,163

	Year ended December 31, 2021						
	Chant Sincere Co., Ltd.			David Electronics Co., Ltd.			
	Electronic connector	Cable wire	Others	Electronic connector	Cable wire	Others	Total
Revenue from external customer contracts	$ 867,153	$ 627,201	$ 15,028	$ 24,493	$ 56,936	$ 8,655	$ 1,599,466
Timing of revenue at a point in time	$ 867,153	$ 627,201	$ 15,028	$ 24,493	$ 56,936	$ 8,655	$ 1,599,466

(19) Other gains and losses

	Year ended December 31	
	2022	2021
Losses on disposals of property, plant and equipment	$ -	($ 171)
Losses on disposal of investments	(2,275)	-
Net currency exchange gains (losses)	34,488	(14,757)
Net gains on financial assets at fair value through profit or loss	2,039	6,688
Other gains	4,857	1,653
	$ 39,109	($ 6,587)

(20) Expenses by nature

	Year ended December 31	
	2022	2021
Employee benefit expense	$ 284,743	$ 264,458
Depreciation charges	$ 38,944	$ 39,139
Amortisation charges on intangible assets	$ 3,150	$ 5,903

(21) Employee benefit expense

	Year ended December 31	
	2022	2021
Wages and salaries	$ 249,322	$ 227,013
Labour and health insurance fees	14,647	14,970
Pension costs	10,834	11,307
Other personnel expenses	9,940	11,168
	$ 284,743	$ 264,458

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall not be lower than 5%~15% for employees' compensation and shall not be higher than 2% for directors' and supervisors' remuneration.

B. For the years ended December 31, 2022 and 2021, employees' compensation was accrued at $21,392 and $12,219, respectively; while directors' and supervisors' remuneration was accrued at $5,562 and $2,509, respectively. The aforementioned amounts were recognised in salary expenses.

The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on 5% and 1% of distributable profit of current year as of the end of reporting period. The employees' compensation and directors' and supervisors' remuneration resolved by the Board of Directors were $21,392 and $5,562, respectively, and the employees' compensation will be distributed in the form of cash.

Employees' compensation and directors' and supervisors' remuneration for 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' and supervisors' remuneration of the Company as approved by the Board of Directors and resolved by the shareholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(22) 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	$ 83,704	$ 47,509
Tax on undistributed surplus earnings	238	1,266
Prior year income tax over estimation	(662)	(1,751)
Total current tax	83,280	47,024
Deferred tax:		
Origination and reversal of temporary differences	(7)	(11,600)
Total deferred tax	(7)	(11,600)
Income tax expense	$ 83,273	$ 35,424

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

	Year ended December 31	
	2022	2021
Remeasurement of defined benefit obligations	$ 842	$ 149
Currency translation differences	798	(408)
	$ 1,640	($ 259)

(c) The income tax charged/(credited) to equity during the period: None.

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	$ 92,289	$ 41,116
Effects from items adjusted in accordance with tax regulation	(9,375)	(6,339)
Change in assessment of realisation of deferred tax assets	783	1,132
Prior year income tax over estimation	(662)	(1,751)
Tax on undistributed earnings	238	1,266
Income tax expense	$ 83,273	$ 35,424

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
Deferred tax assets:				
-Temporary differences:				
Currency translation differences	$ 4,864	$ -	($ 798)	$ 4,066
Loss on inventory	607	1,545	-	2,152
Pension	4,646	(1,037)	(842)	2,767
Others	8,462	1,585	-	10,047
	18,579	2,093	(1,640)	19,032
Deferred tax liabilities:				
-Temporary differences:				
Gains on investment	(38,449)	(2,668)	-	(41,117)
Others	(6,775)	582	-	(6,193)
	(45,224)	(2,086)	-	(47,310)
	($ 26,645)	$ 7	($ 1,640)	($ 28,278)

2021	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
-Temporary differences:				
Currency translation differences	$ 4,456	$ -	$ 408	$ 4,864
Loss on inventory	738	(131)	-	607
Pension	6,504	(1,709)	(149)	4,646
Others	8,620	(158)	-	8,462
	20,318	(1,998)	259	18,579
Deferred tax liabilities:				
-Temporary differences:				
Gains on investment	(53,149)	14,700	-	(38,449)
Others	(5,673)	(1,102)	-	(6,775)
	($ 58,822)	$ 13,598	$ -	($ 45,224)
	($ 38,504)	$ 11,600	$ 259	($ 26,645)

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

(23) Earnings per share

	Year ended December 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 321,972	79,399	$ 4.06
Diluted earnings per share			
Assumed conversion of all dilutive potential ordinary shares			
Employees’ compensation	-	349	
Convertible bonds	905	2,704	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 322,877	82,452	$ 3.92

	Year ended December 31, 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 146,435	72,461	$ 2.02
Diluted earnings per share			
Assumed conversion of all dilutive potential ordinary shares			
Employees’ compensation	-	208	
Convertible bonds	2,804	9,154	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 149,239	81,823	$ 1.82

(24) Supplemental cash flow information

Investing activities with partial cash payments

	Year ended December 31	
	2022	2021
Purchase of property, plant and equipment	$ 100,974	$ 53,212
Add: Opening balance of payable on equipment	7,901	9,442
Less: Ending balance of payable on equipment	(6,550)	(7,901)
Cash paid during the year	$ 102,325	$ 54,753

7. Related Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
DON CONNEX ELECTRONICS CO., LTD.	This company's chairman and the Company's chairman were within the second degree of relationship
QUAN HUNG CO., LTD.	This company's chairman and the Company's chairman were within the second degree of relationship
CHUAN WEI WIRE & CABLE CO., LTD.	This company's chairman and the Company's chairman were within the second degree of relationship
ATTEND TECHNOLOGY INC.	Other related party
ZHENG ZONG YUAN	Other related party
Guangdong Quanjie Technology Co., Ltd.	Associate (Note 1)
GRAND-TEK TECHNOLOGY CO., LTD.	Associate (Note 2)
Directors, supervisors, general manager and vice presidents, etc.	Key management personnel of the Company

Note 1: On February 15, 2022, the Company sold some of the shares held and lost significant influence. As the Company's shareholding ratio decreased to 19%, the entity was not anymore considered a related party since that date.

Note 2: On January 5, 2022, the Company's shareholding ratio increased to 20%. As the Company has significant influence over the entity, it became an associate since that date.

Significant related party transactions

A. Operating revenue:

	Year ended December 31	
	2022	2021
Sales of goods:		
Associates	$ 31	$ -
Other related parties	6,489	4,935
Total	$ 6,520	$ 4,935

The aforementioned sales were executed based on general prices and conditions, and were collected within 90 days after monthly billings.

B. Purchases:

	Year ended December 31	
	2022	2021
Purchases of goods:		
Guangdong Quanjie Technology Co., Ltd.	$ 16,347	$ 138,842
Associates	76	-
Other related parties	2,515	1,970
Total	$ 18,938	$ 140,812

The aforementioned purchases were executed based on general prices and conditions, and were paid within 60 days after monthly billings.

C. Processing fee:

	Year ended December 31	
	2022	2021
Guangdong Quanjie Technology Co., Ltd.	$ 409	$ 14,466

D. Operating expenses

	Year ended December 31	
	2022	2021
Associates	$ 13	$ -

E. Receivables from related parties:

	December 31, 2022	December 31, 2021
Accounts receivable:		
Associates	$ 11	$ -
Other related parties	2,604	1,651
Total	$ 2,615	$ 1,651

F. Payables to related parties:

	December 31, 2022	December 31, 2021
Accounts payable:		
Guangdong Quanjie Technology Co., Ltd.	$ -	$ 29,410
Other related parties	741	508
Total	$ 741	$ 29,918

G. Property transactions:

Disposal of financial assets:

	Accounts	No. of shares	Objects	Year ended December 31, 2022	
				Proceeds	Loss
ZHENG ZONG YUAN	Investments accounted for using equity method	21%	Guangdong Quanjie Technology Co., Ltd.	$ 17,141	$ 2,241

Year ended December 31, 2021: No such transaction.

(2) Key management compensation

	Year ended December 31	
	2022	2021
Salaries and other short-term employee benefits	$ 29,610	$ 24,620
Post-employment benefits	725	618
Total	$ 30,335	$ 25,238

8. Pledged Assets

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

	Book value		
Pledged asset	December 31, 2022	December 31, 2021	Purpose
Property, plant and equipment			
Land	$ 13,100	$ 13,100	Short-term loan facility
Buildings and structures	13,311	13,686	〃

9. Significant Commitments and Contingencies

(1) Contingencies

None.

(2) Commitments

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

	December 31, 2022	December 31, 2021
Property, plant and equipment	$ 19,326	$ 17,569

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

None.

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 liabilities divided by total assets.

During the year ended December 31, 2022, the Group's strategy, which was unchanged from 2021, was to maintain the debt ratio below 40%. The debt ratios at December 31, 2022 and 2021 were as follows:

	December 31, 2022	December 31, 2021
Total liabilities	$ 797,842	$ 702,900
Total assets	3,225,507	3,035,578
Debt ratio	25%	23%

(2) Financial instruments

A. Financial instruments by category

	December 31, 2022	December 31, 2021
Financial assets		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	$ 11,492	$ 1,794
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	$ 334,547	$ 621,957
Financial assets at amortised cost/Loans and receivables		
Cash and cash equivalents	$ 827,473	$ 987,940
Financial assets at amortised cost	145,000	113,064
Notes receivable	2,578	2,081
Accounts receivable due from related parties	565,489	509,911
Other receivables	1	56
Refundable deposits (shown as other non-current assets)	7,188	5,190
	$ 1,547,729	$ 1,618,242

	December 31, 2022	December 31, 2021
Financial liabilities		
Financial liabilities at amortised cost		
Short-term borrowings	$ 5,000	$ -
Notes payable	1,763	1,253
Accounts payable to related parties	320,605	296,228
Other accounts payable	149,000	131,340
Bonds payable	78,555	118,740
Guarantee deposits received (shown as other non-current liabilities)	3,569	3,648
	$ 558,492	$ 551,209
Lease liability	$ 69,685	$ 16,148

B. Financial risk management policies

(a) The Group's book value of financial instruments not at fair value (including cash and cash equivalents, notes receivable, accounts receivable, accounts receivable due from related parties, other receivables, notes payable, accounts payable, accounts payable to related parties, other payables) approximates its fair value. Additionally, refer to Note 12(3) for fair value information of financial instruments measured at fair value.

(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 cooperation 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, 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's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: RMB) which would be materially affected by the exchange rate fluctuations.

ii. The Group operates internationally and is exposed to exchange rate risk arising from various currency, primarily with respect to the USD, RMB and HKD. Foreign exchange rate risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

iii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group treasury. The group companies used forward foreign exchange contracts through the Group treasury to manage the exchange rate risk arising from future commercial transactions, and recognised assets and liabilities. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

iv. The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.

	December 31, 2022		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 21,930	30.71	$ 673,470
RMB:NTD	44,074	4.41	194,366
Financial liabilities			
Monetary items			
USD:NTD	$ 7,367	30.71	$ 226,241
RMB:NTD	7,154	4.41	31,549

	December 31, 2021		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 18,815	27.68	$ 520,799
RMB:NTD	22,825	4.34	99,061
Financial liabilities			
Monetary items			
USD:NTD	$ 4,062	27.68	$ 112,436
RMB:NTD	14,931	4.34	64,801

v. The unrealised exchange 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 $1,176 and $1,492, respectively.

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

	Year ended December 31, 2022		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	3%	$ 20,204	-
RMB:NTD	3%	5,831	-
Financial liabilities			
Monetary items			
USD:NTD	3%	$ 6,787	-
RMB:NTD	3%	946	-

	Year ended December 31, 2021		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	3%	$ 15,624	-
RMB:NTD	3%	2,972	-
Financial liabilities			
Monetary items			
USD:NTD	3%	$ 3,373	-
RMB:NTD	3%	1,944	-

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 and financial assets at fair value through other comprehensive income. 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 and open-end funds 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 $115 and $18, 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 $3,345 and $6,220, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

(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 based on the agreed terms.

ii. The Group manages its credit risk taking into consideration the entire group’s concern. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' 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 the assumption under IFRS 9, that is, the default occurs when the contract payments are past due over 181 days.

iv. The Group adopts following assumption 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.

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, contract assets and rents receivable in accordance with credit rating of customer. The Group applies the modified approach using a provision matrix to estimate the expected credit loss.

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.

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 accounts receivable. On December 31, 2022 and 2021, the provision matrix is as follows:

	Not past due	1 to 30 days	31 to 90 days	91 to 180 days	Over 181 days	Total
At December 31, 2022						
Expected loss rate	0%	0-0.07%	0-0.03%	0-3.46%	100%	
Total book value	$ 562,550	$ 1,466	$ 3,579	$ 492	$ 2,517	$ 570,604
Loss allowance	$ 1	$ 1	$ 1	$ 17	$ 2,517	$ 2,537
At December 31, 2021						
Expected loss rate	0%	0-0.05%	0-0.012%	0%	100%	
Total book value	$ 474,779	$ 6,614	$ 30,645	$ -	$ 1,406	$ 513,444
Loss allowance	$ 6	$ 3	$ 37	$ -	$ 1,406	$ 1,452

ix. Movements in relation to the Group applying the modified approach to provide loss allowance for accounts receivable, contract assets and lease payments receivable are as follows:

	2022	
	Accounts receivable	Notes receivable
At January 1	$ 1,452	$ -
Provision for impairment	1,085	-
At December 31	$ 2,537	$ -

	2021	
	Accounts receivable	Notes receivable
At January 1	$ 1,406	$ -
Provision for impairment	46	-
At December 31	$ 1,452	$ -

(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 needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets.

ii. Group treasury invests surplus cash in interest bearing current accounts and time deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts. As at December 31, 2022 and 2021, the Group held money market position of $970,852 and $1,099,139, respectively, that are expected to readily generate cash inflows for managing liquidity risk.

iii. 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 non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

December 31, 2022	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years
Non-derivative financial liabilities				
Short-term borrowings	$ 5,014	$ -	$ -	$ -
Notes payable	1,763	-	-	-
Accounts payable to related parties	296,397	24,208	-	-
Other payables	94,725	54,275	-	-
Lease liability	4,930	13,897	15,027	36,267
Bonds payable (including current portion)	220	79,072	-	-

December 31, 2021	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years
Non-derivative financial liabilities				
Notes payable	$ 1,253	$ -	$ -	$ -
Accounts payable to related parties	274,291	21,937	-	-
Other payables	97,577	33,763	-	-
Lease liability	3,242	8,526	4,193	796
Bonds payable	333	1,005	119,867	-

(3) Fair value information

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

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

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

Level 3: Unobservable inputs for the asset or liability.

B. The related information on 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 on the nature of the assets and liabilities is as follows:

December 31, 2022	Level 1	Level 2	Level 3	Total
Financial assets:				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 1,120	$ -	$ -	$ 1,120
Derivative instruments - issuance of redemption of convertible bonds	-	157	-	157
Hybrid instrument - convertible bonds	10,215			10,215
Financial assets at fair value through other comprehensive income				
Equity securities	297,479	-	37,068	334,547
Total	$ 308,814	$ 157	$ 37,068	$ 346,039

December 31, 2021	Level 1	Level 2	Level 3	Total
Financial assets:				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 1,445	$ -	$ -	$ 1,445
Derivative instruments - issuance of redemption of convertible bonds	-	349	-	349
Financial assets at fair value through other comprehensive income				
Equity securities	597,484	-	24,473	621,957
Total	$ 598,929	$ 349	$ 24,473	$ 623,751

C. The methods and assumptions the Group used to measure fair value are as follows:

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

	Listed shares	Open-end fund	Corporate bond
Market quoted price	Closing price	Net asset value	Weighted average quoted price

(b) 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.

(c) 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.

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

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

F. Management segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and making any other necessary adjustments to the fair value. Investment property is valuated through outsourced appraisal performed by the external valuer.

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	$ 37,068	Market comparable approach	Price–earnings ratio, price-to-book ratio multiple and discount for lack of marketability	20%	The higher the multiple, the higher the fair value; the higher the discount for lack of marketability, 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	$ 24,473	Market comparable approach	Price–earnings ratio, price-to-book ratio multiple and discount for lack of marketability	20%	The higher the multiple, the higher the fair value; the higher the discount for lack of marketability, the lower the fair value.

H. The Company has carefully assessed the valuation models and assumptions used to measure fair value, thus, the valuation of fair value was reasonable. However, use of different valuation models or assumptions may result in different measurement.

(4) Others

Relative to the Covid-19 pandemic and pandemic prevention measures implemented by the government, the Group has taken necessary actions and continuously managed the related event. Based on the Group's assessment, the Covid-19 pandemic had no significant impact on the Group’s going-concern, assets impairment and finance risks.

13. Supplementary Disclosures

(1) Significant transactions information

The following transactions with subsidiaries had been written off when preparing the consolidated statements, information which was disclosed below only for reference:

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: Refer to table 1.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Refer to table 2.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company’s paid-in capital: None.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Refer to table 3.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: Refer to table 4.

I. Trading in derivative instruments undertaken during the reporting periods: Refer to Note 12(3).

J. Significant inter-company transactions during the reporting periods: Refer to table 5.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Refer to table 6.

(3) Information on investments in Mainland China

A. For information of reinvestment in China area: Refer to table 7.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Refer to table 5.

(4) Major shareholders information

Major shareholders information: Refer to table 8.

14. Segment Information

(1) General information

The Company and its subsidiaries were mainly engaged in the manufacturing and sales of connectors and cable wires. The chief operating decision-maker reviewed and evaluated performance of each operating segment based on the operating results of different sub-groups in the consolidated financial statements.

(2) Measurement of segment information

The Company's chief operating decision-maker measured the performance of operating segment with the revenue, gross profit and profit after tax of operating entities. The accounting policies of the operating segments are in agreement with the significant accounting policies summarised in Note 4.

(3) Information about segment profit or loss, assets and liabilities

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

Year ended December 31, 2022	CHANT SINCERE CO., LTD.	AXMoo Investment Corp.	David Electronics Co., Ltd.	Quan Jie Technology Co.,Ltd.	Adjustment	Total
Revenue from external customers	$ 1,792,343	$ -	$ 80,820	$ -	$ -	$ 1,873,163
Inter-segment revenue	795,377	-	60,904	-	(856,281)	-
Total segment revenue	$ 2,587,720	$ -	$ 141,724	$ -	($ 856,281)	$ 1,873,163
Segment income (loss)	$ 326,228	$ 6,734	($ 516)	$ -	($ 10,542)	$ 321,904
Interest income	$ 4,611	$ 68	$ 73	$ -	$ -	$ 4,752
Interest expense	$ 1,570	$ 14	$ 132	$ -	$ -	$ 1,716
Depreciation and amortisation expenses	$ 37,144	$ 288	$ 4,722	$ -	$ -	$ 42,094
Income tax expense	$ 83,362	($ 89)	$ -	$ -	$ -	$ 83,273
Segment assets	$ 3,127,908	$ 245,551	$ 134,055	$ -	($ 282,007)	$ 3,225,507

Year ended December 31, 2021	CHANT SINCERE CO., LTD.	AXMoo Investment Corp.	David Electronics Co., Ltd.	Quan Jie Technology Co.,Ltd.	Adjustment	Total
Revenue from external customers	$ 1,509,382	$ -	$ 90,084	$ -	$ -	$ 1,599,466
Inter-segment revenue	703,044	-	50,415	-	(753,459)	$ -
Total segment revenue	$ 2,212,426	$ -	$ 140,499	$ -	($ 753,459)	$ 1,599,466
Segment income (loss)	$ 154,599	$ 1,231	($ 5,662)	($ 319)	($ 4,236)	$ 145,613
Interest income	$ 4,673	$ 19	$ 28	$ 12	$ -	$ 4,732
Interest expense	$ 4,407	$ -	$ 63	$ 3	$ 3	$ 4,476
Depreciation and amortisation expenses	$ 40,133	$ -	$ 4,909	$ 140	($ 140)	$ 45,042
Income tax expense	$ 33,094	$ 2,311	$ 19	$ -	$ -	$ 35,424
Segment assets	$ 2,779,069	$ 301,093	$ 125,377	$ 68,741	($ 238,702)	$ 3,035,578

(4) Reconciliation for segment income (loss)

Sales between segments are carried out at arm's length. The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income.

The reportable segments income/(loss) which was reviewed by the decision-maker was the same as income/(loss) before tax from continuing operations of business.

(5) Information on products and services

Details of revenue from external customers for the years ended December 31, 2022 and 2021 are as follows:

	Year ended December 31	
	2022	2021
Electronic connectors	$ 890,723	$ 891,646
Cable wires	954,193	684,137
Others	28,247	23,683
	$ 1,873,163	$ 1,599,466

(6) Geographical information

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

	2022		2022	
	Revenue from external customers	Non-current assets	Revenue from external customers	Non-current assets
China	$ 882,765	$ 87,012	$ 781,645	$ 36,159
Taiwan	411,481	562,049	333,817	479,043
USA	152,977	-	116,991	-
Others	425,940	-	367,013	-
	$ 1,873,163	$ 649,061	$ 1,599,466	$ 515,202

(7) Major customer information

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

	Year ended December 31, 2022				Year ended December 31, 2021		
	Revenue	%	Segment		Revenue	%	Segment
C company	$ 462,550	25%	The Company	B company	$ 352,589	22%	The Company
B company	289,130	15%	The Company	C company	188,341	12%	The Company

CHANT SINCERE CO., LTD. AND SUBSIDIARIES

Provision of endorsements and guarantees to others

Year ended December 31, 2022

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

Number	Endorser/guarantor	Party being endorsed/ guaranteed		Limit on endorsements/ guarantees provided for a single party (Note)	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)	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
		Company name	Relationship with the counterparty											
0	CHANT SINCERE CO., LTD.	Dongguan Quanrong Electronics Co., Ltd.	Subsidiaries	$ 725,010	$ 66,648	$ 65,886	$ 43,924	$ -	1.81	$ 1,208,351	Y	N	Y	
					(RMB 15,000 thousand)	(RMB 15,000 thousand)	(RMB 10,000 thousand)							

Note : The ceiling on total endorsements/guarantees amount shall not exceed 50% of the Company’s current assets. The ceiling on endorsements/guarantees amount to single party shall not exceed 20% of current net assets, however, the ceiling on endorsements/guarantees amount to single foreign affiliated company shall not exceed 30% of current net assets.

CHANT SINCERE 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 2

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	Book value	Ownership (%)	Fair value	Footnote
CHANT SINCERE CO., LTD.	NORTHSTAR SYSTEMS CORPORATION	None.	Non-current financial asset measured at fair value through other comprehensive income	39,391 shares	$ -	0.09%	$ -	
"	ATTEND TECHNOLOGY INC.	Other related parties	Non-current financial asset measured at fair value through other comprehensive income	778,400 shares	23,336	9.73%	23,336	
"	MSP Engineering Co.,Ltd.	None.	Non-current financial asset measured at fair value through other comprehensive income	79 shares	-	13.17%	-	
"	NEXTRONICS ENGINEERING CORP.	None.	Non-current financial asset measured at fair value through other comprehensive income	1,340,821 shares	80,583	4.14%	80,583	
"	Fubon Financial Holding Co Ltd. - Preferred share	None.	Non-current financial asset measured at fair value through other comprehensive income	475,000 shares	28,690	-	28,690	
"	Fubon Financial Holding Co Ltd. - Preferred share B	None.	Non-current financial asset measured at fair value through other comprehensive income	21,922 shares	1,261	-	1,261	
"	Cathay Financial Holding Co. Ltd. - Preferred share	None.	Non-current financial asset measured at fair value through other comprehensive income	629,000 shares	35,601	-	35,601	
"	Cathay Financial Holding Co. Ltd. - Preferred share B	None.	Non-current financial asset measured at fair value through other comprehensive income	26,293 shares	1,436	-	1,436	
"	P-TWO INDUSTRIES INC.	None.	Non-current financial asset measured at fair value through other comprehensive income	2,192,000 shares	55,129	3.98%	55,129	
"	Guangdong Quanjie Technology Co., Ltd.	None.	Non-current financial asset measured at fair value through other comprehensive income	-	13,732	19.00%	13,732	
"	CVILUX CORPORATION	None.	Non-current financial asset measured at fair value through other comprehensive income	418,000 shares	12,958	0.53%	12,958	
"	Fubon Financial Holding Co Ltd.	None.	Current financial assets at fair value through profit or loss	19,890 shares	1,120	0.00%	1,120	
"	NEXTRONICS ENGINEERING CORP.- Convertible Bond	None.	Current financial assets at fair value through profit or loss	90 lots	10,215	-	10,215	
AXMoo Investment Corp.	P-TWO INDUSTRIES INC.	None.	Current financial asset measured at fair value through other comprehensive income	1,300,439 shares	32,706	2.36%	32,706	
"	DRAYTEK CORP.	None.	Current financial asset measured at fair value through other comprehensive income	400,000 shares	10,080	0.44%	10,080	
"	G-SHANK ENTERPRISE CO., LTD.	None.	Current financial asset measured at fair value through other comprehensive income	300,000 shares	13,425	0.16%	13,425	
"	CASHBOX PARTYWORLD CO., LTD.	None.	Current financial asset measured at fair value through other comprehensive income	50,000 shares	4,315	0.04%	4,315	
"	ELITE ADVANCED LASER CORPORATION	None.	Current financial asset measured at fair value through other comprehensive income	180,000 shares	6,615	0.12%	6,615	
"	INNOLUX CORPORATION	None.	Current financial asset measured at fair value through other comprehensive income	543,000 shares	6,000	0.01%	6,000	
"	CVILUX CORPORATION	None.	Current financial asset measured at fair value through other comprehensive income	280,000 shares	8,680	0.35%	8,680	

CHANT SINCERE CO., LTD. AND SUBSIDIARIES

Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more

Year ended December 31, 2022

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

			Transaction				Compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
Dongguan Quanrong Electronics Co., Ltd.	CHANT SINCERE CO., LTD.	Parent company	(Sales)	($ 521,431)	(28%)	Note 1	Note 1	Note 1	$ 131,726	23%	
"	Kunshan Chant Sincere Electronics Ltd.	Affiliated company	(Sales)	(274,955)	(15%)	Note 2	Note 2	Note 2	63,221	11%	

Note 1: The transaction price adopted cost-plus pricing approach as the pricing basis, and collected after monthly billings.
Note 2: The transaction price adopted cost-plus pricing approach as the pricing basis, and collected within 90 days after monthly billings.

CHANT SINCERE CO., LTD. AND SUBSIDIARIES
Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more
December 31, 2022

Table 4

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	Allowance for doubtful accounts
					Amount	Action taken		
Dongguan Quanrong Electronics Co., Ltd.	CHANT SINCERE CO., LTD.	Parent company	$ 131,726	5.59	Not applicable	Not applicable	$ 66,625	-

CHANT SINCERE CO., LTD. AND SUBSIDIARIES
Significant inter-company transactions during the reporting period
Year ended December 31, 2022

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction: General ledger account	Transaction: Amount	Transaction: Transaction terms	Transaction: Percentage of consolidated total operating revenues or total assets (Note 3)
2	Dongguan Quanrong Electronics Co., Ltd.	CHANT SINCERE CO., LTD.	2	Sales revenue	$ 521,431	Note 4	28%
2	Dongguan Quanrong Electronics Co., Ltd.	Kunshan Chant Sincere Electronics Ltd.	3	Sales revenue	274,955	Note 5	15%
1	COXOC ELECTRONICS CO., LTD.	CHANT SINCERE CO., LTD.	2	Accounts receivable	38,381	-	1%
2	Dongguan Quanrong Electronics Co., Ltd.	CHANT SINCERE CO., LTD.	2	Accounts receivable	131,726	-	4%
2	Dongguan Quanrong Electronics Co., Ltd.	Kunshan Chant Sincere Electronics Ltd.	3	Accounts receivable	63,221	-	2%
5	DAVID ELECTRONICS CO., LTD.	CHANT SINCERE CO., LTD.	2	Sales revenue	30,934	-	2%
4	Zhuhai David Electronics Company Limited	DAVID ELECTRONICS CO., LTD.	2	Sales revenue	29,970	-	2%
5	DAVID ELECTRONICS CO., LTD.	CHANT SINCERE CO., LTD.	2	Accounts receivable	13,514		0%
3	DAVID ELECTRONICS COMPANY (BVI)., LTD.	DAVID ELECTRONICS CO., LTD.	2	Accounts receivable	46,004	-	1%
4	Zhuhai David Electronics Company Limited	DAVID ELECTRONICS COMPANY (BVI)., LTD.	3	Accounts receivable	25,762	-	1%

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 to consolidated total operating revenues for income statement accounts.

Note 4: The transaction price adopted cost-plus pricing approach as the pricing basis, and collected after monthly billing.

Note 5: The transaction price adopted cost-plus pricing approach as the pricing basis, and collected in 90 days after monthly billings.

Note 6: For the year ended December 31, 2022, another side of transactions among the Company and subsidiaries were not disclosed due to the direction of transaction was in reversal. Additionally, the threshold of significant transactions was NT$ 10 million.

CHANT SINCERE CO., LTD. AND SUBSIDIARIES
Information on investees (not including investees in Mainland China)
Year ended December 31, 2022

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at December 31, 2022	Initial investment amount: Balance as at December 31, 2021	Shares held as at December 31, 2022: Number of shares	Shares held as at December 31, 2022: Ownership (%)	Shares held as at December 31, 2022: Book value	Net income of investee for the year ended December 31, 2022	Investment income (loss) recognised by the Company for the year ended December 31, 2022	Footnote
CHANT SINCERE CO., LTD.	COXOC ELECTRONICS CO., LTD.	British Virgin Islands	Manufacture, sales and service of electric plugs, electric sockets, plug adapters and connectors	$ 36,661	$ 36,661	117,547	100%	$ 38,382	$ 558	$ 558	Subsidiaries
"	CHANT SINCERE TECHNOLOGY CO., LTD.	American Samoa	General investment business	6,764	6,764	210,000	100%	61,810	12,121	12,121	Subsidiaries
"	AXMoo Investment Corp.	Taiwan	General investment business	200,000	200,000	20,300,000	100%	243,254	6,734	6,734	Subsidiaries
"	DAVID ELECTRONICS CO., LTD.	Taiwan	Manufacture, sales and process of conductor joints and connectors	19,054	19,054	4,236,042	86.89%	72,670	(516)	(448)	Subsidiaries
"	A&H INTERNATIONAL CO., LTD.	British Virgin Islands	General investment business	15,381	15,381	50,500	100%	140,728	41,988	31,445	Subsidiaries
"	Quan Jie Technology Co., Ltd.	Taiwan	Manufacture and sales of electronic components	-	56,100	-	0	-	(60)	(49)	Subsidiaries
"	GRAND-TEK TECHNOLOGY CO., LTD.	Taiwan	Research, manufacture and sales of high frequency connector wire, wireless communication integration subsystem	332,915	-	5,693,579	23.15%	345,143	123,044	26,787	Associate
DAVID ELECTRONICS CO., LTD.	DAVID ELECTRONICS COMPANY (BVI)., LTD.	British Virgin Islands	Manufacture, process and sales of electronic components	89,937	89,937	2,000,339	100%	33,408	(243)	Not applicable	Second-tier subsidiary

Table 7

CHANT SINCERE CO., LTD. AND SUBSIDIARIES
Information on investments in Mainland China
Year ended December 31, 2022

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: Remitted to Mainland China	Amount remitted from Taiwan to Mainland: Remitted back to Taiwan	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
Kunshan Chant Sincere Electronics Ltd.	Sales of electronic components	$ 6,679 (USD 210 thousand)	CNANT SINCERE TECHNOLOGY CO., LTD. (Note 1)	$ 6,679 (USD 210 thousand)	$ -	$ -	$ 6,679 (USD 210 thousand)	$ 12,459	100%	$ 12,459 (Note 3)	$ 66,880	$ 36,305 (RMB 8,060 thousand)	
Dongguan Quanrong Electronics Co., Ltd.	Manufacture, process and sales of electronic	28,179 (USD 900 thousand)	A&H INTERNATIONAL CO., LTD. (Note 1)	28,179 (USD 900 thousand)	-	-	28,179 (USD 900 thousand)	41,988	100%	41,988 (Note 3)	167,492	44,180 (RMB 10,000 thousand)	
Zhuhai David Electronics Company Limited	Manufacture and sales of electronic components	31,491 (USD 1,000 thousand)	DAVID ELECTRONICS COMPANY(BVI) LTD. (Note 1)	31,491 (USD 1,000 thousand)	-	-	31,491 (USD 1,000 thousand)	16	86.89%	14	7,410	-	
Guangdong Quanjie Technology Co., Ltd.	Manufacture and sales of electronic components	(Note 9)	(Note 9)	27,479 (USD 886 thousand)	-	-	(Note 9)	(Note 9)	(Note 9)	(1,174)	(Note 9)	-	

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
CHANT SINCERE CO., LTD.	$ 110,663 US$3,447 thousand (Note 4)	$ 105,857 US$3,447 thousand (Note 5, Note 6 and Note 8)	$ 1,456,599
DAVID ELECTRONICS CO., LTD.	$ 49,254 US$1,638 thousand (Note 4)	$ 50,303 US$1,638 thousand (Note 5 and Note 7)	$ 80,000

Note 1: Through investing in an existing company in the third area, which then invested in the investee in Mainland China.
Note 2: Directly invest in a company in Mainland China.
Note 3: The financial statements were audited by R.O.C. parent company's CPA.
Note 4: The amount of New Taiwan dollars was exchanged based on historical exchange rate.
Note 5: The amount of New Taiwan dollars was exchanged based on the exchange rate at the balance sheet date.
Note 6: The amount approved by Investment Commission, MOEA, and the accumulated investment amount when the Company report to Investment Commission, MOEA was USD 3,447 thousand. The difference of USD 2,055 thousand between reported amount and the total investment amount of USD 1,392 thousand (210 thousand + 900 thousand + 282 thousand) in Kunshan Chant Sincere Electronics Ltd., Dongguan Quanrong Electronics Co., Ltd. and Zhongshan Quanjie Wire Co., Ltd. was shown in the statement of Information on investments in Mainland China, the reasons were as follows:

A. In 1990, Investment Commission, MOEA approved by the Tou-Shen-II-Zi Letter No. 89002369, (1990), that British Virgin Islands outward investor, COXOC ELECTRONICS CO.,LTD., could lease plants in Shenzhen-Fuyong-Huaide in Mainland China, it is "Yonglong Electronics and Metal Factory", invested and operated it with equipment and components in the amount of USD 1,000 thousand in the way of processing on order. This processing plants was disposed in 2008, the Company had not cancelled the registration in Mainland China to the Investment Commission until now.

B. In 2004, Investment Commission, MOEA approved by the Tou-Shen-II-Zi Letter No. 092039335, that British Virgin Islands outward investor, COXOC ELECTRONICS CO.,LTD., could lease plants in Shenzhen-Baoan-Songgang in Mainland China, it is "Quanxin Electronics and Metal Factory", invested and operated it with equipment and components in the amount of USD 640 thousand in the way of processing on order. This processing plants was disposed in 2013, the Company had not cancelled the registration in Mainland China to the Investment Commission until now.

C. On October 5, 2006, the Investment Commission, MOEA approved by the Tou-Shen-II-Zi Letter No. 09500325340, that British Virgin Islands outward investor, COXOC ELECTRONICS CO.,LTD., could receive plants from A&H INFORMATION CO., LTD. who leased plants in Shenzhen-Baoan-Songgang in Mainland China, it is "Quansheng electric and hardware factory", invested and operated it with equipment and components in the amount of USD 415 thousand in the way of processing on order. This processing plants was disposed in 2013, the Company had not cancelled the registration in Mainland China to the Investment Commission until now.

Note 7: There was a difference of USD 600 thousand between the amount of USD 1,400 thousand approved by the Investment Commission, MOEA, and the actual remitted amount of USD 800 thousand which was an investment in Hong Hsin Electronics (Shenzhen) Co., Ltd. by DAVID ELECTRONICS CO., LTD. The reasons were as follows: (1) the subsidiary, David Electronics Co., (BVI) Ltd., invested with self-owned capital in the amount of $498.96 thousand, and (2) investing with Mainland China investments in T.D.C Electronics and Metal Factory which was appraised to be USD $101.04 thousand. This company had been disposed in December 2018, and had cancelled the registration on June 19, 2019 to the Investment Commission.
Note 8: In 2019, the Company directly invested in Zhongshan Quanjie Wire Co., Ltd. after the approval of the Investment Commission, MOEA by the Tou-Shen-II-Zi Letter No. 10800270660.
Note 9: In the first quarter of 2022, the Company sold some of shares held in Guangdong Quanjie Technology Co., Ltd. and lost significant impact due to the Company's shareholding ratio decreased to 19%. The carrying amount, which was transferred to investments accounted for using equity method on the date of disposal, was remeasured at its fair value and recognised as financial assets at fair value through other comprehensive income.

CHANT SINCERE CO., LTD. AND SUBSIDIARIES
Major shareholders information
December 31, 2022

Table 8

	Shares	
Name of major shareholders	Name of shares held	Ownership (%)
Wu RongChun	4,115,912	5.15%
Wu LianXi	4,005,942	5.02%

Note 1: The major shareholders' information was derived from the data using the Company issued common shares (including treasury shares) and preferred shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded on the financial statements may be different from the actual number of shares in dematerialised form due to the difference of calculation basis.

Note 2: If the aforementioned data contains shares which were kept in the trust by the shareholders, the data was disclosed as a separate account of the client which was set by the trustee. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, refer to Market Observation Post System.

VI. If there is any financial distress experienced by the Company or its affiliated enterprise in the last year up to the publication date of the annual report, state the impact on the Company's financial status: None.

Seven. Review and Analysis of the financial status and financial performance, and risk management

I. Financial status: The main reasons for the major changes in assets, liabilities and shareholders' equity in the last two years and their impact; if the impact is significant, explain the future response plan.

Unit: NT$ thousand

Item \ Year	2022	2021	Difference	
			Amount	%
Current assets	1,959,545	1,968,370	(8,825)	-0.45%
Property, plant and equipment	518,584	443,428	75,156	16.95%
Intangible assets	5,745	3,058	2,687	87.87%
Other assets	741,633	620,722	120,911	19.48%
Total assets	3,225,507	3,035,578	189,929	6.26%
Current liabilities	682,439	511,801	170,638	33.34%
Non-current liabilities	115,403	191,099	(75,696)	-39.61%
Total liabilities	797,842	702,900	94,942	13.51%
Share capital	797,726	785,459	12,267	1.56%
Capital reserve	398,423	369,572	28,851	7.81%
Retained earnings	1,195,522	937,445	258,077	27.53%
Other equity interest	25,030	216,267	(191,237)	-88.43%
Non-controlling interests	10,864	23,935	(13,071)	-54.61%
Total shareholders equity	2,427,565	2,332,678	94,887	4.07%

Description: (only the analysis and description of items with an increase or decrease of more than 20%)

1. Increase in intangible assets: Due to the addition of computer software.
2. Increase in current liabilities: Due to an increase in accounts payable and the conversion of corporate bonds payable into long-term liabilities due within one year.
3. Decrease in non-current liabilities: Due to the conversion of corporate bonds payable into long-term liabilities due within one year, and the conversion of convertible corporate bonds into equity.
4. Increase in retained earnings: Due to a growth in revenue and increase in net profit.
5. Decrease in other equity interest: Due to a decrease in the period-end evaluation of financial assets at fair value through other comprehensive income.
6. Decrease in non-controlling interests: Due to the liquidation of Quanjie Technology in December 2022, resulting in a decrease in non-controlling interests.
7. Increase in total shareholders' equity: Mainly due to the above increase in retained earnings and decrease in other equity.

Note: All financial information from 2022 to 2021 has been audited and certified by CPAs.

II. Financial Performance:

Unit: NT$ thousand

Item \ Year	2022 Amount	2021 Amount	Amount increase (decrease)	Variation %
Net operating revenue	1,873,163	1,599,466	273,697	17.11%
Operating costs	(1,194,979)	(1,131,196)	(63,783)	5.64%
Gross profit	678,184	468,270	209,914	44.83%
Operating expenses	(353,379)	(296,133)	(57,246)	19.33%
Operating profit	324,805	172,137	152,668	88.69%
Total non-operating income and expenses	80,372	8,900	71,472	803.06%
Net profit before tax from continuing operations	405,177	181,037	224,140	123.81%
Income tax	(83,273)	(35,424)	(47,849)	135.08%
Net profit after tax from continuing operations	321,904	145,613	176,291	121.07%

Note: All financial information from 2022 to 2021 has been audited and certified by CPAs.

Main reasons for major changes and their impact, and description of future response plans:
(Only the analysis and description of items with an increase or decrease of more than 20%)

1. Main reason for the increase in gross profit:
   Due to a 17% increase in revenue from business promotion compared to that in the previous period, as well as an increase in gross profit margin through product portfolio optimization.
2. Increase in non-operating income: Due to an increase in exchange gains and investment income recognized using the equity method compared to that in the previous period.
3. Due to the changes above, the profit before tax, income tax expense and net profit after increased tax.

(I) Sales forecast and basis: Not applicable.

(II) Possible financial impact and response plan: There is no major impact.

III. Cash flow: Analysis and explanation of the cash flow changes in the most recent year, improvement plan for insufficient liquidity and analysis of cash flow in the coming year.

(I) Liquidity analysis in the most recent year

Unit: NT$ thousand

Cash balance at the beginning of the period	Net cash flow from operating activities for the year	Cash inflow (outflow) for the full year	Cash balance (shortfall)	Financing of cash deficits	
				Investment plan	Financial plan
987,940	271,951	(160,467)	827,473	—	—

Analysis of cash flow change in the current year
1.Operating activities: The net cash inflow from operating activities in 2022 was NT$271,951thousand, a increase of NT$210,543 thousand compared with that in 2021, mainly due to the increase in revenue growth and profit in 2022.
2.Investment activities: The net cash outflow from investment activities in2022 was NT$255,691 thousand, mainly due to the acquisition of property, plant and equipment and financial assets.
3.Financing activities: The net cash outflow from financing activities in2022 was NT$179,972 thousand, which was the distribution of cash dividends of NT$158,712 thousand.

(II) Improvement plan and liquidity analysis for insufficient liquidity

Item \ Year	December 31, 2022	December 31, 2021	Increase (Decrease) Ratio (%)
Cash flow ratio (%)	39.85	12.00	232.13
Cash flow adequacy ratio (%)	75.29	87.22	-13.69
Cash reinvestment ratio (%)	4.31	-1.80	339.70

Explanation of the ratio of change: (only the analysis and description of items with an increase or decrease of more than 20%)
1.Increase in cash flow ratio and cash reinvestment ratio: Due to the inecrease in net cash inflow from operating activities

Note: The Company has close contacts with domestic banks and has established a good credit for financing. Therefore, the Company has no worry of insufficient financial liquidity or shortage of funds under reasonable capital needs.

(III) Liquidity analysis for the next year: Not applicable.

IV. Material capital expenditures in the last year and impacts on the financial position and business performance: None.

V. Investment policy for the most recent year, the main reasons for profit or loss, the improvement plan and the investment plan for the coming year

(I) Reinvestment policy: Due to business needs.

(II) Analysis of profit or loss of reinvestment business

Reinvestment Analysis Table

December 31, 2022 Unit: NT$ thousand

Item \ Description	Amount invested (Note)	Current period profit (loss) of the investee	Main causes of profit or loss	Improvement plan	Investment plan for the coming year
Coxoc Electronics Co., Ltd.	36,661	558	Foreign exchange gain	None	An analysis will be conducted in due time
Chant Sincere Technology Co., Ltd.	6,764	12,121	Investment gains	None	An analysis will be

					conducted in due time
Axmoo Investment Co., Ltd.	200,000	6,734	Investment gains	None	An analysis will be conducted in due time
David Electronics Company Ltd.	19,054	(516)	Operating revenue reduced	None	An analysis will be conducted in due time
Kunshan Chant Sincere Electronics Ltd.	6,679	12,459	Gross profit margin increased	None	An analysis will be conducted in due time
A&H International Co., Ltd	15,381	41,988	Investment gains	None	An analysis will be conducted in due time
David Electronics Company (BVI) Ltd.	89,937	(243)	Investment loss	None	An analysis will be conducted in due time
Dongguan Quanrong Electronics Co., Ltd.	28,179	41,988	Revenue increase	None	An analysis will be conducted in due time
Zhuhai David Electronics Co., Ltd.	31,491	16	Foreign exchange gain	None	An analysis will be conducted in due time
Quan Jie Technology Co., Ltd.	-	(60)	Operating expenses	None 2	An analysis will be conducted in due time

Note1: Companies in which the Company holds more than 50% of their shares both directly and indirectly.

Note 2: Quanjie Technology was liquidated in December 2022.

VI. Evaluation shall be performed on risk management issues in the last year and up to the publication date of the annual report.

(I) Impact of interest rate, exchange rate and inflation on the Company's income and future countermeasures:

Unit: NT$ thousand

Item	2022	2021
Net revenues	1,873,163	1,599,466
Interest expense	(1,716)	(4,470)
Interest expense/net revenue	(0.09%)	(0.28%)

Net foreign exchange gain (loss)	34,488	(14,757)
Foreign exchange gains (losses)/net revenue	1.84%	(0.92%)

(1) Interest rate change:

Profits and losses arising from interest rate changes in recent years accounted for a small proportion of the Company's net revenue, so changes in market interest rates have little impact on the Company; besides, due to the current favorable environment in which market financing costs are still low, future interest rates will depend on the global economy. The Company has no long-term or short-term borrowings, and due to the sound operation and financial status, the Company should be able to obtain better loan conditions from banks when negotiating bank credit lines, and has considerable flexibility in its capital arrangement. If the Company expands its factories, adds fixed assets or has working capital needs in the future, according to the overall financial environment and the level of its own funds, the Company will choose to use its own funds, raise funds through issuing securities, or borrow money from banks to cover its capital needs. Therefore, changes in market interest rates have little impact on the Company.

(2) Exchange rate change:

The Company's exchange gain in 2022 was NT$34,488 thousand, accounting for 1.84% of the current net operating revenues. In order to avoid the risk of exchange rate fluctuations, the Company plans to take the following measures:

A. Open a foreign exchange deposit account at a bank, and the inward payment due to sales of goods will be converted into New Taiwan dollars and deposited into the deposit account according to the actual capital demand and exchange rate changes; regarding payments for purchases, based on changes in exchange rates, imported raw materials will be considered to be paid with the foreign currency earned from export to reduce the impact of exchange rate changes.

B. For export quotations, costs will be timely reflected and selling prices adjusted with exchange rate fluctuations taken into account.

C. The financial unit maintains close contact with the foreign exchange departments of various financial institutions to fully grasp the international exchange rate trends and changes in real time, and determine the foreign currency holding positions according to the actual capital needs and exchange rates, so as to reduce operational risks.

(3) Inflation:

The Company pays close attention to the impact of the price index on the Company's procurement costs, and adjusts strategies in a timely manner to avoid the risk of inflation.

(II) Policies on high-risk and high-leverage investments, loans to external parties, endorsements/guarantees, and derivative trading, the main causes of profit or loss incurred and future countermeasures:

Based on the principle of prudence and pragmatic business philosophy, as of the date of publication of the annual report, the Company has not engaged in high-risk, high-leverage investments and transactions other than focusing on its core business. However, loans to external parties and endorsements/guarantees have been implemented in accordance with relevant policies. In addition to regular tracking and monthly control, the Company handles the operations in compliance with existing "Procedures for the Acquisition or Disposal of Assets", "Procedures for Extension of Loans to Others" and "Procedures for Endorsements/Guarantees".

(III) Future research and development plans and projected expenses:

The Company is a professional manufacturer of electronic parts. In response to the development trend of electronic products in the market towards light, thin and short, the Company will develop products in this direction in the future, and will continue developing products that meet market demand in line with the Company's technical capabilities and in pursuit of stable quality goals. The Company's 2023 R&D plan and the estimated R&D expenses are as follows.

Unit: NT$ thousand

New product	Expected R&D expenses
1*1 Jack (B Version)	3,000
1*1 Plug (A Version)	1,250
1*1 Plug (B Version)	4,500
1*2 Jack (B Version)	1,500
1*2 Plug (A Version)	4,250
1*2 Plug (B Version)	4,500
2*2 Jack (A Version) IP RATING	1,500
2*2 Jack (B Version) IP RATING	1,500
2*2 Plug (A Version)	2,500
2*2 Plug (A Version) IP RATING	3,000
2*2 Plug (B Version)	3,000
2*2 Plug (B Version) IP RATING	3,000
HCMTD 1*1 Jack	1,500
HCMTD 1*1 Jack (IP RATING)	1,500
HCMTD 1*1 Plug	2,500
HCMTD 1*1 Plug	3,000
HCMTD 1*1 Plug (IP RATING)	3,000
HCMTD 1*2 Jack	1,500
HCMTD 1*2 Plug	3,000
HCMTD 2*2 Jack (IP RATING)	1,500
HCMTD 2*2 Plug	3,000
HCMTD 2*2 Plug (IP RATING)	3,000
HCMTD 2*3 Jack	1,500
HCMTD 2*3 Plug	3,000
Muti-Hybrid Interface (IP RATING)	4,500

(IV) The impact of important domestic and foreign policy and legal changes on the company’s financial status in the most recent year and countermeasures:

The Company pays constant attention to changes in key policies and laws at home and abroad, and evaluates the impact on the Company. Changes in key policies and laws in the most recent year and up to the printing date of the annual report did not have any material impact on the Company’s financial status.

(V) The impact of technological changes (including infocomm security risks) and industry changes in the most recent year on the company’s financial status and countermeasures:

The Company has always been specialized in technological improvement and research and development, and has a high sensitivity to technological and industrial changes. We can not only fully integrate and improve emerging technologies in products, but also adjust product structure at any time according to changes in the industry. Therefore, technological changes and industrial changes should not have any adverse impact on the Company’s financial status. The control policies and countermeasures for infocomm security risks are as follows:

(1) Information Security Policy

A. Ensure the security of the Company’s data, systems, equipment and network communications, and prevent external intrusion and damage.

B. Ensure that system information account access rights and system changes are authorized in compliance with the Company’s prescribed procedures.

C. Implement the destruction procedures, and the computer storage media that have been scrapped should be destroyed to avoid accidental leak of data.

D. Monitor the security status and activity records of the information system, and effectively grasp and handle information security incidents.

E. Maintain the usability and integrity of data and systems, and resume normal operations in the event of a disaster or damage. At present, the Company’s information security maintenance measures are complete; considering that information security insurance is still an emerging type of insurance which involves supporting measures such as information security classification and claims identification, it is still under evaluation of future applicability.

(2) Information Security Network Architecture

The Company pays attention to information security matters, and regularly reports information security management operations to the manager when necessary. The Company’s internal systems are all in the virtual network, the external network is isolated and cannot be directly accessed; besides, the Company adopts a multiple network security defense system, the firewall at the front end of the network and the email content security control system are responsible for filtering the content of incoming and outgoing connections on the Internet, which can defend against external network attacks and block threats such as the latest malware, harmful website links and spam email in real time. The central console is deployed with anti-virus software on Internal hosts and endpoints; virus patterns are updated at all times to identify malicious behavior characteristics in real time, and can instantly block viruses, Trojans, worms, ransomware and malicious programs in folders to effectively reduce the risk of damage by hacker attacks.

(3) System account life cycle management and authority level management

User accounts and authority levels are set up according to the business scope and responsibility. Data can be accessed for any use or change after the approval process, i.e. approval of the responsible supervisor's application. Once the user leaves the original position, the user's account and authority level will be revoked immediately to prevent unauthorized use.

(4) Data access records audited and stored can record the track records of system file access, e-mails and other information for archiving. Computers that have completed the scrapping process are dismantled and destroyed to comply with the management system and information security policy.

(5) Continuous operation of the information system - Important systems and documents are backed up locally on a daily, weekly and monthly basis, and the relevant backup data are stored in the bank safe in the form of tapes for off-site backup. System data recovery test drills are carried out regularly every year to ensure the normal operation of the information system and data preservation, in order to reduce the risk of data loss caused by unwarranted natural disasters and man-made disasters.

(VI) Impact of corporate image change in the most recent year on corporate crisis management and countermeasures:

The Company ways adheres to the business philosophy of professionalism and integrity, and attaches importance to corporate image and risk control. At present, there is no foreseeable crisis.

(VII) Expected benefits and possible risks of mergers and acquisitions in the most recent year and countermeasures:

The Company currently has no merger or acquisition related matters.

(VIII) Expected benefits and possible risks of plant expansion and countermeasures: None.

(IX) Risks and countermeasures associated with concentrated sales or purchases:

1.The Company has no single largest purchaser in 2022, so there is no such a risk.

2. In 2022, the Company's top two sales customers accounted for 25% and 15% of the net operating revenue, respectively. The top ten sales customers accounted for 69% of the net operating revenue, and there has been no excessive concentration of sales. The Company's products are widely used in computer and peripheral devices, consumer electronics and other components. In recent years, the Company has actively developed new products, including connectors (cables) for automotive, internet and industrial control. Its sales targets are all over the world to diversify the

risk of sales concentration.

(X) Impact and risks on the company from the substantial transfer or replacement of shares by directors, supervisors or major shareholders holding more than 10% of the shares in the most recent year and countermeasures:
The directors, supervisors, or major shareholders holding more than 10% of the shares of this Corporation have not transferred a large number of shares in the most recent year and up to the date of printing of the annual report.

(XI) Impact and risks on the company from any change of management, and countermeasures:
The company has no change of its management rights in the most recent year and up to the date of publication of the annual report, so it is not applicable.

(XII) For litigation or non-litigation events, list the material litigation, non-litigation or administrative litigation events that have been decided or are still outstanding of the Company and its directors, supervisors, president, substantive responsible persons, major shareholders holding more than 10% of its shares, and affiliated companies, and the results of which may have a significant impact on shareholders' equity or securities prices; disclose the facts in dispute, the amount of the subject matter, the commencement date of the litigation, the main litigants involved in the litigation and the handling up to the printing date of the annual report: None.

(XIII) Other important risks and countermeasures: None.

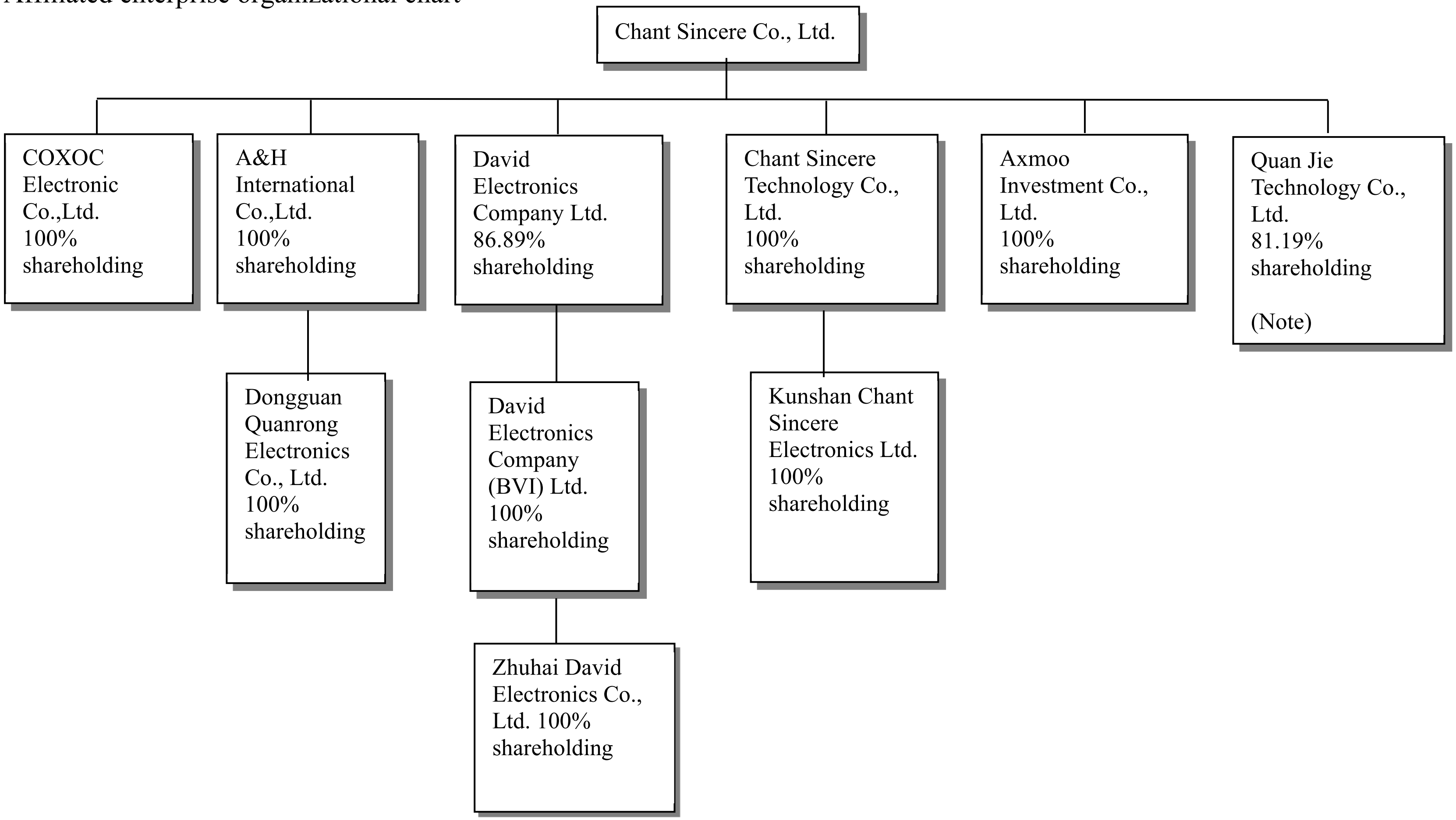
VII. Other important matters: None.

Eight. Special Disclosure

I. Information of affiliated companies

(I) Consolidated business report

1. Affiliated enterprise organizational chart



(1) Companies presumed to have controlled and subordinate relationships under Article 369-3 of the Company Act: None.

(2) Affiliated companies that the Company directly or indirectly controls the personnel, finance or business operations in accordance with Paragraph 2, Article 369-2 of the Company Act: As in the affiliated enterprises organization chart.

Note: Quanjie Technology Co., Ltd. was liquidated in December 2022.

2. Basic information on affiliated enterprises

December 31,2022 Unit: NT$ thousand

Company name	Date of incorporation	Address	Paid-in capital	Main business activities or products
COXOC ELECTRONICS CO., LTD	January 2000	British Virgin Islands	NT$36,661	Manufacturing, sales and service of power connection plugs, sockets and connectors.
CHANT SINCERE TECHNOLOGY CO.,LTD	September 2009	American Samoa	NT$6,764	General investments
AXMOO INVESTMENT CO., LTD.	November 2007	New Taipei City	NT$203,000	General investments
David Electronics Company Ltd.	December 1981	New Taipei City	NT$48,750	Manufacturing, sales and processing of wire joints and connectors.
KUNSHAN CHANT SINCERE ELECTRONICS LTD.	December 2009	China	NT$6,679	Sales of electronic parts and components
DAVID ELECTRONICS COMPANY(BVI) LTD	July 2002	British Virgin Islands	NT$65,327	Manufacturing, processing and trading of electronic components.
A&H INTERNATIONAL CO.,LTD	October 2002	British Virgin Islands	NT$17,677	General investments
DONGGUAN QUANRONG ELECTRONICS CO., LTD.	April 2010	China	NT$28,179	Manufacturing, processing and sales of electronic parts
Zhuhai David Electronics Co., Ltd.	October 2015	China	NT$31,491	Manufacturing and sales of electronic parts
Quan Jie Technology Co., Ltd.	November 2020	New Taipei City	—	Manufacturing, processing and sales of electronic parts.

3. The information of the same shareholders of those presumed to have a controlling and subordinate relationship: Not applicable.

4. Industries covered by the overall business of affiliated enterprises
The business of the Company and its affiliated enterprises includes the manufacture, processing and trading of electronic components.

5. Information on directors, supervisors and president of affiliated enterprises.

Company name	Position	Name or name of legal representative	Current shareholding	
			Number of shares (capital contribution)	Shareholding ratio
Coxoc Electronics Co., Ltd	Directors	Chant Sincere Co., Ltd. representative: Ting-Ting Shih	117,547	100%
Chant Sincere Technology Co.,Ltd	Directors	Chant Sincere Co., Ltd. representative: Lien-Hsi Wu	210,000	100%
Axmoo Investment Co., Ltd.	Chairman	Chant Sincere Co., Ltd. representative: Rong-Chun Wu	20,300,000	100%
	Directors	Chant Sincere Co., Ltd. representative: Lien-Hsi Wu	20,300,000	100%
	Directors	Chant Sincere Co., Ltd. representative: Chia-Ni Wu	20,300,000	100%
	Supervisor	Chant Sincere Co., Ltd. representative: Yu-Mei Chan	20,300,000	100%
David Electronics Company Ltd.	Chairman	Chia-Hsiang Wu	10,226	0.20%
	Directors	Chant Sincere Co., Ltd. representative: Ting-Ting Shih	4,236,042	86.89%
	Directors	Lien-Hsi Wu	1,353	0.02%
	Supervisor	Chia-Ni Wu	0	0%
Kunshan Chant Sincere Electronics Ltd.	Directors	Chant Sincere Co., Ltd. representative: Su-Yi Chiu	N/A	100%
David Electronics Company(Bvi) Ltd.	Directors	David Electronics Company Ltd. representative: Chia-Long HuRepresentative: Chia-Long Hu	USD2,800,000	100%
A&H International Co., Ltd.	Directors	Chant Sincere Co., Ltd. representative: Lien-Hsi Wu	50,500	100%
Dongguan Quanrong Electronics Co., Ltd.	Directors	A&H International Co.,Ltd. representative: Chi-Hsian Lin	N/A	100%
Zhuhai David Electronics Co., Ltd.	Directors	DAVID ELECTRONICS COMPANY(BVI) LTD. representative: FANG-CHIUNG YEN	N/A	100%

6.Operation overview of affiliated enterprises: financial status and operating results of affiliated enterprises

Unit: NT$ thousand

Company name	Amount of capital	Total Assets	Total liabilities	Net value	Operating revenue	Operating profit and loss	Current profit and loss (After tax)	Earnings per share (NT$) (After tax)
COXOC ELECTRONICS CO., LTD	36,661	38,382	-	38,382	-	-	558	4.74
CHANT SINCERE TECHNOLOGY CO.,LTD	6,764	74,858	13,048	61,810	-	-	12,121	57.72
Axmoo Investment Co., Ltd.	223,000	245,551	2,297	243,254	-	(3,045)	6,734	0.30
David Electronics Company Ltd.	48,750	167,810	84,176	83,634	93,295	(3,121)	(516)	(0.11)
Quan Jie Technology Co., Ltd.					-	(77)	(60)	(0.54)
Kunshan Chant Sincere Electronics Ltd.	6,679	160,711	93,831	66,880	272,985	14,749	12,459	N/A
DAVID ELECTRONICS COMPANY(BVI) LTD.	65,327	88,870	55,462	33,408	-	(279)	(243)	(0.12)
A&H INTERNATIONAL CO., LTD.	17,677	234,154	67,889	166,265	-	-	41,988	831.44
Dongguan Quanrong Electronics Co., Ltd.	28,179	379,161	199,909	179,252	804,444	48,217	41,988	N/A
Zhuhai David Electronics Co., Ltd.	31,491	115,717	107,189	8,528	48,430	(353)	16	N/A

(I) Declaration concerning consolidated financial statements of affiliated enterprises: See page 271.

(II) Affiliation report: None.

Chant Sincere Co., Ltd. and Subsidiaries

Declaration concerning consolidated financial statements of affiliated enterprises

The business entities to be included in the Company's2022 (from January 1, 2022 to December 31, 2022) "Affiliated Enterprise Consolidated Financial Statements" that are prepared in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Report and Consolidated Financial Statements of Affiliated Enterprises" and the business entities to be included in the Company's parent-subsidiary consolidated financial statements in accordance with IFRS No. 10 are the same; also, the relevant information to be disclosed in the "Affiliated Enterprise Consolidated Financial Statements" has already been disclosed in the aforementioned parent-subsidiary consolidated financial statements; therefore, the "Affiliated Enterprise Consolidated Financial Statements" will not be prepared separately.

Hereby declare

Company name: Chant Sincere Co., Ltd.

Responsible person: Lien-Hsi Wu

March 16, 2023

II. Private Placement of Securities in the Most Recent Year up to the Publication of this Annual Report: None.

III. Holding or disposal of the Company’s shares by subsidiaries in the last year, up until the publication date of the annual report: None.

IV. Other supplementary information: None.

V. Any matters stipulated in Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act that occurred in the most recent year and up to the date of publication of the annual report which materially affected shareholders’ equity or the price of the Company’s securities: None.

Chant Sincere Co., Ltd.

Internal Control System Declaration

Date: March 16, 2023

The Company hereby declares the following on its 2022 internal control system bases on the result of the self-assessment performed:

I. The Company understands that the establishment, implementation and maintenance of the internal control system are the responsibility of the board of directors and managers, and such a system has already been established by the Company. With the purpose to provide reasonable assurance of achievement of objectives such as the effect and efficiency of operations (including profitability, performance and asset security protection), reporting reliability, timeliness, transparency, and compliance with relevant norms and relevant laws and regulations.

II. The internal control system has its inherent limitations. No matter how perfect the design is, an effective internal control system can only provide reasonable assurance for the achievement of the three objectives above; besides, due to changes in the environment and circumstances, the effectiveness of the internal control system may change accordingly. However, the internal control system of the Company features a self-monitoring mechanism that enables the Company to immediately rectify any deficiencies upon discovery.

III. The Company judges the effectiveness of the design and implementation of the internal control system based on the provisions of the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Regulations". The judgment items adopted in the "Regulations" on the internal control system are based on the management and control process, and the internal control system is divided into five components: 1. control environment, 2. risk assessment, 3. control operations, 4. information and communication, and 5. supervision operations. Each component in turn includes several items. Please refer to "The Governing Principles" for details.

IV. The Company has adopted the internal control system judgment items above to evaluate the effectiveness of the design and implementation of the internal control system.

V. Based on the evaluation results in the preceding paragraph, the Company believes that its internal control system on December 31, 2022 (including the supervision and management of subsidiaries), including understanding the effect of operations and the degree to which efficiency goals are achieved, the report is reliable, timely and transparent, and complies with relevant norms and relevant laws and regulations; the design and implementation of the internal control system are effective, which can reasonably ensure the achievement of the objectives above.

VI. This declaration constitutes part of the Company's annual report and prospectus and shall be disclosed to the public. If the disclosed contents above are false or contain concealment or other illegal activities, it will involve legal liabilities under Articles 20, 32, 171 and 174 of the Securities and Exchange Act.

VII. This declaration was approved by the board meeting of the Company on March 16, 2023; among the 8 directors attending and none attending by proxy, none have any objection and all of them agreed with the contents of this declaration.

Chant Sincere Co., Ltd.

Chairman: Lien-Hsi Wu

President: Lien-Hsi Wu

Important resolutions of the 2022 general shareholders' meeting of Chant Sincere Co., Ltd.

Date of meeting	Agenda	Meeting agenda	Execution
2022.06.15	Acknowledgments	I. Recognition of the Company's 2021 business report, financial statements and consolidated financial statements. Resolution: The proposal was unanimously approved by all members present.	The approval of the shareholders meeting is archived.
		II. The Company's 2021 earnings distribution proposal. Resolution: The proposal was unanimously approved by all members present.	The cash dividend of NT$158,711,608 will be distributed. The cash dividend for ordinary shares is NT$2 per share.
	Discussions	I. Amendment to the "Company's Articles of Association". Resolution: The proposal was unanimously approved by all members present.	It has been implemented after the approval of the meeting.
		II. Amendment to the "Rules of Procedure for Shareholders' Meetings". Resolution: The proposal was unanimously approved by all members present.	It has been implemented after the approval of the meeting.
		III. Amendment to the Company's "Procedure for Acquisition or Disposal of Assets". Resolution: The proposal was unanimously approved by all members present.	It has been implemented after the approval of the meeting.
	Election	I. By-election of one seat of the Company's independent directors Voting Results: The proposal was unanimously approved by all members present.	It has been implemented after the approval of the meeting.
	Other motions	I. Lifting of the non-competition restriction on the Company's directors; please review. Resolution: The proposal was unanimously approved by all members present.	It has been implemented after the approval of the meeting.

Important resolutions of the board meetings of Chant Sincere Co., Ltd.

Meeting	Date of meeting	Agenda	Meeting agenda	Execution
Board of Directors	2022.03.16	Discussions	I. Approval of the Company's draft financial statements and draft consolidated financial statements for 2021 which were prepared by the Company itself and reviewed by the CPA. Resolution: The proposal was unanimously approved by all members present after the chairman's query.	The relevant operating procedures have been completed, and the financial reports have been submitted to the competent authorities.
			II. Approval of the Company's 2021 earnings distribution proposal. Resolution: The proposal was unanimously approved by all members present after the chairman's query.	Relevant operating procedures have been completed and submitted to the shareholders' meeting for resolution.
			III. Approval of the remuneration distribution plan for employees, directors and supervisors for 2021. Resolution: The proposal was unanimously approved by all members present after the chairman's query.	Relevant operating procedures have been completed and reported to the shareholders' meeting.
			IV. Discussion of the Company's 2021 "Assessment of the Effectiveness of the Internal Control System" and "Internal Control System Declaration". Resolution: The proposal was unanimously approved by all members present after the chairman's query.	Relevant operating procedures have been completed and declared and announced according to law.
			V. Proposal to add one seat of Independent director of the Company at the 2022 general shareholders' meeting. Resolution: The proposal was unanimously approved	Relevant operating procedures have been completed and declared and announced according to law.

Meeting	Date of meeting	Agenda	Meeting agenda	Execution
			by all members present after the chairman's query.	
			VI. Proposal for the time and place of the 2022 general shareholders' meeting of the Company, and the announcement date of shareholders' right to propose. Resolution: The proposal was unanimously approved by all members present after the chairman's query.	Relevant operating procedures have been completed and declared and announced according to law.
			VII. Assessment of the certifying CPA's independence and suitability. Resolution: The proposal was unanimously approved by all members present after the chairman's query.	Relevant operating procedures have been completed.
			VIII. Discussion on the financing lines from various financial institutions. Resolution: The proposal was unanimously approved by all members present after the chairman's query.	Relevant operating procedures have been completed.
			IX. Amendment to the "Articles of Association" of the Company. Resolution: The proposal was unanimously approved by all members present after the chairman's query.	Relevant operating procedures have been completed and submitted to the shareholders' meeting for resolution.
			X. Amendment to the "Rules of Procedure for Shareholders' Meetings" of the Company. Resolution: The proposal was unanimously approved by all members present after the chairman's query.	Relevant operating procedures have been completed and submitted to the shareholders' meeting for resolution.
			XI. Amendment to the "Procedures of Acquisition and Disposal of Assets" of the Company.	Relevant operating procedures have been completed and submitted to the

Meeting	Date of meeting	Agenda	Meeting agenda	Execution
			Resolution: The proposal was unanimously approved by all members present after the chairman's query.	shareholders' meeting for resolution.
			XII. Amendment to the "Code of Ethical Conduct for Directors and Managers" of the Company. Resolution: The proposal was unanimously approved by all members present after the chairman's query.	Relevant operating procedures have been completed and reported to the shareholders' meeting.
			XIII. The proposed amendments to the Company's internal regulations are as follows. (I) Rules of Procedure for Board Meetings (II) Rules Governing the Scope of Powers of Independent Directors (III) Self-Assessment Method of the Board of Directors Resolution: The proposal was unanimously approved by all members present after the chairman's query.	Relevant operating procedures have been completed.
			XIV. Plan to set the base date for the capital increase through new shares when the Company's third unsecured convertible corporate bonds of 2020 are converted in the fourth quarter of 2021, so as to handle the registration of changes in share capital. Resolution: The proposal was unanimously approved by all members present after the chairman's query.	Relevant operating procedures have been completed.
			XV. In order to maintain the independence and implement the rotation mechanism of the certifying CPA, it is	Relevant operating procedures have been completed.

Meeting	Date of meeting	Agenda	Meeting agenda	Execution
			planned to replace the certifying CPA in the first quarter of 2022. Resolution: The proposal was unanimously approved by all members present after the chairman's query.	
Board of Directors	2022.05.04	Discussions	I. Approval of the Company's draft consolidated financial statements for the first quarter of 2022 which were prepared by the Company itself and reviewed by the CPA. Resolution: The proposal was unanimously approved by all members present after the chairman's query.	The relevant operating procedures have been completed, and the financial reports have been submitted to the competent authorities.
			II. Review of the nominated independent director candidates. Resolution: The proposal was unanimously approved by all members present after the chairman's query.	Relevant operating procedures have been completed and submitted to the shareholders' meeting for resolution..
			III. Relief of the non-competition restriction on new directors. Resolution: The proposal was unanimously approved by all members present after the chairman's query.	Relevant operating procedures have been completed and submitted to the shareholders' meeting for resolution.
			IV. Amendment to the "Code of Ethical Conduct for Directors and Managers" of the Company. Resolution: The proposal was unanimously approved by all members present after the chairman's query.	Relevant operating procedures have been completed and reported to the shareholders' meeting.
			V. Amendment to the "Code of Corporate Governance" of the Company.	Relevant operating procedures have been completed and reported to the

Meeting	Date of meeting	Agenda	Meeting agenda	Execution
			Resolution: The proposal was unanimously approved by all members present after the chairman's query.	shareholders' meeting.
			IV. Plan to set the base date for the capital increase through new shares when the Company's third unsecured convertible corporate bonds of 2020 are converted in the first quarter of 2022, so as to handle the registration of changes in share capital. Resolution: The proposal was unanimously approved by all members present after the chairman's query.	Relevant operating procedures have been completed and declared and announced according to law.
Board of Directors	2022.08.03	Discussions	I. Approval of the Company's draft consolidated financial statements for the second quarter of 2022 which were prepared by the Company itself and reviewed by the CPA. Resolution: The proposal was unanimously approved by all members present after the chairman's query.	The relevant operating procedures have been completed, and the financial reports have been submitted to the competent authorities.
			II. Review of the certifying CPA's professional fees. Resolution: The proposal was unanimously approved by all members present after the chairman's query.	Relevant operating procedures have been completed.
			III. Proposal to amend the Company's "Corporate Social Responsibility Best Practice Principles".Resolution: The proposal was unanimously approved by all members present after the chairman's query.	Relevant operating procedures have been completed.
			Ⅳ. The establishment of a "corporate governance officer" in the Company.Resolution: The proposal was	Relevant operating procedures have been completed and declared and announced

Meeting	Date of meeting	Agenda	Meeting agenda	Execution
			unanimously approved by all members present after the chairman’s query.	according to law.
			V. Plan to set the base date for the capital increase through new shares when the Company’s third unsecured convertible corporate bonds of 2020 are converted in the second quarter of 2022, so as to handle the registration of changes in share capital. Resolution: The proposal was unanimously approved by all members present after the chairman’s query.	Relevant operating procedures have been completed and declared and announced according to law..
Board of Directors	2022.11.02	Discussions	I. Approval of the Company’s draft consolidated financial statements for the third quarter of 2022 which were prepared by the Company itself and reviewed by the CPA. Resolution: The proposal was unanimously approved by all members present after the chairman’s query.	The relevant operating procedures have been completed, and the financial reports have been submitted to the competent authorities.
			II. Amendment to the “Board of Directors Conference Rules” of the Company. Resolution: The proposal was unanimously approved by all members present after the chairman’s query.	Relevant operating procedures have been completed.
			Ⅲ. Proposal to establish the Company’s “Code of Practice on Risk Management”. Resolution: The proposal was unanimously approved by all members present after the chairman’s query.	Relevant operating procedures have been completed.

Meeting	Date of meeting	Agenda	Meeting agenda	Execution
			Ⅳ. Proposal to establish the Company's "Risk Management Policy and Procedures". Resolution: The proposal was unanimously approved by all members present after the chairman's query.	Relevant operating procedures have been completed.
			Ⅴ. Proposal to establish the Company's "Intellectual Property Management Procedures" Resolution: The proposal was unanimously approved by all members present after the chairman's query.	Relevant operating procedures have been completed.
			Ⅵ. Proposal to amend the Company's "Material Internal Information Processing Procedures".Resolution: The proposal was unanimously approved by all members present after the chairman's query.	Relevant operating procedures have been completed.
			VII. Plan to set the base date for the capital increase through new shares when the Company's third unsecured convertible corporate bonds of 2020 are converted in the third quarter of 2022, so as to handle the registration of changes in share capital. Resolution: The proposal was unanimously approved by all members present after the chairman's query.	Relevant operating procedures have been completed.
Board of Directors	2022.12.16	Discussions	I. Approval of the Company's 2023 business plan. Resolution: The proposal was unanimously approved by all members present after the chairman's query.	Relevant operating procedures have been completed.
			II. Approval of the Company's 2023 audit plan. Resolution: The proposal was unanimously approved	Relevant operating procedures have been completed and declared and announced

Meeting	Date of meeting	Agenda	Meeting agenda	Execution
			by all members present after the chairman’s query.	according to law.
			III. Approval of the Company’s 2022 year-end bonus. Resolution: The proposal was unanimously approved by all members present after the chairman’s query.	Relevant operating procedures have been completed.
			IV. Amendment to the “Code of Corporate Governance” of the Company. Resolution: The proposal was unanimously approved by all members present after the chairman’s query.	Relevant operating procedures have been completed and submitted to the shareholders’ meeting for resolution.
Board of Directors	2023.03.16	Discussions	I. Approval of the Company’s draft financial statements and draft consolidated financial statements for 2022 which were prepared by the Company itself and reviewed by the CPA. Resolution: The proposal was unanimously approved by all members present after the chairman’s query.	The relevant operating procedures have been completed, and the financial reports have been submitted to the competent authorities.
			II. Approval of the Company’s 2022 earnings distribution proposal. Resolution: The proposal was unanimously approved by all members present after the chairman’s query.	Relevant operating procedures have been completed and submitted to the shareholders’ meeting for resolution.
			III. Approval of the remuneration distribution plan for employees and directors for 2022. Resolution: The proposal was unanimously approved by all members present after the chairman’s query.	Relevant operating procedures have been completed and reported to the shareholders’ meeting.

Meeting	Date of meeting	Agenda	Meeting agenda	Execution
			IV. Discussion of the Company's 2022 "Assessment of the Effectiveness of the Internal Control System" and "Internal Control System Declaration". Resolution: The proposal was unanimously approved by all members present after the chairman's query.	Relevant operating procedures have been completed and declared and announced according to law.
			V. Proposal for the election of the company's directors at the 2023 general shareholders' meeting. Resolution: The proposal was unanimously approved by all members present after the chairman's query.	Relevant operating procedures have been completed and declared and announced according to law.
			VI. Proposal for the time and place of the 2023 general shareholders' meeting of the Company, and the announcement date of shareholders' right to propose and the directors' nomination. Resolution: The proposal was unanimously approved by all members present after the chairman's query.	Relevant operating procedures have been completed and declared and announced according to law.
			VII. Assessment of the certifying CPA's independence and suitability. Resolution: The proposal was unanimously approved by all members present after the chairman's query.	Relevant operating procedures have been completed.
			VIII. Discussion on the financing lines from various financial institutions. Resolution: The proposal was unanimously approved by all members present after the chairman's query.	Relevant operating procedures have been completed.

Meeting	Date of meeting	Agenda	Meeting agenda	Execution
			IX. Amendment to the “Articles of Association” of the Company. Resolution: The proposal was unanimously approved by all members present after the chairman’s query.	Relevant operating procedures have been completed and submitted to the shareholders’ meeting for resolution.
			X. Amendment to the “ Code of Corporate Governance” of the Company. Resolution: The proposal was unanimously approved by all members present after the chairman’s query.	Relevant operating procedures have been completed and reported to the shareholders’ meeting.
			XI. Amendment to the “Code of Practice for Sustainable Development” of the Company. Resolution: The proposal was unanimously approved by all members present after the chairman’s query.	Relevant operating procedures have been completed.
			XII. Amendment to the “Rules governing for financial and business matters between this corporation and its affiliated enterprises ” of the Company. Resolution: The proposal was unanimously approved by all members present after the chairman’s query.	Relevant operating procedures have been completed.
			XIII. Plan to set the base date for the capital increase through new shares when the Company’s third unsecured convertible corporate bonds of 2020 are converted in the fourth quarter of 2022, so as to handle the registration of changes in share capital. Resolution: The proposal was unanimously approved by all members present after the chairman’s query.	Relevant operating procedures have been completed.

Meeting	Date of meeting	Agenda	Meeting agenda	Execution
Board of Directors	2023.05.04	Discussions	I. Approval of the Company’s draft consolidated financial statements for the first quarter of 2023 which were prepared by the Company itself and reviewed by the CPA. Resolution: The proposal was unanimously approved by all members present after the chairman’s query.	The relevant operating procedures have been completed, and the financial reports have been submitted to the competent authorities.
			II. Review of the nominated director candidates. Resolution: The proposal was unanimously approved by all members present after the chairman’s query.	Relevant operating procedures have been completed and submitted to the shareholders’ meeting for resolution.
			III. Lifting of the non-competition restriction on the Company's directors. Resolution: The proposal was unanimously approved by all members present after the chairman’s query.	Relevant operating procedures have been completed and submitted to the shareholders’ meeting for resolution.
			IV. Amendment to the “Articles of Association” of the Company. Resolution: The proposal was unanimously approved by all members present after the chairman’s query.	Relevant operating procedures have been completed and submitted to the shareholders’ meeting for resolution.
			V. Proposal to amend the Company’s “production cycle” operation procedures under internal control. Resolution: The proposal was unanimously approved by all members present after the chairman’s query.	Relevant operating procedures have been completed.
			VI. Proposal to amend the Company’s “investment cycle” operation procedures under internal control. Resolution: The proposal was unanimously approved	Relevant operating procedures have been completed.

Meeting	Date of meeting	Agenda	Meeting agenda	Execution
			by all members present after the chairman's query.	
			VI. Plan to set the base date for the capital increase through new shares when the Company's third unsecured convertible corporate bonds of 2020 are converted in the first quarter of 2023, so as to handle the registration of changes in share capital. Resolution: The proposal was unanimously approved by all members present after the chairman's query.	Relevant operating procedures have been completed.
Board of Directors	2023.05.08	Discussions	I. Proposal for the capital increase of the Company via the private placement of ordinary shares. Resolution: The proposal was unanimously approved by all members present after the chairman's query.	Relevant operating procedures have been completed and submitted to the shareholders' meeting for resolution.

CHANT SINCERE CO.,LTD.

Chairman: Lien-Hsi Wu