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JESS-LINK PRODUCTS CO., LTD.

2022 Annual Report



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Contents

Chapter 1. Letter to Shareholders	1
I. 2022 Business Results.....	1
II. 2023 Business Plan Outline	6
Chapter 2. Company Profile.....	14
I. Date of Incorporation.....	14
II. Company History	14
Chapter 3. Corporate Governance Report.....	19
I. Organizational System	19
II. Information on the Directors, Supervisors, President, Vice Presidents, Assistant Vice Presidents, and Supervisors of Divisions and Branch Units	22
III. Compensation Paid to the Directors, Supervisors, President, and Vice Presidents during the Most Recent Fiscal Year	37
IV. Implementation of Corporate Governance.....	44
V. Information on CPA Professional Fees.....	73
VI. Information on Replacement of CPA.	74
VII. When the Chairman, President, or any managerial officer in charge of finance or accounting matters holding a position at the CPA firm or at an affiliate of such firm in the most recent fiscal year, the name, title, and period of employment in the CPA firm or its affiliate shall be disclosed....	74
VIII. Any transfer of equity interests and/or pledge of or change in equity interests by a director, supervisor, managerial officer, or shareholder with a stake of more than 10% during the most recent fiscal year and during the current fiscal year up to the date of publication of the annual report	74
IX. Information on the top ten shareholders who are of related parties, spouses, relatives within second degree of kinship to each other	76
X. Total Number of Shares and Total Equity Stake Held in Any Single Enterprise by the Company, Its Directors, Managerial Officers, and Any Companies Controlled Directly or Indirectly by the Company	77

Chapter 4. Capital Overview	78
I. Capital and Shares.....	78
II. Corporate Bonds.	85
III. Preferred Shares.	85
IV. Global Depository Receipts	85
V. Employee Stock Options.....	85
VI. New Restricted Employee Shares	85
VII. Issuance of New Shares in Connection with Mergers or Acquisitions or with Acquisitions of Shares of Other Companies	85
VIII. Implementation of Capital Allocation Plans.....	85
Chapter 5. Operational Highlights	86
I. Business Activities.....	86
II. Analysis of Market and Production and Marketing Situation	102
III. Number of employees, average years of service, average age, and education distribution proportion in the most recent two years and as of the publication date of the annual report	112
IV. Disbursements for Environmental Protection.....	112
V. Labor Relations	112
VI. Cyber security management.....	114
VII. Important Contracts	117
Chapter 6. Financial Information	118
I. Condensed Financial Information for the Past Five Fiscal Years.....	118
II. Financial Analyses for the Past Five Fiscal Years.....	122
III. Supervisor’s or Audit Committee's Review Report on Financial Statements for the Most Recent Fiscal Year	125
IV. Financial Statements for the Most Recent Fiscal Year.....	125
V. Parent Company Only Financial Statements for the Most Recent Fiscal Year, Audited by CPAs.....	125
VI. Effect on the Financial Position of Any Financial Difficulties Experienced by the Company and Its Affiliates in the Most Recent Fiscal Year and during the Current Fiscal Year Up to the Date of Publication of the Annual Report.....	125

Chapter 7. Review and Analysis of Financial Position and Financial Performance, and

- Listing of Risks 126
- I. Financial Position..... 126
- II. Financial Performance 126
- III. Cash flows..... 127
- IV. Effect on Financial Operations of Any Major Capital Expenditures during the Most Recent Fiscal Year. 128
- V. Reinvestment Policy for the Most Recent Fiscal Year, Main Reasons for Profits/Losses Generated Thereby, Plan for Improving Reinvestment Profitability, and Investment Plans for the Coming Year 128
- VI. The Following Risk Matters Shall Be Analyzed and Assessed for the Most Recent Fiscal Year and during the Current Fiscal Year Up to the Date of Publication of the Annual Report 129
- VII. Other Important Matters 133

Chapter 8. Special Disclosure 134

- I. Information on Affiliates 134
- II. Private Placement of Securities during the Most Recent Fiscal Year and during the Current Fiscal Year Up to the Date of Publication of the Annual Report..... 140
- III. Holding or Disposal of Shares in the Company by Subsidiaries during the Most Recent Fiscal Year and during the Current Fiscal Year Up to the Date of Publication of the Annual Report. 140
- IV. Other Necessary Supplementary Information: None..... 140
- V. Specify the Situations Listed in Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act, which Might Materially Affect Shareholders' Equity or the Price of the Securities, Occurring during the Most Recent Fiscal Year and during the Current Fiscal Year Up to the Date of Publication of the Annual Report 140

Chapter 1. Letter to Shareholders

Dear Shareholders, Ladies and Gentlemen:

First of all, I would like to thank all shareholders for attending the 2022 Annual Shareholders' Meeting and for your support to the Company during the past year. The business results for 2022 and the business plan for 2023 are reported as follows:

I. 2022 Business Results

(I) Business Plan Implementation Results

The Company's consolidated revenue for 2022 was NT\$4,339,428 thousand, consolidated operating income was NT\$378,338 thousand, and net profit after tax attributable to the owners of the parent company was NT\$439,816 thousand.

(II) Budget execution: The Company did not announce any financial forecast for 2022.

(III) Analysis on financial revenue and expenditure and profitability

1. Analysis on financial revenue and expenditure

The Company's main products are Datacenter Networking Telecom, Smart Connection Industry, and Internet of Things system, etc. The consolidated revenue in 2022 increased by NT\$472,600 thousand compared to 2021, which was mainly due to the continuous growth of new customers and new products of Datacenter Networking Telecom products, the continuous development of new customers and optimization of product portfolio in Smart Connection Industry, resulting in good revenue growth in 2022. In 2022, the consolidated gross profit was NT\$1,100,099 thousand, an increase of NT\$47,453 thousand (4.51%) over 2021. The operating expenses increased in 2022 due to the expansion of overseas sales staff and agents, as well as the increase in research and development expenses for new-generation products. The consolidated operating income for 2022 was NT\$378,338 thousand, an increase of NT\$19,489 thousand over 2021, and net profit after tax attributable to the owners of the parent company for 2022 was NT\$439,816 thousand.

2. Analysis on profitability

Item	2021	2022
Return on assets (%)	8.43	9.89
Return on equity (%)	12.47	14.23
As a percentage of paid-in capital (%)	Operating Income	29.39
	Net Income before Tax	38.20
Net profit margin (%)	9.96	10.26
Earnings Per Share (NT\$) (Note)	3.06	3.60

Note: The calculation basis is the weighted mean number of shares outstanding for the year, retroactively adjusted by the weighted number of shares outstanding increased due to employee bonuses over the years, so it is the basic earnings per share.

(IV) Research and development status

1. R&D expenses invested in each of the last three years

Unit: NT\$1,000

Item/Year	2020	2021	2022
Consolidated net revenue	3,582,522	3,866,828	4,339,428
Consolidated R&D expenses	97,853	133,028	151,244
Ratio of consolidated R&D expenses to consolidated net revenue	2.73%	3.44%	3.49%

2. R&D results in 2022

The Company mainly conducts research and development on high-frequency connection harnesses and optical modules for the three major industries, which will be used in 5G telecommunication and data center switches and servers, the Internet of Things, and the Smart Connection industries.

The product R&D focuses on:

- (1) Developed the riser cables for PCI-e CEM interface, SFF-TA-1002, SFF-TA-1020, and OCP 3.0 interface to connect CPU, GPU and storage devices.
- (2) Met the requirements of Intel's latest Eagle stream PCI-e Gen 5 platform and upgraded to PCI-e Gen 6 and lower profile requirements.
- (3) Developed connectors suitable for SFF-TA-1006, SFF-TA-1007, SFF-TA-1008 & SFF-TA-1009, and proposed unique EDSFF Cable architecture to meet different design considerations.
- (4) Released 8-channel (QSFP-DD & OSFP) 400 G and 4-channel (QSFP) 200 G products to enhance the product line integrity.
- (5) Developed 400G/200G loop back modules to accelerate the introduction of 400G products in data centers.
- (6) In response to the demand of metaverse applications, focused on developing single-channel 50G and multi-channel 200G AOC 400G AOC optical transceiver modules in terms of optical communication products, successfully obtained the patent for invention, and sent samples to customers in North America.

(7) Accelerated the expansion automotive connector product applications, covering:

Item	Coverage	Description
1	Automotive electronic cables: ADAS Advanced Driver Assistance Systems	Radar and imaging device coaxial cables
2	On-board information systems	Signal & control cables for audio-visual entertainment, smartphone connection to on-board system peripherals
3	Cables for power applications	Cables for electric vehicle battery management, energy storage devices, DC fast charging systems, electric vehicle power supply equipment

Enhance the R&D design and project integration capabilities of connector + cable assembly, and provide ISO and IATF 16949 management process certification under comprehensive service of QCDS, in order to develop:

- High voltage and high current connectors for automotive applications
- High voltage power cables
- Automotive Ethernet network
- Cables for new energy storage systems

From design and development -> manufacturing -> vertical integration, JPC has successfully become the official qualified supplier for first-tier manufacturers.

(8) JPC focuses on the development of high-voltage and high-current connectors for automotive applications:

- With 45A~200A~250A~500A series cables, we can meet the demand of electric vehicles that are powered by batteries
- TL series products: mainly focus on the core components of electric vehicles:

Item	Core components for electric vehicles	Description
1	Three big electric products	Battery, Motor, MCU
2	Three small electric products	DC/DC convertor, On-Board Charger (OBC), Power Distribution Unit (PDU)

(9) Development of PSL200 series energy storage system: Provide ESS and UPS solutions for power, commercial, home, communication applications.

(10) Product features of JPC High Power series connector:

Item	Product Features	Description
1	Different choices with waterproof and dustproof properties	Including IP67, IP68, P69K, etc.
2	High voltage interlock loop (HVIL)	Detection and protection available (fault alarm/cut-off of high voltage output/reduction of high voltage output power)
3	Secondary locking function	Prevent the latch from loosening during operation, and provide secondary non-stop protection to increase the safety of use

Future direction: In addition to adapting to the major U.S. automotive connector manufacturers, we will strive to become the best OEM/ODM partner for major manufacturers in automotive electronics industry with the customized value-added services. In addition, we will expand the promotion of standard products to accelerate the development in the electric vehicle and new energy markets, and strive to become the best total solution supplier of NEV connectors and cables.

(11) For the rapid application of PCIe 5.0 & GENZ with high performance and automotive grade:

- Self-driving vehicles will require a large number of storage devices
- Provide built-in ADAS advanced driver assistance systems (ACC, LKA, AEB, and other functions)
- Set up many sensors (radar, lidar, camera)

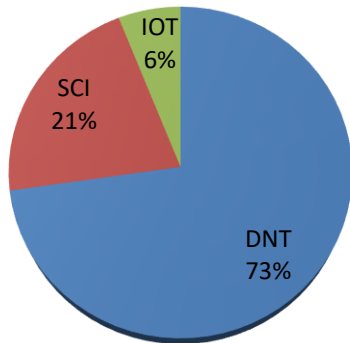
This product is the best choice for the automotive market as it meets the requirements for PCIe interface with high performance, reliability, maintainability and availability.

(12) The patent portfolio covers more than 180 patents in Taiwan and the US, including:

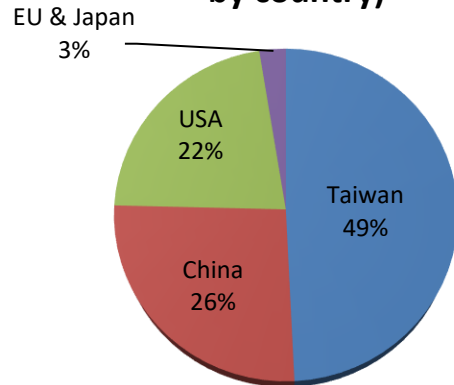
Item	Patent Scope
1	New material applications for 800G products
2	The best geometric design for signal integration
3	High-speed optics and other core technologies
4	High-speed cables for green energy data centers
5	High-frequency connectors

Number of patents (families) by product category and percentage of patents by country: (until 2022 Q4)

Percentage of patents (families) by product category

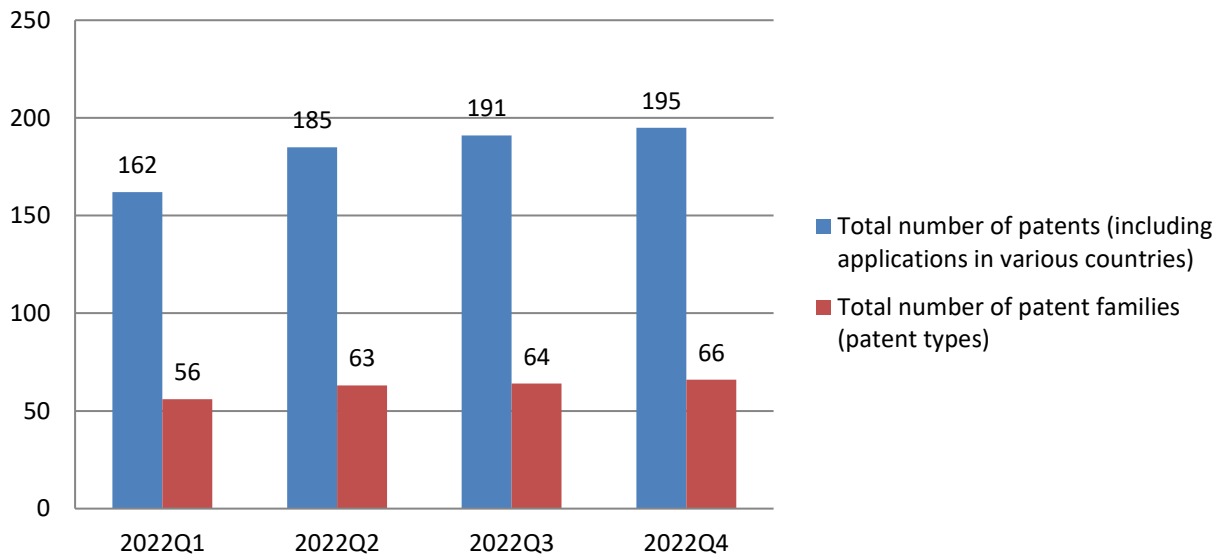


Percentage of patents by country



DNT: Datacenter Networking Telecom
 SCI: Smart Connection Industry
 IOT: Internet of Thi

Total number of patents and patent families in 2022: 55



II. 2023 Business Plan Outline

(I) JPC Work Vision



(II) Management Policy

- 1. Product Focus: In addition to our original main products, such as high-speed network/telecom related 5G products, we are also focusing on Industry 4.0, Smart Connection Industry, IOT, NEV automotive electronics, and new energy and energy storage fields, and launching the Industrial System Integration (SI) business, in the hope that we can closely follow the 5G edge computing wave and build up the driving force for future operational growth.
- 2. Management upgrade: We will continue the talents retention and cultivation policies and make advance plans for sustainable operation. We will make information digitalized and transparent, and use the system big data management and analysis to streamline corporate processes and reduce management costs, and connect the digital network EasyFlow GP (e-signature) and BI (business intelligence) system analysis and Salesforce business & customer management platform to realize data analysis and utilization, and further improve corporate efficiency and competitiveness.
- 3. Digital transformation: In addition to deepening the markets in the Americas and Japan, we will also accelerate the expansion of digital sales

channels (website: <https://www.jpcco.com/zh-tw/>) and localized services, and launch our products to Southeast Asia, Russia, Brazil, Eastern Europe, and Europe to actively accelerate the expansion.

(III) Estimated sales volume and basis

The Company's 2022 sales and production plan was to abandon high-volume, low-margin products, optimize the product portfolio, and devote resources to high-margin products. In 2023, we will continue such policy, focus on high-margin, prospective products, and accelerate the expansion of sales of high-margin products. In addition, we have established long-term good relationships with major famous data centers and network equipment manufacturers in the U.S. and Japan, and have built up far-reaching partnerships and smooth communication to ensure stable production and sales volume.

(IV) Important production and sales policies

1. In response to the Sino-US trade war and COVID-19, in order to maintain a competitive niche, the Company has increased its investment in Vietnam to increase the production line utilization and stability of shipments in Vietnam, and has also upgraded its intelligent production line and expanded its production capacity at Taipei headquarters to manage risks. At the same time, we have added the plants of strategic partners and promoted product alliances and cooperation, hoping to provide us with a larger production and sales stage and higher sales momentum.
2. By utilizing IT big data analysis, production line MES system, and Salesforce system, we can proactively manage business opportunities, control, accelerate, and expand to achieve a more efficient order winning rate, which not only improves business output and efficiency, but also achieves real-time comprehensive control and expansion by telecommuting, so that our business can serve customers more efficiently and accurately. At the same time, under the lean, flexible, energy-saving and data-driven strategy, the Company is more integrated with information technology in terms of standardized corporate management and clear business process, and hopes to make good use of data management to achieve cost reduction and efficiency improvement, energy conservation and consumption reduction, improve product quality, enhance product added value,

and improve the core competitiveness and profitability of the Company. From a global perspective, we are actively looking for more agents and sales representatives and channels to deepen our local presence and expand our international sales offices.

III. Future company development strategy

In 2023, in addition to the continuous efforts in product and technology development and service innovation, the Chairman will lead the management team and all colleagues to make complete transformation of thinking, practice, attitude, learning ability and response ability from the heart and from the inside out, and improve the team morale and professional abilities through learning and personal improvement.

JPC has also established broad cooperation relationships with strategic partners specializing in energy solutions and medical and industrial connectors to share business offices and channel resources to create a complementary effect, and then promote each other's businesses in a team approach and extend our customer service to various continents and countries. This will help JPC to build a denser business territory and strengthen its business power in the chemical and automotive markets.

JPC has demonstrated its ambition for future development, for example, we are upgrading the intelligent production line in Taipei, stabilizing the mass production and shipment from Vietnam plant, building the sales platform of Thailand subsidiary, and expanding the complementary strategic cooperation between Taiwan and Mainland China. JPC is well prepared. Looking forward to 2023, we will uphold the core value of lean management, provide differentiated and professional services, and move forward solidly and steadily, hope to transfer the knowledge and experience accumulated internally for many years into external service power, and deepen the application value of JPC's total solutions in related fields.

The development focus and operation direction for 2023 are as follows:

(I) R&D strategy

Item	Product Application	R&D Efforts	Future Development
1	Datacenter Networking Telecom (DNT)	5G Telecom/Edge computing, Server, Storage, Switch and Data Center related high-speed transmission industries	<ul style="list-style-type: none"> ● -800G technology requirements ● PCI-E Gen 6 specification upgrade ● SFF-TA-1033/SFF-TA-1034/SFF-TA- ● 1032 and other new application interfaces ● Increase the length of 800Gbps Ethernet ● Immersion cooling applications
2	Smart Connection Industry (SCI)	<ul style="list-style-type: none"> ● Continued efforts to sell high-end consumer products to Japanese game & TV manufacturers ● Integration of various services for customers' products such as high-end DSC cameras ● Deep cooperation with chip makers in PCIe 5.0 ● Promote Yamaha (Japan) robot arm to Taiwan industrial automation and SI equipment manufacturers 	<ul style="list-style-type: none"> ● Continue to improve R&D and integration of Vehicle-to-everything in various fields ● Continue to expand IIoT and electric vehicle and new energy storage related industries ● Pass ISO and IATF 16949 management certifications, and develop high voltage and high current connectors for automotive applications, automotive Ethernet network, and cables for new energy storage systems
3	Internet of Things (IoT)	<ul style="list-style-type: none"> ● Continue to accumulate experience in developing Amazon / Apple peripheral products and HomeKit MFi ● Innovative wireless environment sensing and system control solutions 	<p>New technology development:</p> <ul style="list-style-type: none"> ● Development of modules and products meeting Matter common standards. ● Intelligent sensing part: <ol style="list-style-type: none"> a. Multiple environmental sensors with wireless communication function (commercial standard) / wired communication function Modbus RTU over RS-485 (industry standard) b. Communication between environmental sensors and air conditioning related equipment to control HVAC to achieve energy saving and carbon reduction.

(II) Sales Strategy

In 2023, we will accelerate our global localized operations, set up offices in many places, and actively participate in important exhibitions (e.g., International Conference on Optoelectronics and Communications, COMPUTEX Taipei) and industry associations (e.g., O-RAN, BICSI, TECA Automotive Alliance, 5G Smart Pole Standard Promotion Alliance, etc.), interact with electronic advertising platforms and media to continue to increase brand visibility, develop new customers, and simultaneously collect market information and grasp the demand trend, and further increase market penetration and share.

(III) Production Strategy

In the face of market changes, demographic changes, urbanization, global instability, accelerated product life cycle, consumer behavior changes, and many uncontrollable factors in external industrial policy trends, the emergency response ability and innovative digital learning ability of a company are tested. In the future, the manufacturing industry will need faster technological innovation, more efficient supply chains, and shorter product development cycles in order to meet customer needs.

The only way for the manufacturing industry to stand out from the highly competitive global manufacturing industry is to move toward a flexible and diversified production model, and the global manufacturing technology is gradually developing toward digitalized and networked intelligent production systems.

Therefore, the Company continues to promote the "streamlining" and "intelligent" programs, review each workflow, take the essence and discard the dregs, improve the value of work, and optimize production costs. We continue to increase investment in automation and expand our cooperation with partners to increase overall production efficiency and reduce dependence on labors.

IV. Effects of external competitive environment, regulatory environment and overall business environment

(I) External competitive environment

With changes in currency exchange rates, the possibility for exhaustion of resources, the intensification of the international energy crisis and the greenhouse effect, the sharp rise in international crude oil and raw material prices, and changes in the demographic structure with fewer children, there are too many uncontrollable factors in the external environment. Fortunately, driven by the market trend of 5G and new energy, Taiwan has excellent integration capability of differentiated and niche downstream products, and the whole manufacturing industry will transform from "manufacturing service" to highly customized value-added products and services.

In the new 5G digital economy, technology application and integration will be the key. The Company will make good use of the complete and delicate division of labor in Taiwan's upstream and downstream industries, as well as our international marketing capabilities and good customer relationships, to actively use digital innovation, AI with new interfaces and large-scale security, and more actively reshape the organizational and IT data analysis skills needed to meet future market competition.

(II) Regulatory Environment

1. The Company continues to actively promote ESG and comply with laws and regulations in order to be a sustainable company that meet information disclosure and transparency and related regulations.

2. ESG:

JPC establishes the Sustainable Development Committee, considers its corporate social responsibility with a corporate culture of "strength and beauty" and takes into account the rights and interests of employees, customers, suppliers, consumers, communities, and the natural environment. JPC also determines the direction for medium- and long-term ESG development, measures corporate sustainable operation ability from three ESG perspectives, aligns with international standards, sets and implements sustainable execution strategies and goals, balances the interests of various stakeholders, and fully implements ESG policies in daily operations.

3. Public welfare and giveback

- (1) Hold art and culture activities to create a win-win situation for both art and business

We have been supporting the annual performances of Xinxin Nanguan Music Studio and Cloud Gate and the Button Project - Dance Education Promotion, etc. We not only give substantial support to various arts and cultural groups, but also encourage our employees to actively participate and watch high-quality performances, thus injecting arts and cultural atmosphere into our corporate culture.

- (2) Launch the public welfare project of Love and Care Delivery. In order to assist public welfare organizations and to encourage educational organizations to make continuous innovation, JPC will donate its products (e.g., copper coaxial cables, optical fiber transceiver modules, energy storage and EV new energy, etc.) for any needs related to the Smart Connection Industry, Datacenter Networking Telecom, Internet of Things, and automotive and new energy, hoping to make the public welfare and care services more powerful and create a better and diversified society together by the expertise of JPC.

(III) Overall business environment

In addition to the main products in the cloud high-speed/networking/telecommunications 5G fields, we continue to accelerate the market penetration and investment in the forward-looking industries popular currently, such as IoT, NEV energy and automotive electronics, medical electronics, and Industry 4.0. We are actively working to bring a better product portfolio to the Company and increase the high margin and high growth sales value.

We are facing more fierce challenges than ever before, including exchange rates, the COVID-19 epidemic, the escalating Sino-US trade war, material supply and demand, and material and labor shortage, etc. However, there are also full of opportunities, including 5G, artificial intelligence (AI), cloud and other new industry developments. We have rapid response ability and good solidarity, so that we can make full response in the first time. In the future, we will continue to set up service offices and sales representatives around the world to provide faster and higher value-added services to our customers.

JPC also incorporates ESG concepts into its business operations, and sets up the main goals of happy enterprise, shared prosperity and sustainable earth. With professional knowledge and teamwork, we provide services and technologies, and create a good environment for our employees to gain employment security and growth. We attach importance to the protection of customers, society, environment and employees, carry out the concept of carbon reduction and environmental protection, and make long-term investment in sustainable operation while pursuing performance, so as to fulfill our corporate social responsibility and bring more positive power to the society.

We sincerely thank all our shareholders for your concern, trust and support. We are willing to work together with our partners to meet the future! Thank all shareholders for your support and encouragement to JPC during the past year.

Chairman: Shu-Mei, Chang

President: Shu-Mei, Chang

Accounting Supervisor: Chih-Ping, Cheng

Chapter 2. Company Profile

I. Date of Incorporation: May 7, 1992

II. Company History

1992	Jess-Link Products Co., Ltd. was established with a capital of NT\$5 million. Initially, the main business was trading, import and export of computer hardware, software and peripherals, electronic products and parts.
1993	Started the sales of connectors and cable sets.
1994	Entered into OEM business of computer peripherals.
1998	Expanded the operation scale and increased the capital by NT\$ 25 million to NT\$ 30 million in cash.
1999	In order to meet the need for expanded operation scale, increased the capital by NT\$30 million in cash to NT\$60 million for the purchase of business headquarters on Keelung Road, Taipei City.
2000	In order to meet the need for plant purchase, increased the capital to NT\$145 million by a cash capital increase of NT\$55 million and a capital increase from earnings of NT\$30 million to establish the Zhonghe Factory. The second capital increase of NT\$35 million increased the paid-in capital to NT\$180 million. Purchased land and buildings in Zhonghe District.
2001	Capital increase from earnings and capital surplus of NT\$108 million increased the paid-in capital to NT\$288 million.
2002	Capital increase from earnings, capital surplus and employee bonuses of NT\$124.1 million increased the paid-in capital to NT\$412.1 million. On December 11, the Company's shares were approved to be traded on Taipei Exchange.
2003	Capital increase from earnings and capital surplus of NT\$134.03 million increased the paid-in capital to NT\$546.13 million. In order to meet the need for expansion of business scale, the first domestic unsecured convertible bonds of NT\$520 million were issued and approved to be traded on Taipei Exchange on November 25.
2004	On October 8, the Company's shares were approved by the Taiwan Stock Exchange Corporation to be listed on the centralized securities market. Capital increase from earnings and capital surplus of NT\$151.83 million increased the paid-in capital to NT\$710.65 million. Indirectly invested in the establishment of Dongguan Jiexun Electronic Technology Co., Ltd., a wholly-owned company in Dongguan, China. Purchased the 9F&6F, No. 176 Jian 1st Road, Zhonghe District as the Company's office premise and factory warehouse.

2005	<p>Indirectly invested in the establishment of Celesta International Co., Ltd., a wholly-owned company in Shenzhen, China.</p> <p>In order to meet the need for expansion of business scale, increased the paid-in capital to NT\$849.67 million by capital increase from earnings and conversion of convertible bonds and employee stock options.</p> <p>The Company adjusted its organization. In order to meet the needs for expansion of business scale and resources integration, the Company adjusted four business divisions - Connector and Cable Division, Data Storage Division, Japan Division, and IPS and Brand Planning Division.</p>
2006	<p>Indirectly invested 100% of stock equity of Dongguan Jia Zhan Rong Electronics Factory in Mainland China, a subsidiary of FLAST ENTERPRISE INC.</p> <p>Increased the paid-in capital to NT\$1,014.38 million by capital increase from earnings and conversion of convertible bonds and employee stock options.</p>
2007	<p>Acquired 100% of stock equity of MIM Depot Inc. and merged it into the Connector and Cable Division.</p> <p>Indirectly acquired 100% of stock equity of ULTRA ELECTRONICS ENTERPRISE INC. and its subsidiary, Dongguan Qingxi Hongqi Electronics Factory in Mainland China.</p> <p>Indirectly acquired 100% of stock equity of ASKA Technologies Inc. in Mainland China.</p> <p>Indirectly invested in Jiaqi Wire & Cable Co. Ltd., a sole proprietorship in Mainland China.</p> <p>Indirectly and partially invested in RICHMAN LTD. and its subsidiary, Humen Songxing Electronic Hardware Factory in Mainland China.</p> <p>In order to meet the need for expansion of business scale, increased the paid-in capital to NT\$1,283.57 million by capital increase from earnings, conversion of convertible bonds and cash.</p>
2008	<p>Increased the paid-in capital to NT\$1,474.98 million by capital increase from earnings and conversion of employee stock options.</p> <p>The Company adjusted its organization. In order to respond to changes in political and economic environment and effectively utilize the resources, the Company's business divisions were changed to the Connector and Cable Division, the Electronics Division and the Japan Division.</p>
2009	<p>Indirectly acquired 100% of stock equity of HUNG FU (SAMOA) INTERNATIONAL CO., LTD and its subsidiary, Hung Fu Electronic Plastic Factory in Mainland China.</p> <p>Indirectly acquired 100% of stock equity of Hongduan Electronic Technology Co., Ltd. in Mainland China.</p>
2010	<p>The Company acquired LUCKY STAR INVESTMENT CORP. and MAIN SUPER ENTERPRISES CO., LTD.</p> <p>On May 1, 2010, the Company merged MIM Depot Inc., a 100% owned investee</p>

	<p>company. Increased the paid-in capital to NT\$1,622.48 million by capital increase from earnings and capital surplus.</p>
2011	<p>In order to meet the needs for the Group's organizational restructuring and business integration and development, from January 1, 2011, Best Link Properties Ltd. purchased 100% of stock equity of Flast Enterprise Inc. from Multiple Hope International Limited, a 100% owned investee company of Shi Jung, a subsidiary of the Company, and held Jia Zhan Rong Electronics Factory, a contract processing plant of Flast.</p> <p>In order to meet the need for expansion of business scale, increased the paid-in capital to NT\$1,734.48 million by capital increase from conversion of convertible bonds and cash.</p> <p>Indirectly invested in the establishment of Dongguan Hung Fu Electronic Technology Co., Ltd., Dongguan Houlie Hua-Bao Electronics Technical Limited Company, and Dongguan Chieh Hsi Electronic Technology Co. Ltd., wholly-owned companies in Dongguan, China.</p> <p>Indirectly invested in the establishment of Chieh Ssu Ta International Co., Ltd. to engage in Internet marketing business.</p> <p>On December 23, 2011, the Company established the Compensation Committee.</p>
2012	<p>The Company made a group organizational integration, and merged Dongguan Jiexun Electronic Technology Co., Ltd. and Dongguan Huabao Precision Electronics Co., Ltd. into Dongguan Houlie Hua-Bao Electronics Technical Limited Company.</p>
2013	<p>The Company adjusted its organization. In order to meet the needs for the Group's organizational restructuring and business integration and development, the Company's business divisions were changed into Connector and Cable Business Division and Japan Business Division.</p> <p>The Company established an Audit Committee on June 19, 2013.</p>
2014	<p>In order to motivate employees and enhance their cohesion, the Company purchased 2,000,000 shares of treasury stock from the Taiwan Stock Exchange and transferred them to employees in accordance with the Securities and Exchange Act and the Regulations Governing the Buyback of Shares of the TWSE/TPEX Listed Companies, which was approved by the Board of Directors.</p>
2015	<p>The Company adjusts its product and industry development to focus on Cloud Computing & Data Communication, Internet of Things Systems, and Personal IT & Consumer.</p> <p>QFSP 28 100G, a cloud networking product, passed the certification.</p>
2016	<p>In response to the organizational integration of the Group, the Company completed the cancellation of the investee companies GOODSSEND ENTERPRISE INC. and MULTIPLE HOPE INTERNATIONAL.</p> <p>The Company promoted the "Strength Enhancement" and "Intelligence" projects.</p>
2017	<p>In response to the organizational integration of the Group, the Company completed</p>

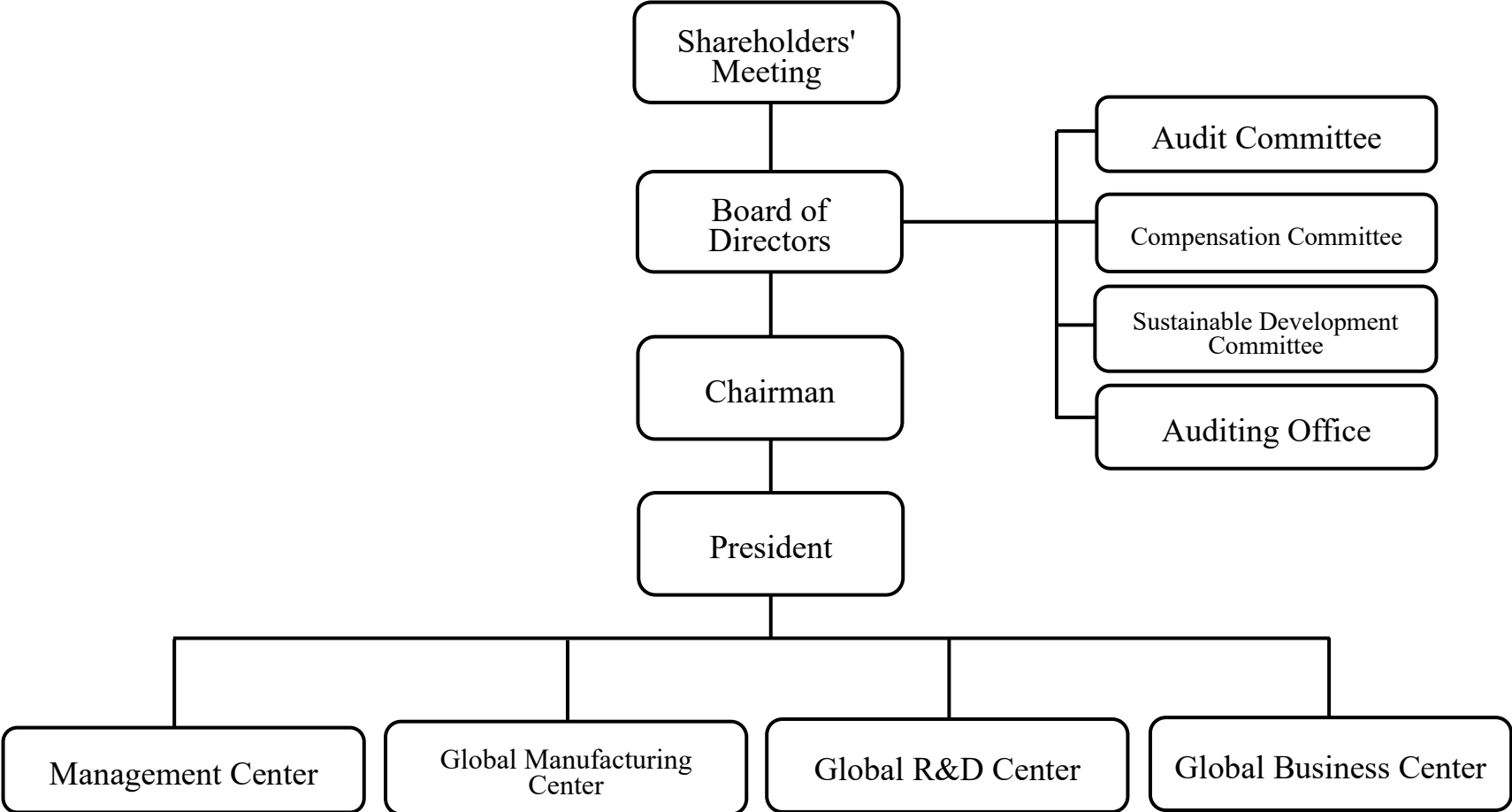
	<p>the cancellation of the invstee companies CHEERBEST LIMITED, JPC CO LTD. and Dongguan Jiexun Electronic Technology Co., Ltd.</p> <p>Sold 100% of stock equity of Hongduan Electronic Technology Co., Ltd. in Mainland China.</p> <p>The paid-in capital was \$1,300.86 million after the cash capital reduction of NT\$433.6 million for refund of stock payment.</p>
2018	<p>Guangzhou JPC Electronics Technical Limited Company was established in Guangzhou, China in response to NEV market promotion.</p> <p>The Company continued to promote group integration. Dongguan Hung Fu Electronic Technology Co., Ltd. merged with Dongguan Jiaqi Wire & Cable Co. Ltd., Main Super Enterprises Co., Ltd. merged with Chieh Ssu Ta International Co., Ltd.</p> <p>In response to the U.S. market, the Company expanded its investment in its U.S. subsidiary JPCCO CORP. and successively increased its capital to USD3,050,000.</p> <p>Purchased 8,000,000 shares of the Company's stock and transferred to treasury for cancellation, resulting in a paid-in capital of NT\$1,220.86 million after the capital reduction.</p>
2019	<p>In response to the rise of the Southeast Asian market, the Company decided to expand its business to Thailand and invested in 49.87% of stock equity of SWS Group Company Limited and its subsidiary BPPG Service Co. Ltd., and provided sales services in Thailand.</p> <p>In response to the trade war between the United States and China, the Company expanded its production capacity in Taiwan, and established a subsidiary in Vietnam, PEC MANUFACTURING VIETNAM COMPANY LIMITED.</p>
2020	<p>BEST LINK PROPERTIES LTD., an important subsidiary of the Company, completed a cash capital reduction of US\$6.8 million to refund the share payment, resulting in a paid-in capital of US\$29.2 million.</p> <p>Won the subsidy for “Prospective Technology R&D Center Program for High Speed Network, IOT Intelligent Applications and Next Generation Energy Vehicles” from the Ministry of Economic Affairs' A+ Enterprise Innovation and R&D Cultivation Program - Program for Encouraging Domestic Enterprises to Set Up R&D Centers in Taiwan.</p>
2021	<p>To enhance market competitiveness and increase the opportunities for industry exchanges and cooperation with strategic alliances, the Company invested in Jyh Eng Technology Co., Ltd. and acquired 7.03% of its stock equity.</p> <p>In order to promote corporate integration and improve operational efficiency, the Company simply merged its 100% owned subsidiary, TOPSEED Technology Corp.</p> <p>The relocation of the Company's Kunshan plant was completed in September 2021.</p>

2022	<p>In January 2022, the Company acquired 70.11% of stock equity of Ultraspeed Electronics Co., Ltd. with NT\$20,000 thousand to improve market competitiveness and promote the development of R&D technologies.</p> <p>On November 4, 2022, the Company established the Sustainable Development Committee.</p> <p>On November 12, 2022, the Company won the Golden Dragon Award for the Best Model at the 4th Global Internet of Things Smart Service Conference.</p> <p>[Organization] Excellent IOT Enterprise Award.</p> <p>On December 16, 2022, the Company appointed Wei-San, Chang as the COO.</p>
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Chapter 3. Corporate Governance Report

I. Organizational System

(I) Organization Chart



(II) Department Functions

Department Name	Functions
Global Business Center	Be responsible for sales and customer service of Datacenter Networking Telecom, Smart Connection, and Internet of Things products, development of potential markets and customers, formulation and establishment of operational goals and market planning, production and sales coordination, and trial production analysis.
Global R&D Center	<ol style="list-style-type: none"> 1. Focus on key technology research and development, including smart home networking software and hardware integration system, cloud networking application and EV connector prospective technology development. 2. Writing, application and placement of prospective technology patents. 3. Industry technology competition analysis and verification specifications, planning of innovative technology blueprints, and mastering of long-term high-end R&D directions. 4. Planning and execution of the design and development of Datacenter Networking Telecom, Smart Connection, Internet of Things (product function oriented) according to market commercialization requirements. 5. Technical support and consultation for new products. 6. Setting and control of product development schedules.
Global Manufacturing Center	<ol style="list-style-type: none"> 1. Each plant is responsible for production, manpower, equipment, development, engineering materials, production of main products in accordance with production orders, establishment and maintenance of manufacturing processes, and analysis of production capacity. 2. Be responsible for product quality inspection, functional testing and quality assurance, etc. 3. Warehouse management. 4. Setting, tracking, coordination and control of production plan and delivery date. 5. Be responsible for the execution of procurement operations, vendor control, supplier evaluation and performance assessment. 6. Subcontractor evaluation, delivery time, quality control and production technology provision and support.

<p>Management Center</p>	<ol style="list-style-type: none"> 1. Be responsible for management and control of the Company's finance, capital management, accounting operations, budgeting and various transaction cycles. 2. Be responsible for the planning and execution of the Company's taxes. 3. Information communication between the Company and external stakeholders. 4. Management of investee business. 5. Be responsible for operation management plan promotion, assessment and analysis, personnel, labor, training, finance, information, cost management, and formulation of implementation guidelines. 6. Be responsible for planning and maintenance of departmental operating systems and computerized information management.
<p>Audit</p>	<ol style="list-style-type: none"> 1. Formulation of internal control cycle operation system. 2. Regular or irregular auditing of internal control cycle. 3. Provide improvement suggestions to promote business efficiency and effective implementation of internal controls.

II. Information on the Directors, Supervisors, President, Vice Presidents, Assistant Vice Presidents, and Supervisors of Divisions and Branch Units

(I) Directors and Supervisors

1. Information on Directors and Supervisors (I)

April 28, 2023; Unit: shares

Title	Nationality/ Place of Registration	Name	Gender/ Age	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Current Spouse & Minor Shareholding		Shareholding by Nominees		Experience (Education)	Other Position Concurrently Held at the Company and Other Companies	Executives, Directors or Supervisors who Are Spouses or within the Second Degree of Kinship			Remark
							Number of Shares	Sharehold ing Ratio	Number of Shares	Sharehold ing Ratio	Number of Shares	Sharehold ing Ratio	Number of Shares	Sharehold ing Ratio			Title	Name	Relationship	
Chairman	R.O.C.	Shu-Mei, Chang	Female, 61-70	2022.06.15	3	1992.05.07	18,472,480	15.13	18,472,480	15.13	—	—	5,894,000	4.83	Education: Department of Economics, Tunghai University Experience: President of Tecobar (Germany)	The Company: President Other companies: (Note 2)	—	—	—	(Note 1)
Vice Chairman	R.O.C.	Mega Power Investments Limited	Male, 71-80	2022.06.15	3	2009.06.10	2,295,750	1.88	2,295,750	1.88	—	—	2,640,000	2.16	Education: Military Academy Experience: Founder of Hung Fu Information Co., Ltd.	The Company: Vice Chairman Other companies: Chairman of Mega Power Investments Limited Chairman of Hung Fu Information Co., Ltd. Director of Mega Power Investments Limited (Samoa)	—	—	—	—
	Representative: R.O.C.	Representative: Cin-Chih, Jiang					8,705	0.01	8,705	0.01	186,825	0.15	—	—			—	—	—	
Director	R.O.C.	Tone Investments Ltd.	Female, 61-70	111.06.15	3	105.06.15	4,394,000	3.60	4,394,000	3.60	—	—	—	—	Education: Department of Law, National Taiwan University Experience: (Note 3)	The Company: None Other companies: (Note 4)	—	—	—	—
	Representative: R.O.C.	Representative: Yu-Ling, Tsai					—	—	—	—	—	—	—	—			—	—	—	
Director	R.O.C.	Top Point Investment Ltd.	Male, 61- 70	111.06.15	3	105.06.15	6,144,750	5.03	6,144,750	5.03	—	—	—	—	Education: Sanchong Elementary School Experience: Chairman of Main Super Enterprises Co., Ltd.	The Company: None Other companies: Director of SciVision Biotech Inc. Director of Ivy Life Science Co., Ltd.	—	—	—	—
	Representative: R.O.C.	Representative: Ming-Kung, Yang					825,120	0.68	825,120	0.68	—	—	—	—			—	—		

Title	Nationality/ Place of Registration	Name	Gender/ Age	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Current Spouse & Minor Shareholding		Shareholding by Nominees		Experience (Education)	Other Position Concurrently Held at the Company and Other Companies	Executives, Directors or Supervisors who Are Spouses or within the Second Degree of Kinship			Remark
							Number of Shares	Sharehold ing Ratio	Number of Shares	Sharehold ing Ratio	Number of Shares	Sharehold ing Ratio	Number of Shares	Sharehold ing Ratio			Title	Name	Relationship	
Director	R.O.C.	FSP Technology Inc.	Male, 31-40	2022.06.15	3	2022.06.15	9,820,000	8.04	10,000,000	8.19	—	—	—	—	Education: MBA- Politecnico di Milano School of Management; Department of Public Finance, National Chengchi University Experience: Marketing Supervisor/Overs eas Business Supervisor/Marke ting Strategy Supervisor, FSP Technology Inc., Segment Marketing of Shanghai Philips Lighting	The Company: None Other companies: COO of FSP Technology Inc. Chairman of Xiang Zan Investment Co., Ltd. Chairman of Jin Yu Investment Co., Ltd. Supervisor of FSP Capital Co., Ltd.	—	—	—	—
	Representative: R.O.C.	Representative: Ming-Hsiang, Cheng					—	—	—	—	6,000	—	—	—			—	—	—	—
Independent Director	R.O.C.	Jing-Hua, He	Male, 61-70	2022.06.15	3	2004.05.27	—	—	—	—	7,500	0.01	—	—	Education: Master of Computer Science, University of Maryland Experience: President of A.Best Shopping Mall and Supermarket Chain Store, President of Yonyou Software Group, COO of Kelote Group	The Company: None Other companies: Representative of the corporate director of MAYO Human Capital Inc. Independent Director of Appier Inc.	—	—	—	—
Independent Director	R.O.C.	Li-Chih, Lo	Male, 51-60	2022.06.15	3	2022.06.15	—	—	—	—	—	—	—	—	Education: National Taiwan University EMBA Experience: President of Visual Computing Division, ASRock Inc.	The Company: None Other companies: Independent Director of Oriental System Technology Inc.	—	—	—	—

Title	Nationality/ Place of Registration	Name	Gender/ Age	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Current Spouse & Minor Shareholding		Shareholding by Nominees		Experience (Education)	Other Position Concurrently Held at the Company and Other Companies	Executives, Directors or Supervisors who Are Spouses or within the Second Degree of Kinship			Remark
							Number of Shares	Sharehold ing Ratio	Number of Shares	Sharehold ing Ratio	Number of Shares	Sharehold ing Ratio	Number of Shares	Sharehold ing Ratio			Title	Name	Relationship	
Independent Director	R.O.C.	Shu-Ling, Wang	Female, 61-70	2022.06.15	3	2022.06.15	—	—	—	—	—	—	—	—	Education: Institute of Finance, College of Management, National Taiwan University Experience: Senior Vice President of Delta Electronics, Inc. and CFO of Delta Group	The Company: None Other companies: Adjunct Expert (Professor), Institute of International Business, College of Management, National Cheng Kung University Financial Advisor of Chenbro Micom Co., Ltd. Director of CTBC Bank Director of Snail Travel Village Co., Ltd.	—	—	—	—
Independent Director	R.O.C.	Chih-Feng, Lin	Male, 51-60	2022.06.15	3	2022.06.15	—	—	—	—	—	—	—	—	Education: Master of Laws, National Taiwan University Experience: Chief Legal Officer of Taiwan Broadband Communications Consulting Co., Ltd. Vice President of Legal Affairs, New Century InfoComm Tech Co., Ltd. Senior Attorney, Jones Day International Law Firm	The Company: None Other companies: Director of Lin Chih- Feng Law Firm	—	—	—	—

Note 1: The Chairman and the President are the same person, which is mainly due to the Company has been promoting transformation in recent years, and the Chairman concurrently serving as the President can better implement the transformation policy. The number of independent directors was increased to 4 through the re-election of directors at the Company's 2022 Annual Shareholders' Meeting, and more than half of the directors do not hold concurrent post of employees or managers.

Note 2: Chairman of Tone Investments Ltd., Chairman of Very Mulan Investment Co., Ltd., Chairman of Cha Shin Chi Investment Co., Ltd., Chairman of Main Super Enterprises Co., Ltd., representative of the corporate director of JYH Eng Technology Co., Ltd., and the representative of the corporate director of Best Link Properties Ltd., JPC (HK) Company Ltd., Lucky Star Investment Corp, Best Match Investments Limited, Best Sky Limited, Hung Fu (Samoa) International Co., Ltd., Diamond Creative Holding Limited and SWS Group Company Limited.

Note 3: Government Affairs Member of the Executive Yuan, Chief Legal Officer of IBM Greater China (Hong Kong, Taiwan, Mainland China), District Court Judge of Taipei Shilin, Changhua, Taoyuan, etc.

Note 4: Member of Taipei City Government Smart City Committee, Member of Taipei City Government International Affairs Committee, Member of Taipei City Government Data Governance Committee, Director of the K.T. Li Foundation for Development of Science and Technology, Director of Chenbro Micom Co., Ltd., Co-founder of Lee, Tsai & Partners, Chairman of Taiwan Financial Technology Association, Founding Honorary Chairman of Taiwan Women on Boards Association, Supervisor of Huafan University, Independent Director of Asia Pacific Telecom, Director of the Cleaner Production and Regional Development Foundation, Supervisor of the Artificial Intelligence Foundation, Managing Supervisor of the Monte Jade Science and Technology Association of Taiwan, Managing Supervisor of the Taiwan Impact Investing Association, Director of the Chinese Arbitration Association, Director of the Taiwan Jurist Association, and Director of J-REACH Co. Ltd.

2. Major shareholders of corporate shareholders

April 28, 2023

Name of Institutional Shareholder	Major Shareholder of Institutional Shareholder	Shareholding Ratio
FSP Technology Inc.	Chuan Han Investment Co., Ltd.	8.06%
	Ya-Jen, Cheng	6.50%
	Fu-An, Yang	6.30%
	Wang Kuang Tung Investment Co., Ltd	3.50%
	Hsiang Tsan Investment Co., Ltd.	3.42%
	Chung-Shun, Wang	3.21%
	First Commercial Bank Trust Account of Wang, Chung-Shun	2.99%
	2K Industries Inc., British Virgin Islands	2.77%
	2K Industries Inc. (BVI)	2.67%
	Pai Chuang Investment Co., Ltd.	1.68%
Mega Power Investments Limited	Mega Power Investments Limited, Samoa	100%
Top Point Investment Ltd.	Top Point Investments Ltd., Samoa	100%
Tone Investments Ltd.	Shu-Mei, Chang	100%

3. Major Shareholders of Institutional Shareholders with Corporations as Their Major Shareholders

April 28, 2023

Name of Legal Person	Major Shareholder of Legal Person	Shareholding Ratio
2K Industries Inc., British Virgin Islands	ALTOS INTERNATIONAL CORPORATION	65.3%
	ETERNAL WELTH HOLDINGS LIMITED	34.7%
Datazone Limited, Belize	ERNEST KAO	50%
	SOFIA KAO	50%
Mega Power Investments Limited, Samoa	Cin-Chih, Jiang	100%
Top Point Investments Ltd., Samoa	Shu-Lan, Li, Yang	100%

4. Information on Directors and Supervisors (II)

I. Information on Professional Qualifications of Directors and Supervisors and Independence of Independent Directors:

Qualifications Name	Professional Qualification and Work Experience (Note 1)	Independence Criteria (Note 2)	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
Shu-Mei, Chang	(1) Having the work experience in the areas of commerce and otherwise necessary for the business. (2) Ms. Shu-Mei, Chang has practical experience in strategy setting, management and leadership, and product marketing experience and ability, and is able to propose relevant business strategies and policies and provide	(1) Not a director, supervisor, manager, or shareholder holding 5% or more of the shares, of a specified company or institution that has a financial or business relationship with the Company.	—

Name	Qualifications	Professional Qualification and Work Experience (Note 1)	Independence Criteria (Note 2)	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
	<p>management opinions to the Board of Directors.</p> <p>(3) Not under any of the categories stated in Article 30 of the Company Act.</p>	<p>(2) Not a professional individual, sole proprietorship, partnership, owner of a company or institution, partner, director, supervisor, managerial officer or spouse thereof that provides auditing service for the Company or any of its affiliates, or provides commercial, legal, financial, or accounting service with compensation in the past two years.</p> <p>(3) Not a spouse or a relative within the second degree of kinship to any other director of the Company.</p> <p>(4) Not a governmental or judicial person or a representative thereof as defined in Article 27 of the Company Act.</p>		
<p>Mega Power Investments Limited (Representative: Cin-Chih, Jiang)</p>	<p>Having the work experience in the areas of commerce and otherwise necessary for the business.</p> <p>Former founder of Hung Fu Information Co., Ltd.</p> <p>Current Chairman of Hung Fu Information Co., Ltd. and Director of Mega Power Investments Limited (Samoa).</p> <p>Not under any of the categories stated in Article 30 of the Company Act.</p>	<p>(1) Not an employee of the Company or any of its affiliates.</p> <p>(2) Not a director or supervisor of the Company or any of its affiliates.</p> <p>(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or is ranked in the top 10 in shareholdings.</p> <p>(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the officer in the preceding subparagraph (1), or of any of the persons in the preceding subparagraphs (2) and (3).</p> <p>(5) Not a director, supervisor or employee of a company controlled by the same person who has shares over half of the Company's director seats or voting rights.</p> <p>(6) Not a director, supervisor, or employee of another company or institution who, or whose spouse, is a chairman, president, or person holding an equivalent position of the Company.</p> <p>(7) Not a director, supervisor, manager, or shareholder holding 5% or more of the shares, of a specified company or institution that has a financial or business relationship with the</p>	<p>—</p>	

Name / Qualifications	Professional Qualification and Work Experience (Note 1)	Independence Criteria (Note 2)	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
		<p>Company.</p> <p>(8) Not a professional individual, sole proprietorship, partnership, owner of a company or institution, partner, director, supervisor, managerial officer or spouse thereof that provides auditing service for the Company or any of its affiliates, or provides commercial, legal, financial, or accounting service with compensation in the past two years.</p> <p>(9) Not a spouse or a relative within the second degree of kinship to any other director of the Company.</p>	
<p>Tone Investments Ltd. (Representative: Yu-Ling, Tsai)</p>	<p>A Professional or Technical Specialist who Has Passed a National Examination and Has Been Awarded a Certificate such as Judge and Attorney. Former Government Affairs Member of the Executive Yuan, Chief Legal Officer of IBM Greater China (Hong Kong, Taiwan, Mainland China), District Court Judge of Taipei Shilin, Changhua, Taoyuan, etc. Current Member of Taipei City Government Smart City Committee, Member of Taipei City Government International Affairs Committee, Member of Taipei City Government Data Governance Committee, Director of the K.T. Li Foundation for Development of Science and Technology, Director of Chenbro Micom Co., Ltd., Co-founder of Lee, Tsai & Partners, Chairman of Taiwan Financial Technology Association, Founding Honorary Chairman of Taiwan Women on Boards Association, Supervisor of Huafan University, Independent Director of Asia Pacific Telecom, Director of the Cleaner Production and Regional Development Foundation, Supervisor of the Artificial Intelligence Foundation, Managing Supervisor of the Monte Jade Science and Technology Association of Taiwan, Managing Supervisor of the Taiwan Impact Investing Association, Director of the Chinese Arbitration Association, Director of the Taiwan Jurist Association, and Director of J-REACH Co. Ltd. Not under any of the categories stated in Article 30 of the Company Act.</p>	<p>(1) Not an employee of the Company or any of its affiliates.</p> <p>(2) Not a director or supervisor of the Company or any of its affiliates.</p> <p>(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or is ranked in the top 10 in shareholdings.</p> <p>(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the officer in the preceding subparagraph (1), or of any of the persons in the preceding subparagraphs (2) and (3).</p> <p>(5) Not a director, supervisor, manager, or shareholder holding 5% or more of the shares, of a specified company or institution that has a financial or business relationship with the Company.</p> <p>(6) Not a professional individual, sole proprietorship, partnership, owner of a company or institution, partner, director, supervisor, managerial officer or spouse thereof that provides auditing service for the Company or any of its affiliates, or provides commercial, legal, financial, or accounting service with compensation in the past two years.</p> <p>(7) Not a spouse or a relative within the second degree of kinship to any other director</p>	<p>1</p>

Name / Qualifications	Professional Qualification and Work Experience (Note 1)	Independence Criteria (Note 2)	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
		of the Company.	
Top Point Investment Ltd. (Representative: Ming-Kung, Yang)	<p>Having the work experience in the areas of commerce and otherwise necessary for the business.</p> <p>Former Chairman of Main Super Enterprises Co., Ltd.</p> <p>Current Director of SciVision Biotech Inc.</p> <p>Not under any of the categories stated in Article 30 of the Company Act.</p>	<p>(1) Not an employee of the Company or any of its affiliates.</p> <p>(2) Not a director or supervisor of the Company or any of its affiliates.</p> <p>(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or is ranked in the top 10 in shareholdings.</p> <p>(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the officer in the preceding subparagraph (1), or of any of the persons in the preceding subparagraphs (2) and (3).</p> <p>(5) Not a director, supervisor or employee of a company controlled by the same person who has shares over half of the Company's director seats or voting rights.</p> <p>(6) Not a director, supervisor, or employee of another company or institution who, or whose spouse, is a chairman, president, or person holding an equivalent position of the Company.</p> <p>(7) Not a professional individual, sole proprietorship, partnership, owner of a company or institution, partner, director, supervisor, managerial officer or spouse thereof that provides auditing service for the Company or any of its affiliates, or provides commercial, legal, financial, or accounting service with compensation in the past two years.</p> <p>(8) Not a spouse or a relative within the second degree of kinship to any other director of the Company.</p>	—
FSP Technology Inc. (Representative: Ming-Hsiang, Cheng)	<p>Having the work experience in the areas of commerce and otherwise necessary for the business.</p> <p>Former Marketing Supervisor/Overseas Business Supervisor/Marketing Strategy Supervisor, FSP Technology Inc., Segment Marketing of Shanghai Philips Lighting.</p> <p>Current COO of FSP Technology Inc., Chairman of Xiang Zan Investment Co., Ltd., Chairman of Jin Yu Investment Co., Ltd., and Supervisor of</p>	<p>(1) Not an employee of the Company or any of its affiliates.</p> <p>(2) Not a director or supervisor of the Company or any of its affiliates.</p> <p>(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor</p>	—

Name	Qualifications	Professional Qualification and Work Experience (Note 1)	Independence Criteria (Note 2)	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
		<p>FSP Capital Co., Ltd. Not under any of the categories stated in Article 30 of the Company Act.</p>	<p>children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or is ranked in the top 10 in shareholdings.</p> <p>(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the officer in the preceding subparagraph (1), or of any of the persons in the preceding subparagraphs (2) and (3).</p> <p>(5) Not a director, supervisor or employee of a company controlled by the same person who has shares over half of the Company's director seats or voting rights.</p> <p>(6) Not a director, supervisor, or employee of another company or institution who, or whose spouse, is a chairman, president, or person holding an equivalent position of the Company.</p> <p>(7) Not a professional individual, sole proprietorship, partnership, owner of a company or institution, partner, director, supervisor, managerial officer or spouse thereof that provides auditing service for the Company or any of its affiliates, or provides commercial, legal, financial, or accounting service with compensation in the past two years.</p> <p>(8) Not a spouse or a relative within the second degree of kinship to any other director of the Company.</p>	
Jing-Hua, He	<p>Having the work experience in the areas of commerce and otherwise necessary for the business. Former President of A.Best Shopping Mall and Supermarket Chain Store, President of Yonyou Software Group, COO of Kelote Group. Current representative of the corporate director of MAYO Human Capital Inc. and Independent Director of Appier Inc. Not under any of the categories stated in Article 30 of the Company Act.</p>	<p>(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 a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or is ranked in the top 10 in shareholdings.</p>	—	
Li-Chih, Lo	<p>Having the work experience in the areas of commerce and otherwise necessary for the business. Former President of Visual Computing Division, ASRock Inc. Current Independent Director of Oriental System Technology Inc. Not under any of the categories stated in Article 30 of the Company Act.</p>	<p>(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the officer in the</p>	1	
Shu-Ling, Wang	<p>Having the Work Experience as an Instructor or Higher Position in a Department of Commerce,</p>		—	

Name / Qualifications	Professional Qualification and Work Experience (Note 1)	Independence Criteria (Note 2)	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
	Accounting, or Other Academic Department Related to the Business Needs in a Public or Private Junior College, College or University. Former Senior Vice President of Delta Electronics, Inc. and CFO of Delta Group. Current Adjunct Expert (Professor), Institute of International Business, College of Management, National Cheng Kung University, Financial Advisor of Chenbro Micom Co., Ltd., and Director of Snail Travel Village Co., Ltd. Not under any of the categories stated in Article 30 of the Company Act.	preceding subparagraph (1), or of any of the persons in the preceding subparagraphs (2) and (3). (5) Not a director, supervisor, or employee of an institutional shareholder that directly holds 5% or more of the total number of issued shares of the Company, or that ranks among the top 5 in shareholdings, or that designates its representative to serve as a director or supervisor of the Company under Paragraph 1 or 2, Article 27 of the Company Act.	
Chih-Feng, Lin	A Professional or Technical Specialist who Has Passed a National Examination and Has Been Awarded a Certificate such as Judge and Attorney. Former Chief Legal Officer of Taiwan Broadband Communications Consulting Co., Ltd., Vice President of Legal Affairs, New Century InfoComm Tech Co., Ltd., and Senior Attorney, Jones Day International Law Firm. Current Director of Lin Chih-Feng Law Firm. Not under any of the categories stated in Article 30 of the Company Act.	(6) Not a director, supervisor or employee of a company controlled by the same person who has shares over half of the Company's director seats or voting rights. (7) Not a director, supervisor, or employee of another company or institution who, or whose spouse, is a chairman, president, or person holding an equivalent position of the Company. (8) Not a director, supervisor, manager, or shareholder holding 5% or more of the shares, of a specified company or institution that has a financial or business relationship with the Company. (9) Not a professional individual, sole proprietorship, partnership, owner of a company or institution, partner, director, supervisor, managerial officer or spouse thereof that provides auditing service for the Company or any of its affiliates, or provides commercial, legal, financial, or accounting service with compensation in the past two years. (10) Not a spouse or a relative within the second degree of kinship to any other director of the Company. (11) Not a governmental or judicial person or a representative thereof as defined in Article 27 of the Company Act.	—

Note: In accordance with the Listing Review Standards and the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, the Company has obtained a Declaration of Independence from the independent directors and confirmed that they meet the independence criteria set forth in laws and regulations.

II. Diversity and Independence of the Board of Directors:

(I) Diversity of the Board of Directors:

1. The Company's Corporate Governance Best Practice Principles stipulate that the composition of the Board of Directors should be diversified and promote the development of the composition and structure of the Board of Directors. The candidates for directors are nominated according to the candidate nomination system specified in the Company's Articles of Incorporation. The number of members of the Board of Directors who are also managers of the Company shall not exceed one-third of the total number of directors, and all members shall have different professional backgrounds, work areas and knowledge, skills and qualities necessary for the execution of their duties. The Company's Board of Directors shall have the following abilities as a whole: operational judgment ability/accounting and financial abilities/business management ability/crisis management ability/industry knowledge/international market perspective/leadership/laws. The Company also places attention to gender equality in the composition of the Board of Directors and aims to have at least one-third (included) of female Board members. At present, 67% (6) of the Board members are male and 33% (3) are female.

2. Diversity of Board of Directors:

Diversity Item Name	Gender	A Concurrent Employee of the Company	Basic Composition						Diversified professional and industrial experience							
			Age				Independent Director Seniority		Operational judgment ability	Accounting and financial abilities	Business management ability	Crisis management ability	Industrial Knowledge	International Market Perspective	Leadership	Law
			31~40	51~60	61~70	71~80	Below 3 years	3~9 Years									9 years and above
Shu-Mei, Chang	Female	✓			✓				✓		✓	✓	✓	✓		
Mega Power Investments Limited (Representative: Cin-Chih, Jiang)	Male				✓				✓		✓	✓	✓	✓		
Tone Investments Ltd. (Representative: Yu-Ling, Tsai)	Female			✓					✓		✓	✓	✓	✓		✓
Top Point Investment Ltd. (Representative: Ming-Kung, Yang)	Male			✓					✓		✓	✓	✓	✓		

Diversity Item Name	Gender	A Concurrent Employee of the Company	Basic Composition						Diversified professional and industrial experience							
			Age				Independent Director Seniority		Operational judgment ability	Accounting and financial abilities	Business management ability	Crisis management ability	Industrial Knowledge	International Market Perspective	Leadership	Law
			31~40	51~60	61~70	71~80	Below 3 years	3~9 Years and above								
Top Point Investment Ltd. (Representative: Ming-Kung, Yang)	Male				✓				✓		✓	✓	✓	✓	✓	
FSP Technology Inc. (Representative: Ming-Hsiang, Cheng)	Male		✓						✓		✓	✓	✓	✓	✓	
Jing-Hua, He	Male				✓			✓	✓		✓	✓	✓	✓	✓	
Li-Chih, Lo	Male			✓			✓		✓		✓	✓	✓	✓	✓	
Shu-Ling, Wang	Female				✓		✓			✓	✓	✓	✓	✓	✓	

3. Achievement of Management Objectives:

The Company's Board of Directors has already met the diversity requirements, but will continue to review the elements of diversified composition to meet future development needs and continue to strengthen the diversity goals of the Board of Directors during the re-election.

(II) Independence of the Board of Directors: The Board of Directors of the Company consists of nine directors, including four independent directors, and the number of independent directors accounts for 44% of the total number of directors. All independent directors comply with the regulations of the Financial Supervisory Commission and the Securities and Futures Bureau regarding independent directors, and all directors and independent directors are not under any of the categories stated in Paragraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act. Therefore, the Board of Directors of the Company is independent.

(III) Information on the President, Vice Presidents, Assistant Vice Presidents, and Supervisors of Divisions and Branch Units April 28, 2023; Unit: Shares; %

Title	Nationality	Name	Gender/ Age	Date Elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Experience (Education)	Other Position Concurrently Held at Other Companies	Managerial Officer who Are Spouses or within the Second Degree of Kinship			Remark
					Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Title	Name	Relationship	
Chairman and President	R.O.C.	Shu- Mei, Chang	Female, 61-70	2022.06.15	18,472,480	15.13	—	—	5,894,000	4.83	Education: Department of Economics, Tunghai University Experience: President of Tecobar (Germany)	The Company: Chairman Other companies: (Note 2)	—	—	—	(Note 1)
COO	R.O.C.	Wei- San, Chang	Male, 61-70	2022.12.16	—	—	3,000	—	—	—	Education: Department of Industrial Engineering, Feng Chia University Experience: Director of Marketing Operations Division, ACES Electronics Co., Ltd.	—	—	—	—	(Note 3)
Vice President	R.O.C.	Mao- Chiang, Chang	Male, 51-60	2020.10.01	—	—	—	—	—	—	Education: Department of Industrial Engineering and Management, National Taipei University of Technology Experience: Special Assistant of Chenbro Micom Co., Ltd.	—	—	—	—	(Note 4)
Smart Connection Industry Business Vice President	R.O.C.	Wei- Ting, Chen	Female, 41-50	2022.11.04	165,000	0.14	—	—	—	—	Education: Master of Management of Technology, Fu Jen Catholic University Experience: Assistant Vice President of Smart Connection Industry Department, JPC	—	—	—	—	(Note 5)

Title	Nationality	Name	Gender/ Age	Date Elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Experience (Education)	Other Position Concurrently Held at Other Companies	Managerial Officer who Are Spouses or within the Second Degree of Kinship			Remark
					Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Title	Name	Relationship	
Strategic Procurement Division Vice President	R.O.C.	Chun- Hsing, Ho	Male, 51-60	2022.09.01	30,000	0.02	—	—	—	—	Education: Department of International Trade, Fu Jen Catholic University Experience: Assistant Vice President of Strategic Procurement Division, Greater China - Taiwan Region, JPC	—	—	—	—	(Note 6)
Assistant Vice President of COO Office	R.O.C.	Li- Ling, Huang	Female, 51-60	2013.01.31	60,312	0.05	9,000	0.01	—	—	Education: Department of Banking and Insurance, Ming Chuan University Experience: Sales Specialist, Invax System & Trading Corp.	—	—	—	—	—
Corporate Governance Officer/CFO	R.O.C.	Chih- Ping, Cheng	Male, 51-60	2010.12.01	143,250	0.12	—	—	—	—	Education: Department of Accounting, National Chung Hsing University Experience: Senior Auditor of KPMG Taiwan; Auditor of Natural Beauty Cosmetics Co., Ltd.	Legal representative of SWS Group Company Limited Representative of the corporate director of Ultraspeed Electronics Co., Ltd.	—	—	—	—
Assistant Vice President of DNT-SPM	R.O.C.	Chi- Hsien, Sun	Male, 31-40	2021.06.30	145,000	0.12	16,000	0.01	—	—	Education: Doctor of Electrical Engineering, Tamkang University Experience: Senior R&D Engineer of Zinwell Corporation; Chief R&D Engineer of Axcen Photonics Corporation	—	—	—	—	—

Title	Nationality	Name	Gender/ Age	Date Elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Experience (Education)	Other Position Concurrently Held at Other Companies	Managerial Officer who Are Spouses or within the Second Degree of Kinship			Remark
					Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Title	Name	Relationship	
Assistant Vice President of DNT-SPM and High Frequency Development Division	R.O.C.	Yun- Chang, Yang	Male, 51-60	2022.06.01	20,000	0.02	—	—	—	—	Education: Master, Department of Mechanical Engineering, National Cheng Kung University Experience: Assistant Vice President of Research and Development, Main Super Enterprises Co., Ltd.	—	—	—	—	(Note 7)
Assistant Vice President of Electronic Products Development Division	R.O.C.	Kun- Chan, Wu	Male, 51-60	2022.06.01	55,000	0.05	155	—	—	—	Education: Department of Electronic Engineering, National Taipei University of Technology Experience: Electrical Engineer, Forward Electronics Co., Ltd.	—	—	—	—	(Note 8)
Greater China - Key Account Assistant Vice President	R.O.C.	Kang- Chiang, Chen	Male, 41-50	2023.01.02	—	—	—	—	—	—	Education: Department of Business Administration, National Chengchi University Experience: INTERPLEX BDM	—				(Note 9)
Assistant Vice President of DNT - Sales Department I/II	R.O.C.	Chia- Wen, Hung	Female, 31-40	2023.01.02	16,000	0.01	—	—	—	—	Education: Department of English, Jinwen University of Science and Technology Experience: PM of Billion	—				(Note 10)

Note 1: The Chairman and the President are the same person, which is mainly due to the Company has been promoting transformation in recent years, and the Chairman concurrently serving as the President can better implement the transformation policy. The number of independent directors was increased to 4 through the re-election of directors at the Company's 2022 Shareholders' Meeting, and more than half of the directors do not hold concurrent post of employees or managers.

Note 2: Chairman of Tone Investments Ltd., Chairman of Very Mulan Investment Co., Ltd., Chairman of Cha Shin Chi Investment Co., Ltd., Chairman of Main Super Enterprises Co., Ltd., representative of the corporate director of JYH Eng Technology Co., Ltd.; and the representative of the corporate director of Best Link Properties Ltd., JPC (HK) Company Ltd., Lucky Star Investment Corp, Best Match Investments Limited, Best Sky Limited, Hung Fu (Samoa) International Co., Ltd., Diamond Creative Holding Limited and SWS Group Company Limited.

Note 3: Wei-San, Chang, COO, was newly appointed on December 16, 2022.

Note 4: Mao-Chiang, Chang, former Vice President, resigned on March 11, 2022.

Note 5: Wei-Ting, Chen, former Smart Connection Industry Business Assistant Vice President, was appointed as Smart Connection Industry Business Vice President on November 4, 2022.

Note 6: Chun-Hsing, Ho, former Assistant Vice President of Strategic Procurement Division, Greater China - Taiwan Region, was appointed as Vice President of Strategic Procurement Division on September 1, 2022.

Note 7: Yun-Chang, Yang, Assistant Vice President of DNT-SPM and High Frequency Development Division, was newly appointed on June 1, 2022.

Note 8: Kun-Chan, Wu, Assistant Vice President of Electronic Products Development Division, was newly appointed on June 1, 2022.

Note 9: Kang-Chiang, Chen, Greater China - Key Account Assistant Vice President, was newly appointed on January 2, 2023.

Note 10: Chia-Wen, Hung, Assistant Vice President of DNT - Sales Department I/II, was newly appointed on January 2, 2023.

III. Compensation Paid to the Directors, Supervisors, President, and Vice Presidents during the Most Recent Fiscal Year

(I) Compensation Paid to Directors (Including Independent Directors)

Compensation Paid to Directors (Including Independent Directors)

(disclosed by name in an aggregate manner according to range of compensation)

2022; Unit: NT\$1,000; shares 1,000

Title	Name	Compensation Paid to Directors								Ratio of Total Compensation (A+B+C+D) to Net Income		Relevant Compensation Received by Directors who Are Also Employees								Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income		Compensation from Invested Companies Other than Subsidiaries or the Parent Company
		Base Compensation (A)		Severance Pay and Pension (B)		Directors (C)		Business Execution Expenses (D)				Salary, Bonus, and Allowance (E)		Severance Pay and Pension (F)		Employee Compensation (G) (Note 2)						
		The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company		All Companies in Consolidated Financial Statements		The Company	All Companies in Consolidated Financial Statements	
																Cash Amount	Stock Amount	Cash Amount	Stock Amount			
Chairman	Shu-Mei, Chang																					
Vice Chairman	Cin-Chih, Jiang																					
Director	Ming-Kung, Yang	-	-	-	-	3,000	3,000	420	420	0.78%	0.78%	3,258	3,258	-	-	1,000	-	1,000	-	1.75%	1.75%	-
Director	Yu-Ling, Tsai																					
Director (Note 3)	Ming-Hsiang, Cheng																					
Independent Director	Jing-Hua, He																					
Independent Director (Note 4)	Wei-Chu, Hsu																					
Independent Director (Note 5)	Chien-Lung, Chan																					
Independent Director (Note 6)	Li-Chih, Lo	-	-	-	-	1,800	1,800	465	465	0.51%	0.51%	-	-	-	-	-	-	-	-	0.51%	0.51%	-
Independent Director (Note 7)	Shu-Ling, Wang																					
Independent Director (Note 8)	Chih-Feng, Lin																					

*Other than disclosures in the above table, compensation paid to directors for providing services (e.g., providing consulting services as a non-employee) for all companies in consolidated financial statements in the most recent year: None.

- Note 1: The compensations to employees and directors for 2022 have been approved by the Board of Directors on March 27, 2023, and the compensation to employees for 2022 is the proposed distribution amount.
- Note 2: The Business Execution Expenses include the compensation for the part-time members of Compensation Committee.
- Note 3: Director Ming-Hsiang, Cheng was newly elected on June 15, 2022.
- Note 4: The former Independent Director Wei-Chu, Hsu retired on June 15, 2022.
- Note 5: The former Independent Director Chien-Lung, Chan retired on June 15, 2022.
- Note 6: Independent Director Li-Chih, Lo was newly elected on June 15, 2022.
- Note 7: Independent Director Shu-Ling, Wang was newly elected on June 15, 2022.
- Note 8: Independent Director Chih-Feng, Lin was newly elected on June 15, 2022.
- Note 9: Please explain the independent director compensation policy, system, standard, and structure, and the connection between the amount of compensation and the considered factors such as their job responsibilities, risks, and working time: The compensation to the directors of the Company is determined by the Board of Directors in accordance with the Company's Articles of Incorporation, taking into account the degree of participation in and the contribution to the Company's operations. If the Company makes a profit, the Board of Directors shall determine the amount of compensation to directors in accordance with the Company's Articles of Incorporation. The independent directors are members of the Audit Committee and mainly receive the compensation to directors and payment for travel expenses.

Range of Compensation

Range of Compensation Paid to Directors	Name of Director			
	Total Amount of Compensation (A+B+C+D)		Total Amount of Compensation (A+B+C+D+E+F+G)	
	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements
Less than NT\$1,000,000	Shu-Mei, Chang, Cin-Chih, Jiang, Ming-Kung, Yang, Yu-Ling, Tsai, Ming-Hsiang, Cheng (Note 1), Jing-Hua, He, Wei-Chu, Hsu (Note 2), Chien-Lung, Chan (Note 3), Li-Chih, Lo (Note 4), Shu-Ling, Wang (Note 5), Chih-Feng, Lin (Note 6)	Shu-Mei, Chang, Cin-Chih, Jiang, Ming-Kung, Yang, Yu-Ling, Tsai, Ming-Hsiang, Cheng (Note 1), Jing-Hua, He, Wei-Chu, Hsu (Note 2), Chien-Lung, Chan (Note 3), Li-Chih, Lo (Note 4), Shu-Ling, Wang (Note 5), Chih-Feng, Lin (Note 6)	Cin-Chih, Jiang, Ming-Kung, Yang, Yu-Ling, Tsai, Ming-Hsiang, Cheng (Note 1), Jing-Hua, He, Wei-Chu, Hsu (Note 2), Chien-Lung, Chan (Note 3), Li-Chih, Lo (Note 4), Shu-Ling, Wang (Note 5), Chih-Feng, Lin (Note 6)	Cin-Chih, Jiang, Ming-Kung, Yang, Yu-Ling, Tsai, Ming-Hsiang, Cheng (Note 1), Jing-Hua, He, Wei-Chu, Hsu (Note 2), Chien-Lung, Chan (Note 3), Li-Chih, Lo (Note 4), Shu-Ling, Wang (Note 5), Chih-Feng, Lin (Note 6)
NT\$1,000,000 (inclusive)~NT\$2,000,000 (exclusive)	-	-	-	-
NT\$2,000,000 (inclusive)~NT\$3,500,000 (exclusive)	-	-	-	-
NT\$3,500,000 (inclusive)~NT\$5,000,000 (exclusive)	-	-	Shu-Mei, Chang	Shu-Mei, Chang
NT\$5,000,000 (inclusive)~NT\$10,000,000 (exclusive)	-	-	-	-
NT\$10,000,000 (inclusive)~NT\$15,000,000 (exclusive)	-	-	-	-
NT\$15,000,000 (inclusive)~NT\$30,000,000 (exclusive)	-	-	-	-
NT\$30,000,000 (inclusive)~NT\$50,000,000 (exclusive)	-	-	-	-
NT\$50,000,000 (inclusive)~NT\$100,000,000 (exclusive)	-	-	-	-
Over NT\$100,000,000	-	-	-	-
Total	11	11	11	11

Note 1: Director Ming-Hsiang, Cheng was newly elected on June 15, 2022.

Note 2: The former Independent Director Wei-Chu, Hsu retired on June 15, 2022.

Note 3: The former Independent Director Chien-Lung, Chan retired on June 15, 2022.

Note 4: Independent Director Li-Chih, Lo was newly elected on June 15, 2022.

Note 5: Independent Director Shu-Ling, Wang was newly elected on June 15, 2022.

Note 6: Independent Director Chih-Feng, Lin was newly elected on June 15, 2022.

(II) Compensation Paid to President and Vice Presidents

Compensation Paid to President and Vice Presidents (disclosed by name in an aggregate manner according to range of compensation)

2022; Unit: NT\$1,000; shares 1,000

Title	Name	Salary (A)		Severance Pay and Pension (B)		Bonus and Allowance (C)		Employee Compensation (D) (Note 1)				Ratio of Total Compensation (A+B+C+D) to Net Income (%)		Compensation from Invested Companies Other than Subsidiaries or the Parent Company
		The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company		All Companies in Consolidated Financial Statements		The Company	All Companies in Consolidated Financial Statements	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
Chairman and President	Shu- Mei, Chang	7,918	7,918	—	—	811	811	1,000	—	1,000	—	2.21%	2.21%	—
COO (Note 2)	Wei- San, Chang													
Vice President (Note 3)	Mao- Chiang, Chang													
Smart Connection Industry Business Vice President (Note 4)	Wei- Ting, Chen													
Strategic Procurement Division Vice President (Note 5)	Chun- Hsing, Ho													

Note 1: The compensation to employees for 2022 has been approved by the Board of Directors on March 27, 2023, and the compensation to employees for 2022 is the proposed distribution amount.

Note 2: Wei-San, Chang, COO, was newly appointed on December 16, 2022.

Note 3: Mao-Chiang, Chang, former Vice President, resigned on March 11, 2022.

Note 4: Wei-Ting, Chen, former Smart Connection Industry Business Assistant Vice President, was appointed as Smart Connection Industry Business Vice President on November 4, 2022.

Note 5: Chun-Hsing, Ho, former Assistant Vice President of Strategic Procurement Division, Greater China - Taiwan Region, was appointed as Vice President of Strategic Procurement Division on September 1, 2022.

Range of Compensation

Range of Compensation Paid to the President and Vice Presidents	Name of President and Vice President	
	The Company	All Companies in Consolidated Financial Statements
Less than NT\$1,000,000	Wei-San, Chang (Note 1), Mao-Chiang, Chang (Note 2)	Wei-San, Chang (Note 1), Mao-Chiang, Chang (Note 2)
NT\$1,000,000 (inclusive)~NT\$2,000,000 (exclusive)	-	-
NT\$2,000,000 (inclusive)~NT\$3,500,000 (exclusive)	Wei-Ting, Chen (Note 3), Chun-Hsing, Ho (Note 4)	Wei-Ting, Chen (Note 3), Chun-Hsing, Ho (Note 4)
NT\$3,500,000 (inclusive)~NT\$5,000,000 (exclusive)	Shu-Mei, Chang	Shu-Mei, Chang
NT\$5,000,000 (inclusive)~NT\$10,000,000 (exclusive)	-	-
NT\$10,000,000 (inclusive)~NT\$15,000,000 (exclusive)	-	-
NT\$15,000,000 (inclusive)~NT\$30,000,000 (exclusive)	-	-
NT\$30,000,000 (inclusive)~NT\$50,000,000 (exclusive)	-	-
NT\$50,000,000 (inclusive)~NT\$100,000,000 (exclusive)	-	-
Over NT\$100,000,000	-	-
Total	5	5

Note 1: Wei-San, Chang, COO, was newly appointed on December 16, 2022.

Note 2: Mao-Chiang, Chang, former Vice President, resigned on March 11, 2022.

Note 3: Wei-Ting, Chen, former Smart Connection Industry Business Assistant Vice President, was appointed as Smart Connection Industry Business Vice President on November 4, 2022.

Note 4: Chun-Hsing, Ho, former Assistant Vice President of Strategic Procurement Division, Greater China - Taiwan Region, was appointed as Vice President of Strategic Procurement Division on September 1, 2022.

(III) If a TWSE/TPEX listed company has any of the following circumstances, the compensations of the top five highest paid executives shall be disclosed separately:
None, therefore it is not applicable.

1. Loss after tax occurred in the parent company only or individual financial statements for the past three years: None.
2. The TWSE/TPEX listed company's corporate governance evaluation results for the most recent year are at the last level: None.

(IV) Names of the managers who received employee compensation and the distribution status for 2022 December 31, 2022; Unit: NT\$1,000

	Title	Name	Stock Amount	Cash Amount	Total	Ratio of Total Amount to Net Income (%)
Managerial Officer	Chairman and President	Shu-Mei, Chang				
	COO (Note 1)	Wei-San, Chang				
	Vice President (Note 2)	Mao-Chiang, Chang				
	Smart Connection Industry Business Vice President (Note 3)	Wei-Ting, Chen				
	Strategic Procurement Division Vice President (Note 4)	Chun-Hsing, Ho				
	Assistant Vice President	Li-Ling, Huang	—	6,959	6,959	1.58
	CFO	Chih-Ping, Cheng				
	Assistant Vice President of DNT-SPM	Chi-Hsien, Sun				
	Assistant Vice President of DNT-SPM and High Frequency Development Division (Note 5)	Yun-Chang, Yang				
	Assistant Vice President of Electronic Products Development Division (Note 6)	Kun-Chan, Wu				

Note 1: Wei-San, Chang, COO, was newly appointed on December 16, 2022.

Note 2: Mao-Chiang, Chang, former Vice President, resigned on March 11, 2022.

Note 3: Wei-Ting, Chen, former Smart Connection Industry Business Assistant Vice President, was appointed as Smart Connection Industry Business Vice President on November 4, 2022.

Note 4: Chun-Hsing, Ho, former Assistant Vice President of Strategic Procurement Division, Greater China - Taiwan Region, was appointed as Vice President of Strategic Procurement Division on September 1, 2022.

Note 5: Yun-Chang, Yang, Assistant Vice President of DNT-SPM and High Frequency Development Division, was newly appointed on June 1, 2022.

Note 6: Note 6: Kun-Chan, Wu, Assistant Vice President of Electronic Products Development Division, was newly appointed on June 1, 2022.

(V) Analysis of Total Compensation, as a Percentage of Net Income Stated in the Parent Company Only Financial Statements, Paid by the Company and All Companies in Consolidated Financial Statements during the Past 2 Fiscal Years to the Directors, Supervisors, President, and Vice Presidents, Along with Description of Compensation Policies, Standards, and Packages, Procedure for Determining Compensation, and Linkage Thereof to Operating Performance and Future Risk Exposure.

Title	2021 Total compensation, as a percentage of net income, paid by the Company and all companies in consolidated financial statements to the directors, supervisors, president, and vice presidents	2022 Total compensation, as a percentage of net income, paid by the Company and all companies in consolidated financial statements to the directors, supervisors, president, and vice presidents
Director	3.97%	3.46%
President and Vice Presidents		

1. In accordance with Article 16 of the Articles of Incorporation, the compensation to the directors of the Company shall be as follows: The Company shall pay a fixed amount of compensation to the directors of the Company (including independent directors) for performing their duties for the Company, regardless of the Company's operating profit or loss, and shall pay a traffic allowance of NT\$15,000 for each attendance. The compensation to the Company's directors (including independent directors) shall be decided by the Compensation Committee and then submitted to the Board of Directors for discussion and resolution, and shall be determined in accordance with the directors' participation in and contribution to the Company's operations.
2. In accordance with Article 19 of the Articles of Incorporation, the compensation to the Company's employees shall be as follows: if the Company make a profit in a fiscal year, not less than 7% of the profit shall be set aside as the employee compensation, as resolved by the Board of Directors. However, if the Company has accumulated losses, profit shall first be used to offset accumulated losses. The aforementioned compensation to employees may be in stock or cash, and may be paid to employees of the Company's subordinate companies that meet the criteria set by the Board of Directors. The aforementioned compensation to directors may be paid in cash only.
3. The compensation to the President and Vice Presidents includes base salary, meal allowance, and duty allowances, and is paid according to the different education, experience, performance and years of service, with reference to the industry standard.

In summary, the compensation to the Company's directors varies according to the Company's profit, and the compensation to the president and vice president is paid according to industry standard.

IV. Implementation of Corporate Governance

(I) Operation of the Board of Directors

A total of 6 meetings of the Board of Directors were held in 2022. The attendance of the directors is as follows:

Title	Name	Attendance in Person	Attendance by Proxy	Attendance Rate (%)	Remark
Chairman	Shu-Mei, Chang	6	-	100.00	
Director	Mega Power Investments Limited (Representative: Cin-Chih, Jiang)	6	-	100.00	
Director	Top Point Investment Ltd. (Representative: Ming-Kung, Yang)	6	-	100.00	
Director	Tone Investments Ltd. (Representative: Yu-Ling, Tsai)	6	-	100.00	
Director	FSP Technology Inc. (Representative: Ming-Hsiang, Cheng)	4	-	100.00	Note 2
Independent Director	Wei-Chu, Hsu	2	-	100.00	Note 1
Independent Director	Chien-Lung, Chan	2	-	100.00	Note 1
Independent Director	Jing-Hua, He	6	-	100.00	
Independent Director	Shu-Ling, Wang	4	-	100.00	Note 2
Independent Director	Chih-Feng, Lin	4	-	100.00	Note 2
Independent Director	Li-Chih, Lo	4	-	100.00	Note 2

Note 1: Dismissed after general re-election at the Annual Shareholders' Meeting on June 15, 2022.

Note 2: Newly elected after general re-election at the Annual Shareholders' Meeting on June 15, 2022.

Other matters to be recorded:

I. With regard to the implementation of the Board of Directors, if any of the following circumstances occurs, the dates, terms of the meetings, contents of motions, all independent directors' opinions and the Company's handling of such opinions shall be specified.

(I) Matters referred to in Article 14-3 of the Securities and Exchange Act:

Meeting Date (Session)	Content of Motion	All independent directors' opinions and the Company's handling of such opinions
March 18, 2022 (The 1st meeting in 2022)	<ul style="list-style-type: none"> ● Proposal for the amendment to the Company's "Procedures for acquisition or disposal of assets". ● Proposal for the amendment to payment of the compensation to directors and to the method of distribution of directors' 	The chairperson of the meeting consulted all Directors present, and they approved the proposal without objection.

	compensation of the Company.	
December 16, 2022 (The 6th meeting in 2022)	● Proposal to determine the audit fee for CPAs and the independence evaluation of CPAs of the Company for 2022.	

(II) Any recorded or written Board resolutions to which independent directors have objections or reservations to be noted in addition to the above: None.

II. Recusal of directors from voting due to conflicts of interest: None.

III. TWSE/TPEX listed company shall disclose information on the cycle and duration, scope, method and content of the self-evaluation (or peer evaluation) of the Board of Directors, and fill in the following information on the implementation of the board evaluation:

Evaluation of the Board

At the Board of Directors' meeting held on March 27, 2023 (the 1st meeting in 2023), the Company reported the performance evaluation results of the Board of Directors for 2022. For detailed results of the internal and external Board performance evaluation, please refer to "(III) Implementation Status of Corporate Governance and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof"; in addition, the Rules for Performance Evaluations of the Board of Directors are disclosed on the Company's website.

Frequency	Period	Scope	Method	Content
Internal performance evaluation of Board of Directors: annually.	From January 1, 2022 to December 31, 2022.	Performance evaluation of the Board, individual directors, and functional committees.	Self-evaluation by the Board, self-evaluation by board members, and self-evaluation by functional committee members.	The performance of the Board of Directors is evaluated in five aspects, including participation in the Company's operations, improvement of decision-making quality of the Board of Directors, composition and structure of the Board of Directors, election and continuing education of directors, and internal control; the performance of the Board members is evaluated in six aspects, including mastery of the Company's objectives and tasks, understanding of directors' responsibilities, participation in the Company's operations, internal relationship management and communication, professional skills and continuing education of directors, and internal control; the performance of each functional committee is evaluated in five aspects, including the participation in the company's operations, understanding of the functional committee's responsibilities, improvement of the decision-making quality of functional committee, composition of functional committee and election of members, and internal control.

IV. Goals for improvement of the Board of Directors' functions and evaluation on their implementation in the current year and the most recent year:

1. The Company's Board of Directors is elected in accordance with the law, the Company's annual

report and the resolution of the Shareholders' Meeting. All directors have the necessary professional knowledge and skills to perform their duties, and are committed to creating maximum benefits for the shareholders in line with the principle of good faith.

2. The Company has established functional committees such as the Audit Committee, the Compensation Committee and the Sustainable Development Committee to assist the Board of Directors in carrying out its duties and supervisory responsibilities, and has also established the "Rules of Procedures of the Board of Directors" to establish a good system for the Board of Directors.
3. To improve the corporate governance system, the Company has established basic rules and management regulations related to corporate governance by resolution of the Board of Directors, including the "Corporate Governance Best Practice Principles", "Rules of Procedures for Shareholders' Meeting", "Rules of Procedures for Board of Directors", "Standard Operating Procedures for Handling Directors' Requests", "Ethical Corporate Management Best Practice Principles", "Rules for Handling Reports of Illegal, Unethical or Dishonest Conducts", "Risk Management Policy", "Procedures for Ethical Management and Guidelines for Conduct", and "Rules for Performance Evaluations of the Board of Directors", etc.

(II) Operation of Audit Committee

A total of 5 meetings of the Audit Committee were held in 2022. The attendance of independent directors is as follows:

Title	Name	Attendance in Person	Attendance by Proxy	Attendance Rate (%)	Remark
Independent Director	Wei-Chu, Hsu	2	-	100.00	Note 1
Independent Director	Chien-Lung, Chan	2	-	100.00	Note 1
Independent Director	Jing-Hua, He	5	-	100.00	
Independent Director	Shu-Ling, Wang	3	-	100.00	Note 2
Independent Director	Chih-Feng, Lin	3	-	100.00	Note 2
Independent Director	Li-Chih, Lo	3	-	100.00	Note 2

Note 1: Dismissed after general re-election at the Annual Shareholders' Meeting on June 15, 2022.

Note 2: Newly elected after general re-election at the Annual Shareholders' Meeting on June 15, 2022.

Other matters to be recorded:

- I. With regard to the implementation of the Audit Committee, if any of the following circumstances occurs, the dates, terms of the meetings, contents of motions, all Audit Committee resolutions, and the Company's handling of such resolutions shall be specified:

- (I) Matters referred to in Article 14-5 of the Securities and Exchange Act:

Meeting Date (Session)	Content of Motion	All independent directors' opinions and the Company's handling of such opinions
March 18, 2022 (The 1st meeting in 2022)	<ul style="list-style-type: none"> ● The Company's annual business report, parent company only financial statements and consolidated financial statements for 2021. ● The Company has issued a statement of internal control system in accordance with the "Regulations Governing the Establishment of Internal Control Systems by Public Companies". ● Proposal for the amendment to the Company's "Procedures for acquisition or disposal of assets". 	The chairperson of the meeting consulted all Directors present, and they approved the proposal without objection.

December 16, 2022 (The 5th meeting in 2022)	<ul style="list-style-type: none"> ● Approved the audit fee for CPAs and the independence evaluation of CPAs of the Company for 2022. 	
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(II) Other matters not approved by the Audit Committee but approved by two-thirds or more of all directors:
None.

II. Recusal of independent directors from voting due to conflicts of interest: None.

III. Communication between the independent directors, chief internal auditor, and CPAs:

1. Communication policy between independent directors and chief internal auditor:

(1) The Chief Internal Auditor shall submit audit reports and deficiency tracking reports on the implementation status of the Company's annual audit plan and the improvement of internal control deficiency tracking to the independent directors for review on a regular basis.

(2) Report to the independent directors on the progress of the audit at least once a quarter. In the event of any significant abnormal events, immediately prepare a report and notify the independent directors. There were no such abnormal conditions in 2022.

2. Summary of communications between the independent directors and the Chief Internal Auditor:

Item	Date of meeting	Summary of the key points of communication	Communication status and results
1.	2022/03/18	(1) The Company's Statement on the Internal Control System for 2021 was issued. (2) The progress report of the Company's auditing work in the fourth quarter of 2021.	1. The chairperson of the meeting consulted all committee members present, and they approved the proposal without objection. 2. Approved and submitted to the Board of Directors.
2.	2022/05/04	(1) The progress report of the Company's auditing work in the first quarter of 2022.	The chairperson of the meeting consulted all committee members present, and they approved the proposal without objection.
3.	2022/08/05	(1) The progress report of the Company's auditing work in the second quarter of 2022.	The chairperson of the meeting consulted all committee members present, and they approved the proposal without objection.
4.	2022/11/04	(1) Submitted the Company's Audit Plan for 2022.	The chairperson of the meeting consulted all committee members present, and they approved the proposal without objection.
5.	2022/12/16	(1) Submitted the Company's Audit Plan for 2023.	The chairperson of the meeting consulted all committee members present, and they approved the proposal without objection.

Results: All of the above matters were discussed and approved by the independent directors of the Audit Committee, and the independent directors had no objection.

3. Communication Policy between Independent Directors and CPAs:

(1) The independent directors of the Audit Committee and the CPAs will hold regular corporate governance meetings at least once a year, and when necessary, the CPAs will also communicate and discuss in writing. The scope includes the independence of the CPA's audit of the Group's consolidated financial statements and related responsibilities, audit plan related matters, material findings of the audit (including adjustments of

journal entries and significant deficiencies in internal control), audit report contents, and the review results of interim consolidated financial statements.

(2) The Audit Committee will complete the review report according to the Group's consolidated financial statements audited by professional CPAs and the audit opinion report.

4. Summary of communications between the independent directors and the CPAs:

Item	Date of meeting	Summary of the key points of communication	Communication status and results
1.	2022/03/18	(1) Financial statements of the Company for 2021. (2) Important matters of communication with the governance department.	The chairperson of the meeting consulted all committee members present, and they approved the proposal without objection.

IV. Annual work focus and operation of the Audit Committee:

Work focus	Operation	
	Resolution	The Company's response to committee members' opinions
Evaluation on the effectiveness of internal control system	Passed	Independent directors have no opinion
Appointment, dismissal or compensation of CPAs	Passed	Independent directors have no opinion
Annual Financial Statements	Passed	Independent directors have no opinion

(III) Implementation Status of Corporate Governance and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof

Evaluation Item	Implementation Status (Note)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/ TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary Description	
I. Does the company establish and disclose its corporate governance best-practice principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?	Yes		<p>A. The Company has established its corporate governance best-practice principles and set a corporate governance officer to perform corporate governance-related matters. For related regulations, please refer to the important internal regulations on the official website.</p> <p>B. The Company's Board of Directors resolved on March 21, 2019 to appoint CFO Chih-Ping, Cheng as the corporate governance Officer to protect shareholders' rights and interests and strengthen the functions of the Board of Directors. CFO Chih-Ping, Cheng has over 20 years of experience in accounting, auditing and financial management of listed companies. The main responsibilities of the Corporate Governance Officer are to handle affairs related to the Board of Directors and Shareholders' Meeting, prepare minutes of board meetings and shareholders' meetings, assist directors in their assumption of duty and continuing education, provide directors with the materials required for performance of their duties, and assist directors in legal compliance.</p> <p>C. The business execution status for 2022 is as follows:</p> <ol style="list-style-type: none"> 1. Assisted independent directors and directors in carrying out their duties, provided the materials required and arranged for directors' continuing education: <ol style="list-style-type: none"> (1) Provided members of the Board of Directors with the latest revisions and developments of laws and regulations related to the Company's business scope and corporate governance at the time of their appointment, and updated the relevant information on a regular basis. (2) Reviewed the level of confidentiality of relevant information and provided directors with the required corporate information, and maintained smooth communication and exchange between directors and business executives. (3) Assisted in arranging meetings between the independent directors and the Chief Internal Auditor or CPAs when it is necessary to understand the Company's financial operations in accordance with the Corporate Governance Best Practice Principles. (4) In accordance with the industry characteristics of the Company and the education and experience background of the directors, assisted the independent directors and directors in preparing annual continuing education plans and arranging courses. 2. Assisted in legal compliance of the rules of procedure and resolution compliance of the Board of Directors' and Shareholders' Meetings: <ol style="list-style-type: none"> (1) Reported to the Board of Directors, Independent Directors and the Audit Committee on the Company's corporate governance implementation status, and confirmed whether the Company's shareholders' meetings and board meetings were held in compliance with the relevant regulations of Corporate Governance Best Practice Principles. (2) Assisted and reminded the directors of the rules and regulations that should be observed when conducting business or making formal resolutions of the Board of Directors, and put forward suggestions to the Board of Directors when illegal resolutions were about to be made. (3) Reviewed the release of material information on important resolutions of the Board of Directors after the meeting to 	-

Evaluation Item	Implementation Status (Note)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/ TPEX Listed Companies and Reasons Thereof										
	Yes	No	Summary Description											
			<p>ensure the legality and correctness of the content of the material information and ensure the equivalence of investors' transaction information.</p> <p>3. Prepared the agenda of the Board of Directors' meetings, notified the directors seven days in advance, convened the meetings and provided meeting information, reminded those who should avoid themselves from any issues due to conflict of interests in advance, and completed the meeting minutes of the Board of Directors within 20 days after the meeting.</p> <p>4. Handled pre-registration for the date of the shareholders' meeting, prepared the notice of meeting, meeting manual, and meeting minutes within the legal time limit, and registered the changes in case of amendment to the articles of incorporation or the re-election of directors in accordance with the law.</p> <p>D. The Company's corporate governance officer has completed the continuing education courses in accordance with the regulations. The continuing education status of the corporate governance officer in 2022 is as follows:</p> <table border="1"> <thead> <tr> <th>Date of Continuing Training</th> <th>Training Institution</th> <th>Course Name</th> <th>Training Hours (Hours)</th> <th>Total Training Hours (Hours)</th> </tr> </thead> <tbody> <tr> <td>2022/11/28~2022/11/29</td> <td>Taiwan Accounting Research and Development Foundation</td> <td>Continuing Education Course for Accounting Supervisors of Issuer, Securities Dealers and Stock Exchanges (3 hours of auditing + 6 hours of corporate governance + 3 hours of professional ethics and legal responsibility)</td> <td>12</td> <td>12</td> </tr> </tbody> </table>	Date of Continuing Training	Training Institution	Course Name	Training Hours (Hours)	Total Training Hours (Hours)	2022/11/28~2022/11/29	Taiwan Accounting Research and Development Foundation	Continuing Education Course for Accounting Supervisors of Issuer, Securities Dealers and Stock Exchanges (3 hours of auditing + 6 hours of corporate governance + 3 hours of professional ethics and legal responsibility)	12	12	
Date of Continuing Training	Training Institution	Course Name	Training Hours (Hours)	Total Training Hours (Hours)										
2022/11/28~2022/11/29	Taiwan Accounting Research and Development Foundation	Continuing Education Course for Accounting Supervisors of Issuer, Securities Dealers and Stock Exchanges (3 hours of auditing + 6 hours of corporate governance + 3 hours of professional ethics and legal responsibility)	12	12										
<p>II. Shareholding structure & shareholders' rights</p> <p>(I) Does the company establish and implement internal operating procedures to deal with shareholders' suggestions, doubts, disputes, and litigations?</p> <p>(II) Does the company possess a list of its major shareholders with controlling power as well as the ultimate owners of those major shareholders?</p> <p>(III) Does the company establish and execute a risk management and firewall system within its affiliates?</p> <p>(IV) (IV) Does the company establish internal rules against insiders using undisclosed information to trade in securities?</p>	<p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p>		<p>(I) The Company has set up a Spokesperson and a Deputy Spokesperson to handle related matters in accordance with the regulations, and the Company also has a dedicated section on the website to receive questions or suggestions.</p> <p>(II) The Company keeps track of changes in insider shareholdings and may obtain a list of major shareholders and their ultimate controllers, and discloses relevant information on a regular basis.</p> <p>(III) The Company's investment matters are handled in accordance with the Company's "Internal Control System", "Internal Audit System" and relevant laws and regulations.</p> <p>(IV) The Company educates its insiders about the relevant laws and regulations from time to time. In addition, the Company has established the "Procedures for Handling Internal Material Information" to prevent insider trading and protect investors and the Company's interests. When new directors and managers take office, the Company also</p>	<p>—</p> <p>—</p> <p>—</p> <p>—</p>										

Evaluation Item	Implementation Status (Note)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/ TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary Description	
			provides information on the relevant regulations and reminds them of the precautions to be taken in connection with insider trading.	
<p>III. Composition and responsibilities of the Board of Directors</p> <p>(I) Does the Board of Directors establish a diversity policy and specific management objectives and implement them?</p>	Yes		<p>(I)</p> <ol style="list-style-type: none"> The Company's Board of Directors has formulated the "Corporate Governance Best Practice Principles" on December 13, 2018, where a diversity policy is stated in Chapter 3 "Enhancing the Functions of the Board of Directors." The nomination and election of members of the Board of Directors is conducted in accordance with the Articles of Incorporation, wherein a candidate nomination system is adopted. In addition to the evaluation of the education background and work experience of candidates, stakeholders' opinions are also taken into consideration in accordance with the "Regulations Governing Election of Directors" and the "Corporate Governance Best Practice Principles" in order to ensure the diversity and independence of members of the Board of Directors. Among the nine members of the Board of Directors of the Company, there are three female members (Chairman Shu-Mei, Chang, Director Yu-Ling, Tsai, and Independent Director Shu-Ling, Wang) and four independent directors (Independent Director Jing-Hua, He, Independent Director Chih-Feng, Lin, Independent Director Li-Chih, Lo, and Independent Director Shu-Ling, Wang), making the composition of the Board more diversified. The board members are specialized in different fields: Chairman Shu-Mei, Chang, Vice Chairman Cin-Chih, Jiang, Director Ming-Kung, Yang, Director Ming-Hsiang, Cheng, Independent Director Jing-Hua, He, and Independent Director Li-Chih, Lo are specialized in leadership, operational judgment, business management, crisis management with industry knowledge and international market perspective; Director Yu-Ling, Tsai and Independent Director Chih-Feng, Lin are specialized in the field of law, and Independent Director Shu-Ling, Wang are specialized in the field of accounting and finance. The proportion of independent directors is 44.44% and the proportion of female directors is 33.33%. One of the independent directors has a seniority of more than five years and three of the independent directors have a seniority of less than three years. The Company attaches importance to gender equality in the composition of the Board of Directors, and the proportion of female directors is more than 20%. Further information concerning the Board diversity policy can be found on the company website and the MOPS. 	—
<p>(II) Does the company voluntarily establish other functional committees in addition to the legally-required Compensation Committee and Audit Committee?</p>	Yes		<p>(II) In addition to the Compensation Committee and Audit Committee, the Company established the Sustainable Development Committee on November 4, 2022 to establish an ESG-related promotion and implementation unit, consisting of Chairman Shu-Mei, Chang, Independent Director Shu-Ling, Wang, CFO Chih-Ping, Cheng, and Vice President of Strategic Procurement Division Chun-Hsing, Ho, with Chairman Shu-Mei, Chang as the convener and chairperson. JPC extends the concept and practice of corporate social responsibility to the supply chain and implements energy-saving and carbon-reducing activities to realize effective utilization of resources. From 2022, JPC promotes GREEN supply chain, practices the concept of "Reduce", "Reuse" and "Recycle", and set the goal of net zero carbon emission by 2050.</p>	—
<p>(III) Does the company establish standards and methods to</p>	Yes		<p>(III) On December 16, 2022, the discussion unit of the Company's Board of Directors acted as the executive unit for the performance</p>	—

Evaluation Item	Implementation Status (Note)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/ TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary Description	
evaluate the performance of the Board of Directors, conduct the evaluation annually and regularly, report the results of evaluations to the Board of Directors, and use them as a reference for individual directors' compensation and nomination and renewal?			<p>evaluation of the Board of Directors. At the end of each year, the discussion unit of the Board of Directors will assist in collecting information on Board activities and implement an internal self-evaluation of board performance. For the Board of Directors, board members, and all functional committees (including the Audit Committee, Compensation Committee, and Sustainable Development Committee), the self-evaluation is conducted by means of questionnaires, the questionnaires will be collected and counted, and the evaluation results will be submitted to the Board of Directors as the basis for review and improvement. In addition, the aforementioned regulations stipulate that external evaluation shall be conducted at least once every three years.</p> <ul style="list-style-type: none"> ● The performance evaluation of the Company's Board of Directors includes the following five aspects: <ol style="list-style-type: none"> 1. Participation in the Company's operations. 2. Improvement of decision-making quality of the Board of Directors. 3. Composition and structure of the Board of Directors. 4. Election and continuing education of directors. 5. Internal control. ● The performance evaluation of the Company's Board members includes the following six aspects: <ol style="list-style-type: none"> 1. Mastery of the Company's objectives and tasks. 2. Understanding of directors' responsibilities. 3. Participation in the Company's operations. 4. Internal relationship management and communication. 5. Professional skills and continuing education of directors. 6. Internal control. ● The performance evaluation of each functional committee includes the following five aspects: <ol style="list-style-type: none"> 1. Participation in the Company's operations. 2. Understanding of the functional committee's responsibilities. 3. Improvement of the decision-making quality of functional committee 4. Composition of functional committee and election of members. 5. Internal control. ● In March 2023, the Company completed the internal performance self-evaluation of the Board of Directors, Board members and functional committee members for 2022. The full score of each of the above evaluations is 100 points. The self-evaluation scores of the Board of Directors and the Board members were 97.22 and 97.50, respectively, which were rated as "significantly exceeding the standard"; the self-evaluation scores of the functional committees were 99.06 for the Audit Committee, 99.58 for the Compensation Committee and 95.63 for the Sustainable Development Committee, respectively. ● The above evaluation results have been submitted to the Board of Directors on March 27, 2023 (the first meeting in 2023), and the main improvement suggestions and future continuous improvement directions are as follows: <ol style="list-style-type: none"> 1. Board of Directors and Board members: <ol style="list-style-type: none"> (1) In the future, the Board of Directors' meeting will focus on important financial reports, and strengthening JPC's industry trends and business operation descriptions for each quarter to help directors become familiar with JPC's core values and give appropriate operational suggestions. (2) After the meeting, we will follow up on the implementation of various issues and provide appropriate feedback to the directors to improve the internal execution efficiency. 	

Evaluation Item	Implementation Status (Note)		Summary Description	Deviations from the Corporate Governance Best-Practice Principles for TWSE/ TPEX Listed Companies and Reasons Thereof
	Yes	No		
(IV) Does the company regularly evaluate the independence of the CPAs?	Yes		<p>2. Functional Committees:</p> <p>(1) Audit Committee: Increase the frequency of communication between the CPAs and the Audit Committee, review the CPA's audit on the Company and the independence of the CPAs, strengthen the internal control execution and evaluation, measure the effectiveness and compliance of the existing policies and procedures, and regularly communicate with the Audit Committee and make improvement on the impact of various operating activities.</p> <p>(2) Compensation Committee: Convene Compensation Committee meetings when necessary, without limiting the number of meetings, and clarify the proposals that should be included in the meeting.</p> <p>(3) Sustainable Development Committee: Define the core values of the JPC for ESG, set major issues and objectives of JPC, clearly provide progress reports to members, evaluate potential risks of JPC and make recommendations, and implement the 2023 Sustainability Execution Plan.</p> <ul style="list-style-type: none"> ● The Company has disclosed the "Rules for Performance Evaluations of the Board of Directors" on the MOPS and the Company's website, and the relevant performance evaluation results of the Board of Directors have been disclosed on the "Corporate Governance Implementation Status" page of the "Corporate Governance" section on the Company's website. <p>(IV) The Company regularly evaluates the independence, suitability and professionalism of the CPAs at least once a year, focusing on the scale and reputation of the accounting firm, the number of years of continuous provision of audit services, the nature and extent of non-audit services provided, the audit fee, peer review, the absence of any legal proceedings or cases amended or investigated by the competent authorities, the quality of audit services, the availability of regular continuing education, and the interaction with the management and Chief Internal Auditor. The Company has confirmed that the CPAs have no financial interests or business relationships with the Company other than the fees for audit and tax cases, and that they meet the Company's independence evaluation standards and are qualified to serve as the Company's CPAs. The CPAs are required to provide a disinterested and independent written statement, based on which the Board of Directors will perform its evaluation. The evaluation results for the most recent two years were completed on December 17, 2021 and December 16, 2022, respectively.</p>	—
IV. Does the company appoint adequate persons and a chief governance officer to be in charge of corporate governance matters (including but not limited to providing directors and supervisors required information for business execution, assisting directors and supervisors in following laws and regulations, handling matters in relation to the Board meetings and shareholders' meetings and keeping minutes at the Board meetings and shareholders' meetings according to law)?	Yes		The Company has established a corporate governance unit with CFO Chih-Ping, Cheng as the Corporate Governance Officer to handle business related to corporate governance and learn related courses in accordance with the law.	—
V. Does the company establish communication channels and a dedicated section on the company	Yes		The Company has set up a Spokesperson and a Deputy Spokesperson to handle related matters in accordance with regulations, and has set up "Investor Relations" and "Consultation & Opinions" on the Company's	—

Evaluation Item	Implementation Status (Note)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/ TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary Description	
website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers) to respond to material CSR issues in a proper manner?			website to establish communication channels with stakeholders. In addition, a stakeholder section has been set up on the Company's website for investors' use.	
VI. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	Yes		The Company has appointed KGI Securities to deal with shareholder affairs.	—
VII. Information disclosure				
(I) Does the company have a website to disclose the financial operations and corporate governance status?	Yes		(I) The Company has a website (http://www.jpcco.com/) to disclose the financial operations and corporate governance status.	—
(II) Does the company have other information disclosure channels (e.g., building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, and making the process of investor conferences available on the corporate website)?	Yes		(II) The Company has set up a spokesperson system in accordance with the regulations, and the spokesperson is Wei-Ling I; the Company has also set up an English/Japanese website at the following address: http://www.jpcco.com .	—
(III) Does the company publicly announce and file the annual financial reports within two months after the close of the given fiscal year and publicly announce and file the first, second, and third quarterly financial reports and the operation of each month ahead of the required deadline?		No	(III) The Company has made announcements and declarations on the Market Observation Post System in accordance with the regulations, and provided financial information to investors for reference on the Investor Relations section of the Company's website.	The annual financial statements shall be announced and declared within three months after the end of a fiscal year.
VIII. Is there any other important information to facilitate a better understanding of the company's corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchase of liability insurance for directors and supervisors)?	Yes		(I) The Company attaches importance to labor safety and welfare, and has established relevant measures to provide employee protection. (II) Based on the responsibility for protection of investors, the Company will disclose information in accordance with relevant laws and regulations, and promote good interaction with its investors. (III) The Company has good interactive and cooperative relationship with suppliers and provides good and efficient information communication to establish a long-term cooperation and economic operation model. (IV) The Company provides continuing education courses for directors from time to time, and purchases liability insurance for directors in accordance with the Articles of Incorporation. (V) The Company's website has a stakeholder section and a corporate governance section to provide information about risk management policies. (VI) The succession plan of the Company's board members and key management and its implementation status: the succession plan requires that the successor must possess excellent professional and management abilities, values consistent with the Company, and personality traits that include honesty, integrity, innovation, and execution power. The training contents for senior management successors includes trainings on management and professional ability, job rotation, and experience in group companies, etc., in order to comprehensively develop the business management abilities of senior executives.	—

Evaluation Item	Implementation Status (Note)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/ TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary Description	
			<p>(1) Succession plan for board members: The Company currently has 9 directors (including 4 independent directors), all of whom have relevant experience in operation and management, leadership and decision-making. We also recruit talents with professional backgrounds in industry knowledge, financial analysis, and legal affairs, who have extensive industry practice or professional financial accounting experience, and have practical management experience. In addition to professional background (e.g. accounting, industry, finance, marketing, law, etc.) and professional skills (e.g. marketing ability, operational judgment ability, accounting and financial analysis abilities, business management ability, industry knowledge, international market perspective, leadership, etc.), they should also possess expertise and concepts regarding the business and management plan of the Company; the Company also conducts internal board performance evaluations on a regular basis, and the evaluation results are used as a reference for the selection or nomination of directors.</p> <p>With respect to the succession plan of the Board of Directors, in addition to the Company's current Regulations Governing Election of Directors and senior management, the Company's major shareholders have been working in the communications industry for a long time and have sufficient talent pool to take over future director vacancies. As for the independent directors, the Company is well connected with the domestic and international communication markets and has sufficient talents to take over the future director vacancies. There are also sufficient domestic professionals in this field. Therefore, the Company plans to appoint professionals from various fields in the industry or academia as successors to the independent directors to enhance the corporate governance more effectively.</p> <p>(2) Succession plan for key management: The Company's key management is composed of employees at the Assistant Vice President level and above, and is evaluated based on personality traits, performance and future potential. The personality traits include honesty, integrity, promise keeping and breakthrough thinking, etc. In addition to excellent job performance, they must also meet the Company's core values and mission vision. As the key management covers all departments of the Group, they are actively cultivated by the Company. Department heads have clear job responsibilities and have designated deputies for training and cultivation. In addition, the Company also encourages key management to receive on-the-job training or participate in education and training provided by external organizations to enhance their all-round capabilities. In accordance with the future development and investment plans, the Company conducts cross-departmental cooperation training for key personnel, hoping to cultivate various abilities of succession personnel for the smooth implementation of future succession plans.</p>	
IX. Please explain the improvements made in accordance with the Corporate Governance Evaluation results released by the Taiwan Stock Exchange's Corporate Governance Center, and provide the priorities and plans for improvement with items yet to be improved.		No	<ol style="list-style-type: none"> The range of 2021 (8th) corporate governance evaluation is 36%~50%, and the Company will work towards improving various corporate governance matters. The Company's self-evaluation on governance does not find any significant deficiency that require improvement. 	—

Note: The Implementation Status, regardless of whether "Yes" or "No" is checked, should be stated in the Summary Description column.

(IV) If the Company has a compensation committee, the composition, responsibilities and operation of the committee should be disclosed. In accordance with the "Regulations Governing Establishment and Exercise of Authority of the Compensation Committee of TWSE/TPEX Listed Companies", the Company's Board of Directors approved the Charter of the Compensation Committee and the establishment of the Compensation Committee on December 23, 2011.

Information on the Compensation Committee members

Title (Note 1)	Qualifications Name	Professional Qualification and Work Experience (Note 2)	Independence Criteria (Note 3)	Number of Other Public Companies where the Individual Concurrently Serves as a Compensation Committee Member
Independent Director	Chih-Feng, Lin	Please refer to pages 20-24, 4. Information on Professional Qualifications of Directors and Independence of Independent Directors. Not under any of the categories stated in Article 30 of the Company Act.	(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 a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or is ranked in the top 10 in shareholdings. (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the officer in the preceding subparagraph (1), or of any of the persons in the preceding subparagraphs (2) and (3). (5) Not a director, supervisor, or employee of an institutional shareholder that directly holds 5% or more of the total number of issued shares of the Company, or that ranks among the top 5 in shareholdings, or that designates its representative to serve as a director or supervisor of the Company under Paragraph 1 or 2, Article 27 of the Company Act.	-
Independent Director	Shu-Ling, Wang		(6) Not a director, supervisor or employee of a company controlled by the same person who has shares over half of the Company's director seats or voting rights. (7) Not a director, supervisor, or employee of another company or institution who, or whose spouse, is a chairman, president, or person holding an equivalent position of the Company. (8) Not a director, supervisor, manager, or shareholder holding 5% or more of the shares, of a specified company or institution that has a financial or business relationship with the Company.	-
Others	Kuo-Ming, Peng		(9) Not a professional individual, sole proprietorship, partnership, owner of a company or institution, partner, director, supervisor, managerial officer or spouse thereof that provides auditing service for the Company or any of its affiliates, or provides commercial, legal, financial, or accounting service with compensation in the past two years. (10) Not a spouse or a relative within the second degree of kinship to any other director of the Company. (11) Not a governmental or judicial person or a representative thereof as defined in Article 27 of the Company Act.	-

Note 1: Please specify the relevant years of experience, professional qualifications and experience and independence of each member of the Compensation Committee in the form. If independent director, please state the

relevant contents in the Remarks according to Schedule 1 Information on Directors and Supervisors (I) on pages 20-24. For the title, please fill in independent director or others (add a note if convener).

Note 2: Professional Qualification and Work Experience: The professional qualification and work experience of individual member of the Compensation Committee shall be stated.

Note 3: Independence criteria: The member of the Compensation Committee shall state the circumstances that qualify him/her to be independent, including but not limited to whether the independent director, his/her spouse or relatives within the second degree of kinship serve as directors, supervisors or employees of the Company or its affiliates; The number and weight of shares of the Company held by independent directors, his/her spouses, relatives within the second degree of kinship (or using the names of others); Whether they are directors, supervisors or employees of companies with specific relationships with the Company; The amount of compensation received for the provision of business, legal, financial and accounting services to the Company or its affiliates in the last two years.

Operational status of the Compensation Committee

1. There are a total of 3 members in the Compensation Committee of the Company.
2. The term of office of the current Compensation Committee is from June 15, 2022 to June 14, 2025. A total of 4 meetings of the Compensation Committee were held in 2022, with the qualifications of members and attendance records as follows:

Title	Name	Attendance in Person	Attendance by Proxy	Attendance Rate (%)	Remark
Convener	Jing-Hua, He	1	-	100.00	
Committee Member	Wei-Chu, Hsu	1	-	100.00	
Committee Member	Shang-Jen, Kuan	0	1	0.00	Delegated Committee Member Wei-Chu, Hsu
Convener	Chih-Feng, Lin	3	-	100.00	From June 15, 2022 to June 14, 2025 New Committee Member
New Committee Member	Shu-Ling, Wang	3	-	100.00	From June 15, 2022 to June 14, 2025 New Committee Member
Committee Member	Kuo-Ming, Peng	3	-	100.00	From June 15, 2022 to June 14, 2025 New Committee Member

Other matters to be recorded:

- I. If the Board of Directors refuses to adopt or amends a recommendation of the Compensation Committee, the date of the meeting, session, content of the motion, resolution by the Board of Directors, and the company's response to the Compensation Committee's opinion (e.g., if the compensation passed by the Board of Directors exceeds the recommendation of the Compensation Committee, the circumstances and cause for the difference shall be specified) shall be specified: None.
- II. If there are resolutions of the Compensation Committee to which members object or express reservations, and for which there is a record or declaration in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion shall be specified: None.

3. The date and session of the 2022 Compensation Committee meetings, the content of the motion, resolution, and the Company's response to the Compensation Committee's opinions.

Compensation Committee	Content of Motion and Follow-up	Resolution	The Company's response to the Compensation Committee's opinions
The 7th meeting of the 4th Compensation Committee March 18, 2022	<ol style="list-style-type: none"> 1. Report on the amendment to the Regulations on Performance Bonus. 2. The proposal for discussion on compensation for new insiders of the Company is submitted for consideration. 3. The proposal for the distribution of employees' and directors' compensation of the Company for 2021 is submitted for discussion. 4. The proposal for the distribution of managers' compensation of the Company for 2021 is submitted for discussion. 5. The proposal for determination of the compensation to directors and the amendment to the method of distribution of directors' compensation of the Company is submitted for consideration. 	Passed by the agreement of all committee members.	Submitted to the Board of Directors and adopted by all directors present.
The 1st meeting of the 5th Compensation Committee August 5, 2022	There are only reports this time.	—	—
The 2nd meeting of the 5th Compensation Committee November 4, 2022	<ol style="list-style-type: none"> 1. The proposal for the managers of the Company is submitted for consideration. 	Passed by the agreement of all committee members.	Submitted to the Board of Directors and adopted by all directors present.
The 3rd meeting of the 5th Compensation Committee December 16, 2022	<ol style="list-style-type: none"> 1. The proposal for the new Chief Operation Officer of the Company is submitted for consideration. 	Passed by the agreement of all committee members.	Submitted to the Board of Directors and adopted by all directors present.

(V) Implementation Status of Promoting Sustainable Development and Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof

Promotion items	Implementation Status (Note 1)			Deviations from the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary Description (Note 2)	
I. Does the company establish a governance structure and an exclusively (or concurrently) dedicated unit to implement sustainable development and have management appointed by the Board of Directors to be in charge of sustainable development and to report the supervision results to the Board of Directors?	Yes		The Company established the Sustainable Development Committee on November 4, 2022, and the Board of Directors approved on November 4, 2022 that the Committee was authorized to promote and strengthen the decisions and supervision on promoting and strengthening sustainable development and ESG development in accordance with its responsibilities.	—
II. Does the company conduct risk assessments on environmental, social and corporate governance issues related to the business operations and formulate relevant risk management policies or strategies based on the materiality principle?	Yes		The Company established the risk management policy on March 20, 2020. The Sustainable Development Committee identifies the risk assessment standards, processes, results and risk management policies or strategies for environmental, social and corporate governance-related material issues to ensure the Company's sound operation and sustainable development, and uses them as the basis for various risk management and implementation to strengthen corporate governance and to reasonably ensure the achievement of the Company's objectives.	—
III. Environmental issues (I) Does the company establish an environmental management system proper to its industry's characteristics? (II) Does the company endeavor to utilize energy sources more efficiently and use renewable materials that have low impact on the environment?	Yes Yes		(I) The Company has established establish an environmental management system proper to its industry's characteristics and obtained ISO140001, SONY GP&QC080000 and other environmental management related certifications. (II) The Company has implemented recycling of waste products to improve the utilization efficiency of all resources. The Company also implements a policy of not using conflict minerals and guarantees that the gold (Au), tantalum (Ta), tungsten (W), cobalt (Co), tin (Sn), mica (Mica) and other metal minerals used in materials, parts and products delivered to our customers in the past and in the future are not mined through anarchic or illegal groups or from the mining areas involved in	— —

Promotion items	Implementation Status (Note 1)			Deviations from the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary Description (Note 2)	
(III) Does the company assess the potential risks and opportunities of climate change for its current and future operations and undertake response measures with respect to climate change?	Yes		armed conflict, human rights infringement or in conflict area in the Democratic Republic of the Congo, or obtained through illegal smuggling. The Company understands and recognizes the value of human rights and does not use minerals mined under any circumstances involving armed conflict or human rights infringement. (III) In response to global warming caused by climate change, the Company actively promotes the environmental protection concept of energy saving and carbon reduction, makes contribution to society, and strengthens employees' awareness of green energy and environmental protection in corporate governance in order to reduce greenhouse gas emissions.	—
(IV) Does the company calculate the amount of greenhouse gas emissions, water consumption, and waste production in the past two years and implement policies to cut down greenhouse gas emissions, water consumption and waste production?	Yes		(IV) The Company promotes and implements the policy of reducing electricity consumption in offices and installing energy-saving lamps to reduce greenhouse gas emissions. The Company has obtained local production permits and ISO14001 certification for each production site; conducts annual internal audits of environmental performance to reduce resource waste and waste generation and to implement the concept of sustainable operation.	—
IV. Social issues (I) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	Yes		(I) The Company protects the legal rights and interests of its employees in accordance with labor laws and regulations, and provides pensions and establishes the Employee Welfare Committee. The Company is also committed to complying with the International Bill of Human Rights, International Labour Convention, the Labor Standards Act of Taiwan, and other relevant laws and regulations, implementing the Code of Conduct - Responsible Business Alliance (RBA), as well as other applicable industry standards and international conventions, and continuously improving the working	—

Promotion items	Implementation Status (Note 1)			Deviations from the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary Description (Note 2)	
(II) Does the company appropriately reflect the business performances or achievements in the employee compensation policy (including salary, annual leave and other benefits)?	Yes		<p>conditions and employee benefits of all employees.</p> <p>(II) The Company has established the relevant performance and achievement regulations to reward employees and review their achievement of work objectives through regular evaluations. At present, the Company rewards employees with reasonable compensation in accordance with the Rules for Employee Benefits, the Rules for Bonus Management, and the Rules for Performance Bonus Management, etc.</p>	—
(III) Does the company provide a healthy and safe work environment and organize health and safety training for its employees on a regular basis?	Yes		<p>(III) The Company regularly reviews the working environment to create a zero-hazard workplace, and regularly conducts employee health examinations and holds safety and health education trainings for employees to raise their awareness of safety.</p> <p>In addition, the Company has also obtained the OHSAS 18000 (International Safety and Health Management System Certification Standard) certification for employee safety and health to ensure a safe and secure working environment for employees. The Company also complies with the national regulations and sets up relevant work safety management personnel with professional licenses, and provides regular trainings to ensure that the work safety skills can be effectively implemented. EX. Class A occupational safety and health business supervisor, occupational safety and health manager, fire control manager, organic solvent operation supervisor, and first-aid personnel; we are committed to creating a work environment with no occupational hazard.</p>	—
(IV) Does the company establish effective career development and training plans for its employees?	Yes		<p>(IV) The Company will hold seminars or lectures on various topics to train employees' career abilities, or hold education and training courses related to their duties from time to time.</p>	—

Promotion items	Implementation Status (Note 1)			Deviations from the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary Description (Note 2)	
(V) Does the company comply with relevant regulations and international standards regarding customer health and safety, right to privacy, marketing and labeling of its products and services and set up relevant consumer or customer protection policies and complaint procedures?	Yes		(V) The marketing and labeling of the Company's products and services are in accordance with the relevant laws and regulations and international standards. We have currently obtained ISO 9001 for quality management, QC080000 for hazardous material management, ISO 14001 for environmental management, and OHSAS 18000 for employee safety and health, covering both quality and environmental safety. For consumer rights and interests, the Company also sets up a website (http://www.jpcco.com) to provide a channel of consultation & opinion exchange to all consumers or business related personnel.	—
(VI) Does the company formulate and implement supplier management policies that require suppliers to follow relevant regulations on environmental protection, occupational safety and health or labor human rights?	Yes		(VI) The Company requires suppliers to provide raw materials with no hazardous substance, and will consider their integrity and social responsibility fulfillment when selecting suppliers.	—
V. Does the company refer to internationally-used standards or guidelines for the preparation of reports such as sustainability reports to disclose non-financial information? Are the reports certified or assured by a third-party accreditation body?		No	The Company currently discloses information on the fulfillment of social responsibility on the Company's website (http://www.jpcco.com) and on the Market Observation Post System.	—
VI. If the company has established sustainable development best-practice principles based on the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies," describe the implementation and any deviations from such principles: N/A.				
VII. Other important information to facilitate a better understanding of the implementation of sustainable development: The Company is committed to raising the awareness of environmental protection among all employees, and requires compliance with relevant environmental protection requirements in product manufacturing processes and recycling of scrapped products.				

Note 1: If "Yes" is checked for implementation, please specify the important policies, strategies and measures adopted and their implementation. If "No" is checked, please explain the differences and reasons in the "Deviations from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof" column, and specify the future plans for relevant policies, strategies and measures.

Note 2: The materiality principle refers to the relative importance of environmental, social and corporate governance issues on the Company's investors and other interested parties.

(VI) Implementation Status of Ethical Corporate Management, Measures, and Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof

Evaluation Item	Implementation Status (Note)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary Description	
I. Establishment of ethical corporate management policies and programs				
(I) Does the company establish the ethical corporate management policies approved by the Board of Directors and declare its ethical corporate management policies and procedures in its guidelines and external documents, as well as the commitment from its Board to implement the policies?	Yes		(I) On March 20, 2020, the Company established the Ethical Corporate Management Best Practice Principles to implement the ethical corporate management policy and to actively prevent unethical conduct. In accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and the relevant laws and regulations of the regions where the Company and the Group's companies and organizations operate, the Company formulates the specific regulations on the matters to be noted by our personnel when performing business and discloses them on the Company's official website.	—
(II) Does the company establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within its business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly, which shall at least include those specified in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?	Yes		(II) In order for the Company's directors, managers and employees to understand and truly follow the Company's ethical corporate management philosophy, we have established the "Ethical Corporate Management Best Practice Principles" and the "Rules for Handling Reports on Illegal, Unethical or Dishonest Conducts" and a reporting system in 2020, which include ethical management of commercial activities, prohibiting any illegal or unethical conduct such as giving or receiving bribes or other improper benefits. In addition, the Company's managers and employees will sign the "Employment and Confidentiality Agreement" and the "Letter of Commitment for Employee Business Ethics" when they are newly recruited. In 2022, all new employees of the Company signed them.	—
(III) Does the company specify in its prevention programs the operating procedures, guidelines, punishments for violations, and a grievance system and implement	Yes		(III) The Company has established an effective accounting system and internal control system to prevent integrity violations. The Company provides the provisions of the Ethical	—

Evaluation Item	Implementation Status (Note)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary Description	
them and review the prevention programs on a regular basis?			Corporate Management Best Practice Principles on its official website, which specifies the operating procedures to strengthen the corporate governance mechanism.	
II. Fulfillment of ethical corporate management (I) Does the company evaluate business partners' ethical records and include ethics-related clauses in the business contracts signed with the counterparties? (II) Does the company establish an exclusively dedicated unit supervised by the Board of Directors to be in charge of ethical corporate management and report to the Board of Directors the implementation of ethical corporate management policies and prevention programs on a regular basis (at least once a year)? (III) Does the company establish policies to prevent conflicts of interest, provide appropriate communication channels, and implement them accordingly? (IV) Does the company establish effective accounting systems and internal control systems to implement ethical corporate management, with the internal audit unit being responsible for devising relevant audit plans based on the results of assessment of any unethical conduct risk, examining accordingly the compliance with the prevention programs, or engaging a certified public accountant to carry out the audit? (V) Does the company regularly hold internal and external training on ethical corporate management?	Yes		(I) The Company conducts credit investigation on its customers with high transaction amounts and includes ethics-related clauses in the procurement contracts. (II) The Company's corporate governance unit is in charge of ethical corporate management, evaluates whether there is any violation of ethical corporate management within the Company or by the Board of Directors. On December 16, 2022, the implementation status of ethical corporate management was reported to the Board of Directors and disclosed on the Company's website. (III) The Company's directors and managers are prohibited from participating in the Company's decision making in case of conflict of interest. (IV) The Company's Auditing Office, which is under the Board of Directors, is responsible for the operation of the internal control system and reporting to the Board of Directors and the Audit Committee regularly. (V) The Company holds seminars and education trainings on various topics from time to time to train employees on the concept of ethical corporate management.	— — — — —
III. Operation of the whistle-blowing system (I) Does the company establish both a reward/whistle-blowing system and convenient whistle-blowing channels? Are appropriate	Yes		(I) The Company has established the "Rules for Sexual Harassment Prevention, Complaint and Investigation", and maintains	—

Evaluation Item	Implementation Status (Note)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary Description	
<p>personnel assigned to the accused party?</p> <p>(II) Does the company establish the standard operating procedures for investigating reported misconduct, follow-up measures to be taken after the investigation, and related confidentiality mechanisms?</p> <p>(III) Does the company provide protection for whistle-blowers against receiving improper treatment?</p>	<p>Yes</p> <p>Yes</p>		<p>unblocked communication channel between employees and the management, so that they can report and complain to the management immediately.</p> <p>On March 20, 2020, the Company established the Rules for Handling Reports on Illegal, Unethical or Dishonest Conducts, specifying the whistle-blowers and related operating procedures, and disclosed them on the Company's website.</p> <p>(II) The Company's above measures have clear standard operating procedures for investigation and related confidentiality mechanism to protect the privacy and safety of the whistle-blowers.</p> <p>(III) The Company's above measures have clear mechanism to protect the whistle-blowers.</p>	<p>—</p> <p>—</p>
<p>IV. Enhanced disclosure of ethical corporate management information</p> <p>Does the company disclose the ethical corporate management policies and the results of its implementation on the company website and MOPS?</p>	<p>Yes</p>		<p>The Company sets up a website and publishes information on the Company at any time. (http://www.jpcco.com)</p>	<p>—</p>
<p>V. If the company has established the ethical corporate management best-practice principles based on the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies," please describe the implementation and any deviations from the Principles: the Company has established the ethical corporate management best-practice principles, but the implementation of the Principles is consistent with the spirits, so there is no significant deviation.</p>				
<p>VI. Other important information to facilitate a better understanding of the company's ethical corporate management practices: None.</p>				

Note: The Implementation Status, regardless of whether "Yes" or "No" is checked, should be stated in the Summary Description column.

(VII) If the company has formulated the corporate governance best practice principles and related regulations, it should disclose its inquiry method:

The company has formulated the corporate governance best practice principles, and disclosed them on the Company's website (<http://www.jpcco.com>).

(VIII) Other important information to facilitate a better understanding of the company's corporate governance practices may be disclosed together:

The Company amended the "Procedures for Handling Internal Material Information" on

December 16, 2022, and formulated the "Rules for Handling Reports on Illegal, Unethical or Dishonest Conducts" on March 20, 2020, to prevent the Company or insiders from unintended violation due to unfamiliar with laws and regulations or intentional violation of the regulations related to insider trading, and to protect investors and safeguard the Company's interests.

The Company continues to input resources to strengthen the operation of corporate governance, and sets up a corporate governance section on the Company's website to disclose the corporate governance status; the website also provides the Company's relevant rules and regulations for download and inquiry.

(IX) The following matters concerning the implementation status of internal control system shall be disclosed:

1. Statement on Internal Control

Jess-Link Products Co., Ltd.

Statement on Internal Control

Date: March 27, 2023

The Company makes the following statement according to the self-evaluation conducted of the internal control system in 2022:

- I. The Company acknowledges that it is the responsibility of the Board of Directors and managerial officers to establish, implement, and maintain the established internal control system. Its purpose is to reasonably ensure that operational effectiveness and efficiency (including income, performance, and asset safety) and reporting are reliable, timely, and transparent, as well as to ensure compliance with relevant regulations and laws.
- II. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its 3 stated objectives above. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond control. Nevertheless, the internal control system contains self-monitoring mechanisms, and the Company takes immediate remedial actions in response to any identified deficiencies.
- III. The Company evaluates the design and operating effectiveness of the internal control system based on the criteria provided in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (herein below, the "Regulations"). The criteria adopted by the Regulations identify 5 components of internal control based on the process of management control: 1. control environment; 2. risk assessment; 3. control activities; 4. information and communication; and 5. monitoring operations. Each key component includes several items. Please refer to the Regulations for the aforementioned items.
- IV. The Company has evaluated the design and operating effectiveness of the internal control system according to the Regulations.
- V. In accordance with the aforementioned evaluation, the Company has found that the design and implementation of the internal control system (including the assessment and management of subsidiaries), as of December 31, 2022, including the efficacy of understanding operations, the efficiency of achievement of objectives, reporting reliability, timeliness, transparency and compliance with the relevant guidelines and laws, are effective and can reasonably provide assurance of the aforesaid goals.
- VI. This statement is an integral part of the Company's annual report and prospectus and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. This statement has been approved on March 27, 2023, by the Board of Directors, and out of the 9 Board members in attendance, none has objected to this statement and all consented to the content expressed herein.

Jess-Link Products Co., Ltd.

Chairman: Signature

President: Signature

2. If a CPA has been hired to carry out a special audit of the internal control system, the CPA audit report shall be disclosed: N/A.

(X) If there has been any legal penalty against the Company and its internal personnel, or any disciplinary penalty by the Company against its internal personnel for violation of the internal control system, during the most recent year and up to the publication date of the annual report, where the result of such penalty could have a material effect on shareholders' equity or securities prices, the penalty, the main defects, and the improvements made shall be disclosed: None.

(XI) Major Resolutions of Shareholders' Meeting and Board Meetings during the Most Recent Fiscal Year and during the Current Fiscal Year Up to the Date of Publication of the Annual Report

1. Major Resolutions of Shareholders' Meeting during the Most Recent Fiscal Year and during the Current Fiscal Year Up to the Date of Publication of the Annual Report

Meeting Session	Date	Important matters to be resolved
Annual Shareholders' Meeting	2022.06.15	<ol style="list-style-type: none"> 1. The Company's 2021 final accounts. 2. Distribution of the Company's earnings for 2021. 3. Amendment to the Company's Articles of Incorporation. 4. Amendment to the Company's "Procedures for Acquisition or Disposal of Assets". 5. Formulation of the Company's "Procedure of Financial Derivative Transactions". 6. General re-election of directors of the Company. 7. Waiver of non-competition clauses for newly elected Directors and their representatives of the Company.

2. Major Resolutions of Board Meetings during the Most Recent Fiscal Year and during the Current Fiscal Year Up to the Date of Publication of the Annual Report

Session	Date	Important matters to be resolved
The 1st meeting in 2022	2022.03.18	<ol style="list-style-type: none"> 1. Passed the Company's annual business report, parent company only financial statements and consolidated financial statements for 2021.

		<ol style="list-style-type: none"> 2. Passed the Company's distribution of earnings for 2021. 3. Passed the distribution of cash dividends from capital surplus of the Company. 4. Passed the Company's distribution of employees' and Directors' compensation for 2021. 5. Passed the statement of internal control system issued by the Company in accordance with the "Regulations Governing the Establishment of Internal Control Systems by Public Companies". 6. Passed the amendment to the Company's "Procedures for Acquisition or Disposal of Assets". 7. Passed the proposal for determination of the compensation to directors and the amendment to the method of distribution of directors' compensation of the Company. 8. Passed the amendment to the Company's Articles of Incorporation. 9. Passed the amendment to the Company's "Corporate Governance Best Practice Principles". 10. Passed the general re-election of directors of the Company. 11. Passed the nomination and consideration of the list of Director candidates. 12. Passed the waiver of non-competition clauses for newly elected Directors and their representatives of the Company. 13. Passed the convening of the 2022 Annual Shareholders' Meeting of the Company. 14. Passed the compensation for new insiders of the Company.
The 2nd meeting in 2022	2022.05.04	<ol style="list-style-type: none"> 1. Passed the Company's application to Cathay United Bank for the 2022 credit line and financial instrument trading line. 2. Passed the amendment to the Company's Compensation Committee Charter.
The 3rd meeting in 2022	2022.06.15	<ol style="list-style-type: none"> 1. Passed the election of the Chairman. 2. Passed the election of Vice Chairman. 3. Passed the appointment of the 5th Compensation Committee members.
The 4th meeting in 2022	2022.08.05	<ol style="list-style-type: none"> 1. Passed the distribution of earnings for the first half of 2022.

		<ol style="list-style-type: none"> Passed the Company's application to Far Eastern International Bank and Mega International Commercial Bank for renewal of 2022 credit line and financial instrument trading line.
The 5th meeting in 2022	2022.11.04	<ol style="list-style-type: none"> Passed the amendment to the "Rules of Procedure for Shareholders' Meeting". Passed the amendment to the "Rules of Procedure for Board of Directors". Passed the compensation to managerial officers. Passed the formulation of the Company's "Sustainable Development Committee Charter". Passed the appointment of the first Sustainable Development Committee of the Company.
The 6th meeting in 2022	2022.12.16	<ol style="list-style-type: none"> Passed the Company's business plan report for 2023. Passed the Company's audit plan for 2023. Passed the audit fee for CPAs and the independence evaluation of CPAs of the Company for 2022. Passed the amendment to the Company's "Procedures for Handling Internal Material Information". Passed the appointment of new Chief Operation Officer of the Company, Wei-San, Chang.
The 1st meeting in 2023	2023.03.27	<ol style="list-style-type: none"> Passed the Company's annual business report, parent company only financial statements and consolidated financial statements for 2022. Passed the Company's distribution of earnings for 2022. Passed the distribution of cash dividends from capital surplus of the Company. Passed the Company's distribution of employees' and Directors' compensation for 2022. Passed the statement of internal control system issued by the Company in accordance with the "Regulations Governing the Establishment of Internal Control Systems by Public Companies". Passed the amendment to the Company's Internal Control System. Passed the change of the Company's auditing supervisor.

		<ol style="list-style-type: none"> 8. Passed the waiver of non-competition clauses for the corporate director representative of the Company. 9. Passed the date, place and reason for convening of the Company's 2023 Annual Shareholders' Meeting.
The 2nd meeting in 2023	2023.05.05	<ol style="list-style-type: none"> 1. Passed the Company's acquisition of all shares of Saco Enterprises, Inc. (USA). 2. Passed the Company's direct investment in establishing a subsidiary in Vietnam. 3. Passed the Company's application to Cathay United Bank and Mega International Commercial Bank for the 2023 credit line and financial instrument trading line.

3. Major Resolutions of 2022 Annual Shareholders' Meeting and Implementation of Resolutions of Shareholders' Meeting

Important matters to be resolved	Implementation of resolutions of Shareholders' Meeting
1. The Company's 2021 final accounts.	Implementation: passed the 2021 Annual Business Report and Financial Statements, and passed and recognized the 2021 Annual Final Accounts of the Company.
2. Distribution of the Company's earnings for 2021.	Implementation: The base date for distribution was set on July 23, 2022, and the distribution was fully completed on July 29, 2022 in accordance with the resolution of the Annual Shareholders' Meeting. (The cash dividend was NT\$2.2 per share.)
3. Amendment to the Company's Articles of Incorporation.	Implementation: Passed the amendment to the Company's Articles of Incorporation, which mainly included the convening of annual shareholders' meeting by video conference, the determination of compensation to directors and the amended method for distribution of directors' compensation.
4. Amendment to the Company's "Procedures for Acquisition or Disposal of Assets".	Implementation: passed the amendment to the Company's "Procedures for Acquisition or Disposal of Assets", which were amended for hedging the derivative transactions in response to the risk of spot exchange rate fluctuations.
5. Formulation of the Company's "Procedure of Financial Derivative Transactions".	Implementation: the Company established the "Procedure of Financial Derivative Transactions" in accordance with the "Procedures for Acquisition or Disposal of Assets" to implement the risk management mechanism.
6. General re-election of directors of the Company.	Implementation: The election of directors was held on June 15, 2022, and the list of elected directors and independent directors was as follows: (1) Directors: Shu-Mei, Chang, Mega Power Investments Limited, Top Point Investment Ltd., Tone Investments Ltd., and FSP Technology Inc. (2) Independent directors: Jing-Hua, He, Li-Chih, Lo, Shu-Ling, Wang, and Chih-Feng, Lin. The term of office of the newly elected directors is from June 15, 2022 to June 14, 2025.
7. Waiver of non-competition clauses for newly elected Directors and their representatives of the Company.	Implementation: On June 15, 2022, the Company resolved to waive the non-competition of directors elected at the 2022 Annual Shareholders' Meeting.

(XII) The Major Contents of Any Dissenting Opinions Expressed by Directors or Supervisors with Respect to Major Resolutions Passed by the Board of Directors during the Most Recent Fiscal Year and during the Current Fiscal Year up to the Date of Publication of the Annual Report, where Said Dissenting Opinions Have Been Recorded or Prepared as a Written Declaration: None.

(XIII) A Summary of Resignations and Dismissals of the Chairman, President, Accounting Supervisor, Financial Supervisor, Chief Internal Auditor, Corporate Governance Officer or Research and Development Officer during the Most Recent Fiscal Year and during the Current Fiscal Year Up to the Date of Publication of the Annual Report: On March 27, 2023, the Board of Directors approved the change of Chief Internal Auditor to Sheng-Wen, Huang.

V. Information on CPA Professional Fees

Amount Unit: NT\$1,000

Name of CPA Firm	Name of CPA	Audit Period	Audit Fees	Non-audit Fees	Total	Remark
PwC Taiwan	Yung-Chien, Hsu	2022.01.01~ 2022.12.31	5,210	530	5,740	(Note 1)
	Ya-Hui, Lin					

Note 1: The services include transfer pricing service fees, actual investment allowance verification of undistributed earnings, and business tax audit and certification using direct debit method.

- (I) When non-audit fees paid to the CPAs, to the CPA firm, and/or to any affiliate of the CPA firm are one quarter or more of the audit fees paid thereto, the amounts of both audit and non-audit fees and details of non-audit services shall be disclosed: None.
- (II) When the CPA firm is changed and the audit fees paid for the fiscal year of such fees are lower than those for the previous fiscal year, the amounts of audit fees before and after the change and the reasons thereof shall be disclosed: None.
- (III) When the audit fees paid for the year are at least 10% less than those paid for the previous year, the decreased amount, percentage and reason thereof shall be disclosed: None.

VI. Information on Replacement of CPAs: N/A.

VII. When the Chairman, President, or any managerial officer in charge of finance or accounting matters holding a position at the CPA firm or at an affiliate of such firm in the most recent fiscal year, the name, title, and period of employment in the CPA firm or its affiliate shall be disclosed: None.

VIII. Any transfer of equity interests and/or pledge of or change in equity interests by a director, supervisor, managerial officer, or shareholder with a stake of more than 10% during the most recent fiscal year and during the current fiscal year up to the date of publication of the annual report

(I) Change in Equity Interests by Directors, Supervisors, Managerial Officers, and Major Shareholders

Unit: Shares

Title	Name	2022		2023 As of April 28, 2023	
		Change in Number of Shares Held (Note 1)	Change in Number of Shares Pledged	Change in Number of Shares Held	Change in Number of Shares Pledged
Chairman and President	Shu-Mei, Chang	—	6,000,000	—	—
Vice Chairman	Cin-Chih, Jiang	—	—	—	—
Director	Mega Power Investments Limited (Representative: Cin-Chih, Jiang)	—	—	—	—
Director	Tone Investments Ltd. (Representative: Yu-Ling, Tsai)	179,000	—	—	—
Director	Top Point Investment Ltd. (Representative: Ming- Kung, Yang)	—	6,144,000	—	—
Director	FSP Technology Inc. (Representative: Ming- Hsiang, Cheng) (Note 2)	180,000	—	—	—
Independent Director	Wei-Chu, Hsu (Note 3)	—	—	—	—
Independent Director	Chien-Lung, Chan (Note 4)	—	—	—	—
Independent Director	Jing-Hua, He	—	—	—	—

Title	Name	2022		2023 As of April 28, 2023	
		Change in Number of Shares Held (Note 1)	Change in Number of Shares Pledged	Change in Number of Shares Held	Change in Number of Shares Pledged
Independent Director	Chih-Feng, Lin (Note 5)	—	—	—	—
Independent Director	Li-Chih, Lo (Note 6)	—	—	—	—
Independent Director	Shu-Ling, Wang (Note 7)	—	—	—	—
COO	Wei-San, Chang (Note 8)	—	—	—	—
Vice President	Mao-Chiang, Chang (Note 9)	—	—	—	—
Vice President	Wei-Ting, Chen (Note 10)	52,000	—	35,000	—
Vice President	Chun-Hsing, Ho (Note 11)	30,000	—	—	—
Assistant Vice President	Chih-Ping, Cheng	—	—	—	—
Assistant Vice President	Li-Ling, Huang	—	—	—	—
Assistant Vice President	Chi-Hsien, Sun	15,000	—	—	—
Assistant Vice President	Yun-Chang, Yang (Note 12)	—	—	—	—
Assistant Vice President	Kun-Chan, Wu (Note 13)	15,000	—	(10,000)	—
Assistant Vice President	Kang-Chiang, Chen (Note 14)	—	—	—	—
Assistant Vice President	Chia-Wen, Hung (Note 15)	—	—	16,000	—

Note 1: The Change in Number of Shares Held includes the decreased number of shares due to cash capital reduction and the increased number of shares due to treasury stock subscription.

Note 2: FSP Technology Inc. (Representative: Ming-Hsiang, Cheng) took office on June 15, 2022.

Note 3: the term of office of Independent Director Wei-Chu, Hsu expired on June 15, 2022.

Note 4: the term of office of Independent Director Chien-Lung, Chan expired on June 15, 2022.

Note 5: Independent Director Chih-Feng, Lin took office on June 15, 2022.

Note 6: Independent Director Li-Chih, Lo took office on June 15, 2022.

Note 7: Independent Director Shu-Ling, Wang took office on June 15, 2022.

Note 8: Wei-San, Chang, COO, took office on December 16, 2022.

Note 9: Mao-Chiang, Chang, former Vice President, resigned on March 11, 2022.

Note 10: Vice President Wei-Ting, Chen was transferred on November 4, 2022.

Note 11: Vice President Chun-Hsing, Ho was transferred on September 1, 2022.

Note 12: Assistant Vice President Yun-Chang, Yang was transferred on June 1, 2022.

Note 13: Assistant Vice President Kun-Chan, Wu was transferred on June 1, 2022.

Note 14: Assistant Vice President Kang-Chiang, Chen was transferred on January 2, 2023.

Note 15: Assistant Vice President Chia-Wen, Hung was transferred on January 2, 2023.

(II) **Transfer of Equity Interests:** No equity interests were transferred to/from related parties.

(III) **Pledge of Equity Interests:** No equity interests were pledged to/from related parties.

IX. Information on the top ten shareholders who are of related parties, spouses, relatives within second degree of kinship to each other

April 28, 2023; Unit: shares; %

Name	Shares held by themselves		Spouse & Minor Shareholding		Total Shareholding by Nominees		Name or relationship between or among the top 10 shareholders who are related parties or spouses and relatives within the second degree of kinship.		Remark
	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Name	Relationship	
Shu-Mei, Chang	18,472,480	15.13	—	—	5,894,000	4.83	Tone Investments Ltd. Very Mulan Investment Co., Ltd.	The chairmen are the same person	
FSP Technology Inc. Representative: Ya-Jen, Cheng	10,000,000	8.19	—	—	—	—	—	—	
Top Point Investment Ltd. Representative: Shu-Lan, Li, Yang	6,144,750	5.03	—	—	—	—	—	—	
Tone Investments Ltd. Representative: Shu-Mei, Chang	4,394,000	3.60	—	—	—	—	Shu-Mei, Chang	The chairmen are the same person	
Mega Rise Investments Limited Representative: Su-Mei, Tsai, Chiang	2,640,000	2.16	—	—	—	—	Cin-Chih, Jiang	Husband and wife	
Mega Power Investments Limited Representative: Cin-Chih, Jiang	2,295,750	1.88	—	—	—	—	Su-Mei, Tsai, Chiang	Husband and wife	
Very Mulan Investment Co., Ltd. Representative: Shu-Mei, Chang	1,500,000	1.23	—	—	—	—	Shu-Mei, Chang	The chairmen are the same person	
Vanguard Stock Index Account, with JPMorgan Bank Taipei Branch as the custodian trustee	1,279,750	1.05	—	—	—	—	—	—	
GAINS Investment Corporation	1,264,000	1.04	—	—	—	—	—	—	
UBS Europe SE Investment Account, with Citibank as the custodian trustee	1,159,863	0.95	—	—	—	—	—	—	

X. Total Number of Shares and Total Equity Stake Held in Any Single Enterprise by the Company, Its Directors, Managerial Officers, and Any Companies Controlled Directly or Indirectly by the Company

December 31, 2022; Unit: shares thousand; %

Investee Business	Investment by the Company		Investment by Directors, Managerial Officers and Companies Directly or Indirectly Controlled by the Company		Total Ownership	
	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio
Cha Shin Chi Investment Co., Ltd.	28,000	100	—	—	28,000	100
Main Super Enterprises Co., Ltd.	1,500	100	—	—	1,500	100
Techill Co., Ltd.	1,275	51	—	—	1,275	51
Ultraspeed Electronics Co., Ltd.	1,093	70	—	—	1,093	70
JPCCO CORP.	—	—	293	100	293	100
BEST LINK PROPERTIES LTD.	29,200	100	—	—	29,200	100
JPC (HK) COMPANY LTD.	—	—	HKD\$15,500	100	HKD\$15,500	100
BEST MATCH INVESTMENTS LIMITED	—	—	USD\$2,000	100	USD\$2,000	100
BEST SKY LIMITED	—	—	USD\$5,850	100	USD\$5,850	100
HUNG FU (SAMOA) INTERNATIONAL CO., LTD.	—	—	USD\$7,000	100	USD\$7,000	100
LUCKY STAR INVESTMENT CORP.	—	—	USD\$5,150	100	USD\$5,150	100
Dongguan Celesta Electronics Limited Company (Note 1)	—	—	HKD\$5,000	100	HKD\$5,000	100
ASKA Technologies Inc. (Note 1)	—	—	USD\$5,050	100	USD\$5,050	100
Dongguan Hung Fu Electronic Technology Co., Ltd. (Note 1)	—	—	USD\$6,000	100	USD\$6,000	100
Dongguan Houlie Hua-Bao Electronics Technical Limited Company (Note 1)	—	—	USD\$5,000	100	USD\$5,000	100
Guangzhou JPC Electronics Technical Limited Company (Note 1)	—	—	CNY\$5,000	100	CNY\$5,000	100
SWS Group Company Limited (Note 1)	198	49.87	—	—	198	49.87
PEC MANUFACTURING VIETNAM COMPANY LIMITED	—	—	VND 23,000,000	100	VND 23,000,000	100

Note 1: The amount and percentage of capital contribution (unit: NT\$1,000) shall be filled in for non-limited liability company.

Chapter 4. Capital Overview

I. Capital and Shares

(I) Source of Capital

Year/ Month	Par Value (NT\$)	Authorized Capital		Paid-in Capital		Remark		
		Number of Shares (shares)	Amount (NT\$)	Number of Shares (shares)	Amount (NT\$)	Source of Capital	Capital Increase by Assets Other than Cash	Others
1992.05	10	500,000	5,000,000	500,000	5,000,000	Establishment	None	May 7, 1992, Jing-(081)-Shang-Zi No. 081635633
1998.07	10	3,000,000	30,000,000	3,000,000	30,000,000	NT\$25,000 thousand, issuance of shares for cash capital increase	None	July 16, 1998, Jing-(087)-Shang-Zi No. 087304423
1999.06	10	6,000,000	60,000,000	6,000,000	60,000,000	NT\$30,000 thousand, issuance of shares for cash capital increase	None	June 24, 1999, Jing-(088)-Shang-Zi No. 088303940
2000.08	10	40,000,000	400,000,000	14,500,000	145,000,000	NT\$55,000 thousand, issuance of shares for cash capital increase NT\$30,000 thousand, capital increase from earnings	None	August 1, 2000, Jing-(089)-Shang-Zi No. 089126957
2000.10	10	40,000,000	400,000,000	18,000,000	180,000,000	NT\$35,000 thousand, issuance of shares for cash capital increase	None	October 11, 2000, Jing-(089)-Shang-Zi No. 089137607
2001.05	10	40,000,000	400,000,000	28,800,000	288,000,000	NT\$72,000 thousand, capital increase from earnings NT\$36,000 thousand, capital increase from capital surplus	None	May 18, 2001, Jing-(90)-Shang-Zi No. 0900117700
2002.08	10	65,000,000	650,000,000	41,210,000	412,100,000	NT\$109,700 thousand, capital increase from earnings (including NT\$8,900 thousand of employee bonuses) NT\$14,400 thousand, capital increase from capital surplus	None	August 28, 2002, Jing-Shou-Shang-Zi No. 091013050320
2003.08	10	103,000,000	1,030,000,000	54,613,000	546,130,000	NT\$113,425 thousand, capital increase from earnings (including NT\$10,400 thousand of employee bonuses), and NT\$20,605 thousand, capital increase from capital surplus	None	August 8, 2003, Jing-Shou-Shang-Zi No. 09201242880
2004.08	10	103,000,000	1,030,000,000	69,796,250	697,962,500	NT\$124,526 thousand, capital increase from earnings (including NT\$15,300 thousand of employee bonuses), and NT\$27,306.5 thousand, capital increase from capital surplus	None	August 17, 2004, Jing-Shou-Shang-Zi No. 09301148750
2004.10	10	103,000,000	1,030,000,000	70,866,250	708,662,500	NT\$10,700 thousand, issuance of shares for conversion of employee stock options	None	October 22, 2004, Jing-Shou-Shang-Zi No. 09301201910
2005.01	10	103,000,000	1,030,000,000	71,065,250	710,652,500	NT\$1,990 thousand, issuance of shares for conversion of employee stock options	None	January 19, 2005, Jing-Shou-Shang-Zi No. 09401008400
2005.04	10	103,000,000	1,030,000,000	71,273,583	712,735,830	NT\$2,083 thousand, issuance of shares for conversion of convertible corporate bonds.	None	April 25, 2005, Jing-Shou-Shang-Zi No. 09401071050

Year/ Month	Par Value (NT\$)	Authorized Capital		Paid-in Capital		Remark		
		Number of Shares (shares)	Amount (NT\$)	Number of Shares (shares)	Amount (NT\$)	Source of Capital	Capital Increase by Assets Other than Cash	Others
2005.07	10	103,000,000	1,030,000,000	71,357,666	713,576,660	NT\$320 thousand, issuance of shares for conversion of employee stock options, and NT\$521 thousand, issuance of shares for conversion of convertible corporate bonds.	None	July 21, 2005, Jing-Shou-Shang-Zi No. 09401138020
2005.09	10	120,000,000	1,200,000,000	84,353,283	843,532,830	NT\$13,458 thousand, issuance of shares for conversion of convertible corporate bonds, NT\$80,965 thousand, capital increase from earnings (including NT\$9,900 thousand of employee bonuses), and NT\$35,532 thousand, capital increase from capital surplus	None	September 12, 2005, Jing-Shou-Shang-Zi No. 09401177790
2006.01	10	120,000,000	1,200,000,000	84,966,726	849,667,260	NT\$4,950 thousand, issuance of shares for conversion of employee stock options, and NT\$1,184 thousand, issuance of shares for conversion of convertible corporate bonds	None	January 16, 2006, Jing-Shou-Shang-Zi No. 09501008840
2006.04	10	120,000,000	1,200,000,000	87,039,168	870,391,680	NT\$1,000 thousand, issuance of shares for conversion of employee stock options, and NT\$19,724 thousand, issuance of shares for conversion of convertible corporate bonds	None	April 13, 2006, Jing-Shou-Shang-Zi No. 09501065900
2006.06	10	130,000,000	1,300,000,000	87,201,034	872,010,340	NT\$120 thousand, issuance of shares for conversion of employee stock options, and NT\$1,499 thousand, issuance of shares for conversion of convertible corporate bonds	None	June 30, 2006, Jing-Shou-Shang-Zi No. 09501132930
2006.08	10	130,000,000	1,300,000,000	101,308,708	1,013,087,080	NT\$97,551 thousand, capital increase from earnings (including NT\$4,500 thousand of employee bonuses), and NT\$43,526 thousand, capital increase from capital surplus	None	August 28, 2006, Jing-Shou-Shang-Zi No. 09501189440
2006.10	10	130,000,000	1,300,000,000	101,437,502	1,014,375,020	NT\$100 thousand, issuance of shares for conversion of employee stock options, and NT\$1,188 thousand, issuance of shares for conversion of convertible corporate bonds	None	October 16, 2006, Jing-Shou-Shang-Zi No. 09501232100
2007.01	10	130,000,000	1,300,000,000	105,309,905	1,053,099,050	NT\$38,724 thousand, issuance of shares for conversion of convertible corporate bonds	None	January 16, 2007, Jing-Shou-Shang-Zi No. 09601010440
2007.04	10	130,000,000	1,300,000,000	106,455,600	1,064,556,000	NT\$11,457 thousand, issuance of shares for conversion of convertible corporate bonds	None	April 10, 2007, Jing-Shou-Shang-Zi No. 09601070320
2007.07	10	130,000,000	1,300,000,000	106,461,216	1,064,612,160	NT\$56 thousand, issuance of shares for conversion of convertible corporate bonds	None	July 16, 2007, Jing-Shou-Shang-Zi No. 09601164470
2007.08	10	200,000,000	2,000,000,000	120,357,336	1,203,573,360	NT\$85,730 thousand, capital increase from earnings (including NT\$32,500 thousand of employee bonuses), and NT\$53,230 thousand, capital increase from capital surplus	None	August 24, 2007, Jing-Shou-Shang-Zi No. 09601208980

Year/ Month	Par Value (NT\$)	Authorized Capital		Paid-in Capital		Remark		
		Number of Shares (shares)	Amount (NT\$)	Number of Shares (shares)	Amount (NT\$)	Source of Capital	Capital Increase by Assets Other than Cash	Others
2007.11	10	200,000,000	2,000,000,000	128,357,336	1,283,573,360	NT\$80,000 thousand, issuance of shares for cash capital increase	None	November 26, 2007, Jing-Shou-Shang-Zi No. 09601289780
2008.07	10	200,000,000	2,000,000,000	128,582,336	1,285,823,360	NT\$2,250 thousand, issuance of shares for conversion of employee stock options	None	July 15, 2008, Jing-Shou-Shang-Zi No. 09701168470
2008.07	10	200,000,000	2,000,000,000	128,782,336	1,287,823,360	NT\$2,000 thousand, issuance of shares for conversion of employee stock options	None	July 31, 2008, Jing-Shou-Shang-Zi No. 09701190510
2008.08	10	200,000,000	2,000,000,000	147,498,040	1,474,980,400	NT\$84,291 thousand, capital increase from earnings (including NT\$20,000 thousand of employee bonuses), and NT\$102,866 thousand, capital increase from capital surplus	None	August 28, 2008, Jing-Shou-Shang-Zi No. 09701217030
2010.09	10	200,000,000	2,000,000,000	162,247,843	1,622,478,430	NT\$58,999 thousand, capital increase from earnings, and NT\$88,499 thousand, capital increase from capital surplus	None	September 9, 2010, Jing-Shou-Shang-Zi No. 09901204100
2011.08	10	200,000,000	2,000,000,000	173,447,843	1,734,478,430	NT\$112,000 thousand, issuance of shares for cash capital increase	None	August 9, 2011, Jing-Shou-Shang-Zi No. 10001182140
2017.08	10	200,000,000	2,000,000,000	130,085,882	1,300,858,820	NT\$433,620 thousand, cash capital reduction	None	August 1, 2017, Jing-Shou-Shang-Zi No. 10601106330
2018.12	10	200,000,000	2,000,000,000	122,085,882	1,220,858,820	NT\$80,000 thousand, cancellation of treasury stock for cash capital reduction	None	January 4, 2019, Jing-Shou-Shang-Zi No. 10701164640

April 28, 2023; Unit: shares

Share Type	Authorized Capital			Remark
	Issued Shares	Unissued Shares	Total	
Common stock	122,085,882	77,914,118	200,000,000	Including 10,000,000 shares of warrants, preferred shares with stock options or bonds with stock options, which were used by exercising the stock options.

Note 1: On October 8, 2004, the Company's shares were approved by the Taiwan Stock Exchange Corporation to be listed on the centralized securities market.

(II) Shareholder Structure

April 28, 2023; Unit: persons; shares

Shareholder Structure Quantity	Government Agencies	Financial Institutions	Other Institutional Shareholders	Domestic Natural Persons	Foreign Institutions and Legal Persons	Total
Number of shareholders	1	7	206	30,555	79	30,848
Shares Held	9	600,000	31,751,243	77,101,172	12,633,458	122,085,882
Shareholding Ratio	0.00%	0.49%	26.01%	63.15%	10.35%	100.00%

(III) Shareholding Distribution Status

April 28, 2023; Unit: shares

Range of Shares	Number of Shareholders	Shares Held	Shareholding Ratio (%)
1 ~ 999	21,214	2,448,601	2.01
1,000 ~ 5,000	7,600	15,497,679	12.69
5,001 ~ 10,000	1,071	8,107,410	6.64
10,001 ~ 15,000	313	3,949,482	3.24
15,001 ~ 20,000	175	3,168,198	2.60
20,001 ~ 30,000	177	4,494,158	3.68
30,001 ~ 40,000	85	3,003,896	2.46
40,001 ~ 50,000	48	2,197,583	1.80
50,001 ~ 100,000	76	5,427,165	4.45
100,001 ~ 200,000	43	6,140,879	5.03
200,001 ~ 400,000	17	5,320,235	4.36
400,001 ~ 600,000	9	4,301,508	3.52
600,001 ~ 800,000	4	2,794,406	2.29
800,001 ~ 1,000,000	3	2,789,007	2.28
1,000,001 above	13	52,445,675	42.95
Total	30,848	122,085,882	100.00

(IV) List of Major Shareholders

April 28, 2023; Unit: shares

Shareholding Name of Major Shareholders	Shares Held	Shareholding Ratio
Shu-Mei, Chang	18,472,480	15.13%
FSP Technology Inc.	10,000,000	8.19%
Top Point Investment Ltd.	6,144,750	5.03%
Tone Investments Ltd.	4,394,000	3.60%
Mega Rise Investments Limited	2,640,000	2.16%
Mega Power Investments Limited	2,295,750	1.88%
Very Mulan Investment Co., Ltd.	1,500,000	1.23%
Vanguard Stock Index Account, with JPMorgan Bank Taipei Branch as the custodian trustee	1,279,750	1.05%
GAINS Investment Corporation	1,264,000	1.04%
UBS Europe SE Investment Account, with Citibank as the custodian trustee	1,159,863	0.95%

(V) Share Price for the Past 2 Fiscal Years, with Net Worth per Share, Earnings per Share, Dividends per Share, and Related Information

Item		Year	2021	2022	For the current year as of March 31, 2023
Market Price Per Share	Highest	Before adjustment	44.50	51.50	48.05
		After adjustment	41.50	48.30	—
	Lowest	Before adjustment	32.50	32.35	39.55
		After adjustment	29.50	29.15	—
	Average	Before adjustment	37.62	39.24	43.81
		After adjustment	34.62	36.04	—
Net Worth per Share	Before distribution		25.40	25.88	23.94
	After distribution		22.40	22.68	—
Earnings (Losses) per Share	Weighted average number of shares		122,085,882	122,085,882	122,085,882
	Earnings (Losses) per Share	Before adjustment	3.06	3.60	0.84
		After adjustment	3.06	3.60	—
Dividends Per Share	Cash		2.2	2.2	Not distributed
	Bonus Shares	Stock dividends appropriated from earnings	—	—	Not distributed
		Stock dividends appropriated from capital surplus	—	—	Not distributed
	Accumulated unpaid dividends		—	2.2	—
Return on Investment	Price-to-earnings ratio (Note 1)		12.29	10.90	N/A
	Price-to-dividend ratio (Note 2)		17.10	17.84	N/A
	Cash dividend yield (Note 3)		0.06	0.06	N/A

Note 1: Price-to-earnings ratio = Average closing price per share for the year/Earnings per share.

Note 2: Price-to-dividend ratio = Average closing price per share for the year/Cash dividends per share.

Note 3: Cash dividend yield = Cash dividends per share/Average closing price per share for the year.

(VI) Dividend Policy and Its Implementation

1. Dividend policy:

The contents of Article 19-1 of the Company's Articles of Incorporation, as amended by the Board of Directors on March 24, 2017, are summarized as follows:

The Company's dividend policy takes into account the Company's capital needs, financial structure and earnings, as well as the overall environment and industry growth characteristics. Since the Company needs to continuously invest capital in investments and research and development to create competitive advantages and take into account the interests of shareholders, the Company will distribute dividends to shareholders at a rate of not less than 50% of the after-tax earnings for the current year; dividends to shareholders may be distributed in cash or in stock, with cash dividends of not less than 30% of the total dividends.

2. Distribution of dividends proposed in the shareholders' meeting:

The proposed dividend distribution at the shareholders' meeting is based on the resolution of the Board of Directors on March 27, 2023, and the proposed cash dividend is NT\$3.2.

(VII) Effect on the Operating Performance and Earnings per Share of Distribution of Bonus Shares Proposed in the Most Recent Shareholders' Meeting: Based on the resolution of the Board of Directors on March 27, 2023, the shareholders' meeting proposed not to distribute stock dividend.

(VIII) Compensation to Employees, Directors and Supervisors:

1. Article 16 of the Company's Articles of Incorporation sets forth the scope of directors' compensation as follows:

The Company shall pay a fixed amount of compensation to the directors of the Company (including independent directors) for performing their duties for the Company, regardless of the Company's operating profit or loss, and shall pay a traffic allowance of NT\$15,000 for each attendance. The compensation to the Company's directors (including independent directors) shall be decided by the Compensation Committee and then submitted to the Board of Directors for discussion and resolution, and shall be determined in accordance with the directors' participation in and contribution to the Company's operations.

2. Article 19 of the Company's Articles of Incorporation sets forth the percentage or range of the compensation to employees as follows:

If the Company make a profit in a fiscal year, not less than 7% of the profit shall be set aside as the employee compensation, as resolved by the Board of Directors. However, if the Company has accumulated losses, profit shall first be used to offset accumulated losses. The aforementioned compensation to employees may be in stock or cash, and may be paid to employees of the Company's subordinate companies that meet the criteria set by the Board of Directors. The Board of Directors is authorized to determine the criteria and the method of distribution. A resolution adopted by the Board of Directors for the preceding two paragraphs shall be reported to the shareholders' meeting.

3. The basis for estimating the amount of employee, director and supervisor compensations, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:

If there is a significant change in the distribution amount approved by the Board of Directors prior to the date of approval of the annual consolidated financial statements, the original annual expenses shall be adjusted on the date of the change; if there is any change in the amount after the date of approval of the annual consolidated financial statements, such change shall be treated as a change in accounting estimate and adjusted and presented in the following year.

4. Distribution of compensation approved by the Board of Directors:

- (1) The amount of compensation to employees, directors and supervisors in cash or stock. If there is any difference with the estimated amount of the recognized expenses in the year, the difference amount, reason and treatment shall be disclosed:

The Company's distribution of employees' and directors' compensation for 2022 has been approved by the Board of Directors on March 27, 2023, and the distribution is as follows:

Unit: NT\$1,000

	Distributed amount resolved by the Board of Directors	Estimated amount of the recognized expenses in the year	Difference	Reason for Difference
Employee compensation in cash	52,195	52,195	—	—
Director Compensation	5,400	5,400	—	—
Total	57,595	57,595	—	—

(2) The amount of any employee compensation distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial statements or individual financial statements for the current period and the total employee compensation: N/A.

5. The actual distribution of employee, director and supervisor compensations in the previous year (including the number of shares distributed, amount and share price), and if there is a difference with the recognized employee, director and supervisor compensations, the difference amount, reason and treatment shall be stated:

In 2022, the actual amounts of compensations paid to employees and directors for 2021 was NT\$44,166 thousand and NT\$4,061 thousand, respectively, which were not different from the amounts of earnings distribution approved by the Board of Directors on March 18, 2022.

(IX) Share Repurchases: None.

II. Corporate Bonds: None.

III. Preferred Shares: None.

IV. Global Depository Receipts: None.

V. Employee Stock Options: None.

VI. New Restricted Employee Shares: None.

VII. Issuance of New Shares in Connection with Mergers or Acquisitions or with Acquisitions of Shares of Other Companies: None.

VIII. Implementation of Capital Allocation Plans: None.

Chapter 5. Operational Highlights

I. Business Activities

(I) Scope of Business

1. Main business of the Company

- (1) Trading, import and export of computer hardware, software and peripherals, electronic products and parts.
- (2) Trading, import and export of communication equipment, sports equipment, handicrafts, electrical appliances, machinery, hardware, building materials, and furniture.
- (3) Agency for bidding, quotation, and distribution of above products produced by domestic and foreign manufacturers (except futures).
- (4) General import and export trading business.
- (5) CC01070 Wireless Communication Equipment and Apparatus Manufacturing.
- (6) CC01050 Data Storage and Processing Equipment Manufacturing.
- (7) CC01060 Wired Communication Equipment and Apparatus Manufacturing.
- (8) CB01020 Transaction Machine Manufacturing.
- (9) F119010 Wholesale of Electronic Materials.
- (10) F113050 Wholesale of Transaction Machine and Equipment.
- (11) F113070 Wholesale of Telecommunications Equipment.
- (12) F114030 Wholesale of Automobile and Motorcycle Parts and Equipment.
- (13) F401010 International Trade.
- (14) F106030 Wholesale of Molds.
- (15) F206030 Retail of Molds.
- (16) CQ01010 Mold Manufacturing.
- (17) I501010 Product Design.
- (18) ZZ99999 In addition to the permitted business, the Company may conduct business that is not prohibited or restricted by laws and regulations.

2. Weight of lines of business

Unit: NT\$1,000

Type of Product	2022 (Consolidated)	
	Turnover	Weight of lines of business
SCI (Smart Connection Industry)	2,019,809	46.54%
DNT (Datacenter/Networking/Telecom)	1,850,180	42.64%
IoT (Internet of Things)	125,310	2.89%
Other Industries (Note)	344,129	7.93%
Total	4,339,428	100.00%

Note: Other industries refer to the trading of e-commerce, computer peripherals and other products.

3. Current products (services)

- (1) Datacenter Networking Telecom (DNT) is used for 5G Telecom/Edge computing, Server, Storage, high-speed Switch, Data Center, and other high-speed transmission copper wires and optical fiber and optical module interconnection products.

- (2) Internet of Things (IoT)

The main products are wireless all-in-one air quality detection products and smart home technology meeting Matter standards.

Through the air detection solutions and related HVAC equipment, we are able to achieve complete environmental monitoring and remote control, and then save energy and improve the quality of living environment.

We have accumulated various wireless connection technologies and introduced the Matter 1.0 technology, which has been integrated by the Connectivity Standards Alliance (CSA), into the smart home product category to provide customers with a solution to the problem of compatibility with various smart speakers in different hardware.

From R&D design to manufacturing capabilities and experience, complemented by the sharing of group resources, we expect to continue to assist customers in creating customized IoT solutions with modular and diverse flexible development.

(3) Smart Connection Industry (SCI)

Make the best use of the foundation of high-end consumer products. We have developed from high-end consumer products to customized OEM/ODM services for automotive electronics/EV new energy, energy storage, medical devices, smart factories, drones, and flying motorcycles, including Japanese YAMAHA robot arms, sensor modules, and other market applications. In addition, our strategy of providing value-added services based on customer relationships and the product lines of our strategic partners has been successful in winning the cooperation with large manufacturers of automotive electronics and industrial OEM/ODM, thus creating long-term revenue.

4. New products (services) planned to be developed

(1) Datacenter/Networking/Telecom (DNT):

1. Direct terminated EDSFF to SFF-TA-1016 cable for storage
2. CDFP 16X Cable for PCI-E Gen 5 External Cables for Servers
3. 800G 8X OSFP Passive Single Channel 112Gbps Copper Cable (DAC)
4. 800G 8X QSFP-DD Passive Single Channel 112Gbps Copper Cable (DAC)
5. QSFP-DD Discrete for PCI-E Gen 5 Application
6. Riser Cable OCP 3.0 to SFF-TA-1016 cable / SFF-TA-1026 Cable
7. Mini Thinline 16i Rec VT type connectors
8. SFF 8639 Rec VT type 8.15 mm for PCI-E Gen 5
9. 100G telecom industrial grade long distance optical transceiver module
10. 400G Data Center Grade DR4 Optical Transceiver Module
11. External 8644 R/A /press fit Rec/ Gen 4
12. Mini Gen Z 2C
13. paddless SFF-TA-1016 Plug
14. 800G OSFP cable
15. 800G Q-DD cable

16. Q_DD For Gen 5

17. 800Gbps AEC cable (Active Copper Cable)

(2) Internet of Things (IoT):

All-in-one sensing products developed by modularization. In line with the market trend, we have developed the JPC intelligent edge computing architecture to improve the near-end control shortcomings of the existing IoT systems on the market and to be compatible with the mainstream systems on the current market; combined with sensing devices and control units, it will be used as the foundation for further development of smart factory and smart building related solutions.

1. Add IoT device peripheral environment monitoring and energy saving application solutions (all-in-one Sensor module).
2. Develop Smart Edge and integrate with the modules.
3. Continue to increase wireless communication module options (5G module).

(3) Smart Connection Industry (SCI):

1. Launch new 23A/32A/45A/200A XLP lightweight plastic series high voltage and high current connectors & customized cables for EV automotive/new energy ESS market (PDU/BATTERY MODULE/OBC/MOTOR/MCU).
2. For energy storage equipment system/battery pack, we provide high voltage high current standard connectors (200/300A) and customized energy storage system high voltage cable solution (200/300A) services.
3. For EV automotive/new energy ESS market (PDU/BATTERY PACK/DC TO AC CONVERTER/OBC), We provide 400A TL500 series high voltage and high current connectors & customized cables.
4. For EV automotive/new energy ESS/AGV, we provide customized battery management low voltage control cable service.
5. Launch UL certification related products, UL certification for high voltage high current connectors, and UL certification for energy storage

cables.

6. For PCIe product line, PCIe4.0 cable has been successfully introduced to majors domestic electronic sports companies, and our R&D team plans to develop new PCIe5.0 high-speed cables.
7. For Japanese industrial/automotive markets, we provide customized high-end consumer products (HDMI2.1/TYPE C/USB4.0 cables).
8. Automotive FAKRA waterproof cable and automotive high-speed Ethernet (CAR ETHERNAT SPE) cables.

(II) Overview of the Industry

1. Current status and development of the industry

(1) Datacenter Networking Telecom (DNT):

IDC estimates that the expenditure in computing and storage cloud infrastructure will grow at a compound annual growth rate (CAGR) of 12.4%, reaching US\$118.8 billion by 2025. The immersion cooled global data center market size is expected to grow to US\$222.35 million over the period of 2021~2025.

Server shipments are expected to continue to be driven by the demand for large cloud data centers in North America from 2022 to 2027, and global server shipments are expected to grow at a compound annual growth rate of 6.1%.

AMD plans to further launch Bergamo, Genoa-X, and Siena platforms in 2023, which will drive the replacement of data center and enterprise server after 2024.

(2) Internet of Things (IoT):

Combined with AI and through the assistance of sensing technology, IoT will make the future lifestyle dominated by Big Data.

The disadvantage of common environmental detection solutions is that once the network is disconnected, users will lose the ability to control peripheral devices; JPC strengthens and extends the role of gateway and combines AI and edge computing technologies to enable users to maintain normal control and application of smart home and smart factory environments even when

they are offline.

Statista (a German market research firm) estimates that more than 130 million households worldwide have a smart speaker, which is expected to increase to 335 million in the next five years.

Omdia (a UK research firm) estimates that the global smart home market is expected to reach US\$178.5 billion by 2025.

Three elements drive the booming of smart home industry:

- I. Centralized and remote monitoring and management
- II. Convenience
- III. Customization meets individual needs, and the Matter standard published by the Connectivity Standards Alliance (CSA) solves compatibility and connectivity problems

(3) Smart Connection Industry (SCI):

According to statistics, the robotics market grew strongly in 2021, with the number of new installations of industrial robots increasing by 31% over the previous year, and the total number of robots in operation worldwide reached a new record high. The gradual expansion of the robot market indicates a considerable improvement in product quality, price and availability, and the government policies that encourage technological research and development also play an important role.

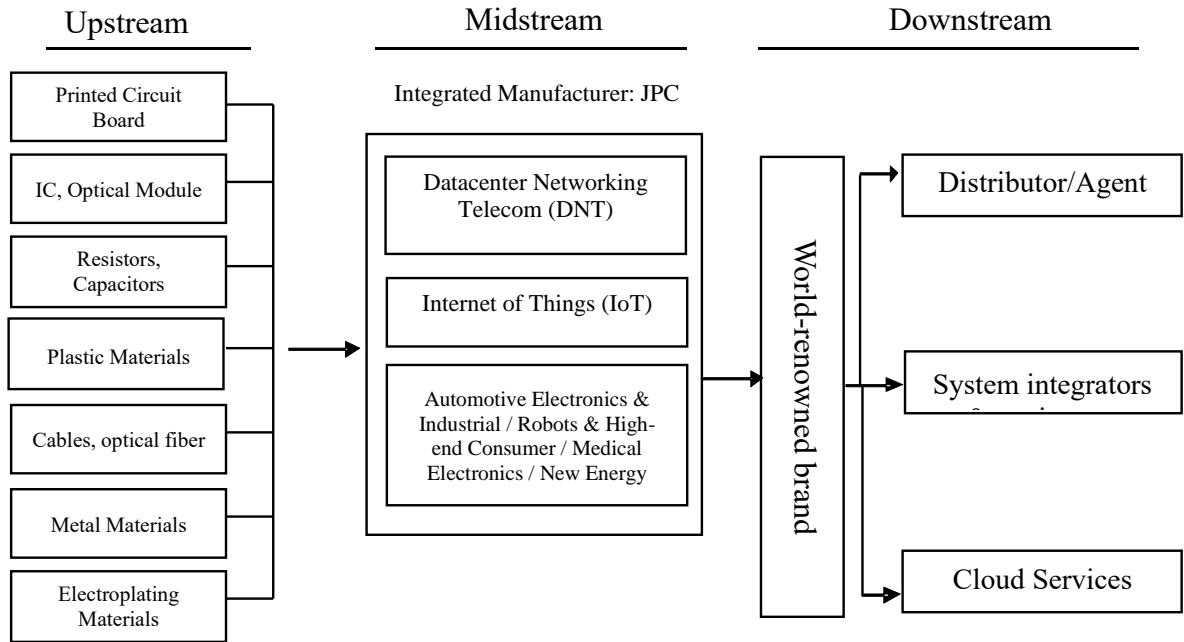
Asia is the largest market for robots, with 74% of new industrial robots installed in Asia in 2021. The largest user in Asia is Mainland China, with a growth rate of 51% and 268,000 new robots installed, and the total number of operating robots exceeded one million; the second largest market in Asia is Japan, and the number of new installations increased to 47,000 at a growth rate of 22% in 2021; the number of new installations in Taiwan increased to 9,600 at a growth rate of 31%, which is the seventh largest market of industrial robots. In addition, the global market size of SCARA robots, one of JPC's main products, reached US\$9,559.06 million in 2022, with a compound annual growth rate of 12.84%; in 2027, the sales volume will reach 175 million units and the sales amount is expected to reach US\$16.32 million.

After the epidemic, the wave of 5G smart factories is still going on, and the

demands for smart factories and automated robotic arms continue to rise. In addition, under the epidemic, the internal combustion engine (ICE) vehicles will resume growth, reaching 81.7 million vehicles in 2025, and market penetration is expected to start growing. Global EVs are expected to grow at a compound annual growth rate of 29% over the next decade; the total sales volume of EVs will grow from 2.5 million in 2020 to 11.2 million in 2025 and 31.1 million in 2030. Electric vehicle is an important area for transformation and investment of connector manufacturers in recent years, and is one of the long-term drivers for Taiwan manufacturers. Due to the higher threshold of the automotive supply chain and longer production cycle, automotive industry has become one of the main drivers for steady revenue growth in the connector industry in recent years; in the future, driven by environmental protection and net zero carbon emission, the growth of new energy vehicles will be accelerated and the demands for related charging equipment and power/battery management will continue to grow, which will lead to good results. In particular, the US\$1 trillion infrastructure bill of the United States includes a EV charging stations program of US\$900 million.

The global connector market size continues to grow as downstream applications become more abundant and diverse. According to Bishop & Associates, the global connector market size was US\$77.99 billion in 2021, with a year-on-year growth of 23.8%. With the continuous growth of the downstream market size, the demands for consumer electronics, new energy vehicles and aerospace are booming. According to AlliedMarketResearch, the global connector market size is expected to reach US\$98.12 billion in 2027. Automotive connector is the largest application area in the global connector market. According to Bishop & Associates, automotive connectors account for 22% of the total market. With the increasing global share of new energy vehicles and the penetration of automotive intelligence, it is expected that the market size of automotive connectors will continue to grow.

2. Correlation among Upstream, Midstream, and Downstream of the Industry



3. Product development trends and competitions

(1) Product development trends

① Datacenter Networking Telecom (DNT):

There are three major trends driving the development of the cloud computing market:

- a. Rapid growth of cloud data.
- b. Ubiquitous use of artificial intelligence to extract the meaning of data.
- c. Expansion of cloud services to the network edge.

According to the estimates of IDC, the volume of cloud data will triple from 2020 to 2025; according to the estimates of Gartner, 80% of enterprises will shut down their traditional data centers by 2025.

The low latency transmission needs of 5G mobile networks will accelerate the development of edge computing, cloud fast processing and artificial intelligence, such as smart home life, self-driving trucks and other applications, all of which help make decisions and optimize operations through the cloud. All of the above factors will drive cloud operators to purchase servers, AI servers, storage devices, switches and

other infrastructures.

② Internet of Things (IoT):

Matter's new technologies and ecosystems provide the industry with hardware and software big data and cloud services:

- Technologies: Edge computing / system security / machine learning / communication connectivity
- Services: Energy management / home automation / security management
- Software: Remote monitoring / automatic connection control
- Developer ecosystem: development framework/tool flow

As the Matter ecosystem continues to develop and define standard specifications for IoT products, more software/hardware companies will develop devices and services with better quality and higher integration in the future. The user can freely choose the voice control system, such as Alexa, Siri or Google Assistant, and the terminal device is no longer needs limited to a single system or a single platform.

③ Smart Connection Industry (SCI):

The global market size of horizontal multi-joint robotic arms is expected to grow from US\$6.88 billion in 2021 to US\$7.8 billion in 2022, at a compound annual growth rate of 13.4%. In addition, it will reach US\$13.03 billion by 2026, growing at a compound annual growth rate of 13.7%. The introduction of automation and technological advancement in the industry will contribute to the market growth.

Therefore, from 2022 to 2026, the installation quantity of industrial robots in the world is expected to grow steadily. The Industrial Technology Research Institute estimates that the market size of robots will be US\$11.5 billion in 2021, while the market size of robotic systems derived from them will reach US\$34.5 billion.

As global technology develops around AI, 5G, B5G, IoT and other technological issues, the integrated robot system will become more intelligent with the technical development. When traditional production and digital intelligence strategies are combined, robots and smart factories will

be pushed to a key position in the industry in the future. Therefore, the Company will continue to expand our business in related industries.

In addition to industrial automation and robotic arm, with the rapid development of vehicle intelligence, vehicle electronization becomes the main direction of development. With the arrival of 2023, the sales data of 2022 are gradually disclosed, of which, the world's car sales ranking has a big surprise in the last year. According to preliminary data from 78 countries worldwide, the global sales decreased by 2% to a total of 78.49 million (passenger cars and light commercial vehicles). If other markets are included, the estimated sales volume remains unchanged at about 81.5 million.

Compared to 2021, there are interesting changes in the top 10 players. Although China and the U.S. maintain the top two places, India overtakes the Japanese market and ranks the third place for the first time. The strong growth in demand due to better offers and availability of more attractive cars led to a 24% increase in the overall market.

(2) Competition

① Market Competition

A. Datacenter Networking Telecom (DNT):

According to the estimates of Bloomberg, the top seven global cloud content service providers (CSPs) will increase their capital expenditures by 17.3% to US\$129.6 billion this year. Among them, Meta will have the strongest growth, with capital expenditure increasing to US\$29 billion to US\$34 billion at an annual growth of 53-79%, better than the market estimate of US\$23 billion; although Microsoft's high growth rate in the past has led to a high base period, it is still expected to grow by more than 15% next year, and Google will also grow by more than 10%.

With more than 15 years of experience in high-frequency product development, JPC has been developing high-speed connectors and cables, and has expanded from copper cable products to optical communication products. At present, JPC has successfully expanded

to 400G copper cables, electrical cables and optical modules, and AOC products, and has successfully obtained certifications for high-speed network switches, data centers and telecommunication products from customers in the U.S., Taiwan and Japan.

B. Internet of Things (IoT):

From 2023 to 2027, global spending on smart home systems will grow by 9.9%, with 530 million people owning at least one smart device.

In the future, the Company will focus on product development towards IoT products with energy saving, security and privacy protection, compatibility, easy installation, wireless features, strengthening the smart home connection through Matter technology, and integrating the smart sensing devices under development and built-in advanced environmental sensors to build a healthy, comfortable and convenient living and working environment to achieve ESG goal of energy saving.

C. Smart Connection Industry (SCI):

Our Smart Connection Industry Automation Business Group has changed, and is no longer a simple component provider. We have a strong team alliance and can propose integrated solutions. From the legal agent of Yamaha's original arms to Industry 4.0 related PLC and IPC, including industrial power supplies, sensor modules, and our long-standing expertise in customized services and innovative integrated solutions.

JPC has also accumulated a strong presence in the electric vehicle, electric bus, and unmanned transfer robot markets. JPC has been recognized and delivered by well-known Japanese, European and American manufacturers. JPC has not only established solid professional vertical integration capabilities, product design and innovation R&D capabilities, mechanism simulation/electronic circuit design and analysis capabilities, but also owned complete supply capabilities for high-voltage/high-current products for key components in electric vehicles, such as intermediate series battery

modules, PDU, MCU, and On-board Charger.

JPC will continue to be the best OEM/ODM partner of choice for automotive electronics manufacturers, and will actively expand the promotion of industrial circular connectors and JPC high power standard products to accelerate the development and service in industrial automation, automotive electronics and new energy ESS markets. JPC believes that the integrated innovative and value-added services can provide more outstanding and differentiated performance and stable growth compared to our competitors.

② Overview of Products and Technologies

The following key technology trends will continue to lead the way through 2023, prompting the Company to accelerate digital transformation and move towards data operator.

A. Datacenter Networking Telecom (DNT)

With more than 15 years of experience in high-frequency product development, the Company has been engaged in the R&D of high-speed connectors and cables, and has expanded from copper cable products to optical communication products. At present, JPC has successfully expanded to 400G copper cables, electrical cables and optical modules, and AOC products, has obtained certifications for high-speed network switches, data centers and telecommunication products from customers in the U.S., Taiwan and Japan, and has successfully expanded our products that will meet 5G high-speed transmission requirements in the future to the end-user products and applications in various fields.

Products/Technologies

- (1) 400G and 800G copper electro-optical modules are being developed for longer transmission distance.
- (2) PCI-e Gen 5 internal cable evolves from 8 lane to 16 lane.
- (3) The connection cables inside and outside the immersion cabinets must take into account the airtight/watertight requirements.

Future Directions

As the market evolves, our products are moving towards higher density and higher speed products, and we are focusing on 5G related applications of our products. In addition to the full range of products for data centers and mobile base stations, we also launch waterproof products for outdoor applications.

B. Internet of Things (IoT)

Products/Technologies

- (1) Matter Smart Home: Develop modular and products meeting Matter general standard
 - a. Technologies: strengthen edge computing / system security / machine learning / communication connectivity
 - b. Software: Remote monitoring / automatic connection control
- (2) Intelligent sensing part: built-in advanced environmental sensors (Temperature, Relative Humidity, CO2, PM1, PM2.5, TVOC), combined with a variety of wireless communication functions, the product is easier to achieve interconnection and remote access. The industrial standard Modbus RTU over RS-485 wired protocol is added, and system edge computing is enhanced to achieve more efficient and accurate measurement of air quality and concentration.

In aspect of energy management, JPC has been developing wireless charging docks for cell phones or tablets since 2007 and 2008, and has continued to improve the charging and energy efficiency. We also has the qualification for MFI certification, and continue to accumulate experience in Apple peripherals and HomeKit related devices. For the sensor part, JPC has the integrated design ability of "sensor + wireless transmission" modules.

C. Smart Connection Industry (SCI)

Products/Technologies

Through innovative products and services, the Company have

successfully entered the industrial robot automation control, automotive electronics, and Wise Information Technology of Medicine related components industries by focusing on various customization and innovative services such as waterproof, high current, high power, flat cable temperature resistance, and industrial waterproof fiber optic hybrid cable. In addition to using the Group's existing professional R&D products, we also combine with Industry 4.0-related core products of strategic partners to increase product portfolio and diversity, and continue to develop advanced interconnection solutions jointly through a complete vertical integrated operation model to provide customers with a wider range of high value-added products and innovation. JPC provides a wide range of products for various smart industries such as high-end consumer products, industrial, automotive electronics, electric vehicles, new energy and ESS systems.

Future Directions

With the booming of Industry 4.0 and 5G core technologies and systems, Taiwan has become a major partner in the global 5G & automotive electronics supply chain. By 2035, the total value of 5G-related output created directly or indirectly by Taiwan will reach US\$134 billion.

5G will significantly improve industrial production conditions, reduce the reliance on people in dangerous operating environments, improve remote operation experience and controllability of production, and enhance production efficiency. JPC is actively joining MIH/Industry 4.0 Network Association/Automotive Electronics/and Smart Electric Pole Association, etc. The Company is committed to promoting the transformation and upgrade of smart manufacturing/smart energy/related industries, aiming at the smart industry that will upgrade along with 5G after the epidemic, and carefully focusing on the major international manufacturers and related SI system integrators as the key areas that JPC continues to actively invest in.

(III) Overview of Technologies and R&D Work

1. R&D Expenses for the Most Recent Fiscal Year and during the Current Fiscal Year Up to the Date of Publication of the Annual Report

Unit: NT\$1,000

Item/Year	2022 (Consolidated)	First Quarter of 2023 (Consolidated)
Net Revenue	4,339,428	1,085,378
R&D expenses	151,244	38,712
R&D expenses as a percentage of total revenue	3.49%	3.57%

2. Technologies or Products Successfully Developed for the Most Recent Fiscal Year and during the Current Fiscal Year Up to the Date of Publication of the Annual Report

Year	R&D Technologies or Products
2022	PCI-E Gen 5 cables for servers (GEN Z)
	Mini Thinline 8i Ribbon Cable Type (Flat) cables
	Mini Thinline 8i Rec VT connector development
	Power connector cable plug with 90 degree outgoing wires in three directions
	QSFP 100G cables for immersion cooling cabinets
	OSFP 800G DAC
	Telecom Expansion Grade 100G ZR4
	Telecom Industrial Grade 100G ER4
	Automotive Type C receptacle
	Automotive 200A/300A (TL series) elbow 90 degree high voltage and high current connector and cable harness
	200A (PSL series) high voltage and high current connector and cable harness for energy storage system
Industrial M12 X code Receptacle board end 90 degree connector/cable	

First Quarter of 2023	EDSFF to MCIO
	OCP 3.0 to 2*mmi Thinline 8i Riser Cable
	SFP56 50G AOC
	SFP56 50G SR
	200G AOC

(IV) Long-term and Short-term Business Development Plans

1. Short-term Business Development Plans

- (1) Re-integrate the sales and business divisions vertically, upgrade the organization, strengthen the training and cultivation of talents, and actively attract new talents from all walks of life to join the Company to inherit and continue the perseverance and enthusiasm of JPC people. In the meantime, the Company continues to develop our existing customers in the U.S., Japan, China and Taiwan, and starts the sales of products of various business divisions in the shortest possible time based on our existing customer base and familiarity with the market; we are also actively expanding our business development and sales in Europe and Southeast Asia, and actively increasing our overseas sales offices and agents in order to make a global presence and strengthen our localized services.
- (2) Actively participate in electronic online exhibitions and digital platform media advertising. Participation in exhibitions will not only attract new customers, but also increase the brand visibility. At the same time, we can collect market information, grasp the demand trend, develop niche products, and then increase our market share.
- (3) Add the business model of e-commerce platform, and carry out digital sales transformation, thus smoothly entering into diversified operation and challenges.

2. Long-term Business Development Plans

- (1) From a global perspective, we will not only consolidate our existing markets in the U.S./China and Taiwan, but also continue to actively develop new customers in other regions and deploy corresponding professional sales personnel in these regions.

- (2) Develop a global network of agents and sales consultants.
- (3) Continue to actively search for high-quality & complementary business partners and set up alliances to create multi-win situation.

II. Analysis of Market and Production and Marketing Situation

(I) Market Analysis

1. Main product (service) sales (provision) territories

Unit: NT\$1,000

Sales Territory		Year		2021 (Consolidated)		2022 (Consolidated)	
		Amount	%	Amount	%		
Domestic Sales		584,585	15.12	578,658	13.33		
Foreign Sales	Asia	2,094,267	54.16	2,429,585	55.99		
	Americas	976,735	25.26	1,116,629	25.73		
	Europe	175,740	4.54	178,699	4.12		
	Others	35,501	0.92	35,857	0.83		
Total		3,866,828	100.00	4,339,428	100.00		

2. Market Share

The Company has been actively developing high-speed transmission interconnection products, smart electronic devices and peripheral accessories required for data centers. In recent years, the Company has also actively entered the smart industrial, smart automotive, and smart medical markets. In view of the strong growth momentum of the 5G, the Company has set its target markets and is making smooth deployment and development. However, since our products are not end-user products, and the reports available in the market only present partial market information, we are unable to predict the market share accurately.

3. Supply and Demand in the Market and Possible Future Growth

(1) Datacenter Networking Telecom (DNT):

Communication service provider (CSP), Internet service provider (ISP), and broadband products continue to grow, bringing significant changes in working modes and business models. There are three major trends driving the development of the cloud computing market:

- a. Rapid growth of cloud data.
- b. Ubiquitous use of artificial intelligence to extract the meaning of data
- c. Expansion of cloud services to the network edge.

According to the estimates of IDC, the volume of cloud data will triple from 2020 to 2025; according to the estimates of Gartner, 80% of enterprises will shut down their traditional data centers by 2025.

(2) Internet of Things (IoT):

JPC's successful manufacturing and practical experience in IoT products (with IoT technology as the main axis) helps customers to quickly introduce new products into the market and meet various vertical application development needs. According to TrendForce research, the global intelligent manufacturing market was US\$305 billion in 2021 and is expected to reach US\$450 billion by 2025, with a compound annual growth rate of 10.5%.

The smart home market will reach US\$313.95 billion by 2027, growing by 25.3% over the forecast period (2023-2028).

(3) Smart Connection Industry (SCI):

The epidemic accelerates the development of 5G smart trend, and positive increase in the market demands for the development of Industry 4.0 automation can be seen in market, demand, and supply sides. In addition, the market power of unmanned transportation and electric vehicles cannot be underestimated. JPC provides key components for related industries.

According to IDC's semi-annual global IoT expenditure guide, Europe's IoT expenditure will exceed US\$202 billion in 2021. It is expected to grow at a double-digit rate by 2025. Maryville University estimates that by 2025, more than 180 trillion gigabytes of data will be created globally each year. IIoT-supported industries will generate a significant portion of such data.

The global outbreak of COVID-19 accelerates the adoption of Industry 4.0 and increases resistance to potential epidemic diseases. Technologies such as automation and robotics will play a role in reducing human dependency, and enable the human workforce to protect themselves from pandemics as they occur. They can also improve productivity and prevent factory shutdowns

during a crisis. The manufacturing industry is expected to take a larger market share.

The stock of industrial robots running in factories hits a new high, driven by the successful cases of intelligent manufacturing. In the past five years, the automation rate has increased by about 85%.

According to the forecast of professional institutions, the total sales volume of electric vehicles will exceed 14 million in 2025; by 2040, global sales of electric vehicles are expected to surpass those of conventional fuel vehicles, and the world will require about 290 million charging piles at that time.

Therefore, there is no doubt that the new generation of energy vehicles and energy storage technologies will flourish in the future; the emergence of a large number of new energy vehicles and energy storage equipment will have a considerable business promotion effect on many industries. JPC has made preparations and plans in advance, and has successfully and officially entered the supply chains of major manufacturers for target product lines such as intelligent manufacturing, intelligent vehicles, etc.

4. Competitive Niches

- (1) Technology R&D + PM teams provide corresponding products in response to market trends

The Company has complete technology R&D and PM teams to provide niche products to meet the market trends, such as 5G edge computing, Industry 4.0, NEVs, smart healthcare, IoT and smart home markets.

- (2) Complete global presence and manufacturing locations

We have clearly divided the global market and arranged corresponding manpower, and have set up service offices in various regions and expanded our agents simultaneously in order to expand our business sales in the shortest possible time. In terms of production, the Company has production bases in Dongguan and Kunshan (Mainland China), North America, Vietnam and Taipei Head Office. These production bases are close to downstream customers, which not only can reduce the delivery cost and lead time, but also can provide customers with real-time supply and production services. At the same time, we can reduce production waste, improve production efficiency, and reduce

production costs to maximize profits through lean manufacturing.

(3) Complete marketing channels and perfect after-sales services

In addition to the subsidiary in North America, the Company also establishes service offices in Southern China/Eastern China/Northern China/Vietnam/Thailand/Japan to expand local sales and provide after-sales services. In order to respond to the trends and expand sales more efficiently, the Company has completely updated its official website and produced electronic DM to replace traditional sales promotion with electronic marketing.

(4) Diversified products with high added value

Our complete product lines can provide customers with different choices. The main product structure is divided into: Datacenter Networking Telecom, Internet of Things System, and Smart Connection Industry related products.

(5) The products are of stable quality and widely trusted by international manufacturers

With years of experience in design and manufacturing, and strong R&D and technical innovation capabilities, we not only integrate upstream development and manufacturing to ensure the product quality, but also make our products well-recognized by well-known international manufacturers. In addition, as our major customers are all international manufacturers, we can clearly grasp the market trends through good interaction with our customers, and penetrate into regional markets.

5. Future Development Positive and Negative Factors and Countermeasures

(1) Positive Factors

① The main products are popular products, so that they will not be eliminated
The Company's main products are Datacenter Networking Telecom, Internet of Things system, and Smart Connection Industry products, and these products are the trend of the future, so that the Company will continue to make profits and will not be eliminated.

② Products and manufacturing have been certified by international manufacturers, and the barriers to entry are high
The Company has been working in the cloud market for many years, and

has won the trust of our customers with the experience of customization service accumulated over the years. In addition to maintaining the cooperative relationship with our customers, the Company is also engaged in joint research and development of core products with international manufacturers in order to establish a deeper business relationship between both parties. This development opportunity is very beneficial to the future development of the Company.

(2) Negative factors and countermeasures

① Fierce competition in the industry

The product life cycle is increasingly compressed due to rapid changes in the market, and the competition in the industry is fierce, resulting in a decrease in gross profit.

Countermeasures:

Under the pressure of fierce competition in the market, in addition to continuously reducing costs, we must also maintain proper quality of our products. Therefore, on the one hand, we are actively developing high value-added products to widen the gap with the peer companies, and cooperating with parts suppliers with stable quality and low prices to increase gross profit; on the other hand, we are making a complete assessment on the self-production or outsourcing costs to implement production in the most efficient way.

② High labor cost and high production cost

Although most of our products are produced by automatic production equipment, there are still some components that cannot be produced by automatic equipment and must rely on labor, and the operating costs of factories in Mainland China are increasing due to rising labor costs.

Countermeasures:

- A. Implement vertical integration and consolidation of factories to reduce management costs, reduce repeated investments, and maximize group resource utilization.
- B. Actively invest in automatic production equipment to reduce reliance on labor and improve product quality.

③ Exchange rate risk

Since the Company's sales targets are mostly well-known international manufacturers with a high rate of foreign sales, the changes in exchange rate have a significant impact on the Company's operations.

Countermeasures:

Based on professional consulting services provided by correspondent banks and external professional investment and financial management personnel, we will avoid exchange rate risk when the exchange rate is unstable.

The financial staff maintains close contact with banks and keeps abreast of international financial information and exchange rate changes through connection with relevant international financial systems to determine the favorable time for foreign exchange transactions. The Company uses the U.S. dollar as its primary trading currency, and the net assets are mainly in U.S. dollar. The Company uses accounts receivable and accounts payable as natural hedges to reduce transaction costs arising from foreign exchange.

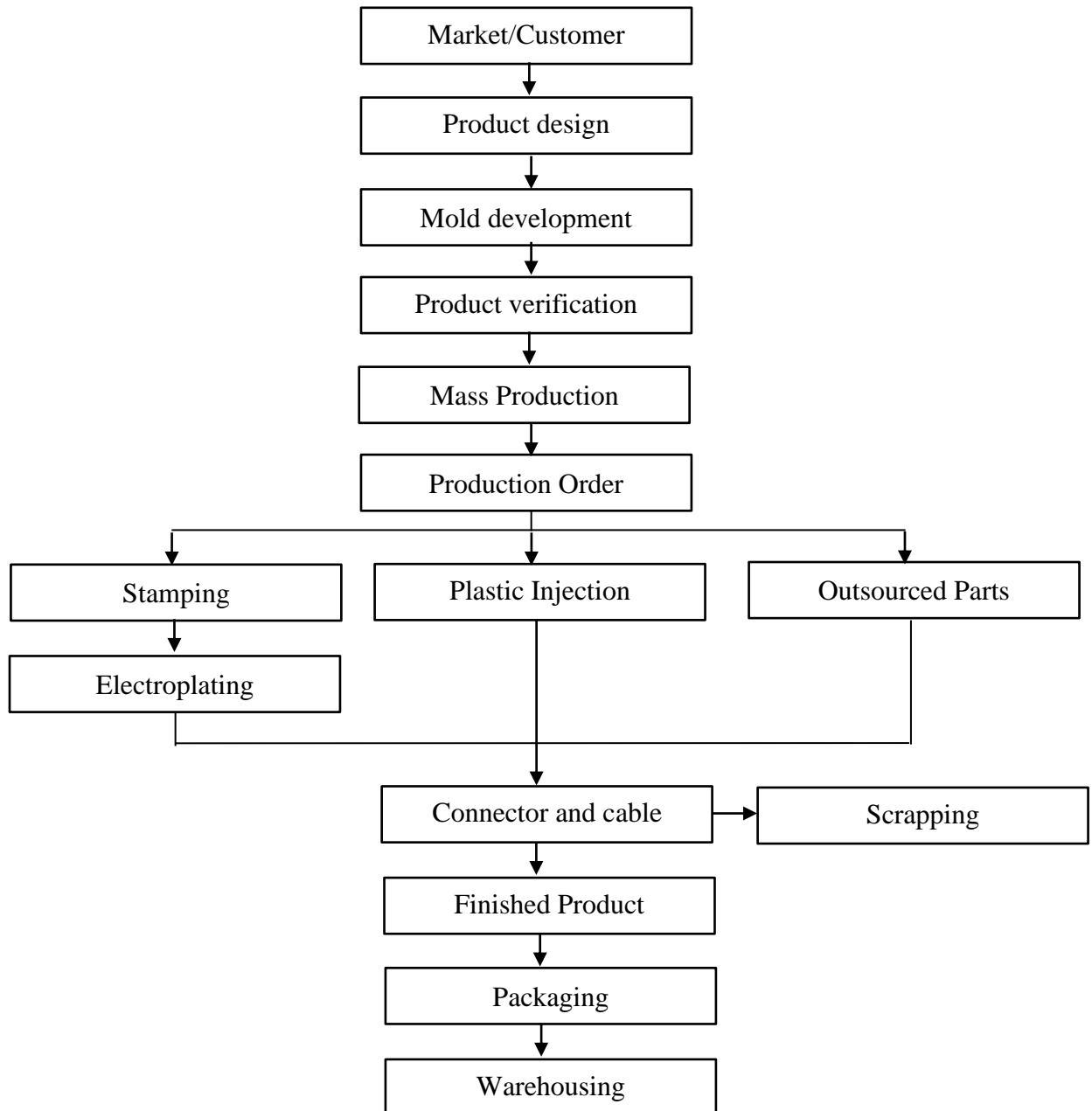
(II) Usage and Manufacturing Processes for Main Products

1. Usage for Main Products

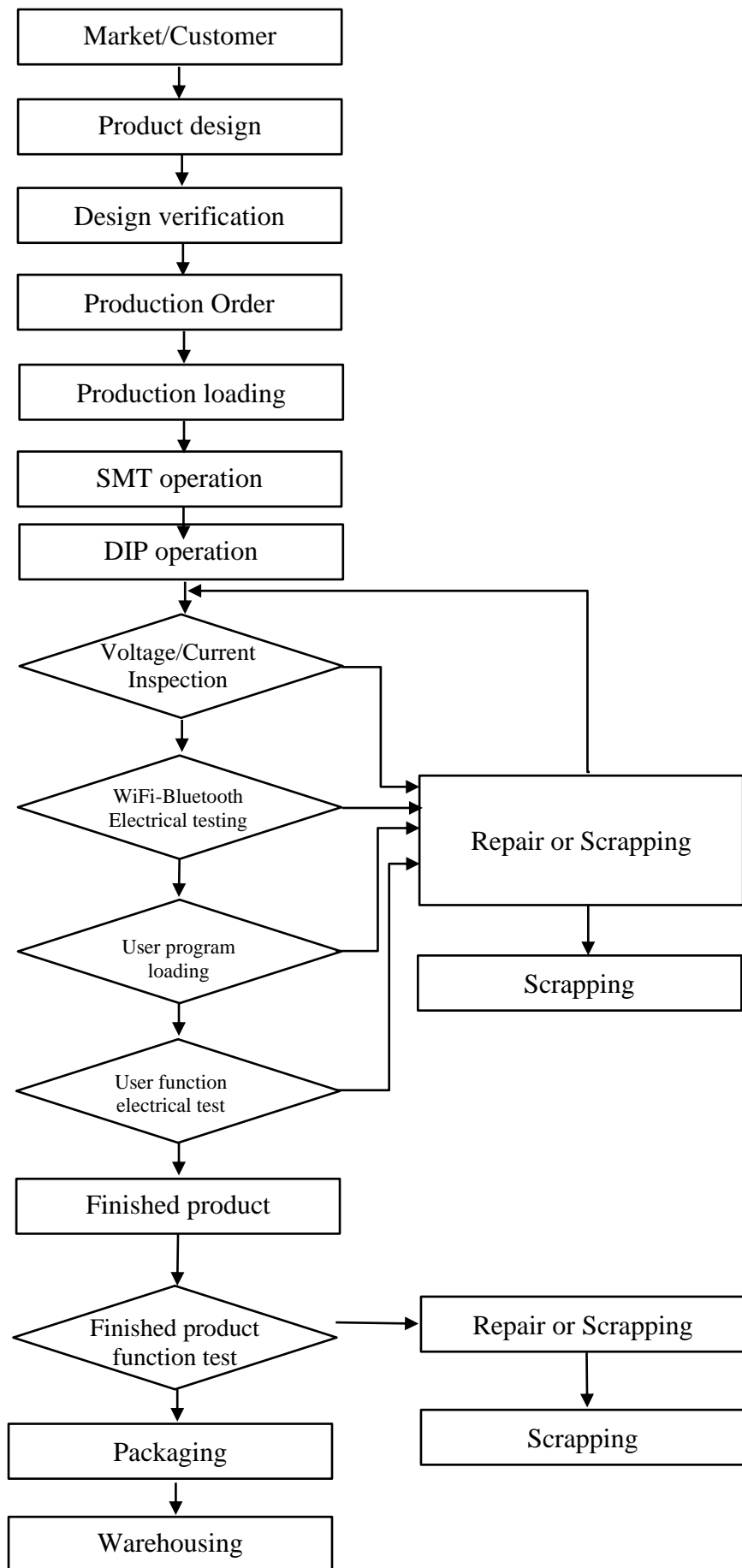
Main Products	Usage
Datacenter Networking Telecom (DNT)	1. 5G Telecom/Edge computing 2. Server, Storage and Switch 3. Data Center
Internet of Things (IoT)	1. Develop modular and products meeting Matter general standard: a. Technologies: strengthen edge computing / system security / machine learning / communication connectivity b. Software: Remote monitoring / automatic connection control 2. Intelligent sensing part: built-in advanced environmental sensors (Temperature, Relative Humidity, CO2, PM1, PM2.5, TVOC).
Smart Connection Industry (Smart Connection Industry, SCI)	Industrial robots and smart factory/automation related equipment products, communication systems and various connectors and connection cables for the transmission of electronic signals between products. Automotive electronics, electric new energy and ESS energy storage related, internal signal control connection, power transmission, protection control related, connection devices and connection cable harnesses. Medical electronics, medical external signal control connection, power transmission, protection control related, connection devices and connection cable harnesses.

2. Manufacturing Processes for Main Products

(1) Datacenter Networking Telecom/Smart Connection Industry



(2) Internet of Things



(III) Supply Situation for Major Raw Materials

Major Raw Materials	Major Supplier	Supply Situation
Consumer Electronic Components	Nanzhuo, Zuomao, Hong Kong	Good

(IV) The names of customers who accounted for more than 10% of the total amount of goods imported (sold) in any of the most recent two years, the amount and proportion of goods imported (sold), and the reasons for their increase or decrease

(1) List of Major Suppliers in the Most Recent 2 Years

Unit: NT\$1,000

Item	2021				2022				As of March 31, 2023			
	Name	Amount	Proportion to Net Purchase for the Year (%)	Relationship with the Issuer	Name	Amount	Proportion to Net Purchase for the Year (%)	Relationship with the Issuer	Name	Amount	Proportion to Net Purchase as of the First Quarter of the Year (%)	Relationship with the Issuer
1	Supplier A	219,915	10.60	–	Supplier C	301,917	13.95	–	Supplier C	118,837	21.69	–
	Others	1,855,647	89.40		Others	1,863,087	86.05		Others	429,048	78.31	
	Net Purchase	2,075,562	100.00		Net Purchase	2,165,004	100.00		Net Purchase	547,885	100.00	

Reasons for increase or decrease:

The purchase amount and proportion of the Company's major suppliers for the most recent two years changed with the Company's product development strategy and the demand of upstream customers, and there were no significant abnormalities.

(2) List of Major Clients in the Most Recent 2 Years

Unit: NT\$1,000

Item	2021				2022				As of March 31, 2023			
	Name	Amount	Proportion to Net Sales for the Year (%)	Relationship with the Issuer	Name	Amount	Proportion to Net Sales for the Year (%)	Relationship with the Issuer	Name	Amount	Proportion to Net Sales as of the First Quarter of the Year (%)	Relationship with the Issuer
1	Client C	520,971	13.47	–	Client C	420,951	9.70	–	Client C	114,228	10.52	–
	Others	3,345,857	86.53		Others	3,918,477	90.30		Others	971,150	89.48	
	Net Sales	3,866,828	100.00		Net Sales	4,339,428	100.00		Net Sales	1,085,378	100.00	

Reasons for increase or decrease:

The sales amount and proportion of the Company's major clients for the most recent two years changed with the Company's product development strategy and the demand of upstream customers, and there were no significant abnormalities.

(V) Table of Production Volume and Value for the Most Recent 2 Years

Unit: PCS1,000 / NT\$1,000

Production Volume and Value	Year	2021 (Consolidated)			2022 (Consolidated)		
		Production Capacity	Production Volume	Production Value	Production Capacity	Production Volume	Production Value
Main Products							
Datacenter Networking Telecom, Internet of Things System, Smart Connection Industry, and others	Note 1	1,386,744	2,513,071	Note 1	1,202,396	2,368,807	

Note 1: The Company flexibly arranges production according to customers' orders, there is no standardized product, and the products vary greatly, so that it is impossible to measure capacity by volume.

Note 2: If the production of each product is substitutable, the production capacity can be combined.

(VI) Table of Sales Volume and Value for the Most Recent 2 Years

Unit: PCS1,000 / NT\$1,000

Sales Volume and Value	Year	2021 (Consolidated)				2022 (Consolidated)			
		Domestic Sales		Foreign Sales		Domestic Sales		Foreign Sales	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
Main Products									
Smart Connection Industry		19,937	209,386	250,405	1,433,685	21,905	149,598	221,783	1,870,211
Datacenter Networking Telecom		10,923	304,681	12,538	1,209,759	12,107	386,271	24,585	1,463,909
Internet of Things System		1	7,428	610	196,046	406	9,872	715	115,438
Others		5	831	383	505,012	15	53,539	199	290,590
Total		30,866	522,326	263,936	3,344,502	34,433	599,280	247,282	3,740,148

Note: Others include raw materials and molds, etc., with different measurement units and specifications.

III. Number of employees, average years of service, average age, and education distribution proportion in the most recent two years and as of the publication date of the annual report

Year		2021	2022	As of March 31, 2023
Number of Employees	General employees	531	555	552
	Direct employees	461	545	451
	Total	992	1,100	1,003
Average Age		29.04	23.04	24.07
Average Years of Service		4.66	3.54	3.80
Education Distribution Proportion (%)	PhD	0.10%	0.09%	0.10%
	Master's	4.54%	3.73%	3.91%
	Bachelor's	26.92%	27.27%	34.31%
	High school	23.39%	28.00%	23.66%
	Below high school	45.06%	40.91%	38.03%

IV. Disbursements for Environmental Protection

For the most recent year and up to the date of publication of the annual report, there were no major penalties due to pollution.

V. Labor Relations

(I) List the Employee Benefit Plans, Continuing Education, Training, and Retirement Systems and the Status of Their Implementation, and the Status of Labor-management Agreements and Measures for Preserving Employees' Rights and Interests

1. Employee Benefit Plans, Continuing Education and Training

- (1) The Company sets aside welfare fund to handle related employee welfare matters.
- (2) Insurance: including labor insurance, group insurance, national health insurance, etc.
- (3) Gift coupons or gifts for the three major festivals.
- (4) Domestic and overseas travels and other group recreational activities.
- (5) Wedding and funeral subsidies.
- (6) Year-end performance bonus.
- (7) On-the-job education and training for employees.

(8) On-site medical services.

2. Retirement system and implementation status

(1) The Company has established the employee retirement plan to protect the livelihood of employees after their retirement. In addition to making monthly contributions to the special account of the Bank of Taiwan within the limit of 2% of total salary according to the Old Plan, the Company has also established a "Retirement Reserve Fund Supervisory Committee" to supervise the allocation, deposit and utilization of pension funds.

(2) Since July 1, 2005, the Company has established a defined contribution pension plan in accordance with the Labor Retirement Act, which is applicable to domestic employees. A monthly contribution of not less than 6% of the employee's salary will be made to the employee's personal account at the Bureau of Labor Insurance. The employee's pension is paid monthly or in lump sum according to the amount of the employee's personal pension account and accumulated earnings.

3. Labor-management agreements and measures for preserving employees' rights and interests

The Company has established personnel management rules and personnel operating guidelines, and all matters from the hiring, promotion to retirement of employees are clearly stated in the work rules. The Company's work rules were formulated in accordance with the relevant regulations of the Labor Standards Act and approved by the New Taipei City Labor Bureau. The Company has maintained harmonious labor-management relations since its establishment, and in order to continue to maintain harmonious labor-management relations, the Company's management attaches great importance to communication channels between employees and management.

(II) List all losses (including labor inspection results in violation of the Labor Standards Act; the date of penalty, penalty document number, applicable law violated, content of the law, and content of penalty shall be disclosed) incurred due to labor disputes in the most recent year and up to the date of publication of the annual report, and disclose the currently estimated amount and future potential amount, and future

countermeasures: None.

VI. Cyber security management

(I) 1. Cyber security risk management framework:

JPC's cyber security authority is the Information Management Department, which is responsible for planning cyber security and protection related policy, implementing cyber security operations and promoting cyber security information, raising employees' cyber security awareness, regularly monitoring network traffic, understanding and grasping the latest cyber security information and cyber security attack situation, and immediately notifying the emergency response joint defense personnel to minimize the damages.

2. Cyber security policy and specific management plans:

(1) Corporate cyber security management policy framework

- The Company's cyber security authority is the Information Management Department, which has an information supervisor and a number of professional information personnel responsible for formulating internal cyber security policies, planning and implementing cyber security operations, and promoting and implementing cyber security policies, and regularly reporting to the Board of Directors on the Company's cyber security governance status.
- The Company's Auditing Office is the supervisory unit for cyber security monitoring. The Office has an auditor who is responsible for supervising the implementation of internal cyber security, and if deficiencies are found, the audited unit is required to propose relevant improvement plans and specific actions, and the effectiveness of improvement is tracked regularly to reduce internal cyber security risks.
- Organizational operation mode - PDCA (Plan-Do-Check-Act) cycle management is adopted to ensure the achievement of the reliability goal and continuous improvement.

(2) Specific management plan and resources invested in cyber security management:

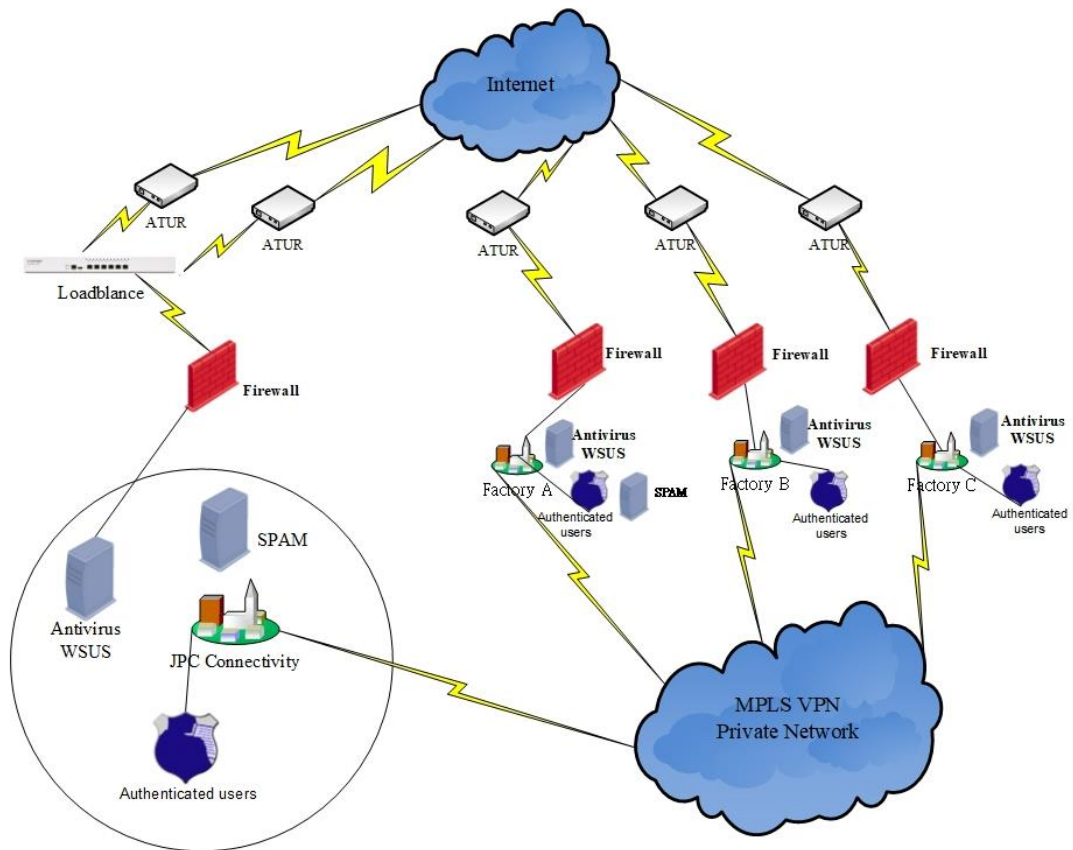
- ① The cyber security management mechanism of the Company consists of the following three aspects:
 - A. System and regulation: establish the Company's cyber security management system and regulate the personnel's operation behavior.

- B. Use of technology: Set up cyber security management equipment and implement cyber security management measures.
- C. Personnel training: Conduct education and training on cyber security to raise the cyber security awareness of all employees.

② Cyber security management measures:

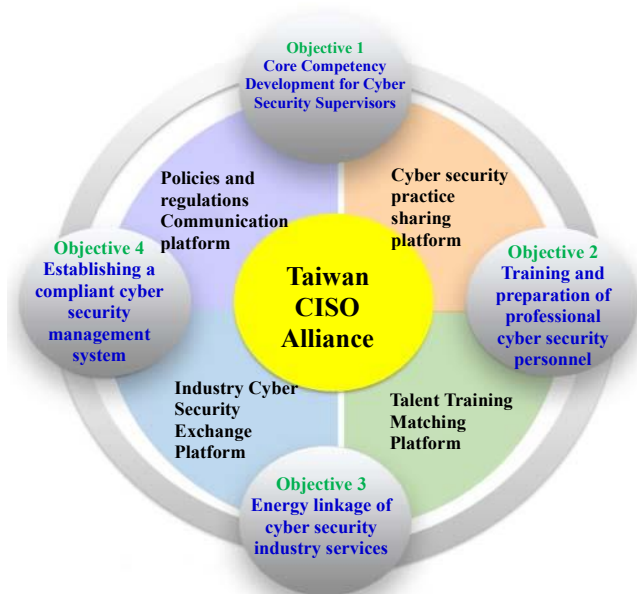
The Company regularly reviews internal cyber security regulations and analyzes internal risk levels based on network structure, vulnerabilities, threats and effects,

and use the risk assessment results to formulate security measures and enhancement items, o as to improve and enhance the overall cyber security environment. The cyber security management mechanism includes the following:



▲ Group Network Security Framework

In order to strengthen the technical application and experience exchange of cyber security, JPC joined the CISO Alliance in Taiwan this year, and its main vision and objectives are as follows:



Objective 1: Core Competency Development for Cyber Security Supervisors

Cyber security supervisor study courses are opened to improve the core competencies of cyber security supervisors through cyber security practices, cyber security governance sharing activities and cyber security threat information analysis services.

Objective 2: Training and preparation of professional cyber security personnel

Operate cyber security personnel training mechanism, conduct industry-academy exchange, enterprise internship, and talent matching activities, and set up physical and virtual learning platforms to help enterprises to improve professional cyber security personnel.

Objective 3: Energy linkage of cyber security industry services

By combining the resources of cyber security industry services, assist cyber security supervisors to grasp resources and effectively eliminate cyber security problems by conducting case studies on cyber security incidents, consulting cyber security governance advisors, and introducing cyber security solutions.

Objective 4: Establishing a compliant cyber security management system

Act as a communication bridge between the government and the industry, and conduct policy and regulation promotion and legal compliance consultation service activities to help enterprises establish cyber security management systems that comply with relevant regulations.

Source of picture: Taiwan CISO Alliance

JPC adopts the "centralized control and decentralized monitoring and control method" in the strategy of cyber security management mechanism. The Information Management Department of the head office will make unified planning, and each factory will establish its own management plan. Functionally, the central server and database system are installed in Taipei, and a managed mechanism is set up in other factories to monitor the status of PC online security protection in each factory in real time, and connected to the central server through the network for unified control.

(II) Major cyber security incidents

At present, there is no major cyber security incident that causes business damage.

VII. Important Contracts

Type of Contract	Party	Contract Duration	Contract Content	Restrictions
Lease contract	TLD HI-TECH CO., LTD.	2018/11-2023/10	Leasing of plant	None
Lease contract	Kunshan Liandong Jinkun Industrial Co., Ltd.	2021/03/31-2024/03/30	Leasing of plant	None
Lease contract	Dongguan Nanzhuo Industry Co., Ltd.	2019/09/01-2024/08/31	Leasing of plant	None
Lease contract	Dongguan Nanzhuo Industry Co., Ltd.	2020/06/01-2025/05/31	Leasing of plant	None
Lease contract	Dongguan Nanzhuo Industry Co., Ltd.	2022/09/01-2025/05/31	Leasing of plant	None
Lease contract	Shenzhen Huiju Cultural Industry Operation Co., Ltd.	2021/01/01-2023/10/31	Leasing of office	None
Lease contract	Admiral Overseas Corporation	2021/09/01-2023/10/31	Leasing of office	None

Chapter 6. Financial Information

I. Condensed Financial Information for the Past Five Fiscal Years

(I) Condensed Balance Sheet and Comprehensive Income Statement - Consolidated

Financial Statements Condensed Balance Sheet (Consolidated)

Unit: NT\$1,000

Item	Year	Financial Information for the Past Five Fiscal Years					March 31, 2023 (Note 1)
		2018	2019	2020	2021	2022	
Current Assets		3,754,550	3,558,733	3,912,560	3,493,108	3,687,337	3,669,315
Property, Plant, and Equipment		390,655	370,674	435,352	439,883	427,593	427,242
Intangible Assets		73,904	94,122	95,780	94,243	95,450	93,385
Other Assets		84,136	39,590	44,995	55,938	41,801	43,663
Total Assets		4,403,002	4,284,758	4,750,068	4,460,980	4,604,182	4,579,268
Current Liabilities	Before distribution	1,404,598	1,062,150	1,536,670	1,231,687	1,377,415	1,600,115
	After distribution	1,644,770	1,428,408	1,890,719	1,597,945	1,768,090	1,600,115
Non-current Liabilities		49,802	105,758	138,324	128,260	67,345	56,526
Total Liabilities	Before distribution	1,454,400	1,167,908	1,674,994	1,359,947	1,444,760	1,656,641
	After distribution	1,694,572	1,534,166	2,029,043	1,726,205	1,835,435	1,656,641
Equity Attributable to Owners of the Parent		2,948,602	3,042,431	2,994,685	3,018,235	3,061,354	2,822,477
Capital Stock		1,220,859	1,220,859	1,220,859	1,220,859	1,220,859	1,220,859
Capital Surplus		899,382	834,165	651,036	492,323	394,654	272,568
Retained Earnings	Before distribution	1,095,953	1,218,286	1,302,671	1,496,592	1,702,806	1,536,777
	After distribution	933,837	1,035,157	1,107,334	1,228,003	1,434,217	1,536,777
Other Equity		(210,701)	(230,879)	(179,881)	(191,539)	(256,965)	(207,727)
Treasury Stock		(56,891)	-	-	-	-	-
Non-controlling Interests		-	74,419	80,389	82,798	98,068	100,150
Total Equity	Before distribution	2,948,602	3,116,850	3,075,074	3,101,033	3,159,422	2,922,627
	After distribution	2,708,430	2,750,592	2,721,025	2,734,775	2,768,747	2,922,627

Note 1: The financial data as of March 31, 2023 has been reviewed by the CPAs.

Condensed Statement of Comprehensive Income (Consolidated)

Unit: NT\$1,000

Item \ Year	Financial Information for the Past Five Fiscal Years					March 31, 2023 (Note 1)
	2018	2019	2020	2021	2022	
Operating Revenue	3,486,163	3,609,423	3,582,522	3,866,828	4,339,428	1,085,378
Gross Profit	642,988	835,462	950,352	1,052,646	1,100,099	257,882
Operating Profit or Loss	139,197	217,958	380,294	358,849	378,338	100,831
Non-operating Income and Expenses	209,835	90,878	(49,208)	107,553	166,666	43,411
Income before Tax	349,032	308,836	331,086	466,402	545,004	144,242
Income from Continuing Operations	277,604	262,517	270,395	385,027	445,338	104,397
Loss from Discontinued Operations	—	—	—	—	—	—
Net Income (Loss)	277,604	262,517	270,395	385,027	445,338	104,397
Other Comprehensive Income (net amount after tax)	(60,113)	(17,119)	54,087	(5,019)	(26,192)	49,483
Total Comprehensive Income	217,491	245,398	324,482	380,008	419,146	153,880
Net Income Attributable to Shareholders of the Parent	277,604	288,633	260,410	373,477	439,816	102,560
Net Income Attributable to Non-controlling Interests	—	(26,116)	9,985	11,550	5,522	1,837
Comprehensive Income Attributable to Owners of the Parent	217,491	272,013	318,512	377,599	409,377	151,798
Comprehensive Income Attributable to Non-controlling Interests	—	(26,615)	5,970	2,409	9,769	2,082
Earnings per Share	2.18	2.40	2.13	3.06	3.60	0.84

Note 1: The financial data as of March 31, 2023 has been reviewed by the CPAs.

(II) Condensed Balance Sheet and Comprehensive Income Statement - Parent Company
Only Financial Statements Condensed Balance Sheet (Parent Company Only)

Unit: NT\$1,000

Year		Financial Information for the Past Five Fiscal Years				
		2018	2019	2020	2021	2022
Item						
Current Assets		1,555,951	1,491,542	2,051,142	1,602,443	2,148,318
Property, Plant, and Equipment		190,464	180,762	278,346	295,038	290,697
Intangible Assets		2,833	11,653	15,265	14,814	6,420
Other Assets		11,141	10,417	19,585	26,110	24,294
Total Assets		4,256,159	4,240,995	4,783,547	4,514,897	5,038,098
Current Liabilities	Before distribution	1,260,445	1,144,670	1,732,241	1,430,044	1,938,423
	After distribution	1,500,617	1,510,928	2,086,290	1,796,302	2,329,098
Non-current Liabilities		47,112	53,894	56,621	66,618	38,321
Total Liabilities	Before distribution	1,307,557	1,198,564	1,788,862	1,496,662	1,976,744
	After distribution	1,547,729	1,564,822	2,142,911	1,862,920	2,367,419
Capital Stock		1,220,859	1,220,859	1,220,859	1,220,859	1,220,859
Capital Surplus		899,382	834,165	651,036	492,323	394,654
Retained Earnings	Before distribution	1,095,953	1,218,286	1,302,671	1,496,592	1,702,806
	After distribution	933,837	1,035,157	1,107,334	1,228,003	1,434,217
Other Equity		(210,701)	(230,879)	(179,881)	(191,539)	(256,965)
Treasury Stock		(56,891)	—	—	—	—
Total Equity	Before distribution	2,948,602	3,042,431	2,994,685	3,018,235	3,061,354
	After distribution	2,708,430	2,676,173	2,640,636	2,651,977	2,670,679

Statement of Comprehensive Income (Parent Company Only)

Unit: NT\$1,000

Item \ Year	Financial Information for the Past Five Fiscal Years				
	2018	2019	2020	2021	2022
Operating Revenue	2,210,341	2,186,279	2,365,394	2,812,740	3,431,206
Gross Profit	385,652	402,443	507,472	656,416	900,658
Operating Profit or Loss	134,031	129,460	231,232	297,990	481,254
Non-operating Income and Expenses	189,616	191,983	74,894	144,517	41,096
Income before Tax	323,647	321,443	306,126	442,507	522,350
Income from Continuing Operations	277,604	288,633	260,410	373,477	439,816
Loss from Discontinued Operations	—	—	—	—	—
Net Income (Loss)	277,604	288,633	260,410	373,477	439,816
Other Comprehensive Income (net amount after tax)	(60,113)	(16,620)	58,102	4,122	(30,439)
Total Comprehensive Income	217,491	272,013	318,512	377,599	409,377
Earnings per Share	2.18	2.40	2.13	3.06	3.60

(III) Name of CPAs and Audit Opinions

Year	Name of CPA Firm	Name of CPA	Opinions
2018	PwC Taiwan	Min-Chuan, Feng, Sheng-Chung, Hsu	Unmodified opinion
2019	PwC Taiwan	Ya-Hui, Lin, Min-Chuan, Feng	Unmodified opinion
2020	PwC Taiwan	Ya-Hui, Lin, Min-Chuan, Feng	Unmodified opinion
2021	PwC Taiwan	Yung-Chien, Hsu, Ya-Hui, Lin	Unmodified opinion
2022	PwC Taiwan	Yung-Chien, Hsu, Ya-Hui, Lin	Unmodified opinion

II. Financial Analyses for the Past Five Fiscal Years

Analysis Item		Financial Analyses for the Past Five Fiscal Years - Consolidated					March 31, 2023 (Note 1)
		2018	2019	2020	2021	2022	
Financial Structure (%)	Debt ratio	33.03	27.26	35.26	30.49	31.38	36.18
	Ratio of long-term capital to property, plant, and equipment	767.53	869.39	738.11	734.13	754.64	697.30
Solvency %	Current ratio	267.30	335.05	254.61	283.60	267.70	229.32
	Quick ratio	216.41	267.26	216.56	212.37	214.96	190.59
	Interest coverage ratio	87.98	43.32	50.69	116.65	160.83	475.48
Operating ability	Accounts receivable turnover rate (times)	3.07	3.53	3.55	3.57	3.77	3.77
	Average days for cash receipts	118.89	103.39	102.82	102.24	96.82	96.82
	Inventory turnover rate (times)	4.25	4.08	4.22	4.08	4.40	5.24
	Accounts payable turnover rate (times)	4.01	3.82	3.87	3.71	3.74	3.92
	Average days for sale of goods	85.88	89.46	86.49	89.46	82.95	69.66
	Property, plant, and equipment turnover rate (times)	8.24	9.48	8.89	8.84	10.00	10.16
	Total assets turnover rate (times)	0.78	0.83	0.79	0.84	0.96	0.95
Profitability	Return on assets (%)	6.31	6.18	6.10	8.43	9.89	2.28
	Return on equity (%)	8.96	8.76	8.73	12.47	14.23	3.43
	Ratio of income before tax to paid-in capital (%)	28.59	25.30	27.12	38.20	44.64	47.26
	Net profit margin (%)	7.96	7.27	7.55	9.96	10.26	9.62
	Earnings Per Share (NT\$)	2.18	2.40	2.13	3.06	3.60	0.84
Cash flows	Cash flow ratio (%)	32.36	50.00	22.32	33.75	51.46	9.94
	Cash flow adequacy ratio (%)	158.35	170.31	180.34	137.75	165.80	187.97
	Cash reinvestment ratio (%)	8.86	11.05	4.82	6.62	13.04	5.04
Leverage	Operating leverage	7.00	4.75	2.93	3.46	3.41	2.87
	Financial leverage	1.03	1.03	1.02	1.01	1.01	1.00

Please explain the reasons for any changes in financial ratios in the most recent two years.

1. Interest coverage ratio: The interest coverage ratio increased due to the increase in net income before tax for the year.
2. Cash flow ratio: The cash flow ratio increased due to the increase in cash inflow from operating activities for the year.
3. Cash flow adequacy ratio: The cash flow adequacy ratio increased due to the decrease in five-year sum of (capital expenditure + inventory additions + cash dividends).
4. Cash reinvestment ratio: The cash reinvestment ratio increased due to the increase in cash inflows from operating activities.

Note 1: The financial data as of March 31, 2023 has been reviewed by the CPAs.

Analysis Item		Financial Analyses for the Most Recent Five Fiscal Years - Parent Company Only				
		2018	2019	2020	2021	2022
Financial Structure (%)	Debt ratio	30.72	28.26	37.40	33.15	39.24
	Ratio of long-term capital to property, plant, and equipment	1,572.85	1,712.93	1,096.23	1,045.58	1,066.29
Solvency %	Current ratio	123.44	130.30	118.41	112.06	110.83
	Quick ratio	111.19	115.92	107.54	94.43	95.68
	Interest coverage ratio	81.69	127.70	107.70	389.85	383.11
Operating ability	Accounts receivable turnover rate (times)	3.58	4.17	4.34	4.19	4.28
	Average days for cash receipts	101.94	87.56	84.08	87.17	85.27
	Inventory turnover rate (times)	12.99	11.87	11.50	11.12	12.31
	Accounts payable turnover rate (times)	2.69	2.61	2.33	2.04	1.86
	Average days for sale of goods	28.1	30.74	31.74	32.82	29.66
	Property, plant, and equipment turnover rate (times)	10.74	11.78	10.30	9.81	11.72
	Total assets turnover rate (times)	0.52	0.51	0.52	0.60	0.72
Profitability	Return on assets (%)	6.55	6.84	5.82	8.05	9.23
	Return on equity (%)	8.96	9.64	8.63	12.42	14.47
	Ratio of income before tax to paid-in capital (%)	26.51	26.33	25.07	36.25	42.79
	Net profit margin (%)	12.56	13.20	11.01	13.28	12.82
	Earnings Per Share (NT\$)	2.18	2.40	2.13	3.06	3.60
Cash flows	Cash flow ratio (%)	23.99	43.02	9.87	28.46	40.44
	Cash flow adequacy ratio (%)	121.44	136.10	146.38	131.18	175.38
	Cash reinvestment ratio (%)	4.63	10.64	(0.40)	7.08	16.87
Leverage	Operating leverage	2.29	2.60	2.05	1.98	1.68
	Financial leverage	1.03	1.02	1.01	1.00	1.00

Please explain the reasons for any changes in financial ratios in the most recent two years.

1. Total asset turnover rate: The total asset turnover rate (times) increased due to the increase in net operating income for the year.
2. Cash flow ratio: The cash flow ratio increased due to the increase in cash inflow from operating activities for the year.
3. Cash flow adequacy ratio: The cash flow adequacy ratio increased due to the decrease in five-year sum of (capital expenditure + inventory additions + cash dividends).
4. Cash reinvestment ratio: The cash reinvestment ratio increased due to the increase in cash inflows from operating activities.

The calculation formulas for the analysis items are as follows:

1. Financial structure
 - (1) Debt ratio = Total liabilities/Total assets.
 - (2) Ratio of long-term capital to property, plant, and equipment = (Total equity + Non-current liabilities)/Net value of property, plant, and equipment.
2. Solvency
 - (1) Current ratio = Current assets/Current liabilities.
 - (2) Quick ratio = (Current assets - Inventories - Prepaid expenses)/Current liabilities.
 - (3) Interest coverage ratio = Income before tax and interest expenses/Interest expenses.
3. Operating ability
 - (1) Accounts receivable (including accounts receivable and notes receivable generated from operations) turnover rate = Net sales/Average balance of accounts receivable (including accounts receivable and notes receivable generated from operations) for each period.
 - (2) Average days for cash receipts = 365/Accounts receivable turnover rate.
 - (3) Inventory turnover rate = Cost of goods sold/Average inventories.
 - (4) Accounts payable (including accounts payable and notes payable generated from operations) turnover rate = Cost of goods sold/
Average balance of accounts payable (including accounts payable and notes payable generated from operations) for each period.
 - (5) Average days for sale of goods = 365/Inventory turnover rate.
 - (6) Property, plant, and equipment turnover rate = Net sales/Average net property, plant, and equipment.
 - (7) Total assets turnover rate = Net sales/Average total assets.
4. Profitability
 - (1) Return on assets = [Income after tax + Interest expenses x (1 - Tax rate)]/Average total assets.
 - (2) Return on equity = Income after tax/Average total equity.
 - (3) Net profit margin = Income after tax/Net sales.
 - (4) Earnings per share = (Income attributable to owners of the parent - Preferred stock dividends)/Weighted average number of shares issued.
5. Cash Flows
 - (1) Cash flow ratio = Net cash flows generated from operating activities/Current liabilities.
 - (2) Cash flow adequacy ratio = Five-year sum of net cash flows generated from operating activities/Five-year sum of (capital expenditure, inventory additions and cash

dividends).

(3) Cash reinvestment ratio = (Net cash flows from operating - cash dividends)/(Gross amount of property, plant, and equipment + Long term investment + Other non-current assets + Working capital).

6. Leverage:

(1) Operating leverage = (Net operating revenue - Variable operating costs & expenses)/Operating income.

(2) Financial leverage = Operating income/(Operating income - Interest expenses).

III. Supervisor's or Audit Committee's Review Report on Financial Statements for the Most Recent Fiscal Year: Please refer to Pages 141-144.

IV. Financial Statements for the Most Recent Fiscal Year: Please refer to Pages 145-217.

V. Parent Company Only Financial Statements for the Most Recent Fiscal Year, Audited by CPAs: Please refer to Pages 218-290.

VI. Effect on the Financial Position of Any Financial Difficulties Experienced by the Company and Its Affiliates in the Most Recent Fiscal Year and during the Current Fiscal Year Up to the Date of Publication of the Annual Report: None.

Chapter 7. Review and Analysis of Financial Position and Financial Performance, and Listing of Risks

I. Financial Position

Main reasons and effects of major changes in assets, liabilities and equity for the most recent two years, and future response plans if the effects are significant

(I) Main reasons for changes of 20% or more in the most recent two years:

1. The Company's assets, liabilities and shareholders' equity have not changed by more than 20% in the most recent two years.

(II) Effects of changes of 20% or more in the most recent two years: N/A.

(III) Future response plans if the effects are significant: N/A.

II. Financial Performance

Main reasons for major changes in operating income, net operating income, and net income before tax for the most recent two years, the expected sales volume and the basis thereof, the possible effects on the Company's future financial operations, and the response plans:

(I) Main reasons for changes of 20% or more in the most recent two years

1. Operating income: The Company's operating income did not change by more than 20% in the most recent two years.
2. Net operating income: The Company's net operating income increased by NT\$19,489 thousand or 5.43% in 2022 compared to 2021, which was mainly due to the change in product mix and the decrease in expense ratio in 2022.
3. Net income before tax: The Company's net income before tax increased by NT\$78,602 thousand or 16.85% in 2022 compared to 2021, which was mainly due to the increase in foreign exchange gain of NT\$110,314 thousand in 2022 compared with the NT\$6,899 thousand in 2021.

(II) Expected sales volume and basis thereof

Based on the sales experience in previous years, future customer demand and possible mass production of products with new technology applications, the Company expects

that the sales volume for the year will be within the budget execution.

(III) Possible effects on the Company's future financial operations: No significant effect.

(IV) Future response plans: N/A.

III. Cash flows

Analysis of changes in cash flow in the most recent year, improvement plan for insufficient liquidity and cash liquidity analysis for the coming year

(I) Analysis of changes in cash flow in the most recent year

1. Operating Activities

The net cash inflow from operating activities was NT\$708,775 thousand in 2022, which was mainly due to changes in accounts receivable and accounts payable.

2. Investing Activities

The net cash inflow from investing activities was NT\$55,768 thousand in 2022, which was mainly due to the increase in financial assets measured at amortized cost, the acquisition and disposal of financial assets measured at fair value through other comprehensive income and the acquisition of property, plant and equipment.

3. Financing Activities

The net cash outflow from financing activities was NT\$421,585 thousand in 2022, which was mainly due to repayment of short-term loans, repayment of lease principal, distribution of cash dividends and distribution of capital surplus by cash.

(II) Improvement plan for insufficient liquidity: None.

(III) Cash Liquidity Analysis for the Coming Year

Unit: NT\$1,000

Cash Balance at Beginning of Year	Estimated Net Cash Flows from Operating Activities for the Year	Estimated Net Cash Flows from Investing Activities and Financing Activities for the Year	Estimated Cash Surplus (Inadequacy)	Remedial Measures for Estimated Cash Inadequacy	
				Investment Plan	Financing Plan
1,337,293	609,000	(1,206,492)	739,801	—	—

The Company expects a net cash inflow from operating activities in the coming year, and expects to have a cash balance of NT\$739,801 thousand after the distribution of cash dividends.

IV. Effect on Financial Operations of Any Major Capital Expenditures during the Most Recent Fiscal Year: N/A.

V. Reinvestment Policy for the Most Recent Fiscal Year, Main Reasons for Profits/Losses Generated Thereby, Plan for Improving Reinvestment Profitability, and Investment Plans for the Coming Year

(I) Reinvestment policy: Increase the investment as needed for the Company's operation scale to ensure stable production capacity and serve the needs of customers.

(II) Reasons for profit or loss on reinvestment:

December 31, 2022; Unit: NT\$1,000

Name of Investee Company	Cost of investment	Carrying Value	Profit (Loss) (Note)
BEST LINK PROPERTIES LTD.	953,793	2,004,295	(13,411)
Cha Shin Chi Investment Co., Ltd.	280,000	250,289	(52,848)
Main Super Enterprises Co., Ltd.	120,000	49,877	23,461
Techill Co., Ltd.	15,850	20,068	1,645
Ultraspeed Electronics Co., Ltd.	20,000	14,310	(8,116)
SWS GROUP COMPANY LIMITED	41,565	68,016	8,158

Note1: The Company recognizes investment income or loss based on the financial statements of the investee companies audited by the CPAs in 2022.

Note 2: The main reason for BEST LINK PROPERTIES LTD.'s loss is the recognition of the loss of investment in the Vietnam factory, mainly due to the capitalization of the initial construction. Currently, the promotion of the improvement of the production process of the Vietnam factory can improve the loss situation.

Note 3: The loss of Jiashiqi Investment Co., Ltd. was mainly due to the evaluation loss caused by the fluctuation of the stock market.

(III) Up to now, there is no investment with an estimated investment amount in excess of 5% of the Company's paid-in capital.

VI. The Following Risk Matters Shall Be Analyzed and Assessed for the Most Recent Fiscal Year and during the Current Fiscal Year Up to the Date of Publication of the Annual Report

(I) Effect on the Profit (Loss) of Interest and Exchange Rate Fluctuations and Changes in the Inflation Rate, and Response Measures to Be Taken in the Future

1. Effect on the Profit (Loss) of Interest Rate Fluctuations and Response Measures to Be Taken in the Future

The Company's interest rate risk arises primarily from variable rate interest accruing on short-term debts. In order to avoid the risk of interest rate fluctuations, the Company evaluates the changes in the financial market and selects a relatively low level of commitment, so that even if interest rates fluctuate due to uncertainties, the Company will not be significantly affected.

2. Effect on the Profit (Loss) of Exchange Rate Fluctuations and Response Measures to Be Taken in the Future

As a global enterprise, the Company's accounts receivable and payable cover NTD, USD, EUR, JPY, HKD and CNY, etc. Therefore, the Company faces potential exchange rate risks in its operations. The net foreign exchange gains (losses) were NT\$6,899 thousand and NT\$110,314 thousand in 2021 and 2022, respectively, which accounted for 0.18% and 2.54%, 1.48% and 20.24% of the net operating revenues and net income before tax, respectively, and had a certain impact on the Company's profit or loss. The Company's accounts receivable and payable are mainly denominated in USD, and the Company's assets are denominated in USD. The Company uses accounts receivable and payable as a natural hedge to reduce transaction costs arising from foreign exchange. In the event that the Company's revenue is affected by fluctuations in foreign exchange rates in the future, the Company will take the following measures:

(1) Based on professional consulting services provided by correspondent banks and external professional investment and financial management personnel, we will avoid exchange rate risk when the exchange rate is unstable.

(2) The financial staff maintains close contact with banks and keeps abreast of

international financial information and exchange rate changes through connection with relevant international financial systems to determine the favorable time for foreign exchange transactions.

3. Effect on the Profit (Loss) of Changes in the Inflation Rate and Response Measures to Be Taken in the Future

The Company keeps an eye on the inflation situation to adjust the selling price of products and the inventory of raw materials appropriately. Up to now, inflation has had no impact on the Company's operations.

(II) Policy regarding High-risk Investments, Highly Leveraged Investments, Loans to Other Parties, Endorsements/Guarantees, and Derivatives Transactions, Main Reasons for the Profit (Loss) Generated Thereby, and Response Measures to Be Taken in the Future

The Company did not engage in high-risk or highly leveraged investments. The Company did not engage in any endorsement/guarantee, loans to other parties or derivative transactions in the most recent year or as of the date of publication of the prospectus. If the Company needs to engage in endorsement/guarantee, loans to other parties or derivative transactions in the future, it will follow the policies and measures set forth in the Company's "Procedures for Endorsement and Guarantee", "Procedures for Loans to Other Parties", "Procedures for Acquisition or Disposal of Assets" and "Procedure of Financial Derivative Transactions".

(III) R&D Work to Be Carried Out in the Future and Further Expenditures Expected for R&D Work

The Company adheres to the belief of R&D autonomy, and the main technologies are self-developed by R&D personnel long-term trained by the Company through project research programs. We also maintain close technical cooperation with major long-term customers. For future R&D plans, please refer to "II. Operational Highlights". The Company's R&D expenses in 2021 and 2022 were NT\$133,028 thousand and NT\$151,244 thousand respectively, accounting for 3.44% and 3.49% of the operating revenues respectively. In order to keep pace with the industry development and maintain market share, the Company attaches great importance to research and development, and expects to gradually show the benefits and results in the following years. The estimated R&D expenses for the coming year is

NT\$117,213,146, which will be adjusted according to the operating conditions and needs.

(IV) Effect on the Financial Operations of Important Policies Adopted and Changes in the Legal Environment at Home and Abroad, and Measures to Be Taken in Response

The Company's operations are carried out in accordance with the laws and regulations of the competent authorities, and the Company's financial operations are not affected by changes in important policies and laws at home and abroad in the most recent year and up to the date of publication of the prospectus. The Company will keep an eye on domestic and foreign policy development trends and regulatory changes to fully grasp changes in the market environment and adopt appropriate strategies to reduce the effect of changes in important policies and laws at home and abroad on the Company's financial operations.

(V) Effect on the Financial Operations of Developments in Science and Technology and Industrial Change, and Measures to Be Taken in Response

The Company keeps abreast of technological changes and developments in the industry in which it operates, grasps the market trends and industry information, and develops products to meet market needs and maintain the Company's competitiveness. For the most recent year and up to the date of publication of the prospectus, technological changes and industry changes have not yet had a significant impact on the Company.

(VI) Effect on the Crisis Management of Changes in the Corporate Image, and Measures to Be Taken in Response

Since establishment, the Company has been upholding the principles of professional and ethical management, and has been actively strengthening its internal management and enhancing its quality management capabilities to build up its professional image and further increase the trust of customers to the Company. The Company has a good corporate image and there is no circumstance that affects its corporate image in the most recent year and up to the date of publication of the prospectus.

(VII) Expected Benefits and Possible Risks Associated with Any Mergers and Acquisitions, and Measures to Be Taken in Response

The Company has no plan to merge or acquire other companies in the most recent year and up to the date of publication of the prospectus. However, if there is a plan to merge and acquire other companies in the future, the Company will make a prudent evaluation on whether the merger will bring concrete and comprehensive benefits to the Company in order to protect the interests of the original shareholders.

(VIII) Expected Benefits and Possible Risks Associated with Any Plant Expansion, and Measures to Be Taken in Response

The Company has no plant expansion plan in the most recent year and up to the date of publication of the prospectus. The Company will make a prudent evaluation on whether the plant expansion will bring concrete and comprehensive benefits to the Company in order to protect the interests of the shareholders.

(IX) Risks Associated with Any Consolidation of Sales or Purchasing Operations, and Measures to Be Taken in Response

The Company's largest sales customer accounted for approximately 9.7% of net sales in 2022, and there was no single customer who accounted for more than 30% of sales; the purchase from the largest supplier accounted for approximately 13.95% of total purchases, and there was no single supplier who accounted for more than 30% of purchases; therefore, the risk of consolidation of sales or purchasing operations is limited.

(X) Effect on and Risk to the Company in the Event a Major Quantity of Shares Belonging to a Director, Supervisor or Shareholder Holding Greater than a 10% Stake in the Company Has Been Transferred or Has Otherwise Changed Hands, and Measures to Be Taken in Response

In the most recent year and up to the date of publication of the prospectus, there has been no transfer of a major quantity of shares belonging to a director, supervisor or shareholder holding greater than a 10% stake in the Company.

(XI) Effect on and Risk to the Company Associated with Any Change in the Right of Management, and Measures to Be Taken in Response: None.

(XII) Litigious and non-litigious matters. List major litigious, non-litigious or administrative events that: (1) involve the company and/or any company Director, any company supervisor, the President, any person with actual responsibility for the

firm, any major shareholder holding a stake of greater than 10 percent, and any company or companies controlled by the company; and (2) have been concluded by means of a final and unappealable judgment, or are still under litigation. Where such a dispute could materially affect shareholders' equity or the prices of the company's securities, the annual report shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the date of publication of the annual report: None.

(XIII) Other significant risks and response measures: None.

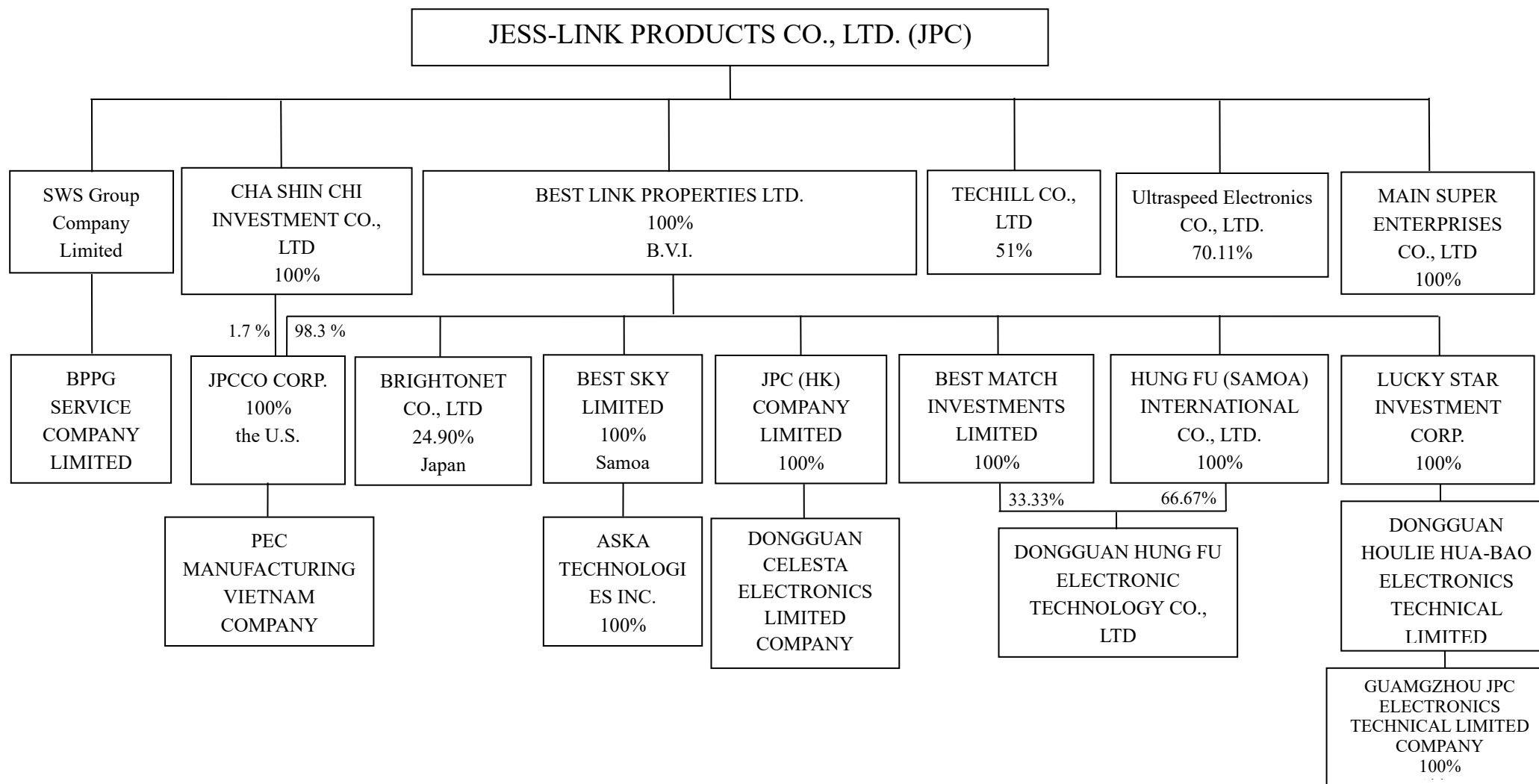
VII. Other Important Matters: None.

Chapter 8. Special Disclosure

I. Information on Affiliates

(I) Organizational chart of affiliates

December 31, 2022



(II) Basic information of affiliates

December 31, 2022

Name of Affiliate	Date of Incorporation	Address	Capital (NT\$1,000)	Major Lines of Business or Products
Jess-Link Products Co., Ltd.	81.05.07	9F, No. 176 Jian 1st Rd., Zhonghe Dist., New Taipei City, 235, Taiwan	NT\$1,220,859	Electronics Manufacturing
Main Super Enterprises Co., Ltd.	75.03.24	6F-1, No. 176 Jian 1st Rd., Zhonghe Dist., New Taipei City, 235, Taiwan	NT\$15,000	Electronics Manufacturing
Cha Shin Chi Investment Co., Ltd.	93.05.03	9F, No. 176 Jian 1st Rd., Zhonghe Dist., New Taipei City, 235, Taiwan	NT\$280,000	Investee business
Techill Co., Ltd.	81.08.19	15F., No. 79, Aly. 3, Ln. 182, Sec. 2, Wenhua Rd., Banqiao Dist., New Taipei City, Taiwan	NT\$25,000	Electronics Components Trading
Ultraspeed Electronics Co., Ltd.	107.11.06	No. 45, Hecheng Rd., Bade Dist., Taoyuan City, Taiwan	NT\$15,589	Wholesale of Electronic Materials
BEST LINK PROPERTIES LTD.	89.1.4	Palm Grove House, P.O. Box 438, Road Town, Tortola, BRITISH VIRGIN ISLANDS	US\$29,200	Investment holding
JPC (HK) COMPANY LTD.	89.11.08	FLAT 1502-3 15F CONNAUGHT COMMERCIAL 185 WAN CHAI ROAD WANCHAI, HK	HK\$15,500	Customer Service
BEST MATCH INVESTMENTS LIMITED	95.9.15	Vistra Corporate Services Centre, Groung Floor NPF Building, Beach Road, Apia, Samoa.	US\$2,000	Investment holding
BEST SKY LIMITED	95.7.28	Vistra Corporate Services Centre, Groung Floor NPF Building, Beach Road, Apia, Samoa.	US\$5,850	Investment holding
HUNG FU (SAMOA) INTERNATIONAL CO., LTD.	95.11.22	Vistra Corporate Services Centre, Groung Floor NPF Building, Beach Road, Apia, Samoa.	US\$7,000	Investment holding
LUCKY STAR INVESTMENT CORP.	86.06.17	Torre Delta Building, 14F, Via Espana, Republic of Panama	US\$5,150	Investment holding
ASKA Technologies Inc.	90.11.06	Factory 15, Liando U Valley, No. 1001, Yuyang Road, Yushan Town, Kunshan City, Jiangsu Province, China	US\$5,050	Electronics Manufacturing
Dongguan Celesta Electronics Limited Company	94.11.04	No. 3, Fenggang Fengqing Road, Fenggang Town, Dongguan City, Guangdong Province, China	HK\$5,000	Electronics Trading
Dongguan Hung Fu Electronic Technology Co., Ltd.	100.06.09	Jinxiaotang Industrial Park, Zhutang Village, Fenggang Town, Dongguan City, Guangdong Province, China	US \$6,000	Electronics Manufacturing
Dongguan Houlie Hua-Bao Electronics Technical Limited Company	100.06.10	No. 1, Xitou Fumin Road, Houjie Town, Dongguan City, Guangdong Province, China	US \$5,000	Electronics Manufacturing
Guangzhou JPC Electronics Technical Limited Company	107.06.29	1F, Factory 1, No. 1, Purong Road, Dagang Town, Nansha District, Guangzhou City	CNY \$5,000	Automotive Electronics Trading
JPCCO CORP.	104.03.20	4032 Clipper Court, Fremont, CA 94538, USA	US \$3,580	Customer Service
PEC MANUFACTURING VIETNAM COMPANY LIMITED	108.03.08	Factory No. 3, Lot I-3b-1, N6 Road, Hi-Tech Park, Tan Phu Ward, Thu Duc City, Ho Chi Minh City, Vietnam	VND \$23,000,000	Cable Production and Sales
SWS Group Company Limited	104.10.01	No. 2152/1, Phetchaburi Tat Mai Road, Bang Kapi Sub-district, Huai Khwang District, Bangkok.	THB \$39,700	Sales Service
BPPG SERVICE COMPANY LIMITED	105.06.21	Phetchaburi Road, Bang Kapi, Huai Khwang, Bangkok 10310, Thailand	THB \$5,000	Electronic installation and maintenance services

(III) Where there is considered to be a controlled and subordinate relation, information of the same shareholders: None.

(IV) Industries covered by business of affiliates

1. The businesses of the Company and its affiliates include: electronics manufacturing, electronics trading, customer service and investment holding.
2. Dealings and division of labor among affiliates with related businesses

The Company mainly has purchasing of goods and raw materials and other transactions with its affiliates such as Dongguan Hung Fu, Dongguan Houlie Hua-Bao and ASKA Technologies Inc.

(V) Information on directors, supervisors, and presidents of affiliates

April 28, 2023

Name of Affiliate	Title	Name or Representative	Shareholding	
			Number of shares (in thousands) (Note 1)	Shareholding Ratio
Jess-Link Products Co., Ltd.	Director	Shu-Mei, Chang	18,472	15.13%
		Mega Power Investments Limited Representative: Cin-Chih, Jiang	2,296	1.88%
		Tone Investments Ltd. Representative: Shu-Mei, Chang	4,394	3.60%
		Top Point Investment Ltd. Representative: Shu-Lan, Li, Yang	6,145	5.03%
		FSP Technology Inc. Representative: Ya-Jen, Cheng	10,000	8.19%
		Jing-Hua, He	—	—
		Chih-Feng, Lin	—	—
		Li-Chih, Lo	—	—
		Shu-Ling, Wang	—	—
Main Super Enterprises Co., Ltd.	Director	Jess-Link Products Co., Ltd. Representative: Shu-Mei, Chang	1,500	100.00%
Cha Shin Chi Investment Co., Ltd.	Director	Jess-Link Products Co., Ltd. Representative: Shu-Mei, Chang	28,000	100.00%
Techill Co., Ltd.	Director	Jess-Link Products Co., Ltd. Representative: Chao-Feng, Liao	1,275	51.00%
	Supervisor	Jess-Link Products Co., Ltd. Representative: Li-Ling, Chen		
Ultraspeed Electronics Co., Ltd.	Director	Jess-Link Products Co., Ltd. Representative: Ming-Chun, Hsu	1,093	70.11%
BEST LINK PROPERTIES LTD	Director	Jess-Link Products Co., Ltd. Representative: Shu-Mei, Chang	29,200	100.00%
JPC (HK) COMPANY LTD.	Director	BEST LINK PROPERTIES LTD. Representative: Shu-Mei, Chang	15,500	100.00%

Name of Affiliate	Title	Name or Representative	Shareholding	
			Number of shares (in thousands) (Note 1)	Shareholding Ratio
BEST MATCH INVESTMENTS LIMITED	Director	BEST LINK PROPERTIES LTD. Representative: Shu-Mei, Chang	2,000	100.00%
BEST SKY LIMITED	Director	BEST LINK PROPERTIES LTD. Representative: Shu-Mei, Chang	5,850	100.00%
HUNG FU (SAMOA) INTERNATIONAL CO., LTD.	Director	BEST LINK PROPERTIES LTD. Representative: Shu-Mei, Chang	7,000	100.00%
LUCKY STAR INVESTMENT CORP.	Director	BEST LINK PROPERTIES LTD. Representative: Chi-Huai, Chang	52	100.00%
Dongguan Celesta Electronics Limited Company (Note 1)	Director	JPC (HK) COMPANY LTD. Representative: Chi-Huai, Chang	HK\$5,000	100.00%
ASKA Technologies Inc. (Note 1)	Director	Chi-Huai, Chang	US\$5,050	100.00%
Dongguan Hung Fu Electronic Technology Co., Ltd. (Note 1)	Director	Chi-Huai, Chang	US\$6,000	100.00%
Dongguan Houlie Hua-Bao Electronics Technical Limited Company (Note 1)	Director	Chi-Huai, Chang	US\$5,000	100.00%
Guangzhou JPC Electronics Technical Limited Company (Note 1)	Director	Chi-Huai, Chang	CNY \$5,000	100.00%
JPCCO CORP.	Director	Chi-Huai, Chang	293	100.00%
PEC MANUFACTURING VIETNAM COMPANY LIMITED	Director	JPCCO CORP. Representative: Chi-Huai, Chang	VND 23,000,000	100.00%
SWS Group Company Limited	Director	Jess-Link Products Co., Ltd. Representative: Suchart Tantimekabut	THB \$198	49.87%
BPPG SERVICE COMPANY LIMITED	Chairman	SWS Group Company Limited Representative: Suchart Tantimekabut	THB \$30	60.00%

Note 1: The amount and percentage of capital contribution (unit: NT\$1,000) shall be filled in for non-limited liability company.

(VI) Operating status of affiliates

Financial Position and Operation Results of Affiliates:

December 31, 2022

Unit: NT\$1,000

(Unless otherwise specially noted)

Name of Affiliate	Capital	Total Assets	Total Liabilities	Net Worth	Operating Revenue	Operating Income	Profit or Loss (After Tax)	Earnings Per Share (NT\$) (After Tax)
Jess-Link Products Co., Ltd.	NT\$1,220,859	5,038,098	1,976,744	3,061,354	3,431,206	481,254	439,816	3.60
Main Super Enterprises Co., Ltd.	NT\$15,000	179,385	135,419	43,966	179,030	33,635	23,461	-
Cha Shin Chi Investment Co., Ltd.	NT\$280,000	252,741	2,452	250,289	0	(3,770)	(52,848)	-
Techill Co., Ltd.	NT\$25,000	50,663	11,314	39,349	47,613	2,105	1,645	-
Ultraspeed Electronics Co., Ltd.	NT\$21,000	13,440	4,716	8,724	8,151	(8,274)	(7,620)	-
BEST LINK PROPERTIES LTD.	US\$29,200	2,007,476	0	2,007,476	0	(245)	(13,411)	-
SWS Group Company Limited	THB\$ 39,700	170,903	34,516	136,387	230,616	5,196	8,158	-
JPC (HK) COMPANY LTD	HKD\$ 15,500	28,756	762	27,994	44,123	(37,789)	(42,287)	-
BEST MATCH INVESTMENTS LIMITED	US\$2,000	165,735	0	165,735	0	0	32	-
BEST SKY LIMITED	US\$5,850	354,518	0	354,518	0	0	24,194	-
HUNG FU (SAMOA) INTERNATIONAL CO., LTD.	US\$7,000	526,935	25,796	501,139	(27,127)	(78,229)	(12,196)	-
LUCKY STAR INVESTMENT CORP.	US\$5,150	755,197	0	755,197	0	0	34,237	-
BPPG SERVICE CO., LTD.	THB\$ 5,000	25,057	6,704	18,353	51,145	9,468	7,632	-
Celesta International Electronics (Shenzhen) Limited Company	HKD\$ 5,000	16,550	1,004	15,546	26,229	(4,271)	(3,310)	-
ASKA Technologies Inc.	US\$5,050	480,271	125,977	354,294	420,769	13,682	24,171	-
Dongguan Hung Fu Electronic Technology Co., Ltd.	US\$6,000	816,671	134,320	682,351	594,841	18,106	65,954	-
Dongguan Houlie Hua-Bao Electronics Technical Limited Company	US\$5,000	1,110,823	355,627	755,196	795,099	(35,244)	34,237	-
Guangzhou JPC Electronics Technical Limited Company	CNY\$ 5,000	18,843	690	18,153	8,098	48	76	-
JPCCO CORP.	US\$3,580	44,234	7,319	36,915	44,232	4,164	(20,967)	-

PEC MANUFACTURING VIETNAM COMPANY LIMITED	VND\$ 23,000,000	129,749	124,086	5,663	193,243	(15,127)	(21,560)	-
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(VII) Consolidated financial statements of affiliates: Please refer to Pages 145-217.

(VIII) Reports on Affiliations: N/A.

- II. Private Placement of Securities during the Most Recent Fiscal Year and during the Current Fiscal Year Up to the Date of Publication of the Annual Report: None.**
- III. Holding or Disposal of Shares in the Company by Subsidiaries during the Most Recent Fiscal Year and during the Current Fiscal Year Up to the Date of Publication of the Annual Report: None.**
- IV. Other Necessary Supplementary Information: None.**
- V. Specify the Situations Listed in Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act, which Might Materially Affect Shareholders' Equity or the Price of the Securities, Occurring during the Most Recent Fiscal Year and during the Current Fiscal Year Up to the Date of Publication of the Annual Report: None.**

Audit Report of the Audit Committee

The Company has prepared its parent company only financial statements and consolidated financial statements for the year ended December 31, 2022, which, together with the Earnings Distribution Table and the Business Report, and the Report on Unqualified Opinions issued by the PwC Taiwan, have been audited by the Audit Committee and no discrepancies were found. A report has been prepared in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, and submitted for review.

Sincerely,

2023 Annual Shareholders' Meeting of Jess-Link Products Co., Ltd.

Audit Committee member : Jing-Hua, He

March 27, 2023

Audit Report of the Audit Committee

The Company has prepared its parent company only financial statements and consolidated financial statements for the year ended December 31, 2022, which, together with the Earnings Distribution Table and the Business Report, and the Report on Unqualified Opinions issued by the PwC Taiwan, have been audited by the Audit Committee and no discrepancies were found. A report has been prepared in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, and submitted for review.

Sincerely,

2023 Annual Shareholders' Meeting of Jess-Link Products Co., Ltd.

Audit Committee member : Chih-Feng, Lin

March 27, 2023

Audit Report of the Audit Committee

The Company has prepared its parent company only financial statements and consolidated financial statements for the year ended December 31, 2022, which, together with the Earnings Distribution Table and the Business Report, and the Report on Unqualified Opinions issued by the PwC Taiwan, have been audited by the Audit Committee and no discrepancies were found. A report has been prepared in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, and submitted for review.

Sincerely,

2023 Annual Shareholders' Meeting of Jess-Link Products Co., Ltd.

Audit Committee member : Li-Chih, Lo

March 27, 2023

Audit Report of the Audit Committee

The Company has prepared its parent company only financial statements and consolidated financial statements for the year ended December 31, 2022, which, together with the Earnings Distribution Table and the Business Report, and the Report on Unqualified Opinions issued by the PwC Taiwan, have been audited by the Audit Committee and no discrepancies were found. A report has been prepared in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, and submitted for review.

Sincerely,

2023 Annual Shareholders' Meeting of Jess-Link Products Co., Ltd.

Audit Committee member : Shu-Ling, Wang

March 27, 2023

JESS-LINK PRODUCTS CO., LTD. AND SUBSIDIARIES

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2022, pursuant to “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises,” the Company that is required to be included in the consolidated financial statements of affiliates, is the same as the Company required to be included in the consolidated financial statements of parent and subsidiary companies under International Financial Reporting Standard No. 10. And if relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, it shall not be required to prepare separate consolidated financial statements of affiliates.

Hereby declare,

Jess-Link Products Co., Ltd. and subsidiaries

Representative: Chang, Shu-Mei

March 27, 2023

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Jess-Link Products Co., Ltd

Opinion

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

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

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant 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:

Appropriateness of cut-off on sales revenue

Description

For the accounting policy on revenue recognition, refer to Note 4(30).

The Group's sales mainly arise from manufacturing and sales of electronic components and are primarily engaged in international sales. The revenue from international sales is recognized based on the transaction terms with customers. As there are a large number of customers, sales areas and transaction terms, we consider the cut-off on sales revenue as a key audit matter.

How our audit addressed the matter

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

1. Obtained an understanding of the transaction terms of sales revenue and tested the internal control over the recognition of sales revenue.
2. Selected samples of supporting documents used in revenue recognition, including verifying orders, delivery orders and other relevant documents to evaluate the appropriateness of the cut-off on revenue.
3. Performed cut-off test on sales transactions for a certain period before and after the balance sheet date to assess the appropriateness of the cut-off on sales revenues.

Valuation of inventories

Description

Refer to Note 4(14) for accounting policy on inventory valuation, Note 5(2) for uncertainty of accounting estimates and assumptions in relation to inventory valuation, and Note 6(6) for details of inventories. As at December 31, 2022, the Company's balance of inventories and loss allowance were NT\$672,001 thousand and NT\$29,910 thousand, respectively.

The Group is primarily engaged in the manufacture and sales of electronic components. As the electronic products' life cycles are relatively short and the market is highly competitive, there is a higher risk of incurring inventory valuation losses or having obsolete inventory. The Group's inventory is stated at the lower of cost and net realizable value, and the net realizable value of inventories over a certain age and individually identified as obsolete is evaluated based on the historical data on inventory clearance and discounts.

The Group operates in an environment characterized by rapidly changing technology and the calculation of the net realizable value of obsolete inventories involves subjective judgment, which would result in a high degree of estimation uncertainty. Given that the inventory and allowance for inventory valuation losses are material to the financial statements, we considered the assessment of allowance for inventory valuation losses a key audit matter.

How our audit addressed the matter

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

1. Obtained an understanding of the Group's operations and industry. Assessed the reasonableness of the policies and procedures used to recognize allowance for inventory valuation losses.
2. Obtained the report on net realizable value of each inventory item and checked whether the calculation logic was applied consistently to each inventory item.
3. Verified the appropriateness of system logic used in the Group's inventory aging reports to confirm whether the information on the reports is consistent with its policies.
4. Discussed with management the estimated net realizable value of inventory items aged over a

certain period and individually identified as obsolete and damaged, obtained and corroborated against supporting documents and recalculated the allowance provision.

Other matter - Reference to the audits of other auditors

We did not audit the financial statements of certain subsidiaries which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of these subsidiaries, is based solely on the reports of the other auditors. Total assets of these subsidiaries amounted to NT\$307,601 thousand and NT\$288,799 thousand, constituting 7% and 6% of the consolidated total assets as at December 31, 2022 and 2021, respectively, and the operating revenue amounted to NT\$246,862 thousand and NT\$304,618 thousand, both constituting 8% of the consolidated total operating revenue for the years then ended, respectively.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of Jess-Link Products Co., Ltd. as at and for the years ended December 31, 2022 and 2021.

Responsibilities of management and those charged with governance for the 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 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 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.

Hsu, Yung-Chien

Lin, Ya-Hui

For and on Behalf of PricewaterhouseCoopers, Taiwan

March 27, 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.

JESS-LINK PRODUCTS 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	\$ 1,337,293	\$ 986,051
1110	Current financial assets at fair value through profit or loss	171,069	116,738
1120	Current financial assets at fair value through other comprehensive income	229,997	376,406
1136	Current financial assets at amortised cost, net	32,310	45,123
1170	Accounts receivable, net	1,157,234	1,067,626
1200	Other receivables	32,994	23,740
130X	Inventory	642,091	780,434
1410	Prepayments	84,349	96,990
11XX	Total current assets	<u>3,687,337</u>	<u>3,493,108</u>
Non-current assets			
1510	Non-current financial assets at fair value through profit or loss	18,502	12,000
1517	Non-current financial assets at fair value through other comprehensive income	214,563	209,543
1550	Investments accounted for under equity method	8,111	8,803
1600	Property, plant and equipment	427,593	439,883
1755	Right-of-use assets	62,462	101,467
1760	Investment property - net	40,042	40,419
1780	Intangible assets	95,450	94,243
1840	Deferred income tax assets	8,321	5,576
1900	Other non-current assets	41,801	55,938
15XX	Total non-current assets	<u>916,845</u>	<u>967,872</u>
1XXX	Total assets	<u>\$ 4,604,182</u>	<u>\$ 4,460,980</u>

(Continued)

JESS-LINK PRODUCTS 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			
2120	Current financial liabilities at fair value through profit or loss	\$ -	\$ 863
2130	Current contract liabilities	91,379	27,483
2170	Accounts payable	890,025	842,576
2200	Other payables	220,735	230,126
2230	Current income tax liabilities	122,696	80,293
2280	Current lease liabilities	35,381	42,517
2399	Other current liabilities	17,199	7,829
21XX	Total current liabilities	<u>1,377,415</u>	<u>1,231,687</u>
Non-current liabilities			
2570	Deferred income tax liabilities	40,183	62,023
2580	Non-current lease liabilities	20,010	62,428
2600	Other non-current liabilities	7,152	3,809
25XX	Total non-current liabilities	<u>67,345</u>	<u>128,260</u>
2XXX	Total liabilities	<u>1,444,760</u>	<u>1,359,947</u>
Equity attributable to owners of parent			
Share capital			
3110	Common stock	1,220,859	1,220,859
	Capital surplus		
3200	Capital surplus	394,654	492,323
	Retained earnings		
3310	Legal reserve	537,680	498,754
3320	Special reserve	191,539	179,881
3350	Unappropriated retained earnings	973,587	817,957
	Other equity interest		
3400	Other equity interest	(256,965)	(191,539)
31XX	Equity attributable to owners of the parent	<u>3,061,354</u>	<u>3,018,235</u>
36XX	Non-controlling interests	<u>98,068</u>	<u>82,798</u>
3XXX	Total equity	<u>3,159,422</u>	<u>3,101,033</u>
3X2X	Total liabilities and equity	<u>\$ 4,604,182</u>	<u>\$ 4,460,980</u>

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

JESS-LINK PRODUCTS 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	Year ended December 31	
			2022	2021
			AMOUNT	AMOUNT
4000	Sales revenue	14(2)	\$ 4,339,428	\$ 3,866,828
5000	Operating costs	6(6)(21) and 7	(3,239,329)	(2,814,182)
5900	Net operating margin		1,100,099	1,052,646
	Operating expenses	6(21)		
6100	Selling expenses		(345,132)	(339,391)
6200	General and administrative expenses		(209,691)	(203,709)
6300	Research and development expenses		(151,244)	(133,028)
6450	Impairment loss determined in accordance with IFRS 9		(15,694)	(17,669)
6000	Total operating expenses		(721,761)	(693,797)
6900	Operating profit		378,338	358,849
	Non-operating income and expenses			
7100	Interest income	14(2)	19,454	15,265
7010	Other income	6(2)(3)	49,633	51,610
7020	Other gains and losses	6(19)	101,344	42,727
7050	Finance costs	14(2)	(3,410)	(4,033)
7060	Share of profit/(loss) of associates and joint ventures accounted for under equity method	6(8)	(355)	1,984
7000	Total non-operating income and expenses		166,666	107,553
7900	Profit before income tax		545,004	466,402
7950	Income tax expense	6(22)	(99,666)	(81,375)
8200	Profit for the year		\$ 445,338	\$ 385,027

(Continued)

JESS-LINK PRODUCTS 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	Year ended December 31		
		2022 AMOUNT	2021 AMOUNT	
Components of other comprehensive income that will not be reclassified to profit or loss				
8311	Actuarial gains on defined benefit plans	6(14)	\$ 3,676	\$ 4,382
8316	Unrealised (loss) gain on financial assets at fair value through other comprehensive loss (income)	6(3)(18)	(74,157)	27,236
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(22)	(735)	(876)
8310	Other comprehensive (loss) income that will not be reclassified to profit or loss	6(18)	(71,216)	30,742
Components of other comprehensive income that will be reclassified to profit or loss				
8361	Financial statements translation differences of foreign operations		45,361	(34,894)
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		(337)	(867)
8360	Other comprehensive income (loss) that will be reclassified to profit or loss		45,024	(35,761)
8300	Total other comprehensive loss for the year		<u>(\$ 26,192)</u>	<u>(\$ 5,019)</u>
8500	Total comprehensive income for the year		<u>\$ 419,146</u>	<u>\$ 380,008</u>
Profit attributable to:				
8610	Owners of the parent		\$ 439,816	\$ 373,477
8620	Non-controlling interests		5,522	11,550
			<u>\$ 445,338</u>	<u>\$ 385,027</u>
Comprehensive income attributable to:				
8710	Owners of the parent		\$ 409,377	\$ 377,599
8720	Non-controlling interests		9,769	2,409
			<u>\$ 419,146</u>	<u>\$ 380,008</u>
Earnings per share (in dollars)				
9750	Basic earnings per share	6(23)	\$ 3.60	\$ 3.06
9850	Diluted earnings per share		\$ 3.56	\$ 3.04

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

JESS-LINK PRODUCTS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Equity attributable to owners of the parent										
		Capital Reserves			Retained Earnings			Other Equity Interest				
		Share capital - common stock	Total capital surplus, additional paid-in capital	Treasury stock transactions	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Total	Non-controlling interests	Total equity
<u>2021</u>												
Balance at January 1, 2021		\$ 1,220,859	\$ 638,197	\$ 12,839	\$ 472,002	\$ 230,879	\$ 599,790	(\$ 180,189)	\$ 308	\$ 2,994,685	\$ 80,389	\$ 3,075,074
Consolidated net income		-	-	-	-	-	373,477	-	-	373,477	11,550	385,027
Other comprehensive income (loss) for the year	6(18)	-	-	-	-	-	3,506	(26,620)	27,236	4,122	(9,141)	(5,019)
Total comprehensive income (loss)		-	-	-	-	-	376,983	(26,620)	27,236	377,599	2,409	380,008
Appropriations of 2020 earnings:	6(17)											
Legal reserve		-	-	-	26,752	-	(26,752)	-	-	-	-	-
Special reserve		-	-	-	-	(50,998)	50,998	-	-	-	-	-
Cash dividends		-	-	-	-	-	(195,336)	-	-	(195,336)	-	(195,336)
Cash dividends from capital surplus	6(17)	-	(158,713)	-	-	-	-	-	-	(158,713)	-	(158,713)
Disposal of financial assets at fair value through other comprehensive income	6(3)(18)	-	-	-	-	-	12,274	-	(12,274)	-	-	-
Balance at December 31, 2021		\$ 1,220,859	\$ 479,484	\$ 12,839	\$ 498,754	\$ 179,881	\$ 817,957	(\$ 206,809)	\$ 15,270	\$ 3,018,235	\$ 82,798	\$ 3,101,033
<u>2022</u>												
Balance at January 1, 2022		\$ 1,220,859	\$ 479,484	\$ 12,839	\$ 498,754	\$ 179,881	\$ 817,957	(\$ 206,809)	\$ 15,270	\$ 3,018,235	\$ 82,798	\$ 3,101,033
Consolidated net income		-	-	-	-	-	439,816	-	-	439,816	5,522	445,338
Other comprehensive income (loss) for the year	6(18)	-	-	-	-	-	2,941	40,777	(74,157)	(30,439)	4,247	(26,192)
Total comprehensive income (loss)		-	-	-	-	-	442,757	40,777	(74,157)	409,377	9,769	419,146
Appropriations of 2021 earnings:	6(17)											
Legal reserve		-	-	-	38,926	-	(38,926)	-	-	-	-	-
Special reserve		-	-	-	-	11,658	(11,658)	-	-	-	-	-
Cash dividends		-	-	-	-	-	(268,589)	-	-	(268,589)	-	(268,589)
Cash dividends from capital surplus	6(17)	-	(97,669)	-	-	-	-	-	-	(97,669)	-	(97,669)
Disposal of financial assets at fair value through other comprehensive income	6(3)(18)	-	-	-	-	-	32,046	-	(32,046)	-	-	-
Business combinations	6(23)	-	-	-	-	-	-	-	-	-	5,501	5,501
Balance at December 31, 2022		\$ 1,220,859	\$ 381,815	\$ 12,839	\$ 537,680	\$ 191,539	\$ 973,587	(\$ 166,032)	(\$ 90,933)	\$ 3,061,354	\$ 98,068	\$ 3,159,422

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

JESS-LINK PRODUCTS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2022	2021
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 545,004	\$ 466,402
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(20)	124,382	113,289
Amortisation	6(20)	12,489	9,215
Expected credit loss		15,694	17,669
Dividend income	6(2)(3)	(29,758)	(24,595)
Interest income		(19,454)	(15,265)
Financial assets and liabilities at fair value through profit or loss	6(2)(19)	7,619	(34,141)
Gain on disposal of property, plant and equipment	6(19)	(3,804)	(2,347)
Interest expense		3,410	4,033
Share of loss (profit) of associates and joint ventures accounted for under equity method	6(8)	355	(1,984)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss, mandatorily measured at fair value		(69,314)	(37,743)
Accounts receivable		(74,757)	(15,437)
Other receivables		(9,254)	(745)
Inventories		154,965	(254,409)
Prepayments		12,994	(44,130)
Other operating assets		(121)	36
Changes in operating liabilities			
Contract liabilities		63,093	15,584
Accounts payable		30,231	215,843
Other payables		(719)	57,918
Other current liabilities		9,284	(3,315)
Other non-current liabilities		3,463	(382)
Cash inflow generated from operations		775,802	465,496
Interest received		19,454	16,233
Interest paid		(3,410)	(4,033)
Income tax paid		(83,071)	(62,045)
Net cash flows from operating activities		<u>708,775</u>	<u>415,651</u>

(Continued)

JESS-LINK PRODUCTS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2022	2021
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through other comprehensive income		(\$ 53,738)	(\$ 510,079)
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(3)	128,469	208,862
Decrease in financial assets at amortised cost		(30,500)	(43,440)
Proceeds from disposal of financial assets at amortised cost		43,412	851,165
Proceeds from capital reduction of investments accounted for under equity method		-	12,929
Acquisition of property, plant and equipment	6(25)	(67,732)	(113,988)
Proceeds from disposal of property, plant and equipment		14,623	16,855
Acquisition of intangible assets	6(12)	(3,238)	(7,956)
Decrease in other non-current assets		1,048	903
Dividends received	6(2)(3)	29,758	24,595
Increase in prepayment for investments		-	(7,500)
Net cash outflow for business combinations	6(25)	(6,334)	-
Net cash flows from investing activities		<u>55,768</u>	<u>432,346</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Decrease in short-term borrowings	6(26)	-	(607,000)
Payment of lease liabilities	6(26)	(55,327)	(38,148)
Cash dividends	6(17)	(268,589)	(195,336)
Cash dividends from capital surplus	6(17)	(97,669)	(158,713)
Net cash flows used in financing activities		(421,585)	(999,197)
Effect due to changes in exchange rate		<u>8,284</u>	(58,315)
Net increase (decrease) in cash and cash equivalents		351,242	(209,515)
Cash and cash equivalents at beginning of year		<u>986,051</u>	<u>1,195,566</u>
Cash and cash equivalents at end of year		<u>\$ 1,337,293</u>	<u>\$ 986,051</u>

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

JESS-LINK PRODUCTS CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

1. History and Organization

Jess-Link Products 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.). The Company and its subsidiaries (collectively referred herein as the “Group”) are primarily engaged in the trading and import and export of various computer software and hardware and its peripherals as well as electronic products and components, manufacture and wholesale of wireless communication equipment and apparatus, data storage and processing equipment, wired communication equipment and apparatus and printers.

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

These consolidated financial statements were authorized for issuance by the Board of Directors on March 27, 2023.

3. Application of New Standards, Amendments and Interpretations

(一) 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:

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

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

(二) 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:

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

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

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 10 and IAS 28, ‘Sale or contribution of assets between an investor and its associate or joint venture’	To be determined by International Accounting Standards Board
Amendments to IFRS 16, ‘Lease liability in a sale and leaseback’	January 1, 2024
IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendment to IFRS 17, ‘Initial application of IFRS 17 and IFRS 9 – comparative information’	January 1, 2023
Amendments to IAS 1, ‘Classification of liabilities as current or non-current’	January 1, 2024
Amendments to IAS 1, ‘Non-current liabilities with covenants’	January 1, 2024

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.

(一) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”).

(二) Basis of preparation

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

- Financial assets at fair value through profit or loss.
- Financial assets at fair value through other comprehensive income.
- Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(三) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

- 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 unrealized 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 recognized directly in equity.
- (e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of <u>investor</u>	Name of <u>subsidiary</u>	Main business <u>activities</u>	<u>Ownership (%)</u>		<u>Description</u>
			<u>December 31,</u> 2022	<u>December 31,</u> 2021	
JESS-LINK PRODUCTS CO., LTD.	BEST LINK PROPERTIES LTD.	A holding company for overseas reinvestment	100	100	
JESS-LINK PRODUCTS CO., LTD.	TOPSEED TECHNOLOGY CORP.	Wholesale and trade of electronic materials and design of wireless communication equipment and apparatus	-	-	(2)
JESS-LINK PRODUCTS CO., LTD.	CHA SHIN CHI INVESTMENT CO., LTD.	An investment company	100	100	
JESS-LINK PRODUCTS CO., LTD.	MAINSUPER ENTERPRISES CO., LTD.	Sales of integrated circuit sockets and computer connectors	100	100	
JESS-LINK PRODUCTS CO., LTD.	TECHILL CO., LTD.	Distribution and trade of communication and network apparatus	51	51	
JESS-LINK PRODUCTS CO., LTD.	Ultraspeed Electronics Co., Ltd.	Manufacture, sales and design of connector and cable assemblies and cables for consumer electronics	70.11	-	(3)

Name of <u>investor</u>	Name of <u>subsidiary</u>	Main business <u>activities</u>	<u>Ownership (%)</u>		<u>Description</u>
			<u>December 31,</u> <u>2022</u>	<u>2021</u>	
JESS-LINK PRODUCTS CO., LTD.	SWS GROUP COMPANY LIMITED	Sales in Thailand	49.87	49.87	
CHA SHIN CHI INVESTMENT CO., LTD.	JPCCO CORP.	Sales in the United States	1.7	1.7	(1)
BEST LINK PROPERTIES LTD.	JPC (HK) COMPANY LTD.	Wholesale and trade of electronic materials	100	100	
BEST LINK PROPERTIES LTD.	BEST MATCH INVESTMENTS LIMITED	A holding company for overseas reinvestment	100	100	
BEST LINK PROPERTIES LTD.	BEST SKY LIMITED	A holding company for overseas reinvestment	100	100	
BEST LINK PROPERTIES LTD.	HUNG FU (SAMOA) INTERNATIONAL CO., LTD.	A holding company for overseas reinvestment	100	100	
BEST LINK PROPERTIES LTD.	LUCKY STAR INVESTMENT CORP.	A holding company for overseas reinvestment	100	100	
BEST LINK PROPERTIES LTD.	JPCCO CORP.	Sales in the United States	98.3	98.3	(1)
SWS GROUP COMPANY LIMITED	BPPG SERVICE CO., LTD.	Sales in Thailand	60	60	

Name of <u>investor</u>	Name of <u>subsidiary</u>	Main business <u>activities</u>	<u>Ownership (%)</u>		<u>Description</u>
			<u>December 31,</u> <u>2022</u>	<u>2021</u>	
JPC (HK) COMPANY LTD.	CELESTA INTERNATIONAL ELECTRONICS (SHEN ZHEN) CO., LTD.	Wholesale and trade of electronic materials	100	100	
BEST MATCH LIMITED	DONGGUAN HUNG FU ELECTRONIC TECHNOLOGY CO., LTD.	Manufacture and sales of connector and cable assemblies and cables for the cloud network, Internet of Things, and consumer electronics	33	33	(1)
BEST SKY LIMITED	ASKA TECHNOLOGIES INC.	Manufacture and sales of connector and cable assemblies and cables for the cloud network and consumer electronics	100	100	
LUCKY STAR INVESTMENT CORP.	DONGGUAN HOULIE HUA-BAO ELECTRONICS TECHNICAL LIMITED COMPANY	Manufacture and sales of connector and cable assemblies and cables for the cloud network and consumer electronics	100	100	

Name of <u>investor</u>	Name of <u>subsidiary</u>	Main business <u>activities</u>	<u>Ownership (%)</u>		<u>Description</u>
			<u>2022</u>	<u>2021</u>	
HUNG FU (SAMOA) INTERNATIONAL CO., LTD.	DONGGUAN HUNG FU ELECTRONIC TECHNOLOGY CO., LTD.	Manufacture and sales of connector and cable assemblies and cables for the cloud network, Internet of Things, and consumer electronics	67	67	(1)
DONGGUAN HOULIE HUA-BAO ELECTRONICS TECHNICAL LIMITED COMPANY	GUANGZHOU JPC ELECTRONICS TECHNICAL LIMITED COMPANY	Manufacture and sales of connector and cable assemblies for automotive electronics	100	100	
JPCCO CORP.	PEC MANUFACTURING VIETNAM COMPANY LIMITED	Manufacture and sales of connector and cable assemblies and cables for the cloud network, Internet of Things, and consumer electronics	100	100	

Information on subsidiaries included in the consolidated financial statements and movements during the year:

- (1) The Group's consolidated ownership in the investee was 100%.
- (2) The Company merged with TOPSEED TECHNOLOGY CORP. and the effective date was set on December 31, 2021.
- (3) In January 2022, the Company acquired a 70.11% equity interest in Ultraspeed Electronics Co., Ltd.

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

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

E. Significant restrictions on fund remittance from subsidiaries to the parent company: None.

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

(四) Foreign currency translation

A. The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional and the Group's presentation currency.

B. 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 recognized 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 recognized 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 recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within 'other gains and losses'.

C. 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 recognized in other comprehensive income.
- (b) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(五) 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 realized, 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 realized 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.

(六) 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.

(七) Financial assets and financial liabilities at fair value through profit or loss

- A. Financial assets and financial liabilities at fair value through profit or loss are financial assets and financial liabilities that are not measured at amortized cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets and financial liabilities at fair value through profit or loss are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Group measures the financial assets and financial liabilities at fair value and recognizes the transaction costs in profit or loss. The Group subsequently measures the financial assets and financial liabilities at fair value, and recognizes the gain or loss in profit or loss.
- D. The Group recognizes 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.

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

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognize 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 recognized and derecognized 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 recognized 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 recognized 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.

(九) Financial assets at amortized cost

- A. Financial assets at amortized 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 amortized cost are recognized and derecognized 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 recognized in profit or loss when the asset is derecognized 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.

(十) 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.

(十一)Impairment of financial assets

At each reporting date, the Group recognizes the impairment provision for the lifetime expected credit losses for accounts receivable that do not contain a significant financing component.

(十二)Derecognition of financial assets

The Group derecognizes 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.

(十三)Leasing arrangements (lessor) – lease receivables / operating leases

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

(十四)Inventories

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

(十五)Investments accounted for using the 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 recognized at cost.
- B. The Group's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized 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 recognize 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 recognizes change in ownership interests in the associate in 'capital surplus' in proportion to its ownership interest.
- D. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized 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. 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 recognized in profit or loss.
- F. 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 recognized 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.

G. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized 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 recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(十六) Property, plant and equipment

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

B. Subsequent costs are included in the asset’s carrying amount or recognized 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 derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

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

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

Buildings and structures	20~50 years
Machinery and equipment	2~16 years
Other equipment	3~10 years

(十七) Leasing arrangements (lessee) – right-of-use assets / lease liabilities

A. Leases are recognized 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 recognized as an expense on a straight-line basis over the lease term.

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

(a) Fixed payments, less any lease incentives receivable; and

(b) Variable lease payments that depend on an index or a rate.

The Group subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized 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 recognized as an adjustment to the right-of-use asset.

(十八) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 20~ 50 years.

(十九) Intangible assets

A. Computer software

Computer software is stated at cost and amortized on a straight-line basis over its estimated useful life of 1 to 5 years.

B. Goodwill

Goodwill arises in a business combination accounted for by applying the acquisition method.

C. Other intangible assets, mainly customer relationships and patents, are stated at cost and amortized on a straight-line basis over its estimated useful life of 8 to 10 years.

(二十) Impairment of non-financial assets

A. 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 recognized 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 recognizing 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 amortized historical cost would have been if the impairment had not been recognized.

B. The recoverable amounts of goodwill, intangible assets with an indefinite useful life and intangible assets that have not yet been available for use are evaluated periodically. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognized in profit or loss shall not be reversed in the following years.

C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination.

(二十一) Borrowings

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

B. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

(二十二)Accounts and notes 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.

(二十三)Derecognition of financial liabilities

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

(二十四)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 recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(二十五)Provisions

Provisions (including warranties) are recognized 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 recognized as interest expense. Provisions are not recognized for future operating losses.

(二十六)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 recognized as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plan

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

(b) Defined benefit plan

- 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 recognized in the balance sheet in respect of defined benefit pension plan is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in this type of corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead.
- ii. Remeasurements arising on defined benefit plan are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- iii. Past service costs are recognized immediately in profit or loss.

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

Employees' compensation and directors' and supervisors' remuneration are recognized 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.

(二十七)Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized 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 recognized, 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 realized or the deferred tax liability is settled.
- D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.

(二十八)Share capital

- A. Ordinary shares are classified as equity.
- B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(二十九)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.

(三十)Revenue recognition

- A. The Group manufactures and sells electronic components. Revenue is measured at the fair value of the consideration received or receivable taking into account of business tax, returns, rebates and discounts for the sale of goods to external customers in the ordinary course of the Group's activities. Sales are recognized 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. The sales usually are made with a credit term of 30 ~ 210 days, which is consistent with market practice. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Group does not adjust the transaction price to reflect the time value of money.
- B. A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.
- C. Incremental costs of obtaining a contract
Given that the contractual period lasts less than one year, the Group recognizes the incremental costs of obtaining a contract as an expense when incurred although the Group expects to recover those costs.

(三十一)Government grants

Government grants are recognized at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes expenses for the related costs for which the grants are intended to compensate.

(三十二)Business combinations

- A. The Group uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination, the Group measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to the proportionate share of the entity's net assets in the event of liquidation at either fair value or the present ownership instruments' proportionate share in the recognized amounts of the acquiree's identifiable net assets. All other non-controlling interests should be measured at the acquisition-date fair value.
- B. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the identifiable assets acquired and the liabilities assumed is recorded as goodwill at the acquisition date. If the total of consideration transferred, non-controlling interest in the acquiree recognized and the fair value of previously held equity interest in the acquiree is less than the fair value of the identifiable assets acquired and the liabilities assumed, the difference is recognized directly in profit or loss on the acquisition date.

(三十三) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to 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:

(一) Critical judgements in applying the Group's accounting policies

None.

(二) 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 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 realizable value, the Group must determine the net realizable 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 realizable 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.

Information on the carrying amount of inventories as of December 31, 2022 is provided in Note 6(6).

6. Details of Significant Accounts

(一) Cash and cash equivalents

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash on hand and revolving funds	\$ 4,717	\$ 2,770
Checking accounts and demand deposits	718,127	801,553
Time deposits	614,449	181,728
	<u>\$ 1,337,293</u>	<u>\$ 986,051</u>

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

B. The Group pledged time deposits to others as collateral resulting in not meeting the definition of cash equivalents and classified it as current financial assets at amortized cost and other non-current assets. Details are provided in Notes 6(4) and 8.

(二) Financial assets and financial liabilities at fair value through profit or loss

<u>Items</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Current items</u>		
Financial assets mandatorily measured at fair value through profit or loss		

Listed stocks	\$	121,486	\$	84,045
Beneficiary certificates		60,247		-
Derivative instruments		8,714		-
Valuation adjustment	(	19,378)		32,693
	\$	171,069	\$	116,738

Non-current items:

Financial assets mandatorily measured
at fair value through profit or loss

Limited partnership	\$	18,502	\$	12,000
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Current items:

Financial liabilities mandatorily
measured at fair value through profit
or loss

Derivative instruments	\$	-	\$	863
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- A. The nature of financial assets / liabilities at fair value through profit or loss are as follows:
- Derivative instruments: including forward foreign exchange contracts and foreign exchange contracts.
 - Limited partnership: The duration of the Group's limited partnership for 2021 was specified in the partnership agreement. The net assets will be delivered to investors in proportion to their ownership and the investees will be dissolved and liquidated at the maturity date. The Group assessed that the net assets amount of the investment was approximately to its fair value.
- B. Amounts recognized in profit or loss in relation to financial assets / liabilities at fair value through profit or loss are listed below:

<u>Items</u>	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Financial assets and financial liabilities mandatorily measured at fair value through profit or loss		
Equity instruments	(\$ 54,065)	\$ 34,910
Beneficiary certificates	1,266	-
Derivative instruments	45,180	(769)
	<u>(\$ 7,619)</u>	<u>\$ 34,141</u>

For the years ended December 31, 2022 and 2021, the Group recognized the dividend income from the abovementioned equity instruments amounting to \$4,522 and \$5,635, respectively (shown as other income).

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

<u>December 31, 2022</u>			
Derivative financial instruments	Contract amount (notional principal)(in thousands)	Contract period	
Current items:			
Forward foreign exchange contracts	USD (BUY)	4,500	2022.08.05
	TWD (SELL)	138,536	~2023.05.08
Foreign exchange swap contracts	USD (BUY)	11,000	2022.01.12
	TWD (SELL)	328,755	~2023.09.15

<u>December 31, 2021</u>			
Derivative financial instruments	Contract amount (notional principal)(in thousands)	Contract period	
Current items:			
Forward foreign exchange contracts	USD (BUY)	5,100	2021.10.14~
	TWD (SELL)	142,018	2022.06.06
Foreign exchange swap contracts	USD (BUY)	5,000	2021.11.29~
	TWD (SELL)	138,414	2022.12.23

(a) Forward foreign exchange contracts

The Group entered into forward foreign exchange contracts to sell USD to hedge exchange rate risk of foreign currency. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

(b) Foreign exchange swap contracts

The Group's target to engage in foreign exchange swap contracts was to avoid the risk generated from exchange rate fluctuation in foreign currency assets and liabilities.

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

<u>Items</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current items:		
Listed stocks	\$ 273,309	\$ 315,994
Valuation adjustment	(43,312)	(60,412)
	<u>\$ 229,997</u>	<u>\$ 376,406</u>
Non-current items:		
Unlisted stocks	\$ 262,184	\$ 254,685
Valuation adjustment	(47,621)	(45,142)
	<u>\$ 214,563</u>	<u>\$ 209,543</u>

A. The Group has elected to classify investments that are considered to be strategic investments and steady dividend income as financial assets at fair value through other comprehensive income.

- B. Aiming to satisfy the capital needs, the Group sold \$128,469 and \$208,862 of financial assets during the years ended December 31, 2022 and 2021, respectively.
- C. In September 2021, the Group acquired shares issued from the capital increase of EASTERN UNION INTERACTIVE CORP. in cash amounting to \$22,500 at \$75 (in dollars) per share. The effective date for the capital increase was set on October 18, 2021.
- D. In October 2021 and December 2021, the Group acquired shares issued from the capital increase of TAIWAN TRUEWIN TECHNOLOGY CO., LTD. in cash amounting to \$26,000 at \$65 (in dollars) per share and \$7,500 at \$75 (in dollars) per share. The effective date for the capital increase was set on January 4, 2022.
- E. Amounts recognized in other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive (loss) income	(\$ 74,157)	\$ 27,236
Cumulative gains (losses) reclassified to retained earnings due to derecognition	(\$ 32,046)	(\$ 12,274)
Interest income recognised in profit or loss	\$ 25,236	\$ 18,960

(四) Financial assets at amortized cost

<u>Items</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current items:		
Time deposits with maturity over three months	\$ 30,500	\$ 43,430
Other financial assets - current	1,810	1,693
	<u>\$ 32,310</u>	<u>\$ 45,123</u>

- A. Amounts recognized in profit or loss in relation to financial assets at amortized cost are provided in Note 14(2).
- B. Information relating to credit risk of financial assets at amortized cost is provided in Note 12(2). The counterparties of the Group's investments in certificates of deposits are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.
- C. Information relating to credit risk of financial assets at amortized cost is provided in Note 12(2). The counterparties of the Group's investments in certificates of deposits are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

(五) Notes and accounts receivable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Notes receivable	\$ 95,075	\$ 100,959
Accounts receivable	1,109,311	996,718
Less: Allowance for uncollectible accounts	(47,152)	(30,051)
	<u>\$ 1,157,234</u>	<u>\$ 1,067,626</u>

- A. 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 \$1,069,253.
- B. The Group does not hold any collateral.
- C. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(六) Inventories

		<u>December 31, 2022</u>		
		<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
Raw materials	\$	275,095	(\$ 18,152)	\$ 256,943
Work in progress		53,507	-	53,507
Finished goods		264,412	(10,936)	253,476
Merchandise inventory		78,987	(822)	78,165
	\$	<u>672,001</u>	<u>(\$ 29,910)</u>	<u>\$ 642,091</u>

		<u>December 31, 2021</u>		
		<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
Raw materials	\$	355,730	(\$ 11,245)	\$ 344,485
Work in progress		81,205	(5,617)	75,588
Finished goods		309,777	(1,795)	307,982
Merchandise inventory		52,553	(174)	52,379
	\$	<u>799,265</u>	<u>(\$ 18,831)</u>	<u>\$ 780,434</u>

The cost of inventories recognized as expense for the year:

		<u>Year ended December 31</u>	
		<u>2022</u>	<u>2021</u>
Cost of goods sold	\$	3,168,299	\$ 2,782,928
Valuation loss on inventories		76,654	32,088
Gain from sale of scraps	(	8,145)	-
Others		2,521	(834)
	\$	<u>3,239,329</u>	<u>\$ 2,814,182</u>

(七) Prepayments

		<u>December 31, 2022</u>	<u>December 31, 2021</u>
Prepayments to suppliers	\$	25,974	10,535
Excess business tax paid (or Net Input VAT)		22,994	\$ 60,395
Prepaid rent expenses		8,928	1,221
Prepaid software expenses		1,791	5,163
Others		24,662	19,676
	\$	<u>84,349</u>	<u>\$ 96,990</u>

(八) Investments accounted for using equity method

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
BRIGHTONET COMPANY LTD.	<u>\$ 8,111</u>	<u>\$ 8,803</u>

The Group's share of the operating results in all individually immaterial associates are summarized below:

As of December 31, 2022 and 2021, the carrying amount of the Group's individually immaterial associates amounted to \$8,111 and \$8,803, respectively.

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
(Loss) profit for the period from continuing operations	(\$ 355)	\$ 1,984
Other comprehensive income (loss), net of tax	(337)	(867)
Total comprehensive (loss) income for the period	<u>(\$ 692)</u>	<u>\$ 1,117</u>

(九) Property, plant and equipment

	<u>2022</u>					
	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery and equipment</u>	<u>Other equipment</u>	<u>Unfinished construction and equipment under acceptance</u>	<u>Total</u>
At January 1						
Cost	\$ 183,235	\$ 114,292	\$ 348,700	\$ 131,385	\$ 15,768	\$ 793,380
Accumulated depreciation	-	(39,952)	(256,675)	(56,870)	-	(353,497)
	<u>\$ 183,235</u>	<u>\$ 74,340</u>	<u>\$ 92,025</u>	<u>\$ 74,515</u>	<u>\$ 15,768</u>	<u>\$ 439,883</u>
Opening net book amount as at January 1	\$ 183,235	\$ 74,340	\$ 92,025	\$ 74,515	\$ 15,768	\$ 439,883
Acquired from business combinations	-	-	1,526	781	-	2,307
Additions	-	-	47,412	9,504	10,816	67,732
Disposals	-	-	(10,036)	(783)	-	(10,819)
Reclassifications	-	-	3,513	242	(10,467)	(6,712)
Depreciation charge	-	(7,251)	(53,310)	(20,141)	-	(80,702)
Net exchange differences	-	4,281	9,784	1,608	231	15,904
Closing net book amount as at December 31	<u>\$ 183,235</u>	<u>\$ 71,370</u>	<u>\$ 90,914</u>	<u>\$ 65,726</u>	<u>\$ 16,348</u>	<u>\$ 427,593</u>
At December 31						
Cost	\$ 183,235	\$ 111,517	\$ 347,374	\$ 142,528	\$ 16,348	\$ 801,002
Accumulated depreciation	-	(40,147)	(256,460)	(76,802)	-	(373,409)
	<u>\$ 183,235</u>	<u>\$ 71,370</u>	<u>\$ 90,914</u>	<u>\$ 65,726</u>	<u>\$ 16,348</u>	<u>\$ 427,593</u>
	<u>2021</u>					
	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery and equipment</u>	<u>Other equipment</u>	<u>Unfinished construction and equipment under acceptance</u>	<u>Total</u>
At January 1						
Cost	\$ 193,570	\$ 125,750	\$ 325,986	\$ 112,217	\$ 8,918	\$ 766,441
Accumulated depreciation	-	(38,063)	(237,248)	(55,778)	-	(331,089)
	<u>\$ 193,570</u>	<u>\$ 87,687</u>	<u>\$ 88,738</u>	<u>\$ 56,439</u>	<u>\$ 8,918</u>	<u>\$ 435,352</u>

Opening net book amount as at January 1	\$ 193,570	\$ 87,687	\$ 88,738	\$ 56,439	\$ 8,918	\$ 435,352
Additions	-	-	63,653	35,521	14,723	113,897
Disposals	-	-	(9,844)	(1,065)	(3,599)	(14,508)
Reclassifications	(10,335)	(9,958)	1,130	1,877	(4,067)	(21,353)
Depreciation charge	-	(3,346)	(51,152)	(17,145)	-	(71,643)
Net exchange differences	-	(43)	(500)	(1,112)	(207)	(1,862)
Closing net book amount as at December 31	<u>\$ 183,235</u>	<u>\$ 74,340</u>	<u>\$ 92,025</u>	<u>\$ 74,515</u>	<u>\$ 15,768</u>	<u>\$ 439,883</u>
At December 31						
Cost	\$ 183,235	\$ 114,292	\$ 348,700	\$ 131,385	\$ 15,768	\$ 793,380
Accumulated depreciation	-	(39,952)	(256,675)	(56,870)	-	(353,497)
	<u>\$ 183,235</u>	<u>\$ 74,340</u>	<u>\$ 92,025</u>	<u>\$ 74,515</u>	<u>\$ 15,768</u>	<u>\$ 439,883</u>

Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

(+) Leasing arrangements – lessee

- A. The Group leases various assets including buildings, business vehicles and multifunction printers. Rental contracts are typically made for periods of 1 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. Short-term leases with a lease term of 12 months or less comprise buildings, business vehicles and parking lots. Low-value assets comprise multifunction printers.
- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Buildings	\$ 61,376	\$ 99,200
Transportation equipment (Business vehicles)	652	1,776
Office equipment (Photocopiers)	245	491
Other equipment	189	-
	<u>\$ 62,462</u>	<u>\$ 101,467</u>

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Buildings	\$ 41,715	\$ 39,205
Transportation equipment (Business vehicles)	1,265	1,850
Office equipment (Photocopiers)	250	250
Other equipment	73	-
	<u>\$ 43,303</u>	<u>\$ 41,305</u>

- D. For the years ended December 31, 2022 and 2021, the additions to right-of-use assets were \$4,978 and \$38,447, respectively. Additionally, the right-of-use assets arising a business combination amounted to \$2,108. Refer to Note 6(24) for details.

- E. The information on profit and loss accounts relating to lease contracts is as follows:

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 2,088	\$ 2,819

Expense on short-term lease contracts	2,563	2,179
Expense on leases of low-value assets	2,199	3,169

F. For the years ended December 31, 2022 and 2021, the Group's total cash outflow for leases were \$62,177 and \$46,315, respectively.

(十一) Investment property

	<u>Land</u>	<u>2022</u> <u>Buildings</u> <u>and structures</u>	<u>Total</u>
At January 1			
Cost	\$ 26,505	\$ 18,871	\$ 45,376
Accumulated depreciation	-	(4,957)	(4,957)
	<u>\$ 26,505</u>	<u>\$ 13,914</u>	<u>\$ 40,419</u>
Opening net book amount as at January 1	\$ 26,505	\$ 13,914	\$ 40,419
Depreciation charge	-	(377)	(377)
Closing net book amount as at December 31	<u>\$ 26,505</u>	<u>\$ 13,537</u>	<u>\$ 40,042</u>
At December 31			
Cost	\$ 26,505	\$ 18,871	\$ 45,376
Accumulated depreciation	-	(5,334)	(5,334)
	<u>\$ 26,505</u>	<u>\$ 13,537</u>	<u>\$ 40,042</u>
		<u>2021</u> <u>Buildings</u> <u>and structures</u>	
	<u>Land</u>		<u>Total</u>
At January 1			
Cost	\$ 16,170	\$ 7,675	\$ 23,845
Accumulated depreciation	-	(3,378)	(3,378)
	<u>\$ 16,170</u>	<u>\$ 4,297</u>	<u>\$ 20,467</u>
Opening net book amount as at January 1	\$ 16,170	\$ 4,297	\$ 20,467
Reclassifications	10,335	9,958	20,293
Depreciation charge	-	(341)	(341)
Closing net book amount as at December 31	<u>\$ 26,505</u>	<u>\$ 13,914</u>	<u>\$ 40,419</u>
At December 31			
Cost	\$ 26,505	\$ 18,871	\$ 45,376
Accumulated depreciation	-	(4,957)	(4,957)
	<u>\$ 26,505</u>	<u>\$ 13,914</u>	<u>\$ 40,419</u>

A. The Group leases various assets including land and buildings. Rental contracts are typically made for periods of 2 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
2022	\$ -	\$ 1,482
2023	1,578	122
2024	162	-
	<u>\$ 1,740</u>	<u>\$ 1,604</u>

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

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Rental income from investment property	<u>\$ 1,794</u>	<u>\$ 1,304</u>
Direct operating expenses arising from the investment property that generated rental income during the year	<u>\$ 377</u>	<u>\$ 341</u>

D. The fair value of the investment property held by the Group as at December 31, 2022 and 2021 was \$62,403 and \$63,938, respectively, which was valued based on the market information of transactions that are similar to the above assets, and appropriate adjustments are made on the valuation results. Valuations were made using the comparison approach which is categorized within Level 3 in the fair value hierarchy.

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

(十二)Intangible assets

	<u>2022</u>				
	<u>Goodwill</u>	<u>Customer relationship value</u>	<u>Patent</u>	<u>Software</u>	<u>Total</u>
At January 1					
Cost	\$ 112,481	\$ 288,846	\$ 158,265	\$ 67,006	\$ 626,598
Accumulated amortisation	-	(223,957)	(148,778)	(51,377)	(424,112)
Accumulated impairment	(38,695)	(49,545)	-	-	(88,240)
Effect of exchange rate changes	(3,980)	(6,820)	(9,487)	284	(20,003)
	<u>\$ 69,806</u>	<u>\$ 8,524</u>	<u>\$ -</u>	<u>\$ 15,913</u>	<u>\$ 94,243</u>
Opening net book amount as at January 1	\$ 69,806	\$ 8,524	\$ -	\$ 15,913	\$ 94,243
Acquired through business combination	7,098	-	2,441	-	9,539
Additions	-	-	-	3,238	3,238
Amortisation charge	-	(1,327)	(488)	(10,674)	(12,489)
Net exchange differences	-	893	-	26	919
Closing net book amount as at December 31	<u>\$ 76,904</u>	<u>\$ 8,090</u>	<u>\$ 1,953</u>	<u>\$ 8,503</u>	<u>\$ 95,450</u>
At December 31					
Cost	\$ 119,579	\$ 288,846	\$ 160,218	\$ 70,244	\$ 638,887
Accumulated amortisation	-	(225,284)	(148,778)	(62,051)	(436,113)
Accumulated impairment	(38,695)	(49,545)	-	-	(88,240)
Effect of exchange rate changes	(3,980)	(5,927)	(9,487)	310	(19,084)
	<u>\$ 76,904</u>	<u>\$ 8,090</u>	<u>\$ 1,953</u>	<u>\$ 8,503</u>	<u>\$ 95,450</u>

	<u>2021</u>				
	<u>Goodwill</u>	Customer relationship <u>value</u>	<u>Patent</u>	<u>Software</u>	<u>Total</u>
At January 1					
Cost	\$ 112,481	\$ 288,846	\$ 158,265	\$ 59,049	\$ 618,641
Accumulated amortisation	-	(222,710)	(148,778)	(43,409)	(414,897)
Accumulated impairment	(38,695)	(49,545)	-	-	(88,240)
Effect of exchange rate changes	(3,980)	(6,553)	(9,487)	296	(19,724)
	<u>\$ 69,806</u>	<u>\$ 10,038</u>	<u>\$ -</u>	<u>\$ 15,936</u>	<u>\$ 95,780</u>
Opening net book amount as at January 1	\$ 69,806	\$ 10,038	\$ -	\$ 15,936	\$ 95,780
Additions	-	-	-	7,956	7,956
Amortisation charge	-	(1,247)	-	(7,968)	(9,215)
Net exchange differences	-	(267)	-	(11)	(278)
Closing net book amount as at December 31	<u>\$ 69,806</u>	<u>\$ 8,524</u>	<u>\$ -</u>	<u>\$ 15,913</u>	<u>\$ 94,243</u>
At December 31					
Cost	\$ 112,481	\$ 288,846	\$ 158,265	\$ 67,006	\$ 626,598
Accumulated amortisation	-	(223,957)	(148,778)	(51,377)	(424,112)
Accumulated impairment	(38,695)	(49,545)	-	-	(88,240)
Effect of exchange rate changes	(3,980)	(6,820)	(9,487)	284	(20,003)
	<u>\$ 69,806</u>	<u>\$ 8,524</u>	<u>\$ -</u>	<u>\$ 15,913</u>	<u>\$ 94,243</u>

A. Details of amortization on intangible assets are as follows:

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Operating costs	\$ 272	\$ 194
Selling expenses	226	89
Administrative expenses	9,063	5,786
Research and development expenses	2,928	3,146
	<u>\$ 12,489</u>	<u>\$ 9,215</u>

B. Goodwill is allocated to the electronic product components manufacturing segment and other segments which is the Group's cash-generating units identified according to operating segment. Refer to Note 14 for disclosure of operating segment information.

C. Goodwill is allocated to the Group's cash-generating units identified according to operating segment. The recoverable amount of all cash-generating units has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by the management covering a five-year period. Cash flows beyond the five-year period were extrapolated using the estimated growth rates stated below.

D. The recoverable amount of all cash-generating units calculated using the value-in-use exceeded

their carrying amount, so goodwill was not impaired. The key assumptions used for value-in-use calculations are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Gross margin	25%	20%
Growth rate	3%	3%
Discount rate	6%	5%

Management determines budgeted gross margin based on past performance and their expectations of market development. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rates used were weighted average cost of capital and reflected specific risks relating to the relevant operating segments.

(十三) Other payables

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Employees' bonus payable	\$ 78,959	\$ 44,166
Wages and salaries payable	52,195	64,928
Service expense payable	16,655	12,273
Others	72,926	108,759
	<u>\$ 220,735</u>	<u>\$ 230,126</u>

(十四) Pensions

A. Defined benefit plan

(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 Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Present value of defined benefit obligations	\$ 4,498	\$ 7,713
Fair value of plan assets	<u>(25,501)</u>	<u>(24,919)</u>
Net defined benefit assets (shown as other non-current assets)	<u>(\$ 21,003)</u>	<u>(\$ 17,206)</u>

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

	<u>2022</u>		
	Present value of defined benefit <u>obligations</u>	Fair value of <u>plan assets</u>	Net defined benefit (asset) <u>liability</u>
At January 1	\$ 7,713	\$ 24,919	(\$ 17,206)
Interest expense (income)	53	174	(121)
	<u>7,766</u>	<u>25,093</u>	<u>(17,327)</u>
Remeasurements:			
Return on plan assets (Note)	-	2,559	(2,559)
Change in financial assumptions	(252)	-	(252)
Experience adjustments	(865)	-	(865)
	<u>(1,117)</u>	<u>2,559</u>	<u>(3,676)</u>
Paid pension	(2,151)	(2,151)	-
At December 31	<u>\$ 4,498</u>	<u>\$ 25,501</u>	<u>(\$ 21,003)</u>

	<u>2021</u>		
	Present value of defined benefit <u>obligations</u>	Fair value of <u>plan assets</u>	Net defined benefit (asset) <u>liability</u>
At January 1	\$ 26,769	\$ 39,629	(\$ 12,860)
Current service cost	88	-	88
Interest (expense) income	107	159	(52)
	<u>26,964</u>	<u>39,788</u>	<u>(12,824)</u>
Remeasurements:			
Return on plan assets (Note)	-	657	(657)
Change in demographic assumptions	9	-	9
Change in financial assumptions	(301)	-	(301)
Experience adjustments	(3,433)	-	(3,433)
	<u>(3,725)</u>	<u>657</u>	<u>(4,382)</u>
Paid pension	(15,526)	(15,526)	-
At December 31	<u>\$ 7,713</u>	<u>\$ 24,919</u>	<u>(\$ 17,206)</u>

Note: Excluding amounts included in interest income or expense.

- (d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement

Fund” (Article 6: The scope of utilization 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 securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2022 and 2021 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

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

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Discount rate	<u>1.30%</u>	<u>0.70%</u>
Future salary increases	<u>3.00%</u>	<u>3.00%</u>

Assumptions regarding future mortality experience are set based on the statistics and experience of the 6th Taiwan Standard Ordinary Experience Mortality Table.

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

	<u>Discount rate</u>		<u>Future salary increases</u>	
	<u>Increase 1%</u>	<u>Decrease 1%</u>	<u>Increase 1%</u>	<u>Decrease 1%</u>
December 31, 2022				
Effect on present value of defined benefit obligation	<u>(\$ 397)</u>	<u>\$ 410</u>	<u>\$ 358</u>	<u>(\$ 348)</u>
December 31, 2021				
Effect on present value of defined benefit obligation	<u>(\$ 930)</u>	<u>\$ 968</u>	<u>\$ 866</u>	<u>(\$ 839)</u>

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

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

(g) Expected contributions to the defined benefit pension plan of the Group for the year ending December 31, 2022 amount to \$654.

(h) As of December 31, 2022, the weighted average duration of the retirement plan is 9 years.

B. Defined contribution plan

(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.

(b) The Company’s subsidiaries in Mainland China, USA, Vietnam and Thailand have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the local pension regulations are based on certain percentage of employees’ monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations.

(c) The pension costs under the defined contribution pension plan of the Group for the years ended December 31, 2022 and 2021 were \$30,753 and \$32,378, respectively.

(十五) Share capital

As of December 31, 2022, the Company’s authorized capital was \$2,000,000, consisting of 200 million shares of ordinary stock, and the paid-in capital was \$1,220,859 with a par value of NT\$10 (in dollars) per share.

(十六) 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 capitalized 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.

(十七) Retained earnings

A. The current year’s net profit after tax, if any, shall first be used to offset prior years’ operating losses (including adjusted undistributed profits) and then 10% of the remaining amount shall be set aside as legal reserve, if legal reserve has accumulated to an amount equal to the paid-in capital, then legal reserve is not required to be set aside any more. After that, special reserve shall be set aside or reversed in accordance with the related laws or the regulations made by the Competent Authority. The remainder, if any, along with the unappropriated earnings of prior years (including adjusted undistributed profits) shall be proposed by the Board of Directors and resolved by the shareholders as dividends to shareholders.

B. In accordance with the Company Act, the resolution, for all or part of distributable dividends and bonus, capital surplus or legal reserve which are distributed in the form of cash, will be adopted if more than 2/3 of the directors attend the Board of Directors’ meeting and more than 1/2 of the directors present agree to the resolution. This will then be reported to the shareholders during their meeting. The regulation which requires approval by the shareholders is not applicable for the above.

C. The Company may distribute earnings or cover accumulated deficit on a semi-annual basis after the close of each half fiscal year in compliance with the Company Act. The Company shall pay all taxes, offset operating losses and set aside legal reserve before distributing earnings. However, if legal reserve has accumulated to an amount equal to the paid-in capital, then legal reserve is not required to be set aside any more. The distribution of earnings shall be resolved by the Board of Directors if earnings are distributed in the form of cash and shall be resolved by the shareholders if earnings are distributed in the form of new shares.

D. The Company’s dividend policy aligns with the overall environment and industrial growth characteristics by taking into consideration the Company’s capital needs, financial structure and

earnings. Since the Company aims to continuously add capital for investment, research and development to create a competitive advantage and enhance shareholders' interest, at least 50% of the current year's earnings after tax shall be appropriated as shareholders' dividends and bonuses in the form of cash or shares each year and cash dividends shall account for at least 30% of the total dividends distributed.

- E. In accordance with the regulations, 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 until the legal reserve has accumulated to an amount equal to the paid-in capital. 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.
- F. 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.
- G. The appropriations of 2021 and 2020 earnings as proposed by the Board of Directors and resolved by the shareholders on June 15, 2022 and August 24, 2021, respectively, are as follows:

	<u>2021</u>		<u>2020</u>	
	Dividends		Dividends	
	per share		per share	
	<u>Amount</u>	<u>(in dollars)</u>	<u>Amount</u>	<u>(in dollars)</u>
Legal reserve	\$ 38,926		\$ 26,752	
Appropriation for (reversal of) special reserve	11,658		(50,998)	
Cash dividends	<u>268,589</u>	\$ 2.20	<u>195,336</u>	\$ 1.60
	<u>\$ 319,173</u>		<u>\$ 171,090</u>	

The abovementioned appropriations of 2021 and 2020 earnings were in agreement with those amounts proposed by the Board of Directors in March 2022 and March 2021, respectively. In addition, the Company distributed cash from capital surplus in the amounts of \$97,669 at \$0.8 (in dollars) per share and \$158,713 as approved at the shareholders' meetings on June 15, 2022 and August 24, 2021, respectively.

- H. During its meeting on August 5, 2022, the Board of Directors resolved not to distribute the earnings for the first half of 2021.
- I. On March 27, 2023, the Board of Directors proposed for the distribution of dividends from the 2022 earnings in the amount of \$268,589 at \$2.2 (in dollars) per share. In addition, the Company distributed cash from capital surplus in the amount of \$122,086 at \$1.0 (in dollars) per share. The abovementioned surplus earnings distribution proposal and the capital reserve issuance of cash have not yet been approved by the shareholders as of the date of the audit report.
- J. For the information relating to employees' compensation and directors' remuneration, refer to Note 6(22).

(十八) Other equity items

	<u>2022</u>		
	Unrealised gains (losses) <u>on valuation</u>	Currency <u>translation</u>	<u>Total</u>
At January 1	\$ 15,270	(\$ 206,809)	(\$ 191,539)
Revaluation - gross	(74,157)	-	(74,157)
Revaluation transferred to retained earnings - gross	(32,046)	-	(32,046)
Currency translation differences:	-	-	
- Group	-	41,114	41,114
- Associates	-	(337)	(337)
At December 31	<u>(\$ 90,933)</u>	<u>(\$ 166,032)</u>	<u>(\$ 256,965)</u>

	<u>2021</u>		
	Unrealised gains (losses) <u>on valuation</u>	Currency <u>translation</u>	<u>Total</u>
At January 1	\$ 308	(\$ 180,189)	(\$ 179,881)
Revaluation - gross	27,236	-	27,236
Revaluation transferred to retained earnings - gross	(12,274)	-	(12,274)
Currency translation differences:			
- Group	-	(25,753)	(25,753)
- Associates	-	(867)	(867)
At December 31	<u>\$ 15,270</u>	<u>(\$ 206,809)</u>	<u>(\$ 191,539)</u>

(十九) Other gains and losses

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Gains on disposals of property, plant and equipment	\$ 3,804	\$ 2,347
Net foreign exchange gains	110,314	6,899
Net gains on financial assets and liabilities at fair value through profit or loss	(7,619)	34,141
Others	(5,155)	(660)
	<u>\$ 101,344</u>	<u>\$ 42,727</u>

(二十) Expenses by nature

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Employee benefit expense	\$ 773,736	\$ 760,395
Depreciation charges on property, plant and equipment (Note)	124,382	113,289
Amortisation charges on other assets	12,489	9,215
	<u>\$ 910,607</u>	<u>\$ 882,899</u>

Note: Including current depreciation charges on right-of-use assets and investment properties.

(二十一) Employee benefit expense

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Wages and salaries	\$ 672,894	\$ 665,902
Labour and health insurance fees	35,463	27,861
Pension costs	30,632	32,414
Other personnel expenses	34,747	34,218
	<u>\$ 773,736</u>	<u>\$ 760,395</u>

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, if any, shall be distributed as employees' compensation and directors' remuneration as resolved by the Board of Directors. The ratio shall not be lower than 7% for employees' compensation. However, if the Company has accumulated deficit, earnings should first be reserved to cover losses.

B. For the years ended December 31, 2022 and 2021, employees' compensation were accrued at \$52,195 and \$44,166, respectively; while directors' remuneration were accrued at \$5,400 and \$4,061, respectively. The aforementioned amounts were recognized in salary expenses.

The employees' compensation was estimated and accrued based on 9% of distributable profit of current year for the year ended December 31, 2022; and the amounts resolved by the Board of Directors amounted to \$52,195 and \$5,400, respectively, and the employees' compensation will be distributed in the form of cash.

Employees' compensation and directors' remuneration for 2021 as resolved at the meeting of Board of Directors were in agreement with those amounts recognized in the 2021 financial statements. Employees' compensation and directors' remuneration for 2021 were all distributed in the form of cash.

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

(二十二) Income tax

A. Income tax expense

(a) Components of income tax expense:

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Current tax:		
Current tax on profits for the year	\$ 123,136	\$ 80,618
Tax on undistributed surplus earnings	4,262	3,786
Prior year income tax overestimation	(1,924)	(4,041)
Total current tax	<u>125,474</u>	<u>80,363</u>
Deferred tax:		
Origination and reversal of temporary differences	(25,808)	1,012
Total deferred tax	<u>(25,808)</u>	<u>1,012</u>
Income tax expense	<u>\$ 99,666</u>	<u>\$ 81,375</u>

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

	Year ended December 31	
	<u>2022</u>	<u>2021</u>
Remeasurement of defined benefit obligations	(\$ 735)	(\$ 876)

B. Reconciliation between income tax expense and accounting profit

	Year ended December 31	
	<u>2022</u>	<u>2021</u>
Tax calculated based on profit before tax and statutory tax rate	\$ 121,494	\$ 125,452
Expenses disallowed by tax regulation	(19,980)	(27,896)
Tax-exempt income	(4,186)	(3,492)
Change in assessment of realisation of deferred tax assets	-	(12,434)
Prior year income tax overestimation	(1,924)	(4,041)
Tax on undistributed earnings	4,262	3,786
Income tax expense	99,666	81,375
Net changes in deferred tax	25,808	(1,012)
Prior year income tax overestimation	1,924	4,041
Less: Prepaid income tax	(4,702)	(4,111)
Current income tax liabilities	<u>\$ 122,696</u>	<u>\$ 80,293</u>

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

	<u>January 1</u>	Recognised in profit or loss	<u>2022</u> Recognised in other comprehensive income	Business combinations	<u>December 31</u>
- Deferred tax assets:					
Temporary differences					
Valuation loss on inventories	\$ 4,435	\$ 2,619	\$ -	\$ -	\$ 7,054
Loss on investments accounted for using equity method	101	(101)	-	-	-
Unrealised exchange loss	-	214	-	-	214
Others	1,040	13	-	-	1,053
Tax losses	-	-	-	-	-
	<u>\$ 5,576</u>	<u>\$ 2,745</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,321</u>
- Deferred tax liabilities:					
Temporary differences					
Gain on investments accounted for using equity method	(\$ 53,312)	\$ 25,029	\$ -	\$ -	(\$ 28,283)
Unrealised exchange gain	(2,401)	(2,149)	-	-	(4,550)
Others	(6,310)	183	(735)	(488)	(7,350)
	<u>(\$ 62,023)</u>	<u>\$ 23,063</u>	<u>(\$ 735)</u>	<u>(\$ 488)</u>	<u>(\$ 40,183)</u>

	<u>January 1</u>	<u>Recognised in profit or loss</u>	<u>2021 Recognised in other comprehensive income</u>	<u>December 31</u>
- Deferred tax assets:				
Temporary differences				
Valuation loss on inventories	\$ 2,354	\$ 2,081	\$ -	\$ 4,435
Loss on investments accounted for using equity method	8	93	-	101
Unrealised exchange loss	482	(482)	-	-
Others	948	92	-	1,040
Tax losses	-	-	-	-
	<u>\$ 3,792</u>	<u>\$ 1,784</u>	<u>\$ -</u>	<u>\$ 5,576</u>
- Deferred tax liabilities:				
Temporary differences				
Gain on investments accounted for using equity method	(\$ 50,766)	(\$ 2,546)	\$ -	(\$ 53,312)
Unrealised exchange gain	(1,695)	(706)	-	(2,401)
Others	(5,890)	456	(876)	(6,310)
	<u>(\$ 58,351)</u>	<u>(\$ 2,796)</u>	<u>(\$ 876)</u>	<u>(\$ 62,023)</u>

D. The Company has not recognized taxable temporary differences associated with investment in subsidiaries as deferred tax liabilities. For the years ended December 31, 2022 and 2021, the amounts of temporary differences unrecognized as deferred tax liabilities were \$0 and \$31,171, respectively.

E. Income tax returns of the Company, MAINSUPER ENTERPRISES CO., LTD., CHA SHIN CHI INVESTMENT CO., LTD. and TECHILL CO., LTD. through 2020 have been assessed and approved by the Tax Authority.

(二十三) Earnings per share

	<u>Year ended December 31, 2022</u>		
	<u>Amount after tax</u>	<u>Number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 439,816	122,086	\$ 3.60
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 439,816		
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	1,523	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 439,816	123,609	\$ 3.56

	<u>Year ended December 31, 2021</u>		
	<u>Amount after tax</u>	<u>Number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 373,477	122,086	\$ 3.06
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 373,477		
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	950	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 373,477	123,036	\$ 3.04

(二十四) Business combinations

- A. In January 2022, the Group acquired a 70.11% equity interest in Ultraspeed Electronics Co., Ltd. for \$20,000 thousand and obtained control over Ultraspeed Electronics Co., Ltd. Accordingly, it was included in the consolidated financial statements. Ultraspeed Electronics Co., Ltd. is primarily engaged in manufacturing high-speed cables and high-speed connectors, etc. The purpose of the acquisition is to integrate the resources of both parties to achieve synergy.
- B. The following table summarizes the consideration paid for acquiring Ultraspeed Electronics Co., Ltd. and the fair value of the assets acquired and liabilities assumed at the acquisition date, as well as the fair value of the non-controlling interest at the acquisition date:

	<u>January 2022</u>
Purchase consideration	
Cash paid	\$ 20,000
Fair value of the non-controlling interest	5,501
	<u>\$ 25,501</u>
Fair value of the identifiable assets acquired and liabilities assumed	
Cash	13,666
Accounts receivable	1,576
Inventories	2,003
Prepaid expenses and prepayments	353
Property, plant and equipment	2,307
Right-of-use assets	2,108
Intangible assets - patents	2,441
Other non-current assets	503
Current contract liabilities	(803)
Accounts payable	(1,972)
Other payables	(1,099)

Current lease liabilities	(	1,255)
Other current liabilities	(	84)
Deferred tax liabilities	(	488)
Non-current lease liabilities	(	853)
Total identifiable net assets	\$	<u>18,403</u>
Goodwill	\$	<u>7,098</u>

C. The fair value of the acquisition of identifiable intangible assets – patents amounted to \$2,441.

(二十五) Supplemental cash flow information

A. Investing activities with partial cash payments:

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Purchase of property, plant and equipment	\$ 67,732	\$ 113,897
Add: Opening balance of payable on equipment	-	91
Less: Ending balance of payable on equipment	-	-
Cash paid during the year	<u>\$ 67,732</u>	<u>\$ 113,988</u>

B. The fair value information on the assets acquired and liabilities assumed from business combinations:

	<u>Year ended</u>
	<u>December 31, 2022</u>
Fair value of identifiable net assets	\$ 18,403
Goodwill	7,098
Less: Fair value of non-controlling interests	<u>(5,501)</u>
Cash paid for business combinations	20,000
Less: Cash acquired from business combinations	<u>(13,666)</u>
Net cash flow from business combinations	<u>\$ 6,334</u>

(二十六) Changes in liabilities from financing activities

	<u>2022</u>		
	<u>Short-term borrowings</u>	<u>Lease liabilities</u>	<u>Liabilities from financing activities - gross</u>
At January 1	\$ -	\$ 104,945	\$ 104,945
Changes in cash flow from financing activities	-(	55,327)	(55,327)
Changes in acquisition of subsidiaries	-	2,108	2,108
Changes in other non-cash items	-	4,978	4,978
Impact of changes in foreign exchange rate	-(	1,313)	(1,313)
At December 31	<u>\$ -</u>	<u>\$ 55,391</u>	<u>\$ 55,391</u>

	<u>2021</u>		
	<u>Short-term borrowings</u>	<u>Lease liabilities</u>	<u>Liabilities from financing activities - gross</u>
At January 1	\$ 607,000	\$ 110,845	\$ 717,845
Changes in cash flow from financing activities	(607,000)	(38,148)	(645,148)
Increase in lease liability	-	38,447	38,447
Impact of changes in foreign exchange rate	-	(6,199)	(6,199)
At December 31	<u>\$ -</u>	<u>\$ 104,945</u>	<u>\$ 104,945</u>

7. Related Party Transactions

(一) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Jyh Eng Technology Co., Ltd.	Associate
Diamond Creative Holding Limited	Associate
Fsp Technology Inc. (Note)	Other related party

(二) Significant related party transactions

(三) A. Operating revenue:

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Sales of goods:		
Others	\$ 17,347	\$ -

Except for circumstances in which there are no similar transactions for reference and the prices and credit periods are negotiated by both parties. The prices that the Group sold to the abovementioned related parties are approximate to that of the general customers. The Group's credit term to related parties is 60 days after monthly billing

(四) B. Purchases:

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Purchases of goods:		
Others	\$ 33,869	\$ -
Associates	\$ 15,438	\$ -

Goods are purchased from related parties with a payment term of 60 to 90 days after monthly billings and the payment would be paid on the 5th of the following month. Purchase prices are determined based on product types after taking into consideration other transaction terms.

C. Receivables from related parties (shown as accounts receivable):

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts receivable:		
Others	\$ 3,778	\$ -

There are no allowances for uncollectible accounts held against receivables from related parties
D. Payables to related parties:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts payable:		
Others	\$ 19,755	\$ -
Associates	\$ 4,371	\$ 2,836

(五) Key management compensation

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Salaries and other short-term employee benefits	\$ 23,886	\$ 19,217

8. Pledged Assets

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

<u>Pledged asset</u>	<u>Book value</u>		<u>Purpose</u>
	<u>December 31, 2022</u>	<u>December 31, 2021</u>	
Property, plant and equipment			
- Land and buildings and structures	\$ 235,421	\$ 237,591	Line of credit for short-term borrowings
Investment property	20,152	20,309	
Guarantee deposits paid (shown as other non-current assets)	4,360	1,916	Customs bonds
Time deposits (shown as financial assets at amortised cost)	1,810	1,693	Business tax of import goods and line of credit for short-term borrowings
	<u>\$ 261,743</u>	<u>\$ 261,509</u>	

9. Significant Contingent Liabilities and Unrecognized Contract Commitments

None.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

For the year ended December 31, 2022, the Company's Board of Directors approved the appropriation of 2022 earnings. Refer to Note 6(17).

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, issue new shares or sell assets to reduce debt.

During the years ended December 31, 2022 and 2021, the Group's strategy was to maintain the gearing ratio under 50%.

(2) Financial instruments

A. Financial instruments by category

The Group's financial instruments are classified as financial assets at amortized cost (including cash and cash equivalents, financial assets at amortized cost, accounts receivable and other receivables), financial instruments at fair value through profit or loss, financial assets at fair value through other comprehensive income and financial liabilities at amortized cost (including short-term borrowings, notes payable, accounts payable, other payables) and lease liabilities in accordance with IFRS 9. Related information is provided in Note 6 and the consolidated balance sheets.

B. Financial risk management policies

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial position and financial performance. 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.

C. Significant financial risks and degrees of financial risks

(a) Market risk

- i. The Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and RMB. Foreign exchange rate risk arises from future commercial transactions and recognized assets and liabilities.
- ii. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: USD, RMB and THB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	<u>December 31, 2022</u>		
(Foreign currency: functional currency)	Foreign currency amount (<u>In thousands</u>)	<u>Exchange rate</u>	Book value (<u>NTD</u>)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 59,807	30.71	\$ 1,836,673
USD:RMB	41,756	6.9686	1,282,327
<u>Foreign operations</u>			
RMB:NTD	\$ 372,458	4.410	\$ 1,641,793
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 57,084	30.71	\$ 1,753,050
USD:RMB	656	6.9686	20,146

(Foreign currency: functional currency)	<u>December 31, 2021</u>		
	Foreign currency amount (<u>In thousands</u>)	<u>Exchange rate</u>	Book value (<u>NTD</u>)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 32,386	27.68	\$ 896,444
USD:RMB	42,086	6.3735	1,164,940
<u>Foreign operations</u>			
RMB:NTD	\$ 382,969	4.34	\$ 1,662,086
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 40,859	27.68	\$ 1,130,977
USD:RMB	3,645	6.3735	100,894

(Foreign currency: functional currency)	<u>December 31, 2022</u>		
	<u>Degree of variation</u>	<u>Effect on profit or loss</u>	<u>Effect on other comprehensive income</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	5%	\$ 91,834	
USD:RMB	5%	64,116	
<u>Foreign operations</u>			
RMB:NTD	5%		\$ 82,090
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	5%	\$ 87,652	
USD:RMB	5%	1,007	

(Foreign currency: functional currency)	<u>December 31, 2021</u>		
	<u>Degree of variation</u>	<u>Effect on profit or loss</u>	<u>Effect on other comprehensive income</u>
<u>Financial assets</u>			
<u>Monetary items</u>			

USD:NTD	1%	\$	8,964
USD:RMB	1%		11,649
<u>Foreign operations</u>			
RMB:NTD	1%	\$	16,621
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$	11,310
USD:RMB	1%		1,009

- iii. The total exchange gain (loss), arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2022 and 2021, amounted to \$110,314 and \$6,899, respectively.

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 issued domestically and publicly. 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 10% with all other variables held constant, post-tax profit for the years ended December 31, 2022 and 2021 would have increased/decreased by \$16,236, and \$11,674, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity for the years ended December 31, 2022 and 2021 would have increased/decreased by \$44,456 and \$58,595, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

As short-term borrowings for short-term working capital needs are mostly issued at variable rates, most of the risks could be offset by cash with variable interest rates.

(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, and the contract cash flows of debt instruments stated at amortized cost.
- ii. The Group manages its credit risk taking into consideration the entire group's concern. For banks and financial institutions, only banks with good credit and financial institutions with investment grade or above 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. If the contract payments were past due over 90 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition; the default occurs when the contract payments are past due over 360 days.

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

	<u>December 31, 2022</u>		<u>December 31, 2021</u>	
	<u>Accounts receivable</u>	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Notes receivable</u>
Not past due	\$ 1,016,707	\$ 95,075	\$ 897,050	\$ 100,959
Up to 90 days	48,388	-	43,771	-
91 to 180 days	2,346	-	16,208	-
181 to 360 days	1,189	-	12,995	-
Over 360 days	40,681	-	26,694	-
	<u>\$ 1,109,311</u>	<u>\$ 95,075</u>	<u>\$ 996,718</u>	<u>\$ 100,959</u>

The above ageing analysis was based on past due date.

- v. The Group assesses the expected credit losses of its accounts receivable as follows:
- Accounts receivable that are significantly past due are assessed individually for their expected credit losses.
 - The provision matrix is used to estimate the expected credit losses from the remaining customers.
 - The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable. As of December 31, 2022 and 2021, the provision matrix is as follows:

<u>December 31, 2022</u>	<u>Individual</u>	<u>Group</u>					<u>Total</u>
		<u>Not past due</u>	<u>Up to 90 days</u>	<u>91 to 180 days</u>	<u>181 to 360 days</u>	<u>Over 360 days</u>	
Expected loss rate		0.23%	2.54%	22.12%	35.59%	100%	
Total book value	\$ 42,952	\$ 1,111,538	\$ 47,879	\$ 1,899	\$ 118	\$ -	\$ 1,204,386
Loss allowance	\$ 42,952	\$ 2,520	\$ 1,218	\$ 420	\$ 42	\$ -	\$ 47,152

<u>December 31, 2021</u>	<u>Individual</u>	<u>Group</u>					<u>Total</u>
		<u>Not past due</u>	<u>Up to 90 days</u>	<u>91 to 180 days</u>	<u>181 to 360 days</u>	<u>Over 360 days</u>	
Expected loss rate		0.05%	0.71%	9.62%	38.62%	100%	
Total book value	\$ 42,860	\$ 996,490	\$ 42,904	\$ 15,204	\$ -	\$ 219	\$ 1,097,677
Loss allowance	\$ 27,566	\$ 498	\$ 306	\$ 1,462	\$ -	\$ 219	\$ 30,051

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

	<u>Accounts receivable</u>	
	<u>2022</u>	<u>2021</u>
At January 1	\$ 30,051	\$ 17,975
Provision for impairment loss	15,694	17,669
Write-offs	(2,169)	(4,890)
Effect of foreign exchange	3,576	(703)
At December 31	<u>\$ 47,152</u>	<u>\$ 30,051</u>

- vii. Financial assets at amortized cost are deposited in banks with good credit and financial

institutions with investment grade so there is no significant default concerns and credit risk.

(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 and, if applicable external regulatory or legal requirements.
- ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in interest bearing current accounts, time deposits and money market 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 \$1,337,293 and \$986,051, respectively, that are expected to readily generate cash inflows for managing liquidity risk.
- iii. The Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities are analysed into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows:

	Less than <u>1 year</u>	Between 1 <u>and 2 years</u>	Between 2 <u>and 5 years</u>	<u>Total</u>
December 31, 2022				
<u>Non-derivative financial liabilities:</u>				
Lease liability	<u>\$ 40,324</u>	<u>\$ 16,718</u>	<u>\$ 6,248</u>	<u>\$ 63,290</u>
December 31, 2021				
<u>Non-derivative financial liabilities:</u>				
Lease liability	<u>\$ 44,664</u>	<u>\$ 40,778</u>	<u>\$ 22,942</u>	<u>\$ 108,384</u>

Except for those listed in the table below, the Group's non-derivative financial liabilities (including short-term borrowings, notes payable, accounts payable and other receivables) will expire within 1 year.

(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. Financial assets held by the Group are listed shares wherein the related income and closing prices could be readily and regularly obtained from the Stock Exchange and Taipei Exchange.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity investment without active market is included in Level 3.

- B. Fair value information of investment property at cost is provided in Note 6(11).

C. Fair value information of financial instruments: Except for financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income, refer to Note 12(2) for financial instruments not measured at fair value.

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

(a) The related information on the nature of the assets is as follows:

December 31, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Limited partnership	\$ -	\$ -	\$ 18,502	\$ 18,502
Derivative instruments	-	8,714	-	8,714
Beneficiary certificates	61,010	-	-	61,010
Equity securities	<u>101,345</u>	<u>-</u>	<u>-</u>	<u>101,345</u>
	<u>\$ 162,355</u>	<u>\$ 8,714</u>	<u>\$ 18,502</u>	<u>\$ 189,571</u>
Financial assets at fair value through other comprehensive income				
Equity securities	<u>\$ 229,997</u>	<u>\$ -</u>	<u>\$ 214,563</u>	<u>\$ 444,560</u>
December 31, 2021				
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Limited partnership	\$ -	\$ -	\$ 12,000	\$ 12,000
Equity securities	<u>116,738</u>	<u>-</u>	<u>-</u>	<u>116,738</u>
	<u>\$ 116,738</u>	<u>\$ -</u>	<u>\$ 12,000</u>	<u>\$ 128,738</u>
Financial assets at fair value through other comprehensive income				
Equity securities	<u>\$ 376,406</u>	<u>\$ -</u>	<u>\$ 209,543</u>	<u>\$ 585,949</u>
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
Derivative instruments	<u>\$ -</u>	<u>(\$ 863)</u>	<u>\$ -</u>	<u>(\$ 863)</u>

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

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

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

ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques

can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date.

- iii. For high-complexity financial instruments, the fair value is measured by using self-developed valuation model based on the valuation method and technique widely used within the same industry. The valuation model is normally applied to derivative financial instruments, debt instruments with embedded derivatives or securitised instruments. Certain inputs used in the valuation model are not observable at market, and the Group must make reasonable estimates based on its assumptions. The effect of unobservable inputs to the valuation of financial instruments is provided in Note 12(3) J.
 - iv. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.
 - v. The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Group's credit quality.
- E. For the years ended December 31, 2022 and 2021, there was no transfer between Level 1 and Level 2.
- F. The following chart is the movement of Level 3 for the years ended December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
	<u>Equity instruments</u>	<u>Equity instruments</u>
At January 1	\$ 221,543	\$ 108,540
Acquired during the year	13,500	153,300
Financial liabilities at fair value through profit or loss	502	-
Recorded as unrealised gains (losses) on valuation of investments in equity instruments measured at fair value through other comprehensive income	(2,480)	(40,297)
At December 31	<u>\$ 233,065</u>	<u>\$ 221,543</u>

- G. Treasury segment is in charge of valuation procedures for fair value measurements being categorized 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 represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.
- H. 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:

	<u>Fair value at December 31, 2022</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
Non-derivative equity instruments:					
Unlisted shares	\$ 57,218	Market Comparable companies	Discount for lack of marketability	25%	The higher the discount for lack of marketability, the lower the fair value
Unlisted shares	157,345	Discounted cash flow	Discount for lack of marketability	30~35%	The higher the discount for lack of marketability, the lower the fair value
			Weighted Average Cost of Capital of	14~17%	The higher the weighted average cost of capital, the lower the fair value
Limited partnership	18,502	Net asset value	N/A	-	N/A
	<u>Fair value at December 31, 2022</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
Non-derivative equity instruments:					
Unlisted shares	\$ 42,561	Market Comparable companies	Discount for lack of marketability	25%	The higher the discount for lack of marketability, the lower the fair value
Unlisted shares	166,982	Discounted cash flow	Discount for lack of marketability	27~35%	The higher the discount for lack of marketability, the lower the fair value
			Weighted Average Cost of Capital of	12%	The higher the weighted average cost of capital, the lower the fair value
Limited partnership	12,000	Net asset value	N/A	-	N/A

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

		<u>December 31, 2022</u>			
		<u>Recognised in profit or loss</u>		<u>Recognised in other comprehensive income</u>	
		<u>Favourable</u>	<u>Unfavourable</u>	<u>Favourable</u>	<u>Unfavourable</u>
<u>Input</u>	<u>Change</u>	<u>change</u>	<u>change</u>	<u>change</u>	<u>change</u>
Financial assets					
Equity instruments	Discount for lack of marketability	±1%	\$ -	\$ -	\$ 2,146
					\$ 2,146
		<u>December 31, 2021</u>			

	<u>Input</u>	<u>Change</u>	<u>Recognised in profit or loss</u>		<u>Recognised in other comprehensive income</u>	
			<u>Favourable change</u>	<u>Unfavourable change</u>	<u>Favourable change</u>	<u>Unfavourable change</u>
Financial assets						
Equity instruments	Discount for lack of marketability	±1%	\$ -	\$ -	\$ 2,095	\$ 2,095

(4) Other information

In response to the Covid-19 pandemic, the Group has adopted several preventive measures imposed by the government. The pandemic had no significant effect on the Group's operations and business for the year ended December 31, 2022.

13. Supplementary Disclosures

(5) Significant transactions information

- A. Loans to others: None.
- B. Provision of endorsements and guarantees to others: None.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Refer to table 1.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$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 2.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Refer to table 3.
- I. Trading in derivative instruments undertaken during the reporting period: Refer to Note 6(2).
- J. Significant inter-company transactions during the reporting periods: Refer to table 4.

(6) Information on investees

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

(7) Information on investments in Mainland China

- A. Basic information: Refer to table 6.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Refer to table 4.

(8) Major shareholders information

Major shareholders information: Refer to table 7.

14. Operating Segment Information

(1) General information

The Company and its subsidiaries are primarily engaged in the manufacture, sales, import and export of various computer software and hardware and its peripherals as well as electronic products and components; manufacture and wholesale of wireless telecommunication equipment and apparatus, data storage and processing equipment, wired communication equipment and apparatus and printers. The chief operating decision maker considers the business from a product and service type perspective, develops products and expands business according to customer nature and needs of various types of products. Currently, business activities can be categorized into electronic products components manufacturing segment and electronic peripheral sales segment and others. Electronic products components manufacturing segment, electronic peripheral sales segment are reportable

operating segments, and for other segments which have not met the quantitative threshold are not disclosed individually.

(2) Segment Information

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

	Electronic products components manufacturing <u>segment</u>	Electronic peripheral <u>sales segment</u>	All other <u>segments</u>	<u>Total</u>
<u>Year ended December 31, 2022</u>				
Inter-segment revenue	<u>\$ 4,003,502</u>	<u>\$ 43,380</u>	<u>\$ 292,546</u>	<u>\$ 4,339,428</u>
Segment income (loss)	<u>\$ 622,572</u>	<u>(\$ 42,146)</u>	<u>(\$ 35,422)</u>	<u>\$ 545,004</u>
Depreciation and amortisation	<u>\$ 135,327</u>	<u>\$ 967</u>	<u>\$ 577</u>	<u>\$ 136,871</u>
Interest income	<u>\$ 17,288</u>	<u>\$ 2,078</u>	<u>\$ 88</u>	<u>\$ 19,454</u>
Interest expense	<u>\$ 3,387</u>	<u>\$ 17</u>	<u>\$ 6</u>	<u>\$ 3,410</u>

	Electronic products components manufacturing <u>segment</u>	Electronic peripheral <u>sales segment</u>	All other <u>segments</u>	<u>Total</u>
<u>Year ended December 31, 2021</u>				
Inter-segment revenue	<u>\$ 3,361,437</u>	<u>\$ 149,149</u>	<u>\$ 356,242</u>	<u>\$ 3,866,828</u>
Segment income (loss)	<u>\$ 447,792</u>	<u>(\$ 41,922)</u>	<u>\$ 60,532</u>	<u>\$ 466,402</u>
Depreciation and amortisation	<u>\$ 120,283</u>	<u>\$ 1,546</u>	<u>\$ 675</u>	<u>\$ 122,504</u>
Interest income	<u>\$ 12,790</u>	<u>\$ 2,452</u>	<u>\$ 23</u>	<u>\$ 15,265</u>
Interest expense	<u>\$ 3,988</u>	<u>\$ 37</u>	<u>\$ 8</u>	<u>\$ 4,033</u>

The Group derives revenue from the transfer of goods at a point in time.

(3) Reconciliation for segment income (loss)

In current year, the revenue and income or loss before tax of reportable operating segment are consistent with those of continuing operations.

(4) Information on products

Details of revenue are as follows:

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Datacenter/Networking/Telecom	\$ 2,019,809	\$ 1,643,071
Internet of Things	1,850,180	1,514,440
Smart Connection Industry	125,310	203,474
Others	344,129	505,843
	<u>\$ 4,339,428</u>	<u>\$ 3,866,828</u>

(5) Geographical information

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

	<u>Year ended December 31</u>			
	<u>2022</u>		<u>2021</u>	
	<u>Revenue</u>	<u>Non-current assets</u>	<u>Revenue</u>	<u>Non-current assets</u>
China	\$ 1,265,121	\$ 147,427	\$ 1,234,762	\$ 182,702
US	1,088,453	418	925,333	240
Taiwan	578,658	486,267	584,585	502,764
Japan	706,361	-	436,083	-
Thailand	336,020	6,115	325,502	9,166
Others	364,815	27,121	360,563	37,078
	<u>\$ 4,339,428</u>	<u>\$ 667,348</u>	<u>\$ 3,866,828</u>	<u>\$ 731,950</u>

(6) Major customer information

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
A	<u>\$ 420,951</u>	<u>\$ 520,971</u>

Jess-Link Products 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 1

Expressed in thousands of NTD
(Except as otherwise indicated)

		<u>As of December 31, 2022</u>						
Securities held by	Marketable securities (Note)	<u>Relationship with the securities issuer</u>	<u>General ledger account</u>	<u>Number of shares</u>	<u>Book value</u>	<u>Ownership (%)</u>	<u>Fair value</u>	<u>Footnote</u>
CHA SHIN CHI INVESTMENT CO., LTD.	TRANSCOM, INC.	N	Current financial assets at fair value through profit or loss	274,000	38,086	0%	38,086	
CHA SHIN CHI INVESTMENT CO., LTD.	NEW ADVANCED ELECTRONICS TECHNOLOGIES CO., LTD.	"	"	207,000	16,581	0%	16,581	
CHA SHIN CHI INVESTMENT CO., LTD.	ASE Technology Holding Co., Ltd.	"	"	100,000	9,390	0%	9,390	
CHA SHIN CHI INVESTMENT CO., LTD.	DR.WU SKINCARE CO., LTD.	"	"	150,000	15,525	0%	15,525	
CHA SHIN CHI INVESTMENT CO., LTD.	Taiwan Semiconductor Manufacturing Company Limited	"	"	25,000	11,213	0%	11,213	
CHA SHIN CHI INVESTMENT CO., LTD.	NAK SEALING TECHNOLOGIES CORPORATION	"	"	100,000	10,550	0%	10,550	
SWS GROUP COMPANY LIMITED	K Cash Management fund	"	"	3,096,593	36,823	-	36,823	
SWS GROUP COMPANY LIMITED	K Thai Fixed Income 2 Year A Fund Not for Retail Investors	"	"	1,980,215	17,902	-	17,902	
BPPG SERVICE CO., LTD	Bualuang Treasury Fund	"	"	622,904	6,285	-	6,285	
JESS-LINK PRODUCTS CO., LTD	Mesh Cooperative Ventures Fund LP	"	Non-current financial assets at fair value through profit or loss	18,000,000	18,502	3%	18,502	
JESS-LINK PRODUCTS CO., LTD	FSP TECHNOLOGY INC.	The company is the Company's institutional shareholder	Current financial assets at fair value through other comprehensive income	2,000,000	76,100	0%	76,100	
JESS-LINK PRODUCTS CO., LTD	CHENBRO MICOM CO., LTD.	N	"	278,000	20,127	0%	20,127	
JESS-LINK PRODUCTS CO., LTD	CORETRONIC CORPORATION	"	"	1,091,000	62,078	0%	62,078	
CHA SHIN CHI INVESTMENT CO., LTD.	Yusin Holding Corp.	"	"	180,000	18,090	0%	18,091	
CHA SHIN CHI INVESTMENT CO., LTD.	Godex International Co., LTD.	"	"	258,500	14,915	0%	14,915	

Jess-Link Products 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 1

Expressed in thousands of NTD

(Except as otherwise indicated)

As of December 31, 2022

Securities held by	Marketable securities		General ledger account	Number of shares	Book value	Ownership		Fair value	Footnote
	(Note)	<u>Relationship with the securities issuer</u>				(%)			
CHA SHIN CHI INVESTMENT CO., LTD.	Promate Solutions Corporation	N	Current financial assets at fair value through profit or loss	60,000	3,491	0%		3,491	
CHA SHIN CHI INVESTMENT CO., LTD.	Qorvo, Inc.	"	"	1,500	4,177	0%		4,177	
CHA SHIN CHI INVESTMENT CO., LTD.	Harris Technology Group Limited	"	"	5,488,969	1,829	0%		1,829	
MAINSUPER ENTERPRISES CO., LTD.	FSP TECHNOLOGY INC.	"	"	691,000	26,293	0%		26,293	
MAINSUPER ENTERPRISES CO., LTD.	CORETRONIC CORPORATION	"	"	40,000	2,896	0%		2,896	
JESS-LINK PRODUCTS CO., LTD	JYH ENG TECHNOLOGY CO., LTD.	The Company is the director of the company	Non-current financial assets at fair value through other comprehensive income	3,200,000	90,540	7%		90,540	
CHA SHIN CHI INVESTMENT CO., LTD.	Huang Chieh Metal Holdings Co., Ltd.	N	"	1,220,984	-	2%		-	
CHA SHIN CHI INVESTMENT CO., LTD.	EASTERN UNION INTERACTIVE CORP.	"	"	860,000	38,801	4%		38,801	
CHA SHIN CHI INVESTMENT CO., LTD.	TAIWAN TRUEWIN TECHNOLOGY CO., LTD	"	"	566,500	28,002	2%		28,002	
BEST LINK PROPERTIES LTD.	Diamond Creative Holding Limited	"	"	1,100,000	57,220	14%		57,220	

Note: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Jess-Link Products 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 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Transaction			Differences in transaction terms compared to third party transactions (Note 1)			Notes/accounts receivable (payable)		Footnote (Note 2)
				Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)		
PEC Manufacturing, Viet Nam Company Limited	JESS-LINK PRODUCTS CO., LTD.	The Company's indirect investee	Sales (\$	193,243)	99%	180 days after monthly billings	The same with the third parties	No significant difference	\$	13,392	96%	
JESS-LINK PRODUCTS CO., LTD.	PEC Manufacturing, Viet Nam Company Limited	"	Purchases	193,243	8%	180 days after monthly billings	"	"	(	13,392)	1%	
DONGGUAN HOULIE HUA-BAO ELECTRONICS TECHNICAL LIMITED COMPANY	JESS-LINK PRODUCTS CO., LTD.	"	Sales (	557,062)	70%	180 days after monthly billings	"	"		536,140	75%	
JESS-LINK PRODUCTS CO., LTD.	DONGGUAN HOULIE HUA-BAO ELECTRONICS TECHNICAL LIMITED COMPANY	"	Purchases	557,062	23%	180 days after monthly billings	"	"	(	536,140)	33%	
DONGGUAN HUNG FU ELECTRONIC TECHNOLOGY CO., LTD.	JESS-LINK PRODUCTS CO., LTD.	"	Sales (	517,675)	87%	180 days after monthly billings	"	"		484,263	93%	
JESS-LINK PRODUCTS CO., LTD.	DONGGUAN HUNG FU ELECTRONIC TECHNOLOGY CO., LTD.	"	Purchases	517,675	21%	180 days after monthly billings	"	"	(	484,263)	30%	
ASKA TECHNOLOGIES INC.	JESS-LINK PRODUCTS CO., LTD.	"	Sales (	116,168)	28%	180 days after monthly billings	"	"		62,741	31%	
JESS-LINK PRODUCTS CO., LTD.	ASKA TECHNOLOGIES INC.	"	Purchases	116,168	5%	180 days after monthly billings	"	"	(	62,741)	4%	

Note 1: If terms of related-party transactions are different from third-party transactions, explain the differences and reasons in the 'Unit price' and 'Credit term' columns.

Note 2: In case related-party transaction terms involve advance receipts (prepayments) transactions, explain in the footnote the reasons, contractual provisions, related amounts, and differences in types of transactions compared to third-party transactions.

Note 3: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Jess-Link Products Co., Ltd. and subsidiaries

Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more

December 31, 2022

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

<u>Creditor</u>	<u>Counterparty</u>	<u>Relationship with the counterparty</u>	<u>Balance as at December 31, 2022</u>	<u>Turnover rate</u>	<u>Overdue receivables Amount</u>	<u>Action taken</u>	<u>Amount collected subsequent to the balance sheet date</u>	<u>Allowance for doubtful accounts</u>
DONGGUAN HUNG FU ELECTRONIC TECHNOLOGY CO., LTD.	JESS-LINK PRODUCTS CO., LTD.	The Company's indirect investee	\$ 484,263	1.23	\$ 144,498	Collected subsequent to the balance sheet date	\$ 101,148	-
DONGGUAN HOULIE HUA-BAO ELECTRONICS TECHNICAL LIMITED COMPANY	JESS-LINK PRODUCTS CO., LTD.	"	536,140	1.11	142,009	"	94,891	-

Jess-Link Products Co., Ltd. and subsidiaries
Significant inter-company transactions during the reporting period
Year ended December 31, 2022

Table 4 Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction		Percentage of consolidated total operating revenues or total assets (Note 3)
						Amount	Transaction terms	
1	PEC Manufacturing, Viet Nam Company Limited	JESS-LINK PRODUCTS CO., LTD.	2	Sales revenue	\$	193,243	180 days after monthly billings	4%
1	DONGGUAN HOULIE HUA-BAO ELECTRONICS TECHNICAL LIMITED COMPANY	JESS-LINK PRODUCTS CO., LTD.	2	Sales revenue		557,062	180 days after monthly billings	13%
1	DONGGUAN HOULIE HUA-BAO ELECTRONICS TECHNICAL LIMITED COMPANY	JESS-LINK PRODUCTS CO., LTD.	2	Accounts receivable		536,140	180 days after monthly billings	12%
1	DONGGUAN HUNG FU ELECTRONIC TECHNOLOGY CO., LTD.	JESS-LINK PRODUCTS CO., LTD.	2	Sales revenue		517,675	180 days after monthly billings	12%
1	DONGGUAN HUNG FU ELECTRONIC TECHNOLOGY CO., LTD.	JESS-LINK PRODUCTS CO., LTD.	2	Accounts receivable		484,263	180 days after monthly billings	11%
1	ASKA TECHNOLOGIES INC.	JESS-LINK PRODUCTS CO., LTD.	2	Sales revenue		116,168	180 days after monthly billings	3%

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 above significant inter-company transactions are purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more.

Jess-Link Products Co., Ltd. and subsidiaries
Information on investees
Year ended December 31, 2022

Table 5

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2022			Expressed in thousands of NTD (Except as otherwise indicated)		Footnote
				Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2022	Investment income (loss) recognised by the Company for the year ended December 31, 2022	
JESS-LINK PRODUCTS CO., LTD	BEST LINK PROPERTIES LTD.	British Virgin Islands	Investment holdings	\$ 953,793	\$ 953,793	29,200,000	100	\$ 2,004,295	(\$ 13,411)	(\$ 13,411)	Note 1
JESS-LINK PRODUCTS CO., LTD	CHA SHIN CHI INVESTMENT CO., LTD.	Taiwan	Investing	280,000	280,000	28,000,000	100	250,289	(52,848)	(52,848)	
JESS-LINK PRODUCTS CO., LTD	MAINSUPER ENTERPRISES CO., LTD.	Taiwan	Electronics manufacturing	120,000	120,000	1,500,000	100	49,877	23,461	23,461	
JESS-LINK PRODUCTS CO., LTD	TECHILL CO., LTD.	Taiwan	Sales of electronic components	15,850	15,850	1,275,000	51	20,068	1,645	839	
JESS-LINK PRODUCTS CO., LTD	Ultraspeed Electronics Co., Ltd.	Taiwan	Sales of electronic components	20,000	-	1,092,895	70	14,310	(8,116)	(5,690)	Note 2
JESS-LINK PRODUCTS CO., LTD	SWS GROUP COMPANY LIMITED	Thailand	Sales of electronic components	41,565	41,565	198,000	49.87	68,016	8,158	4,068	
BEST LINK PROPERTIES LTD.	JPCCO CORP.	U.S.A	Investment holdings	109,853	109,853	288,283	98.3	35,661	(20,967)	(20,611)	
BEST LINK PROPERTIES LTD.	BRIGHTON NET CO., LTD.	Japan	Electronics manufacturing	4,720	4,720	320	24.9	8,111	(1,426)	(355)	
CHA SHIN CHI INVESTMENT CO., LTD.	JPCCO CORP.	U.S.A	Investment holdings	1,563	1,563	5,000	1.7	628	(20,967)	(356)	
JPCCO CORP.	PEC MANUFACTURING VIET NAM COMPANY LIMITED	Vietnam	Electronics manufacturing	57,972	57,972	23,000,000,000	100	5,663	(22,623)	(22,623)	
SWS GROUP COMPANY LIMITED	BPPG SERVICES CO., LTD.	Thailand	Electronic components services	3,179	3,179	30,000	60	11,019	7,632	4,579	

Note 1: The details of the Company's Mainland China subsidiaries which were held through Jpc (HK) Company Ltd., Best Match Investments Limited, Best Sky Limited, Hung Fu (SAMOA) International Co., Ltd. and Lucky Star Investment Corp. are provided in table 6.

Note 2: The Company acquired a 70.11% equity interest in Ultraspeed Electronics Co., Ltd. in January 2022.

Jess-Link Products Co., Ltd. and subsidiaries
Information on investments in Mainland China
Year ended December 31, 2022

Table 6

Expressed in thousands of
NTD
(Except as otherwise
indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for			Accumulated amount of remittance from Taiwan to Mainland China as of	the year ended December 31, 2022	Accumulated amount of remittance from Taiwan to Mainland China as of	Net income of investee for the year ended	Ownership held by the Company (direct or indirect)	Investment	Accumulat	Footnote	
				(loss)	Book ed amount	of									
				January 1, 2022	Remitted to Mainland China	Remitted back to Taiwan	December 31, 2022	December 31, 2022				recognized by the Company for December 31, 2022 (Note 2)	investm ents in as of Decemb er 31, 2022	investment income remitted back to Taiwan as of December 31, 2022	
JESS-LINK (DG) PRODUCTS COMPANY LIMITED	Manufacture and sales of connector cables, connectors, computer peripheral devices and optoelectronic products	\$ 122,840	(2)	\$ 122,840	-	-	\$ 122,840	\$ -	100			\$ -	\$ -	\$ -	Note 3
CELESTA INTERNATIONAL ELECTRONICS (SHEN ZHEN) CO., LTD.	Trade of electronic products	19,690	(2)	19,690	-	-	19,690	(3,308)	100			(3,308)	15,545	-	
ASKA TECHNOLOGIES INC.	Manufacture and sales of connector and cable assemblies and cables for the cloud network and consumer electronics	155,086	(3)	177,504	-	-	177,504	24,171	100			24,171	354,294	-	Note 4
DONGGUAN HUNG FU ELECTRONIC TECHNOLOGY CO., LTD.	Manufacture and sales of connector and cable assemblies and cables for the cloud network, Internet of Things, and consumer electronics	184,260	(2)	122,840	-	-	122,840	65,937	100			65,937	516,758	-	Notes 5 and 6
DONGGUAN HOULIE HUA-BAO ELECTRONICS TECHNICAL LIMITED COMPANY	Manufacture and sales of connector and cable assemblies and cables for the cloud network and consumer electronics	153,550	(2)	-	-	-	-	34,237	100			34,161	755,196	-	Note 7
GUAMGZHOU JPC ELECTRONICS TECHNICAL LIMITED COMPANY	Manufacture and sales of connector and cable assemblies for automotive electronics	22,040	(3)	-	-	-	-	76	100			76	18,153	-	Note 8

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

- (1) Directly invest in a company in Mainland China
- (2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China
- (3) Others

Note 2: Investment profit or loss for the period was recognised based on the investees' financial statements which were audited by independent auditors.

Note 3: The Company established and acquired 100% of the shares in JESS-LINK (DG) PRODUCTS COMPANY LIMITED in the amount of USD 4,000 thousand through the investee company, JPC CO., LTD. JESS-LINK (DG) PRODUCTS COMPANY LIMITED has been deregistered in 2017.

The unused amount of investments in Mainland China was USD 4,000 thousand.

Note 4: The Company acquired 100% of the shares in ASKA TECHNOLOGIES INC. in the amount of USD 3,030 thousand through the investee company, BEST LINK PROPERTIES LTD., and its subsidiary, BEST SKY LIMITED.

Note 5: The Company established and acquired 100% of the shares in DONGGUAN HUNG FU ELECTRONIC TECHNOLOGY CO., LTD. at the amount of USD 1,800 thousand through the investee company, HUNG FU (SAMOA) INTERNATIONAL CO., LTD.

Note 6: DONGGUAN HUNG FU ELECTRONIC TECHNOLOGY CO., LTD. obtained approval from the Investment Commission in June 2018 to merge with JPC CABLE & WIRE INC..

Note 7: The Company established and acquired 100% of the shares in DONGGUAN HOULIE HUA-BAO ELECTRONICS TECHNICAL LIMITED COMPANY and HePing Hua-Bao Electronics CO., LTD. in the amount of USD 750 thousand and USD 500 thousand, respectively, through the investee company,

LUCKY STAR INVESTMENT CORP. HePing Hua-Bao Electronics CO., LTD. has been deregistered in 2012. The unused amount of investment in Mainland China was USD 500 thousand.

Note 8: The Company reinvested in the China investee company, DONGGUAN HOULIE HUA-BAO ELECTRONICS TECHNICAL LIMITED COMPANY, through the investing business in Mainland China, GUANGZHOU JPC ELECTRONICS TECHNICAL LIMITED COMPANY,

Since the investing business in Mainland China is not a controlling company, there was no need to apply the reinvestment with the Investment Commission.

<u>Company name</u>	<u>Accumulated amount of remittance from Taiwan to Mainland China as December 31, 2022</u>	<u>Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)</u>	<u>Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA</u>
JESS-LINK PRODUCTS CO., LTD.	\$ 504,290	\$ 1,127,340	\$ 1,895,653

Note 1: The approved investment amount of USD 32,778 thousand includes USD 290 thousand of investment for the acquisition of plant equipment, machinery and equipment and components from the third parties approved by the Investment Commission of the MOEA.

Note 2: The Company sold the shares in Wuxi Jiaqi Technology Co., Ltd. during 2005. As of December 31, 2022, the unused amount of investment in Mainland China was USD 1,250 thousand.

Note 3: The numbers in this table are expressed in New Taiwan Dollars.

Jess-Link Products Co., Ltd. and subsidiaries

Major shareholders information

December 31, 2022

Table 7

	<u>Name of major shareholders</u>	<u>Number of shares held</u>	<u>Ownership (%)</u>
	CHANG, SHU-MEI	18,472,480	15.13%
	FSP TECHNOLOGY INC.	10,000,000	8.19%
	Dingzhun Investment Co., Ltd.	6,144,750	5.03%

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Stockholders of Jess-Link Products Co., Ltd.

Opinion

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

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

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's 2022 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

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

Appropriateness of cut-off on sales revenue

Description

For the accounting policy on revenue recognition, refer to Note 4(28).

The Company's sales mainly arise from manufacturing and sales of electronic components and are primarily engaged in international sales. The revenue from international sales is recognised based on the transaction terms with customers. As there are a large number of customers, sales areas and transaction terms, we consider the cut-off on sales revenue as a key audit matter.

How our audit addressed the matter

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

4. Obtained an understanding of the transaction terms of sales revenue and tested the internal controls over the recognition of sales revenue.
5. Selected samples of supporting documents used in revenue recognition, including verifying orders, delivery orders and other relevant documents to evaluate the appropriateness of the cut-off on revenue.
6. Performed cut-off test on sales transactions for a certain period before and after the end of the reporting period to assess the appropriateness of the cut-off on sales revenues.

Valuation of inventories

Description

Refer to Notes 4(13) and (14) for accounting policy on inventory valuation and investment accounted for under the equity method, Note 5(2) for uncertainty of accounting estimates and assumptions in relation to inventory valuation, and Notes 6(6) and (7) for details of inventories. As at December 31, 2022, the Company's inventories and allowance for inventory valuation losses were NT\$194,833 thousand and NT\$9,635 thousand, respectively. As at December 31, 2022, the balances of inventories and allowance for inventory valuation losses in the consolidated financial statements amounted to NT\$672,001 thousand and NT\$29,910 thousand, respectively.

The Company and its subsidiaries are primarily engaged in the manufacture and sales of electronic components. As the electronic products' life cycles are relatively short and the market is highly competitive, there is a higher risk of incurring inventory valuation losses or having obsolete inventory. The Company and its subsidiaries' inventory are stated at the lower of cost and net realisable value, and the net realisable value of inventories over a certain age and individually identified as obsolete is evaluated based on the historical data on inventory clearance and discounts. The allowance for inventory valuation losses is presented under "inventories" and "investment accounted for using equity method" in the parent company financial statements.

The Company and its subsidiaries operate in an environment characterised by rapidly changing technology and the calculation of the net realisable value of obsolete inventories involves subjective judgment, which would result in a high degree of estimation uncertainty. Given that the inventory and allowance for inventory valuation losses are material to the financial statements, we considered the assessment of allowance for inventory valuation losses a key audit matter.

How our audit addressed the matter

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

5. Obtained an understanding of the Company's operations and industry. Assessed the reasonableness of the policies and procedures used to recognise allowance for inventory valuation losses.
6. Obtained the report on net realisable value of each inventory item and checked whether the calculation logic was applied consistently to each inventory item.

7. Verified the appropriateness of system logic used in the inventory aging reports which management used to assess inventories to confirm whether the information on the reports is consistent with its policies.
8. Discussed with management the estimated net realisable value of inventory items aged over a certain period and individually identified as obsolete and damaged, obtained and corroborated against supporting documents and recalculated the allowance provision.

Other matter - Reference to the audits of other auditors

We did not audit the financial statements of certain investments accounted for under the equity method which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in the financial statements and the information disclosed in Note 13 in respect of these companies, is based solely on the reports of the other auditors. The balance of these investments accounted for under the equity method amounted to NT\$73,679 thousand and NT\$85,094 thousand, constituting 1% and 2% of the total assets as at December 31, 2022 and 2021, respectively, and the comprehensive income recognised from these investments accounted for under the equity method amounted to (NT\$18,555) thousand and NT\$20,541 thousand, constituting (5%) and 5% of the total comprehensive income for the years then ended, respectively.

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

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

In preparing the parent company only financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going

concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' responsibilities for the audit of the financial statements

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

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

7. 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.
8. 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.
9. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
10. 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.

11. 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.
12. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Hsu, Yung-Chien

Lin, Ya-Hui

For and on behalf of PricewaterhouseCoopers, Taiwan

March 27, 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.

JESS-LINK PRODUCTS 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	\$ 735,890	\$ 313,150
1110	Current financial assets at fair value through profit or loss	8,714	-
1120	Current financial assets at fair value through other comprehensive income	158,305	269,886
1136	Current financial assets at amortised cost	30,500	-
1170	Accounts receivable	876,351	723,468
1200	Other receivables	44,859	43,858
130X	Inventory	185,198	214,753
1410	Prepayments	108,501	37,328
11XX	Total current assets	<u>2,148,318</u>	<u>1,602,443</u>
Non-current assets			
1510	Non-current financial assets at fair value through profit or loss	18,502	12,000
1517	Non-current financial assets at fair value through other comprehensive income	90,540	100,589
1550	Investments accounted for under equity method	2,406,855	2,405,882
1600	Property, plant and equipment	290,697	295,038
1755	Right-of-use assets	6,706	14,463
1760	Investment property	38,085	38,490
1780	Intangible assets	6,420	14,814
1840	Deferred income tax assets	7,681	5,068
1900	Other non-current assets	24,294	26,110
15XX	Total non-current assets	<u>2,889,780</u>	<u>2,912,454</u>
1XXX	Total assets	<u>\$ 5,038,098</u>	<u>\$ 4,514,897</u>

(Continued)

JESS-LINK PRODUCTS 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			
2120	Current financial liabilities at fair value through profit or loss	\$ -	\$ 863
2130	Current contract liabilities	91,411	3,644
2170	Accounts payable	393,072	234,374
2180	Accounts payable - related parties	1,151,233	943,449
2200	Other payables	120,444	105,973
2220	Other payables - related parties	63,812	62,908
2230	Current income tax liabilities	108,792	69,905
2280	Current lease liabilities	6,628	7,925
2399	Other current liabilities	3,031	1,003
21XX	Total current liabilities	<u>1,938,423</u>	<u>1,430,044</u>
Non-current liabilities			
2570	Deferred income tax liabilities	38,059	59,916
2580	Non-current lease liabilities	112	6,552
2600	Other non-current liabilities	150	150
25XX	Total non-current liabilities	<u>38,321</u>	<u>66,618</u>
2XXX	Total liabilities	<u>1,976,744</u>	<u>1,496,662</u>
Equity			
	Share capital		
3110	Common stock	1,220,859	1,220,859
	Capital surplus		
3200	Capital surplus	394,654	492,323
	Retained earnings		
3310	Legal reserve	537,680	498,754
3320	Special reserve	191,539	179,881
3350	Unappropriated retained earnings	973,587	817,957
	Other equity interest		
3400	Other equity interest	(256,965)	(191,539)
3XXX	Total equity	<u>3,061,354</u>	<u>3,018,235</u>
	Significant events after the balance sheet date		
3X2X	Total liabilities and equity	<u>\$ 5,038,098</u>	<u>\$ 4,514,897</u>

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

JESS-LINK PRODUCTS CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
Items	Notes	2022 AMOUNT	2021 AMOUNT
4000	Operating revenue	\$ 3,431,206	\$ 2,812,740
5000	Operating costs	(2,530,548)	(2,156,324)
5900	Net operating margin	900,658	656,416
	Operating expenses		
6100	Selling expenses	(196,655)	(171,320)
6200	General and administrative expenses	(128,959)	(106,844)
6300	Research and development expenses	(93,790)	(80,262)
6000	Total operating expenses	(419,404)	(358,426)
6900	Operating profit	481,254	297,990
	Non-operating income and expenses		
7100	Interest income	9,057	530
7010	Other income	32,976	36,180
7020	Other gains and losses	44,011	11,582
7050	Finance costs	(1,367)	(1,138)
7070	Share of (loss) profit of associates and joint ventures accounted for under equity method	(43,581)	97,363
7000	Total non-operating income and expenses	41,096	144,517
7900	Profit before income tax	522,350	442,507
7950	Income tax expense	(82,534)	(69,030)
8200	Profit for the year	\$ 439,816	\$ 373,477
	Other comprehensive income		
	Components of other comprehensive income that will not be reclassified to profit or loss		
8311	Actuarial gains on defined benefit plan	\$ 3,676	\$ 4,382
8316	Unrealized (losses) gains on financial assets at fair value through other comprehensive income	(70,654)	59,338
8330	Share of other comprehensive loss of associates and joint ventures accounted for under equity method, components of other comprehensive income that will not be reclassified to profit or loss	(3,503)	(32,102)
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(735)	(876)
8310	Other comprehensive (loss) income that will not be reclassified to profit or loss	(71,216)	30,742
	Components of other comprehensive income that will be reclassified to profit or loss		
8361	Financial statements translation differences of foreign operations	41,114	(7,861)
8380	Share of other comprehensive loss of associates and joint ventures accounted for under equity method	(337)	(18,759)
8360	Other comprehensive income (loss) that will be reclassified to profit or loss	40,777	(26,620)
8300	Total other comprehensive (loss) income for the year	(\$ 30,439)	\$ 4,122
8500	Total comprehensive income for the year	\$ 409,377	\$ 377,599
	Earnings per share (in dollars)		
9750	Basic earnings per share	\$ 3.60	\$ 3.06
9850	Diluted earnings per share	\$ 3.56	\$ 3.04

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

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

	Notes	Capital Reserves			Retained Earnings			Other Equity Interest		Total equity
		Share capital - common stock	Total capital surplus, additional paid-in capital	Others	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	
<u>Year ended December 31, 2021</u>										
Balance at January 1, 2021		\$ 1,220,859	\$ 638,197	\$ 12,839	\$ 472,002	\$ 230,879	\$ 599,790	(\$ 180,189)	\$ 308	\$ 2,994,685
Profit for the year		-	-	-	-	-	373,477	-	-	373,477
Other comprehensive income (loss)	6(16)	-	-	-	-	-	3,506	(26,620)	27,236	4,122
Total comprehensive income (loss)		-	-	-	-	-	376,983	(26,620)	27,236	377,599
Appropriations of 2020 earnings:	6(15)									
Legal reserve		-	-	-	26,752	-	(26,752)	-	-	-
Special reserve		-	-	-	-	(50,998)	50,998	-	-	-
Cash dividends		-	-	-	-	-	(195,336)	-	-	(195,336)
Cash dividends from capital surplus	6(15)	-	(158,713)	-	-	-	-	-	-	(158,713)
Disposal of financial assets at fair value through other comprehensive income	6(3)(16)	-	-	-	-	-	3,181	-	(3,181)	-
Disposal of financial assets at fair value through other comprehensive income from subsidiaries	6(16)	-	-	-	-	-	9,093	-	(9,093)	-
Balance at December 31, 2021		\$ 1,220,859	\$ 479,484	\$ 12,839	\$ 498,754	\$ 179,881	\$ 817,957	(\$ 206,809)	\$ 15,270	\$ 3,018,235
<u>Year ended December 31, 2022</u>										
Balance at January 1, 2022		\$ 1,220,859	\$ 479,484	\$ 12,839	\$ 498,754	\$ 179,881	\$ 817,957	(\$ 206,809)	\$ 15,270	\$ 3,018,235
Profit for the year		-	-	-	-	-	439,816	-	-	439,816
Other comprehensive income (loss)	6(16)	-	-	-	-	-	2,941	40,777	(74,157)	(30,439)
Total comprehensive income		-	-	-	-	-	442,757	40,777	(74,157)	409,377
Appropriations of 2021 earnings:	6(15)									
Legal reserve		-	-	-	38,926	-	(38,926)	-	-	-
Special reserve		-	-	-	-	11,658	(11,658)	-	-	-
Cash dividends		-	-	-	-	-	(268,589)	-	-	(268,589)
Cash dividends from capital surplus	6(15)	-	(97,669)	-	-	-	-	-	-	(97,669)
Disposal of financial assets at fair value through other comprehensive income	6(3)(16)	-	-	-	-	-	13,800	-	(13,800)	-
Disposal of financial assets at fair value through other comprehensive income from subsidiaries	6(16)	-	-	-	-	-	18,246	-	(18,246)	-
Balance at December 31, 2022		\$ 1,220,859	\$ 381,815	\$ 12,839	\$ 537,680	\$ 191,539	\$ 973,587	(\$ 166,032)	(\$ 90,933)	\$ 3,061,354

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

JESS-LINK PRODUCTS 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		\$ 522,350	\$ 442,507
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(19)	37,997	24,960
Amortisation	6(19)	9,877	7,430
Dividend income	6(3)	(20,929)	(17,460)
Interest income		(9,057)	(530)
Net (gain) loss on financial assets or liabilities at fair value through profit or loss	6(18)	(45,682)	769
Gain on disposal of property, plant and equipment	6(8)	-	(928)
Interest expense		1,367	1,138
Share of (loss) profit of associates and joint ventures accounted for under equity method		43,581	(97,363)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets or liabilities at fair value through profit or loss		29,603	(11,906)
Accounts receivable		(152,883)	(106,875)
Other receivables		(1,001)	(1,272)
Inventory		29,555	(50,735)
Prepayments		(71,173)	(13,142)
Other non-current assets		(121)	36
Changes in operating liabilities			
Current contract liabilities		87,767	(2,022)
Accounts payable		158,698	18,735
Accounts payable - related parties		207,784	221,584
Other payables		14,472	29,721
Other payables - related parties		904	11,870
Other current liabilities		2,028	(1,193)
Cash inflow generated from operations		845,137	455,324
Interest received		9,057	530
Interest paid		(1,367)	(1,138)
Income tax paid		(68,852)	(47,676)
Net cash flows from operating activities		<u>783,975</u>	<u>407,040</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at fair value through other comprehensive income		(20,382)	(422,915)
Proceeds from disposal of financial assets at fair value through other comprehensive income		71,357	157,551
(Increase) decrease in financial assets at amortized cost		(30,500)	688,293
Dividends received	6(3)	20,929	17,460
Acquisition of property, plant and equipment	6(22)	(26,710)	(39,168)
Proceeds from disposal of property, plant and equipment		1,478	2,871
Acquisition of intangible assets	6(11)	(1,483)	(6,979)
Decrease in refundable deposits		2,144	1,224
Acquisition of other non-current assets		3,469	(3,403)
Net cash flows from investing activities		<u>20,302</u>	<u>394,934</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Acquisition of investments accounted for under equity method		(20,000)	(50,000)
Consolidation of constituent company		-	41,694
Dividends received		12,719	14,949
Decrease in short-term borrowings		-	(607,000)
Payment of lease liabilities		(7,998)	(4,111)
Cash dividends paid	6(15)	(268,589)	(195,336)
Cash dividends from capital surplus	6(15)	(97,669)	(158,713)
Net cash flows used in financing activities		<u>(381,537)</u>	<u>(958,517)</u>
Net increase (decrease) in cash and cash equivalents		422,740	(156,543)
Cash and cash equivalents at beginning of year		313,150	469,693
Cash and cash equivalents at end of year		<u>\$ 735,890</u>	<u>\$ 313,150</u>

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

JESS-LINK PRODUCTS CO., LTD.
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

15. History and Organization

Jess-Link Products 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.). The Company and its subsidiaries (collectively referred herein as the “Group”) are primarily engaged in the trading and import and export of various computer software and hardware and its peripherals as well as electronic products and components, manufacture and wholesale of wireless communication equipment and apparatus, data storage and processing equipment, wired communication equipment and apparatus and printers.

16. The Date of Authorization for Issuance of the Financial Statements and Procedures for Authorization

These parent company only financial statements were authorized for issuance by the Board of Directors on March 27, 2023.

17. Application of New Standards, Amendments and Interpretations

(六) 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:

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

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

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

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

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

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

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
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, 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.

18. 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.

(九) 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.

(十) Basis of preparation

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

- (a) Financial assets at fair value through profit or loss.
- (b) Financial assets at fair value through other comprehensive income.
- (c) Defined benefit liabilities recognized 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 IFRS 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.

(十一) Foreign currency translation

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

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

C. Translation of foreign operations

- (a) The operating results and financial position of all the Company 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 recognized in other comprehensive income.
- (b) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Company 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.

(十二) 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 realized, 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 realized 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.

(十三) 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.

(十四) Financial assets and financial liabilities at fair value through profit or loss

- A. Financial assets and financial liabilities at fair value through profit or loss are financial assets and financial liabilities that are not measured at amortized cost or fair value through other comprehensive income. Financial assets are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorized as financial assets held for trading unless they are designated as hedges.
- B. On a regular way purchase or sale basis, financial assets and financial liabilities at fair value through profit or loss are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.
- D. The Company recognizes 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.

(十五) 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 recognize 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 recognized and derecognized using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value. The changes in fair value of equity investments that were recognized 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 recognized as revenue 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.

(十六) Financial assets at amortized cost

- A. Financial assets at amortized 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 amortized cost are recognized and derecognized 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 recognized in profit or loss when the asset is derecognized 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.

(十七) 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.

(十八) Impairment of financial assets

At each reporting date, the Company recognizes the impairment provision for the lifetime expected credit losses for accounts receivable that do not contain a significant financing component.

(十九) Derecognition of financial assets

The Company derecognizes 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.

(二十) Leasing arrangements (lessor) – lease receivables / operating leases

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

(二十一) Inventories

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

(二十二) Investments accounted for using the equity method / subsidiaries

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

B. Inter-company transactions, balances and unrealized gains or losses on transactions between subsidiaries are eliminated. Accounting policies of subsidiaries are consistent with the policies adopted by the Company.

C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized 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 recognize the losses in proportion

to its ownership interest.

- 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 recognized 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 recognized in profit or loss. All amounts previously recognized 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 recognized 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. 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 recognized 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.
- G. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized 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 recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
- H. Pursuant to the "Rules Governing the Preparation of Financial Statements by Securities Issuers," profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall equal to the amount attributable to owners of the parent in the consolidated financial statements. Owners' equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the consolidated financial statements.

(二十三) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
- B. Subsequent costs are included in the asset's carrying amount or recognized 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 derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives.

Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

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

Buildings and structures	20~50 years
Machinery and equipment	2~10 years
Office and other equipment	2~9 years

(二十四) Leasing arrangements (lessee) – right-of-use assets / lease liabilities

- A. Leases are recognized 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 recognized as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the following:

- (a) Fixed payments, less any lease incentives receivable; and
- (b) Variable lease payments that depend on an index or a rate.

The Company subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized 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 recognized as an adjustment to the right-of-use asset.

(二十五) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 35 ~ 50 years.

(二十六) Intangible assets

Computer software is stated at cost and amortized on a straight-line basis over its estimated useful life of 1 to 5 years.

(二十七)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 recognized 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 recognizing 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 amortized historical cost would have been if the impairment had not been recognized.

(二十八)Borrowing

- A. Borrowings comprise short-term bank borrowings. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.
- B. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs.

(二十九)Accounts and notes 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.

(三十)Derecognition of financial liabilities

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

(三十一)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 recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(三十二)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 recognized as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plan

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

(b) Defined benefit plan

- 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 recognized in the balance sheet in respect of defined benefit pension plan is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit

obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in this type of corporate bonds, the Company uses interest rates of government bonds (at the balance sheet date) instead.

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

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

C. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognized 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.

(三十三) Income tax

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

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

(三十四) Share capital

A. Ordinary shares are classified as equity.

B. Where the Company repurchases the Company's equity share capital that has been issued, the

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

(三十五)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.

(三十六)Revenue recognition

- A. The Company manufactures and sells electronic components. Revenue is measured at the fair value of the consideration received or receivable taking into account of business tax, returns, rebates and discounts for the sale of goods to external customers in the ordinary course of the Company's activities. Sales are recognized 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. The sales usually are made with a credit term of 30 ~ 150 days, which is consistent with market practice. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Company does not adjust the transaction price to reflect the time value of money.
- B. A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.
- C. Incremental costs of obtaining a contract
Given that the contractual period lasts less than one year, the Company recognizes the incremental costs of obtaining a contract as an expense when incurred although the Company expects to recover those costs.

(三十七)Government grants

Government grants are recognized at their fair value only when there is reasonable assurance that the Company will comply with any conditions attached to the grants and the grants will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes expenses for the related costs for which the grants are intended to compensate.

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

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

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

None.

(三十九) 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 realizable value, the Company must determine the net realizable 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 realizable 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.

Information on the carrying amount of inventories as of December 31, 2022 is provided in Note 6(6).

20. Details of Significant Accounts

(四十) Cash

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Petty cash and cash on hand	\$ 807	\$ 947
Demand deposits	80,926	147,515
Foreign currency deposits	162,587	164,688
Time deposits	<u>491,570</u>	<u>-</u>
	<u>\$ 735,890</u>	<u>\$ 313,150</u>

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

B. The Company pledged time deposits to others as collateral resulting in not meeting the definition of cash equivalents and classified it as current financial assets at amortized cost and other non-current assets. Details are provided in Notes 6(4) and 8.

(四十一) Financial assets and liabilities at fair value through profit or loss

Items	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current items:		
Derivative instruments	<u>\$ 8,714</u>	<u>\$ -</u>
Financial liabilities mandatorily measured at fair value through profit or loss		
Derivative instruments	<u>\$ -</u>	<u>\$ 863</u>
Financial assets mandatorily measured at fair value through profit or loss		
Non-current items:		

Financial assets mandatorily measured at fair value through profit or loss

Limited partnership	<u>\$ 18,502</u>	<u>\$ 12,000</u>
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- A. The nature of financial assets / liabilities at fair value through profit or loss are as follows:
- (a) Derivative instruments: including forward foreign exchange contracts and foreign exchange contracts
- (b) Limited partnership: The duration of the Company's limited partnership for 2021 was specified in the partnership agreement. The net assets would be delivered to investors in proportion to their ownership and the limited partnership will be dissolved and liquidated at the maturity date. The Company has assessed that the net assets of the investment was approximate to its fair value.
- B. Amounts recognized in profit or loss in relation to financial assets / liabilities at fair value through profit or loss are listed below:

<u>Items</u>	<u>Years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Financial assets/liabilities mandatorily measured at fair value through profit or loss		
Derivative instruments	<u>\$ 45,180</u>	<u>(\$ 769)</u>
Limited partnership	<u>\$ 502</u>	<u>\$ -</u>

- C. The Company entered into contracts relating to derivative instruments which were not accounted for under hedge accounting. The information is listed below:

<u>Derivative financial instruments</u>	<u>Year ended December 31, 2022</u>		<u>Contract period</u>
	<u>Contract amount</u>		
	<u>(notional principal)(in thousands)</u>		
<u>Current items:</u>			
Forward foreign exchange contracts	USD (BUY)	\$ 4,500	August 15, 2022
	TWD (SELL)	138,536	~May 8, 2023
Foreign exchange swap contracts	USD (BUY)	11,000	January 12, 2022
	TWD (SELL)	328,755	~September 15, 2023
<u>Year ended December 31, 2021</u>			
	<u>Contract amount</u>		
<u>Derivative financial instruments</u>	<u>(notional principal)(in thousands)</u>		<u>Contract period</u>
<u>Current items:</u>			
Forward foreign exchange contracts	USD (SELL)	\$ 5,100	October 14, 2021
	TWD (SELL)	142,018	~June 6, 2022
Foreign exchange swap contracts	USD (BUY)	5,000	December 6, 2021
	TWD (SELL)	138,414	~December 23, 2022

- (a) Forward foreign exchange contracts

The Company entered into forward foreign exchange contracts to buy USD to hedge exchange rate risk of import proceeds. However, these forward foreign exchange contracts are not

accounted for under hedge accounting.

(b) Foreign exchange swap contracts

The Company entered into foreign exchange swap contracts to hedge exchange rate risk of assets and liabilities denominated in foreign currencies whose values would be affected by the exchange rate fluctuations.

(四十二) Financial assets at fair value through other comprehensive income

<u>Items</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current items:		
Listed stocks	\$ 173,760	\$ 210,935
Valuation adjustment	(15,455)	58,951
	<u>\$ 158,305</u>	<u>\$ 269,886</u>
Non-current items:		
Unlisted stocks	\$ 92,800	\$ 92,800
Valuation adjustment	(2,260)	7,789
	<u>\$ 90,540</u>	<u>\$ 100,589</u>

A. The Company has elected to classify investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income.

B. The Company sold financial assets at a consideration of \$71,357 and \$157,551 for the years ended December 31, 2022 and 2021, respectively.

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

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	<u>(\$ 70,654)</u>	<u>\$ 59,338</u>
Cumulative gains reclassified to retained earnings due to derecognition	<u>\$ 13,800</u>	<u>\$ 3,181</u>
Dividend income recognised in profit or loss	<u>\$ 20,929</u>	<u>\$ 17,460</u>

(四十三) Financial assets at amortized cost

<u>Items</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current items:		
Time deposits with maturity over three months	<u>\$ 30,500</u>	<u>\$ -</u>

Information relating to credit risk of financial assets at amortized cost is provided in Note 12(2). The counterparties of the Company's investments in certificates of deposits are financial institutions with high credit quality, so the Company expects that the probability of counterparty default is remote.

(四十四) Notes and accounts receivable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Notes receivable	\$ 6	\$ 33
Accounts receivable	878,043	725,133
Less: Allowance for uncollectible accounts	<u>(1,698)</u>	<u>(1,698)</u>
	<u>\$ 876,351</u>	<u>\$ 723,468</u>

A. 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 \$618,283.

B. The Company does not hold any collateral.

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

(四十五) Inventories

	<u>December 31, 2022</u>		
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
Raw materials	\$ 100,516	(\$ 6,711)	\$ 93,805
Work in progress	13,836	-	13,836
Finished goods	77,362	(2,897)	74,465
Merchandise inventory	<u>3,119</u>	<u>(27)</u>	<u>3,092</u>
	<u>\$ 194,833</u>	<u>(\$ 9,635)</u>	<u>\$ 185,198</u>

	<u>December 31, 2021</u>		
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
Raw materials	\$ 108,960	(\$ 1,373)	\$ 107,587
Work in progress	7,655	-	7,655
Finished goods	81,819	(168)	81,651
Merchandise inventory	<u>17,942</u>	<u>(82)</u>	<u>17,860</u>
	<u>\$ 216,376</u>	<u>(\$ 1,623)</u>	<u>\$ 214,753</u>

The cost of inventories recognized as expense for the year:

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Cost of goods sold	\$ 2,522,905	\$ 2,146,432
Valuation loss on inventories	8,012	10,407
Others	<u>(369)</u>	<u>(515)</u>
	<u>\$ 2,530,548</u>	<u>\$ 2,156,324</u>

(四十六) Investments accounted for using equity method

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Subsidiaries:		
BEST LINK PROPERTIES LTD.	\$ 2,004,295	\$ 1,967,025
CHA SHIN CHI INVESTMENT CO., LTD.	250,289	316,462
SWS GROUP COMPANY LIMITED	68,016	59,270
MAINSUPER ENTERPRISES CO., LTD.	49,877	43,896
TECHILL CO., LTD.	20,068	19,229
ULTRASPEED ELECTRONICS CO.,LTD.	<u>14,310</u>	<u>-</u>
	<u>\$ 2,406,855</u>	<u>\$ 2,405,882</u>

- A. Information on the Company's subsidiaries is provided in Note 4(3) in the Company's consolidated financial statements as of and for the year ended December 31, 2022.
- B. The investees in Mainland China invested through BEST LINK PROPERTIES LTD. are primarily engaged in the manufacture and processing of electronic products. The relevant information is disclosed in Note 13.
- C. Due to the Company's future business development plans and the operation, the Company acquired a 70.11% in Ultraspeed Electronics Co., Ltd. at a consideration of \$20,000 thousand in January 2022 and obtained the control over Ultraspeed Electronics Co., Ltd. The entity is primarily engaged in production, manufacturing and sales of high-speed cables and high-speed connectors. The Company's loss on investments in Ultraspeed Electronics Co., Ltd. amounted to \$5,690.

(四十七) Property, plant and equipment

	<u>2022</u>					<u>Total</u>
	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery and equipment</u>	<u>Office equipment</u>	<u>Other equipment</u>	
At January 1						
Cost	\$ 169,812	\$ 91,655	\$ 103,525	\$ 8,045	\$ 14,487	\$ 387,524
Accumulated depreciation	<u>-</u>	<u>(27,707)</u>	<u>(58,346)</u>	<u>(2,891)</u>	<u>(3,542)</u>	<u>(92,486)</u>
	<u>\$ 169,812</u>	<u>\$ 63,948</u>	<u>\$ 45,179</u>	<u>\$ 5,154</u>	<u>\$ 10,945</u>	<u>\$ 295,038</u>
Opening net book amount as at January 1	\$ 169,812	\$ 63,948	\$ 45,179	\$ 5,154	\$ 10,945	\$ 295,038
Additions	-	-	23,308	3,237	165	26,710
Disposals	-	-	(1,478)	-	-	(1,478)
Depreciation charge	<u>-</u>	<u>(2,033)</u>	<u>(22,822)</u>	<u>(1,991)</u>	<u>(2,727)</u>	<u>(29,573)</u>
Closing net book amount as at December 31	<u>\$ 169,812</u>	<u>\$ 61,915</u>	<u>\$ 44,187</u>	<u>\$ 6,400</u>	<u>\$ 8,383</u>	<u>\$ 290,697</u>
At December 31						
Cost	\$ 169,812	\$ 91,654	\$ 125,135	\$ 11,282	\$ 14,652	\$ 412,535
Accumulated depreciation	<u>-</u>	<u>(29,739)</u>	<u>(80,948)</u>	<u>(4,882)</u>	<u>(6,269)</u>	<u>(121,838)</u>
	<u>\$ 169,812</u>	<u>\$ 61,915</u>	<u>\$ 44,187</u>	<u>\$ 6,400</u>	<u>\$ 8,383</u>	<u>\$ 290,697</u>

	<u>2021</u>					
	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery and equipment</u>	<u>Office equipment</u>	<u>Other equipment</u>	<u>Total</u>
At January 1						
Cost	\$ 169,812	\$ 91,655	\$ 85,896	\$ 6,457	\$ 6,271	\$ 360,091
Accumulated depreciation	<u>-</u>	<u>(25,675)</u>	<u>(51,435)</u>	<u>(2,353)</u>	<u>(2,282)</u>	<u>(81,745)</u>
	<u>\$ 169,812</u>	<u>\$ 65,980</u>	<u>\$ 34,461</u>	<u>\$ 4,104</u>	<u>\$ 3,989</u>	<u>\$ 278,346</u>
Opening net book amount as at January 1	\$ 169,812	\$ 65,980	\$ 34,461	\$ 4,104	\$ 3,989	\$ 278,346
Additions	-	-	27,863	2,536	8,678	39,077
Disposals	-	-	(1,943)	-	-	(1,943)
Depreciation charge	<u>-</u>	<u>(2,032)</u>	<u>(15,202)</u>	<u>(1,486)</u>	<u>(1,722)</u>	<u>(20,442)</u>
Closing net book amount as at December 31	<u>\$ 169,812</u>	<u>\$ 63,948</u>	<u>\$ 45,179</u>	<u>\$ 5,154</u>	<u>\$ 10,945</u>	<u>\$ 295,038</u>
At December 31						
Cost	\$ 169,812	\$ 91,655	\$ 103,525	\$ 8,045	\$ 14,487	\$ 387,524
Accumulated depreciation	<u>-</u>	<u>(27,707)</u>	<u>(58,346)</u>	<u>(2,891)</u>	<u>(3,542)</u>	<u>(92,486)</u>
	<u>\$ 169,812</u>	<u>\$ 63,948</u>	<u>\$ 45,179</u>	<u>\$ 5,154</u>	<u>\$ 10,945</u>	<u>\$ 295,038</u>

Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

(四十八) Leasing arrangements – lessee

- A. The Company leases various assets including buildings, business vehicles and multifunction printers. Rental contracts are typically made for periods of 1 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. Short-term leases with a lease term of 12 months or less comprise buildings and business vehicles. Low-value assets comprise multifunction printers.
- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Buildings	\$ 6,192	\$ 13,622
Transportation equipment (Business vehicles)	241	657
Office equipment (Photocopiers)	84	184
Other equipment	189	-
	<u>\$ 6,706</u>	<u>\$ 14,463</u>

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Buildings	\$ 7,430	\$ 3,067
Transportation equipment (Business vehicles)	415	944
Office equipment (Photocopiers)	101	101
Other equipment	73	-
	<u>\$ 8,019</u>	<u>\$ 4,112</u>

D. For the years ended December 31, 2022 and 2021, the additions to right-of-use assets were \$261 and \$16,167, respectively.

E. The information on profit and loss accounts relating to lease contracts is as follows:

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 120	\$ 212
Expense on short-term lease contracts	360	360
Expense on leases of low-value assets	22	27

F. For the years ended December 31, 2022 and 2021, the Company's total cash outflow for leases were \$8,500 and \$4,710, respectively.

(四十九) Investment property

	<u>2022</u>		
	<u>Land</u>	<u>Buildings and structures</u>	<u>Total</u>
At January 1			
Cost	\$ 25,918	\$ 20,324	\$ 46,242
Accumulated depreciation	<u>-</u>	<u>(7,752)</u>	<u>(7,752)</u>
	<u>\$ 25,918</u>	<u>\$ 12,572</u>	<u>\$ 38,490</u>
Opening net book amount as at January 1			
	\$ 25,918	\$ 12,572	\$ 38,490
Depreciation charge	<u>-</u>	<u>(405)</u>	<u>(405)</u>
Closing net book amount as at December 31			
	<u>\$ 25,918</u>	<u>\$ 12,167</u>	<u>\$ 38,085</u>
At December 31			
Cost	\$ 25,918	\$ 20,324	\$ 46,242
Accumulated depreciation	<u>-</u>	<u>(8,157)</u>	<u>(8,157)</u>
	<u>\$ 25,918</u>	<u>\$ 12,167</u>	<u>\$ 38,085</u>

	<u>2021</u>		
	<u>Land</u>	<u>Buildings and structures</u>	<u>Total</u>
At January 1			
Cost	\$ 25,918	\$ 20,324	\$ 46,242
Accumulated depreciation	-	(7,346)	(7,346)
	<u>\$ 25,918</u>	<u>\$ 12,978</u>	<u>\$ 38,896</u>
Opening net book amount as at January 1	\$ 25,918	\$ 12,978	\$ 38,896
Depreciation charge	-	(406)	(406)
Closing net book amount as at December 31	<u>\$ 25,918</u>	<u>\$ 12,572</u>	<u>\$ 38,490</u>
At December 31			
Cost	\$ 25,918	\$ 20,324	\$ 46,242
Accumulated depreciation	-	(7,752)	(7,752)
	<u>\$ 25,918</u>	<u>\$ 12,572</u>	<u>\$ 38,490</u>

F. The Company leases various assets including land and buildings. Rental contracts are typically made for periods of 2 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

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

	<u>December 31, 2022</u>		<u>December 31, 2021</u>
2023	\$ 798	2022	\$ 1,482
2024	32	2023	122
	<u>\$ 830</u>		<u>\$ 1,604</u>

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

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Rental income from investment property	<u>\$ 1,510</u>	<u>\$ 1,376</u>
Direct operating expenses arising from the investment property that generated rental income during the year	<u>\$ 405</u>	<u>\$ 405</u>

I. The fair value of the investment property held by the Company as at December 31, 2022 and 2021 was \$71,224 and \$63,509, respectively, which was valued based on the market information of transactions that are similar to the above assets, and appropriate adjustments are made on the valuation results. Valuations were made using the comparison approach which is categorized within Level 3 in the fair value hierarchy.

J. Information about the investment property that was pledged to others as collateral is provided in

Note 8.

(五 +) Intangible assets

		<u>Software cost</u>	
	<u>2022</u>		<u>2021</u>
At January 1			
Cost	\$	45,140	\$ 38,161
Accumulated amortization	(	30,326)	(22,896)
	\$	<u>14,814</u>	\$ <u>15,265</u>
Opening net book amount as at January 1	\$	14,814	\$ 15,265
Additions		1,483	6,979
Amortization charge	(	9,877)	(7,430)
Closing net book amount as at December 31	\$	<u>6,420</u>	\$ <u>14,814</u>
At December 31			
Cost	\$	46,623	\$ 45,140
Accumulated amortization	(	40,203)	(30,326)
	\$	<u>6,420</u>	\$ <u>14,814</u>

Details of amortization on intangible assets are as follows:

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Selling expenses	\$ 65	\$ 89
Administrative expenses	7,118	4,416
Research and development expenses	<u>2,694</u>	<u>2,925</u>
	\$ <u>9,877</u>	\$ <u>7,430</u>

(五 + 一) Pensions

C. Defined benefit plan

- (i) 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 Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31,

every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

(j) The amounts recognized in the balance sheet are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Present value of defined benefit obligations	\$ 4,498	\$ 7,713
Fair value of plan assets	(25,501)	(24,919)
Net defined benefit assets (shown as other non-current assets)	<u>(\$ 21,003)</u>	<u>(\$ 17,206)</u>

(k) Movements in net defined benefit asset are as follows:

	<u>2022</u>		
	Present value of defined benefit <u>obligations</u>	Fair value of <u>plan assets</u>	Net defined benefit (asset) <u>liability</u>
At January 1	\$ 7,713	\$ 24,919	(\$ 17,206)
Current service cost	-	-	-
Interest expense (income)	<u>53</u>	<u>174</u>	<u>(121)</u>
	<u>7,766</u>	<u>25,093</u>	<u>(17,327)</u>
Remeasurements:			
Return on plan assets (Note)	-	2,559	(2,559)
Change in demographic assumptions	-	-	-
Change in financial assumptions	(252)	-	(252)
Experience adjustments	<u>(865)</u>	<u>-</u>	<u>(865)</u>
	<u>(1,117)</u>	<u>2,559</u>	<u>(3,676)</u>
Paid pension	<u>(2,151)</u>	<u>(2,151)</u>	<u>-</u>
At December 31	<u>\$ 4,498</u>	<u>\$ 25,501</u>	<u>(\$ 21,003)</u>

Note: Excluding amounts included in interest income or expense.

	<u>2021</u>		
	Present value of defined benefit <u>obligations</u>	Fair value of <u>plan assets</u>	Net defined benefit (asset) <u>liability</u>
At January 1	\$ 26,769	\$ 39,629	(\$ 12,860)
Current service cost	88	-	88
Interest expense (income)	<u>107</u>	<u>159</u>	<u>(52)</u>
	<u>26,964</u>	<u>39,788</u>	<u>(12,824)</u>
Remeasurements:			
Return on plan assets (Note)	-	657	(657)
Change in demographic assumptions	9	-	9
Change in financial assumptions	(301)	-	(301)
Experience adjustments	<u>(3,433)</u>	<u>-</u>	<u>(3,433)</u>
	<u>(3,725)</u>	<u>657</u>	<u>(4,382)</u>
Paid pension	<u>(15,526)</u>	<u>(15,526)</u>	<u>-</u>
At December 31	<u>\$ 7,713</u>	<u>\$ 24,919</u>	<u>(\$ 17,206)</u>

Note: Excluding amounts included in interest income or expense.

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

- (m) The principal actuarial assumptions used were as follows:

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Discount rate	<u>1.30%</u>	<u>0.70%</u>
Future salary increases	<u>3.00%</u>	<u>3.00%</u>

Future mortality rate was estimated based on the 5th Taiwan Standard Ordinary Experience Mortality Table.

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

	<u>Discount rate</u>		<u>Future salary increases</u>	
	<u>Increase 1%</u>	<u>Decrease 1%</u>	<u>Increase 1%</u>	<u>Decrease 1%</u>
December 31, 2022				
Effect on present value of defined benefit obligation				
	<u>(\$ 397)</u>	<u>\$ 410</u>	<u>\$ 358</u>	<u>(\$ 348)</u>
December 31, 2021				
Effect on present value of defined benefit obligation				
	<u>(\$ 930)</u>	<u>\$ 968</u>	<u>\$ 866</u>	<u>(\$ 839)</u>

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

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

- (o) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2023 amount to \$654.
- (p) As of December 31, 2022, the weighted average duration of the retirement plan is 9 years.

D. Defined contribution plan

- (d) Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (e) The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2022 and 2021 were \$9,271 and \$8,413, respectively.

(五十二) Share capital

As of December 31, 2022, the Company’s authorized capital was \$2,000,000, consisting of 200 million shares of ordinary stock, and the paid-in capital was \$1,220,859 with a par value of NT\$10 (in dollars) per share.

(五十三) 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 capitalized 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.

(五十四) Retained earnings

- K. The current year’s net profit after tax, if any, shall first be used to offset prior years’ operating losses (including adjusted undistributed profits) and then 10% of the remaining amount shall be set aside as legal reserve, if legal reserve has accumulated to an amount equal to the paid-in capital, then legal reserve is not required to be set aside any more. After that, special reserve shall be set aside or reversed in accordance with the related laws or the regulations made by the Competent Authority. The remainder, if any, along with the unappropriated earnings of prior years (including adjusted undistributed profits) shall be proposed by the Board of Directors and resolved by the shareholders as dividends to shareholders.
- L. In accordance with the Company Act, the resolution, for all or part of distributable dividends and bonus, capital surplus or legal reserve which are distributed in the form of cash, will be adopted if more than 2/3 of the directors attend the Board of Directors’ meeting and more than 1/2 of the directors present agree to the resolution. This will then be reported to the shareholders during their meeting. The regulation which requires approval by the shareholders is not applicable for the above.
- M. The Company may distribute earnings or cover accumulated deficit on a semi-annual basis after the close of each half fiscal year in compliance with the Company Act. The Company shall pay all taxes, offset operating losses and set aside legal reserve before distributing earnings. However, if legal reserve has accumulated to an amount equal to the paid-in capital, then legal reserve is not required to be set aside any more. The distribution of earnings shall be resolved by the Board of Directors if earnings are distributed in the form of cash and shall be resolved by the shareholders if earnings are distributed in the form of new shares.

- N. The Company's dividend policy aligns with the overall environment and industrial growth characteristics by taking into consideration the Company's capital needs, financial structure and earnings. Since the Company aims to continuously add capital for investment, research and development to create a competitive advantage and enhance shareholders' interest, at least 50% of the current year's earnings after tax shall be appropriated as shareholders' dividends and bonuses in the form of cash or shares each year and cash dividends shall account for at least 30% of the total dividends distributed.
- O. In accordance with the regulations, 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 until the legal reserve has accumulated to an amount equal to the paid-in capital. 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.
- P. 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.
- Q. The appropriations of 2021 and 2020 earnings resolved by the shareholders on June 15, 2022 and August 24, 2021, respectively, are as follows:

	<u>2021</u>		<u>2020</u>	
	<u>Amount</u>	Dividends per share <u>(in dollars)</u>	<u>Amount</u>	Dividends per share <u>(in dollars)</u>
Legal reserve	\$ 38,926		\$ 26,752	
Provision for (reversal of) special reserve	11,658		(50,998)	
Cash dividends	<u>268,589</u>	\$ 2.20	<u>195,336</u>	\$ 1.60
	<u>\$ 319,173</u>		<u>\$ 171,090</u>	

The abovementioned appropriations of 2021 and 2020 earnings were in agreement with those amounts proposed by the Board of Directors on March 18, 2022 and March 17, 2021, respectively. In addition, the Company distributed cash from capital surplus amounting to \$97,669 and \$158,713 as approved by the shareholders on June 15, 2022 and August 24, 2021, respectively.

- R. During its meeting on August 5, 2022, the Board of Directors resolved not to distribute the earnings for the first half of 2022.
- S. On March 27, 2023, the Board of Directors proposed for the distribution of dividends from the 2022 earnings in the amount of \$268,589 at \$2.2 (in dollars) per share. In addition, the Company distributed cash from capital surplus in the amount of \$122,086 at \$1.0 (in dollars) per share. The abovementioned surplus earnings distribution proposal and the capital reserve issuance of cash have not yet been approved by the shareholders as of the date of the audit report.
- T. For the information relating to employees' compensation and directors' remuneration, refer to Note 6(19).

(五十五) Other equity items

	<u>2022</u>		
	Unrealised gains (losses) <u>on valuation</u>	Currency <u>translation</u>	<u>Total</u>
At January 1	\$ 15,270	(\$ 206,809)	(\$ 191,539)
Revaluation			
- The Company	(70,654)	-	(70,654)
- Subsidiary	(3,503)	-	(3,503)
Revaluation transferred to retained earnings			
- The Company	(13,800)	-	(13,800)
- Subsidiary	(18,246)	-	(18,246)
Currency translation differences:			
- Subsidiary	-	41,114	41,114
- Subsidiary and associates	-	(337)	(337)
At December 31	<u>\$ 90,933</u>	<u>(\$ 166,032)</u>	<u>(\$ 256,965)</u>

	<u>2021</u>		
	Unrealised gains (losses) <u>on valuation</u>	Currency <u>translation</u>	<u>Total</u>
At January 1	\$ 308	(\$ 180,189)	(\$ 179,881)
Revaluation			
- The Company	59,338	-	59,338
- Subsidiary	(32,102)	-	(32,102)
Revaluation transferred to retained earnings			
- The Company	(3,181)	-	(3,181)
- Subsidiary	(9,093)	-	(9,093)
Currency translation differences:			
- Subsidiary	-	(7,861)	(7,861)
- Subsidiary and associates	-	(18,759)	(18,759)
At December 31	<u>\$ 15,270</u>	<u>(\$ 206,809)</u>	<u>(\$ 191,539)</u>

(五十六) Operating revenue

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Revenue from contracts with customers	\$ 3,417,315	\$ 2,803,266
Other operating revenue	13,891	9,474
	<u>\$ 3,431,206</u>	<u>\$ 2,812,740</u>

The Company derives revenue from the transfer of goods at a point in time. Details of components of revenue are provided in statement 6.

(五十七) Other gains and losses

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Net foreign exchange (losses) gains	(\$ 297)	\$ 11,818
Gains on disposals of property, plant and equipment	-	928
Net gains (losses) on financial assets and liabilities at fair value through profit or loss	45,682	(769)
Others	(1,374)	(395)
	<u>\$ 44,011</u>	<u>\$ 11,582</u>

(五十八) Expenses by nature

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Employee benefit expense		
Wages and salaries	\$ 240,441	\$ 222,159
Labour and health insurance fees	17,996	15,729
Pension costs	9,150	8,449
Directors' remuneration	5,400	4,061
Other personnel expenses	8,041	7,974
	<u>\$ 281,028</u>	<u>\$ 258,372</u>
Depreciation charges (Note)	<u>\$ 37,997</u>	<u>\$ 24,960</u>
Amortisation charge	<u>\$ 9,877</u>	<u>\$ 7,430</u>

Note: Including current depreciation charges on property, plant and equipment, right-of-use assets and investment properties.

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, if any, shall be distributed as employees' compensation and directors' remuneration as resolved by the Board of Directors. The ratio shall not be lower than 7% for employees' compensation and shall not be higher than 1.5% for directors' remuneration. However, if the Company has accumulated deficit, earnings should first be reserved to cover losses.

B. For the years ended December 31, 2022 and 2021, employees' compensation was accrued at \$52,195 and \$44,166, respectively; while directors' remuneration was accrued at \$5,400 and \$4,061, respectively. The aforementioned amounts were recognized in salary expenses.

The employees' compensation was estimated and accrued based on 9% of distributable profit of current year for the year ended December 31, 2022. The directors' remuneration was determined in accordance with the extent of directors' participation in the Company's operations and the value of their contribution. The Board of Directors resolved that the actual appropriation amount was \$52,195 and \$5,400, respectively, and will be distributed in the form of cash.

Employees' compensation and directors' remuneration for 2021 as resolved at the meeting of Board of Directors were in agreement with those amounts recognized in the 2021 financial

statements. Employees' compensation and directors' remuneration for 2021 were all distributed in the form of cash.

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

(五十九) Income tax

F. Income tax expense

(c) Components of income tax expense:

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Current tax:		
Current tax on profits for the year	\$ 107,266	\$ 66,422
Tax on undistributed surplus earnings	2,016	3,708
Prior year income tax overestimation	(1,543)	(3,050)
Total current tax	<u>107,739</u>	<u>67,080</u>
Deferred tax:		
Origination and reversal of temporary differences	(25,205)	1,950
Total deferred tax	<u>(25,205)</u>	<u>1,950</u>
Income tax expense	<u>\$ 82,534</u>	<u>\$ 69,030</u>

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

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Remeasurement of defined benefit obligations	\$ 735	\$ 876

G. Reconciliation between income tax expense and accounting profit:

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Tax calculated based on profit before tax and statutory tax rate	\$ 104,446	\$ 88,502
Effects from items disallowed by tax regulation	(18,199)	(16,754)
Tax-exempt income	(4,186)	(3,492)
Change in assessment of realisation of deferred tax assets	-	116
Tax on undistributed earnings	2,016	3,708
Prior year income tax overestimation	(1,543)	(3,050)
Income tax expense	82,534	69,030
Net changes in deferred tax	25,205	(1,950)
Prior year income tax overestimation	1,543	3,050
Prior year income tax payable	-	-
Less: Prepaid income tax	(490)	(225)
Current income tax liabilities	<u>\$ 108,792</u>	<u>\$ 69,905</u>

(六十) Earnings per share

	<u>Year ended December 31, 2022</u>		
	<u>Amount</u> <u>after tax</u>	<u>Number of ordinary</u> <u>shares outstanding</u> <u>(shares in thousands)</u>	<u>Earnings</u> <u>per share</u> <u>(in dollars)</u>
<u>Basic earnings per share</u>			
Profit for the year	<u>\$ 439,816</u>	122,086	<u>\$ 3.60</u>
<u>Diluted earnings per share</u>			
Profit for the year	\$ 439,816		
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	<u>-</u>	<u>1,523</u>	
Profit plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 439,816</u>	<u>123,609</u>	<u>\$ 3.56</u>
	<u>Year ended December 31, 2021</u>		
	<u>Amount</u> <u>after tax</u>	<u>Number of ordinary</u> <u>shares outstanding</u> <u>(shares in thousands)</u>	<u>Earnings</u> <u>per share</u> <u>(in dollars)</u>
<u>Basic earnings per share</u>			
Profit for the year	<u>\$ 373,477</u>	122,086	<u>\$ 3.06</u>
<u>Diluted earnings per share</u>			
Profit for the year	\$ 373,477		
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	<u>-</u>	<u>950</u>	
Profit plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 373,477</u>	<u>123,036</u>	<u>\$ 3.04</u>

Effective January 1, 2008, as employees' bonus could be distributed in the form of stock, the diluted EPS computation shall assume that distribution will be in the form of stocks in the calculation of the weighted-average number of common shares outstanding during the reporting year, taking into account the dilutive effects of stock bonus on potential common shares.

(六十一) Supplemental cash flow information

Investing activities with partial cash payments:

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Acquisition of property, plant and equipment	\$ 26,710	\$ 39,077
Add: Opening balance of payable on equipment	-	91
Less: Ending balance of payable on equipment	<u>-</u>	<u>-</u>
Cash paid during the year	<u>\$ 26,710</u>	<u>\$ 39,168</u>

(六十二) Changes in liabilities from financing activities

	<u>2022</u>		
	<u>Short-term borrowings</u>	<u>Lease liabilities</u>	<u>Liabilities from financing activities - gross</u>
At January 1	\$ -	\$ 14,477	\$ 14,477
Changes in cash flow from financing activities	-	(7,998)	(7,998)
Increase in lease liability	-	261	261
Changes in other non-cash items	-	-	-
At December 31	<u>\$ -</u>	<u>\$ 6,740</u>	<u>\$ 6,740</u>

	<u>2021</u>		
	<u>Short-term borrowings</u>	<u>Lease liabilities</u>	<u>Liabilities from financing activities - gross</u>
At January 1	\$ 607,000	\$ 3,565	\$ 610,565
Changes in cash flow from financing activities	(607,000)	(4,111)	(611,111)
Increase in lease liability	-	16,167	16,167
Changes in other non-cash items	-	(1,144)	(1,144)
At December 31	<u>\$ -</u>	<u>\$ 14,477</u>	<u>\$ 14,477</u>

21. Related Party Transactions

(六十三) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
JPC (HK) Company Limited (JPC (HK))	Subsidiary
CELESTA INTERNATIONAL ELECTRONICS (SHEN ZHEN) CO., LTD.	Subsidiary
ASKA TECHNOLOGIES INC. (ASKA)	Subsidiary
LUCKY STAR INVESTMENT CORP. (LUCKY STAR)	Subsidiary
DONGGUAN HOULIE HUA-BAO ELECTRONICS TECHNICAL LIMITED COMPANY (HUA -BAO)	Subsidiary
DONGGUAN HUNG FU ELECTRONIC TECHNOLOGY CO., LTD. (HUNG FU)	Subsidiary
MAINSUPER ENTERPRISES CO., LTD. (MAINSUPER)	Subsidiary
ULTRASPEED ELECTRONICS CO., LTD.	Subsidiary
PEC MANUFACTURING VIET NAM COMPANY LIMITED (PEC VN)	Subsidiary
JPCCO CORP.	Subsidiary
JYH ENG TECHNOLOGY CO., LTD.	Associate
FSP TECHNOLOGY INC.	Other related party

Note: FSP Technology Inc. was elected as the Company's corporate director since June 15, 2022.

(六十四) Significant related party transactions

A. Purchases

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Purchases of goods:		
– Subsidiaries		
HUNG FU	\$ 517,675	\$ 548,719
HUA -BAO	557,062	611,214
ASKA	116,168	133,043
PEC VN	193,243	143,061
Others	86,822	89,293
	<u>\$ 1,470,970</u>	<u>\$ 1,525,330</u>

- (a) Goods are purchased from aforementioned subsidiaries based on the negotiated prices stated in the trading terms and by product categories. The payment term is 180 days after monthly billings, which is the same with third parties.
- (b) The Company purchases raw materials on behalf of aforementioned subsidiaries and charges on purchase costs. Those subsidiaries subsequently commission other subsidiaries to manufacture goods for the Company to repurchase and resell. The Company does not recognize sales revenues on purchase of materials, and the receivables or payables arising from the transactions with those subsidiaries are accounted for on a net basis.

B. Payables to related parties

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Accounts payable:		
– Subsidiaries		
HUA - BAO	\$ 536,140	\$ 463,403
HUNG FU	484,263	354,212
ASKA	62,741	66,276
MAINSUPER	61,271	53,052
Others	6,818	6,506
	<u>\$ 1,151,233</u>	<u>\$ 943,449</u>

The payables to related parties arise mainly from purchase transactions and the payment terms are 180 days after monthly billings. The payables bear no interest.

C. Other receivables

Information on raw materials purchased and payments paid on behalf of subsidiaries for the years ended December 31, 2022 and 2021 is as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Other receivables:		
– Subsidiaries		
PEC VN	\$ 28,979	\$ 30,829
JPCCO	6,781	-
JPC (HK)	-	5,658
Others	2,763	-
	<u>\$ 38,523</u>	<u>\$ 36,487</u>

For the years ended December 31, 2022 and 2021, the amounts of raw materials purchased on behalf of subsidiaries were \$277,282 and \$312,084, respectively.

D. Other payables

Information on sales collected by the Company on behalf of subsidiaries for the years ended December 31, 2022 and 2021 is as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
— Subsidiaries		
HUA - BAO	\$ 28,001	\$ 50,199
HUNG FU	20,926	10,538
Others	14,885	2,171
	<u>\$ 63,812</u>	<u>\$ 62,908</u>

E. Prepayments

Information on payments paid by the Company on behalf of subsidiaries for the years ended December 31, 2022 and 2021 is as follows:

	<u>Year ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
— Subsidiaries		
PEC VN	\$ 47,908	\$ 20,760
HUA - BAO	29,843	331
	<u>\$ 77,751</u>	<u>\$ 21,091</u>

(六十五) Key management compensation

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Salaries and other short-term employee benefits	\$ 23,886	\$ 19,217

22. Pledged Assets

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

<u>Pledged asset</u>	<u>Book value</u>		<u>Purpose</u>
	<u>December 31, 2022</u>	<u>December 31, 2021</u>	
Property, plant and equipment			
- Land and buildings and structures	\$ 217,488	\$ 219,410	Line of credit for short-term borrowings
Investment property	38,085	38,490	"
Time deposits (shown as financial assets at amortised cost and other non-current assets)	3,059	3,109	Business tax of import goods and line of credit for short-term borrowings
	<u>\$ 258,632</u>	<u>\$ 261,009</u>	

23. Significant Contingent Liabilities and Unrecognized Contract Commitments

None.

24. Significant Disaster Loss

None.

25. Significant Events after the Balance Sheet Date

Information on the appropriations of 2022 earnings approved by the Board of Directors is provided in Note 6(16).

26. Others

(7) 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, issue new shares or sell assets to reduce debt.

During the years ended December 31, 2022 and 2021, the Company's strategy was to maintain the gearing ratio under 50%.

(8) Financial instruments

D. Financial instruments by category

The Company's financial instruments are classified as financial assets at amortized cost (including cash and cash equivalents, financial assets at amortized cost, accounts receivable and other receivables), financial assets at fair value through other comprehensive income and financial liabilities at amortized cost (including short-term borrowings, accounts payable (including related parties), other payables (including related parties) and lease liabilities) in accordance with IFRS 9. Related information is provided in Note 6 and the parent company only balance sheets.

E. Financial risk management policies

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial position and financial performance.

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 Company's operating units.

F. Significant financial risks and degrees of financial risks

(d) Market risk

iv. The Company operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and RMB. Foreign exchange rate risk arises from future commercial transactions and recognized assets and liabilities.

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

		<u>December 31, 2022</u>		
(Foreign currency: functional currency)		Foreign currency amount (In thousands)	<u>Exchange rate</u>	Book value (NTD)
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD		55,881	30.71	\$ 1,716,106
<u>Foreign operations</u>				
RMB:NTD		372,289	4.41	\$ 1,641,794
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD		52,895	30.71	\$ 1,624,405

		<u>December 31, 2021</u>		
(Foreign currency: functional currency)		Foreign currency amount (In thousands)	<u>Exchange rate</u>	Book value (NTD)
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD		29,575	27.68	\$ 818,636
<u>Foreign operations</u>				
RMB:NTD		382,969	4.34	\$ 1,662,086
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD		46,316	27.68	\$ 1,282,027

		<u>December 31, 2022</u>		
		<u>Degree of variation</u>	<u>Effect on profit or loss</u>	<u>Effect on other comprehensive income</u>
<u>Sensitivity analysis</u>				
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	5%		\$ 85,805	\$ -
<u>Foreign operations</u>				
RMB:NTD	5%		\$ -	\$ 82,090
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	5%		\$ 81,220	\$ -

		<u>December 31, 2021</u>		
		<u>Sensitivity analysis</u>		
		<u>Degree of variation</u>	<u>Effect on</u>	<u>Effect on other</u>
			<u>profit or loss</u>	<u>comprehensive</u>
				<u>income</u>
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	8,186	\$ -
<u>Foreign operations</u>				
RMB:NTD	1%	\$	-	\$ 16,621
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	12,820	\$ -

- vi. The total exchange gain (loss) arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2022 and 2021, amounted to \$297 and \$11,818, respectively.

Price risk

The Company has no investment targets with price risks, and thus, the Company does not expect market risk arising from variations in the market prices.

Cash flow and fair value interest rate risk

As short-term borrowings for short-term working capital needs are mostly issued at variable rates, most of the risks could be offset by cash with variable interest rates.

(e) Credit risk

- i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortised cost.
- ii. The Company manages its credit risk taking into consideration the entire Company's concern. For banks and financial institutions, only banks with good credit and financial institutions with investment grade or above are accepted. According to the Company's credit policy, the Company is responsible for managing and analysing the credit risk for each of the 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. If the contract payments were past due over 90 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition; the default occurs when the contract payments are past due over 360 days.

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

	<u>December 31, 2022</u>		<u>December 31, 2021</u>	
	<u>Accounts receivable</u>	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Notes receivable</u>
Not past due	\$ 838,508	\$ 6	\$ 694,228	\$ 33
Up to 90 days	39,425	-	20,714	-
91 to 180 days	110	-	10,191	-
181 to 270 days	-	-	-	-
271 to 360 days	-	-	-	-
	<u>\$ 878,043</u>	<u>\$ 6</u>	<u>\$ 725,133</u>	<u>\$ 33</u>

The above ageing analysis was based on past due date.

- v. The Company assesses the expected credit losses of its accounts receivable as follows:
- (iv) Accounts receivable that are significantly past due are assessed individually for their expected credit losses;
- (v) The provision matrix is used to estimate the expected credit losses from the remaining customers.
- (vi) The Company used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable. As of December 31, 2022 and 2021, the provision matrix is as follows:

<u>December 31, 2022</u>	<u>Not past due</u>	<u>1 to 90 days</u>	<u>91 to 180 days</u>	<u>Total</u>
Expected loss rate	0.10817%	1.9429%	22.7273%	
Total book value	\$ 838,514	\$ 39,425	\$ 110	\$ 878,049
Loss allowance	\$ 907	\$ 766	\$ 25	\$ 1,698
<u>December 31, 2021</u>	<u>Not past due</u>	<u>1 to 90 days</u>	<u>91 to 180 days</u>	<u>Total</u>
Expected loss rate	0.11005%	0.1110%	8.9393%	
Total book value	\$ 694,261	\$ 20,714	\$ 10,191	\$ 725,166
Loss allowance	\$ 764	\$ 23	\$ 911	\$ 1,698

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

	<u>Accounts receivable</u>	
	<u>2022</u>	<u>2021</u>
At January 1	\$ 1,698	\$ 1,690
Provision for impairment loss	-	-
Merger with subsidiaries	-	8
At December 31	<u>\$ 1,698</u>	<u>\$ 1,698</u>

- vii. Financial assets at amortised cost are deposited in banks with good credit and financial

institutions with investment grade so there is no significant default concerns and credit risk.

(f) Liquidity risk

- iv. The Company monitors and manages liquidity requirements using the cash flow forecasting. The Company uses its cash positions and borrowing facilities to ensure it has sufficient working capital and repayment abilities so that the Company does not breach any commitments or contracts.
- v. As at December 31, 2022 and 2021, the Company held money market position of \$735,890 and \$313,150, respectively, are expected to readily generate cash inflows for managing liquidity risk.
- vi. The Company's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities are analysed 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:

	<u>Less than</u> <u>1 year</u>	<u>Between 1</u> <u>and 2 years</u>	<u>Between 2</u> <u>and 5 years</u>	<u>Total</u>
December 31, 2022				
<u>Non-derivative financial liabilities:</u>				
Lease liability	<u>\$ 6,674</u>	<u>\$ 100</u>	<u>\$ 15</u>	<u>\$ 6,789</u>
December 31, 2021				
<u>Non-derivative financial liabilities:</u>				
Lease liability	<u>\$ 8,045</u>	<u>\$ 6,586</u>	<u>\$ 11</u>	<u>\$ 14,642</u>

Except for those listed in the table below, the Company's non-derivative financial liabilities (including short-term borrowings, accounts payable (including related parties) and other payables) will expire within 1 year.

(9) Fair value information

- J. 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. Financial assets held by the Company are listed shares wherein the related income and closing prices could be readily and regularly obtained from the Stock Exchange and Taipei Exchange.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Company's investment in equity investment without active market is included in Level 3.

- K. Fair value information of investment property at cost is provided in Note 6(10).
- L. Fair value information of financial instruments: Except for financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income, refer to Note

12(2) for financial instruments not measured at fair value.

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

(c) The related information on the nature of the assets is as follows:

December 31, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Limited partnership	\$ -	\$ -	\$ 18,502	\$ 18,502
Derivative instruments	-	8,714	-	8,714
Financial assets at fair value through other comprehensive income				
Equity securities	<u>158,305</u>	<u>-</u>	<u>90,540</u>	<u>248,845</u>
	<u>\$ 158,305</u>	<u>\$ 8,714</u>	<u>\$ 109,042</u>	<u>\$ 276,061</u>
December 31, 2021	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Limited partnership	\$ -	\$ -	\$ 12,000	\$ 12,000
Financial assets at fair value through other comprehensive income				
Equity securities	<u>269,886</u>	<u>-</u>	<u>100,589</u>	<u>370,475</u>
	<u>\$ 269,886</u>	<u>\$ -</u>	<u>\$ 112,589</u>	<u>\$ 382,475</u>

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

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

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

ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date.

iii. For high-complexity financial instruments, the fair value is measured by using self-

developed valuation model based on the valuation method and technique widely used within the same industry. The valuation model is normally applied to derivative financial instruments, debt instruments with embedded derivatives or securitized instruments. Certain inputs used in the valuation model are not observable at market, and the Company must make reasonable estimates based on its assumptions. The effect of unobservable inputs to the valuation of financial instruments is provided in Note 12(3) I.

- iv. The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate. Structured interest derivative instruments are measured by using appropriate option pricing models (i.e. Black-Scholes model) or other valuation methods, such as Monte Carlo simulation.
 - v. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Company's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Company's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.
 - vi. The Company takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Company's credit quality.
- N. For the years ended December 31, 2022 and 2021, there was no transfer between Level 1 and Level 2.
- O. The following chart is the movement of Level 3 for the years ended December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
	<u>Equity instrument</u>	<u>Equity instrument</u>
At January 1	\$ 112,589	\$ -
Acquired during the year	6,000	104,800
Gains and losses recognised in profit or loss	502	-
Recorded as unrealised gains (losses) on valuation of investments in equity instruments measured at fair value through other comprehensive income	<u>(10,049)</u>	<u>7,789</u>
At December 31	<u>\$ 109,042</u>	<u>\$ 112,589</u>

- P. Treasury segment is in charge of valuation procedures for fair value measurements being categorized 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 represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

Q. 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 <u>31, 2022</u>	Valuation <u>technique</u>	Significant unobservable <u>input</u>	Range (weighted <u>average</u>)	Relationship of inputs to <u>fair value</u>
Non-derivative equity instrument:					
Unlisted shares	\$ 90,540	Discounted cash flow	Weighted Average Cost of Capital of marketability	14%	The higher the discount for lack of marketability, the lower the fair value
			Discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value
Limited partnership	\$ 18,502	Net asset value	N/A	-	N/A
	Fair value at December <u>31, 2021</u>	Valuation <u>technique</u>	Significant unobservable <u>input</u>	Range (weighted <u>average</u>)	Relationship of inputs to <u>fair value</u>
Non-derivative equity instrument:					
Unlisted shares	\$ 100,589	Discounted cash flow	Weighted Average Cost of Capital of marketability	12%	The higher the discount for lack of marketability, the lower the fair value
			Discount for lack of marketability	27%	The higher the discount for lack of marketability, the lower the fair value
Limited partnership	\$ 12,000	Net asset value	N/A	-	N/A

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

			<u>December 31, 2022</u>			
			<u>Recognised in profit or loss</u>		<u>Recognised in other comprehensive income</u>	
			<u>Favourable change</u>	<u>Unfavourable change</u>	<u>Favourable change</u>	<u>Unfavourable change</u>
	<u>Input</u>	<u>Change</u>				
Financial assets						
Equity instrument	Discount for lack of marketability	±1%	<u>\$ 185</u>	<u>\$ 185</u>	<u>\$ 905</u>	<u>\$ 905</u>
			<u>December 31, 2021</u>			
			<u>Recognised in profit or loss</u>		<u>Recognised in other comprehensive income</u>	
			<u>Favourable change</u>	<u>Unfavourable change</u>	<u>Favourable change</u>	<u>Unfavourable change</u>
	<u>Input</u>	<u>Change</u>				
Financial assets						
Equity instrument	Discount for lack of marketability	±1%	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,006</u>	<u>\$ 1,006</u>

27. Supplementary Disclosures

(10) Significant transactions information

- K. Loans to others: None.
- L. Provision of endorsements and guarantees to others: None.
- M. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Refer to table 1.
- N. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- O. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- P. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- Q. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Refer to table 2.
- R. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Refer to table 3.
- S. Trading in derivative instruments undertaken during the reporting periods: Refer to table 6(2).
- T. Significant inter-company transactions during the reporting periods: Refer to table 4.

(11) Information on investees

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

(12) Information on investments in Mainland China

A. Basic information: Refer to table 6.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Refer to table 6.

(13) Major shareholders information

Major shareholders information: Refer to table 7.

28. Operating Segment Information

None.

Jess-Link Products 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 1

Expressed in thousands of NTD

(Except as otherwise indicated)

		<u>As of December 31, 2022</u>						
<u>Securities held by</u>	<u>Marketable securities</u>	<u>Relationship with</u>	<u>General ledger account</u>	<u>Number of shares</u>	<u>Book value</u>	<u>Ownership</u>	<u>Fair value</u>	<u>Footnote</u>
<u>(Note)</u>	<u>(Note)</u>	<u>the securities</u>	<u>through profit or loss</u>			<u>(%)</u>		
		<u>issuer</u>						
CHA SHIN CHI INVESTMENT CO., LTD.	TRANSCOM, INC.	N	Current financial assets at fair value through profit or loss	274,000	\$ 38,086	0%	\$ 38,086	
CHA SHIN CHI INVESTMENT CO., LTD.	NEW ADVANCED ELECTRONICS TECHNOLOGIES CO.,LTD	"	"	207,000	16,581	0%	16,581	
CHA SHIN CHI INVESTMENT CO., LTD.	ASE Technology Holding Co., Ltd.	"	"	100,000	9,390	0%	9,390	
CHA SHIN CHI INVESTMENT CO., LTD.	DR.WU SKINCARE CO., LTD.	"	"	150,000	15,525	0%	15,525	
CHA SHIN CHI INVESTMENT CO., LTD.	Taiwan Semiconductor Manufacturing Co., Ltd.	"	"	25,000	11,213	0%	11,213	
CHA SHIN CHI INVESTMENT CO., LTD.	NAK SEALING TECHNOLOGIES CORPORATION	"	"	100,000	10,550	0%	10,550	
SWS GROUP COMPANY LIMITED	K Cash Management Fund	"	"	3,096,593	36,823	-	36,823	
SWS GROUP COMPANY LIMITED	K Thai Fixed Income 2 Years A Fund Not for Retail Investors	"	"	1,980,215	17,902	-	17,902	
SWS GROUP COMPANY LIMITED	Bualuang Treasury Fund	"	"	622,904	6,285	-	6,285	
JESS-LINK PRODUCTS CO., LTD	Mesh Cooperative Ventures Fund LP	"	Non-current financial assets at fair value through profit or loss	18,000,000	18,502	3%	18,502	
JESS-LINK PRODUCTS CO., LTD	FSP TECHNOLOGY INC.	The company is the Company's institutional shareholder	Current financial assets at fair value through other comprehensive income	2,000,000	76,100	0%	76,100	
JESS-LINK PRODUCTS CO., LTD	CHENBRO MICOM CO., LTD.	N	"	278,000	20,127	0%	20,127	
JESS-LINK PRODUCTS CO., LTD	CORETRONIC CORPORATION	"	"	1,091,000	62,078	0%	62,078	

CHA SHIN CHI INVESTMENT CO., LTD.	Yusin Holding Corp.	"	"	180,000	18,090	0%	18,091
CHA SHIN CHI INVESTMENT CO., LTD.	Godex International Co., LTD.	"	"	258,500	14,915	0%	14,915
CHA SHIN CHI INVESTMENT CO., LTD.	Promate Solutions Corporation	"	"	60,000	3,491	0%	3,491

Jess-Link Products 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 1

Expressed in thousands of NTD
(Except as otherwise indicated)

						<u>As of December 31, 2022</u>			
Marketable securities									
<u>Securities held by</u>	<u>(Note)</u>	<u>Relationship with</u>	<u>General ledger account</u>	<u>Number of shares</u>	<u>Book value</u>	<u>Ownership (%)</u>	<u>Fair value</u>	<u>Footnote</u>	
CHA SHIN CHI INVESTMENT CO., LTD.	Qorvo, Inc.	N	Current financial assets at fair value through other comprehensive income	1,500	\$ 4,177	0%	\$ 4,177		
CHA SHIN CHI INVESTMENT CO., LTD.	Harris Technology Group Limited	"	"	5,488,969	1,829	0%	1,829		
MAINSUPER ENTERPRISES CO., LTD.	FSP TECHNOLOGY INC.	"	"	691,000	26,293	0%	26,293		
MAINSUPER ENTERPRISES CO., LTD.	CORETRONIC CORPORATION	"	"	40,000	2,896	0%	2,896		
JESS-LINK PRODUCTS CO., LTD	JYH ENG TECHNOLOGY CO., LTD.	The Company is the director of the company.	Non-current financial assets at fair value through other comprehensive income	3,200,000	90,540	7%	90,540		
CHA SHIN CHI INVESTMENT CO., LTD.	Huang Chieh Metal Holdings Co., Ltd.	N	"	1,220,984	-	2%	-		
CHA SHIN CHI INVESTMENT CO., LTD.	EASTERN UNION INTERACTIVE CORP.	"	"	860,000	38,801	4%	38,801		
CHA SHIN CHI INVESTMENT CO., LTD.	TAIWAN TRUEWIN TECHNOLOGY CO., LTD	"	"	566,500	28,002	2%	28,002		
BEST LINK PROPERTIES LTD.	Diamond Creative Holding Limited	"	"	1,100,000	57,220	14%	57,220		

Note: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Jess-Link Products 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 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterpart The Company's indirect investee	Purchases (sales)	Transaction		Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Differences in transaction terms compared to third party transactions (Note 1)	Notes/accounts receivable (payable)		Footnote (Note 2)
				Amount (\$)	Amount (NT\$)						Balance	Percentage of total notes/accounts receivable (payable)	
PEC Manufacturing, Viet Nam Company Limited	JESS-LINK PRODUCTS CO., LTD.	Company's indirect investee	Sales	193,243	193,243	99%	180 days after monthly billings	The same with the third parties	No significant difference		\$ 13,392	96%	
JESS-LINK PRODUCTS CO., LTD.	PEC Manufacturing, Viet Nam Company Limited	"	Purchases	193,243	(193,243)	8%	180 days after monthly billings	"	"	(	13,392)	1%	
DONGGUAN HOULIE HUA-BAO ELECTRONICS TECHNICAL LIMITED COMPANY	JESS-LINK PRODUCTS CO., LTD.	"	Sales	557,062	557,062	70%	180 days after monthly billings	"	"		536,140	75%	
JESS-LINK PRODUCTS CO., LTD.	DONGGUAN HOULIE HUA-BAO ELECTRONICS TECHNICAL LIMITED COMPANY	"	Purchases	557,062	(557,062)	23%	180 days after monthly billings	"	"	(	536,140)	33%	
DONGGUAN HUNG FU ELECTRONIC TECHNOLOGY CO., LTD.	JESS-LINK PRODUCTS CO., LTD.	"	Sales	517,675	517,675	87%	180 days after monthly billings	"	"		484,263	93%	
JESS-LINK PRODUCTS CO., LTD.	DONGGUAN HUNG FU ELECTRONIC TECHNOLOGY CO.,LTD.	"	Purchases	517,675	(517,675)	21%	180 days after monthly billings	"	"	(	484,263)	30%	
ASKA TECHNOLOGIES INC.	JESS-LINK PRODUCTS CO., LTD.	"	Sales	116,168	116,168	28%	180 days after monthly billings	"	"		62,741	31%	
JESS-LINK PRODUCTS CO., LTD.	ASKA TECHNOLOGIES INC.	"	Purchases	116,168	(116,168)	5%	180 days after monthly billings	"	"	(	62,741)	4%	

Note 1: If terms of related-party transactions are different from third-party transactions, explain the differences and reasons in the 'Unit price' and 'Credit term' columns.

Note 2: In case related-party transaction terms involve advance receipts (prepayments) transactions, explain in the footnote the reasons, contractual provisions, related amounts, and differences in types of transactions compared to third-party transactions.

Note 3: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Jess-Link Products Co., Ltd. and subsidiaries
 Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more
 December 31, 2022

Table 3

Expressed in thousands of NTD
 (Except as otherwise indicated)

<u>Creditor</u>	<u>Counterparty</u>	<u>Relationship with the counterparty</u>	<u>Balance as at December 31, 2022</u>	<u>Turnover rate</u>	<u>Overdue receivables</u>		<u>Amount collected subsequent to the balance sheet date</u>	<u>Allowance for doubtful accounts</u>
					<u>Amount</u>	<u>Action taken</u>		
DONGGUAN HUNG FU ELECTRONIC TECHNOLOGY CO., LTD.	JESS-LINK PRODUCTS CO., LTD	The Company's indirect investee	\$ 484,263	1.23	\$ 144,498	Collected subsequent to the balance sheet date	\$ 101,148	\$ -
DONGGUAN HOULIE HUA-BAO ELECTRONICS TECHNICAL LIMITED COMPANY	JESS-LINK PRODUCTS CO., LTD	"	536,140	1.11	142,009	"	94,891	-

Jess-Link Products Co., Ltd. and subsidiaries
 Significant inter-company transactions during the reporting period
 Year ended December 31, 2022

Table 4

Expressed in thousands of NTD
 (Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Transaction		Percentage of consolidated total operating revenues or total assets (Note 3)
					Amount	Transaction terms	
1	PEC Manufacturing, Viet Nam Company Limited	JESS-LINK PRODUCTS CO., LTD	2	Sales revenue	\$ 193,243	180 days after monthly billings	4%
1	DONGGUAN HOULIE HUA-BAO ELECTRONICS TECHNICAL LIMITED COMPANY	JESS-LINK PRODUCTS CO., LTD	2	Sales revenue	557,062	180 days after monthly billings	13%
1	DONGGUAN HOULIE HUA-BAO ELECTRONICS TECHNICAL LIMITED COMPANY	JESS-LINK PRODUCTS CO., LTD	2	Accounts receivable	536,140	180 days after monthly billings	12%
1	DONGGUAN HUNG FU ELECTRONIC TECHNOLOGY CO., LTD.	JESS-LINK PRODUCTS CO., LTD	2	Sales revenue	517,675	180 days after monthly billings	12%
1	DONGGUAN HUNG FU ELECTRONIC TECHNOLOGY CO., LTD.	JESS-LINK PRODUCTS CO., LTD	2	Accounts receivable	484,263	180 days after monthly billings	11%
1	ASKA TECHNOLOGIES INC.	JESS-LINK PRODUCTS CO., LTD	2	Sales revenue	116,168	180 days after monthly billings	3%

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 above significant inter-company transactions are purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more.

Jess-Link Products Co., Ltd. and subsidiaries

Information on investees

Year ended December 31, 2022

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2022			Net profit (loss) of the investee for the year ended		Investment income (loss) recognised by the Company for the year	Footnote
				Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value	December 31, 2022	ended December 31, 2022		
JESS-LINK PRODUCTS CO., LTD	BEST LINK PROPERTIES LTD.	British Virgin IS.	Investment holdings	\$ 953,793	\$ 953,793	29,200,000	100	\$ 2,004,295	13,411	(\$ 13,411)	Note 1	
JESS-LINK PRODUCTS CO., LTD	CHA SHIN CHI INVESTMENT CO., LTD.	Taiwan	Investing	280,000	280,000	28,000,000	100	250,289	52,848	(52,848)		
JESS-LINK PRODUCTS CO., LTD	MAINSUPER ENTERPRISES CO., LTD.	Taiwan	Electronics manufacturing	120,000	120,000	1,500,000	100	49,877	23,461	23,461		
JESS-LINK PRODUCTS CO., LTD	TECHILL CO., LTD..	Taiwan	Sale of electronic components	15,850	15,850	1,275,000	51	20,068	1,645	839		
JESS-LINK PRODUCTS CO., LTD	Ultraspeed Electronics Co., Ltd.	Taiwan	Sale of electronic components	20,000	-	1,092,895	70	14,310	8,116	(5,690)	Note 2	
JESS-LINK PRODUCTS CO., LTD	SWS GROUP COMPANY LIMITED	Thailand	Sale of electronic components	41,565	41,565	198,000	49.87	68,016	8,158	4,068		
BEST LINK PROPERTIES LTD.	JPCCO CORP.	U.S.A	Investment holdings	109,853	109,853	288,283	98.3	35,661	20,967	(20,611)		
BEST LINK PROPERTIES LTD.	BRIGHTON NET CO., LTD.	Japan	Electronics manufacturing	4,720	4,720	320	24.9	8,111	1,426	(355)		
CHA SHIN CHI INVESTMENT CO., LTD.	JPCCO CORP.	U.S.A	Investment holdings	1,563	1,563	5,000	1.7	628	20,967	(356)		
JPCCO CORP.	PEC MANUFACTURING VIET NAM COMPANY LIMITED	Vietnam	Electronics manufacturing	57,972	57,972	23,000,000,000	100	5,663	22,623	(22,623)		
SWS GROUP COMPANY LIMITED	BPPG SERVICES CO., LTD.	Thailand	Electronic components services	3,179	3,179	30,000	60	11,019	7,632	4,579		

Note 1: The Company also have Mainland China subsidiaries held through JPC (HK) COMPANY LTD., BEST MATCH INVESTMENTS LIMITED, BEST SKY LIMITED, HUNG FU (SAMOA) INTERNATIONAL CO., LTD. and LUCKY STAR INVESTMENT CORP.whose details are provided in table 6.

Note2: The Company acquired a 70.11% equity interest in Ultraspeed Electronics Co., Ltd. in January 2022.

Jess-Link Products Co., Ltd. and subsidiaries
Information on investments in Mainland China
Year ended December 31, 2022

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to	Amount remitted from Taiwan to		Accumulated amount of remittance from Taiwan to	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	Book value of investments in	Accumulated amount of investment income remitted back	Footnote
				Mainland China as of January 1, 2022	Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2022	Mainland China as of December 31, 2022	year ended December 31, 2022			December 31, 2022 (Note 2)	as of December 31, 2022	to Taiwan as of December 31, 2022	
JESS-LINK (DG) PRODUCTS COMPANY LIMITED	Manufacture and sales of connector cables, connectors, computer peripheral devices and optoelectronic products	\$ 122,840	(2)	\$ 122,840	\$ -	\$ -	\$ 122,840	\$ -	100	\$ -	\$ -	\$ -	Note 3
CELESTA INTERNATIONAL ELECTRONICS (SHEN ZHEN) CO., LTD.	Trade of electronic products	19,690	(2)	19,690	-	-	19,690	(3,308)	100	(3,308)	15,545	-	
ASKA TECHNOLOGIES INC.	Manufacture and sales of connector and cable assemblies and cables for the cloud network and consumer electronics	155,086	(3)	177,504	-	-	177,504	24,171	100	24,171	354,294	-	Note 4
DONGGUAN HUNG FU ELECTRONIC TECHNOLOGY CO., LTD.	Manufacture and sales of connector and cable assemblies and cables for the cloud network, Internet of Things, and consumer electronics	184,260	(2)	122,840	-	-	122,840	65,937	100	65,937	516,758	-	Notes 5 and 6
DONGGUAN HOULIE HUA-BAO ELECTRONICS TECHNICAL LIMITED COMPANY	Manufacture and sales of connector and cable assemblies and cables for the cloud network and consumer electronics	153,550	(2)	-	-	-	-	34,237	100	34,161	755,196	-	Note 7
GUAMGZHOU JPC ELECTRONICS TECHNICAL LIMITED COMPANY	Manufacture and sales of connector and cable assemblies for automotive electronics	22,040	(3)	-	-	-	-	76	100	76	18,153	-	Note 8

Jess-Link Products Co., Ltd. and subsidiaries
Information on investments in Mainland China
Year ended December 31, 2022

Table 6 Expressed in thousands of
NTD
(Except as otherwise
indicated)

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

- (1) Directly invest in a company in Mainland China
- (2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China
- (3) Others

Note 2: Investment profit or loss for the period was recognised based on the investees' financial statements which were audited by independent auditors.

Note 3: The Company established Dongguan Jiabiqi Electronics Factory in Mainland China through the investee company, JESS LINK HOLDINGS COMPANY LTD., and invested the plant for processing on order. The plant has no capital contributed and was under JESS LINK HOLDINGS COMPANY LTD. without its own corporate identity. Dongguan Jiabiqi Electronics Factory has been deregistered in 2012.

Note 4: The Company acquired 100% of the share in ASKA TECHNOLOGIES INC. in the amount of USD 3,030 thousand through the investee company, BEST LINK PROPERTIES LTD., and its subsidiary, BEST SKY LIMITED.

Note 5: The Company established and acquired 100% of the share in DONGGUAN HUNG FU ELECTRONIC TECHNOLOGY CO.,LTD. at the amount of USD 1,800 thousand through the investee company, HUNG FU (SAMOA) INTERNATIONAL CO., LTD.

Note 6: DONGGUAN HUNG FU ELECTRONIC TECHNOLOGY CO.,LTD. obtained approval from the Investment Commission in June 2018 to merge with JPC CABLE & WIRE INC..

Note 7: The Company established and acquired 100% of the share in DONGGUAN HOULIE HUA-BAO ELECTRONICS TECHNICAL LIMITED COMPANY and HePing Hua-Bao Electronics CO., LTD. in the amount of USD 750 thousand and USD 500 thousand, respectively, through the investee company, LUCKY STAR INVESTMENT CORP. HePing Hua-Bao Electronics CO., LTD. has been deregistered in 2012. The unused amount of investment in Mainland China was USD 500 thousand.

Note 8: The Company reinvested in the China investee company, DONGGUAN HOULIE HUA-BAO ELECTRONICS TECHNICAL LIMITED COMPANY, through the investing business in Mainland China, GUAMGZHOU JPC ELECTRONICS TECHNICAL LIMITED COMPANY, Since the investing business in Mainland China is not a controlling company, there was no need to apply the reinvestment with the Investment Commission.

<u>Company name</u>	<u>Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022</u>	<u>Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)</u>	<u>Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA</u>
JESS-LINK PRODUCTS CO., LTD	\$ 504,290	\$ 1,127,340	\$ 1,895,653

Note 1: The approved investment amount of USD 32,778 thousand includes USD 290 thousand of investment of purchasing plant equipment, machinery and equipment and components from the third parties approved by the Investment Commission of the MOEA.

Note 2: The Company sold the shares in Wuxi Jiaqi Technology Co., Ltd. during 2005. As of December 31, 2022, the unused amount of investment in Mainland China was USD 1,250 thousand.

Note 3: The numbers in this table are expressed in New Taiwan Dollars.

Jess-Link Products Co., Ltd.
Major shareholders information
December 31, 2022

Table 7

<u>Name of major shareholders</u>	<u>Number of shares held</u>	<u>Ownership (%)</u>
CHANG, SHU-MEI	18,472,480	15.13%
FSP TECHNOLOGY INC.	10,000,000	8.19%
Dingzhun Investment Co., Ltd.	6,144,750	5.03%

JESS-LINK PRODUCTS CO., LTD.
STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2022

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

STATEMENT 1

Item	Description	Amount
Petty cash and cash on hand		\$ 807
Bank deposits		
Demand deposits		80,926
Foreign currency deposits		
	USD 5,094	30,710 156,437
	HKD 946 thousand, exchange rate	3.938 3,725
	RMB 358 thousand, exchange rate	4.408 1,578
	All other currencies	847
Time deposits		491,570
		<u>\$ 735,890</u>

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JESS-LINK PRODUCTS CO., LTD.
STATEMENT OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2022

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

STATEMENT 2

Client Name	Amount	Note
Client H	\$ 199,889	
Client C	120,009	
Client D	100,076	
Client J	88,108	
		None of the balances of each remaining client is greater than 5% of this
Others (including notes receivable)	369,967	account balance
		878,049
Less: Allowance for bad debts	(1,698)	
	<u>\$ 876,351</u>	

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JESS-LINK PRODUCTS CO., LTD.
STATEMENT OF INVENTORIES
DECEMBER 31, 2022

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

STATEMENT 3

Amount

Item	Description	Cost	Net Realisable Value	Note
Raw materials and supplies		\$ 100,516	\$ 122,242	Use net realisable value as market price
Work in progress		13,836	13,836"	
Finished goods		77,362	111,188 "	
Merchandise inventory		3,119	12,925"	
		194,833	<u>\$ 260,191</u>	
Less: Allowance for inventory valuation loss		(9,635)		
		<u>\$ 185,198</u>		

JESS-LINK PRODUCTS CO., LTD.
STATEMENT OF MOVEMENT IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

STATEMENT 4

Name of investee	Beginning Balance		Investment	Addition (Note 1)		Decrease		Ending Balance		Market Value or Net Assets Value			Collateral
	Shares in thousands	Amount	Income (Loss) Amount	Shares in thousands	Amount	Shares in thousands	Amount	Shares in thousands	Ownership (%)	Amount	Unit Price	Total Amount	
BEST LINK PROPERTIES LTD.	29,200	\$ 1,967,025	(\$ 13,411)	-	\$ 50,681	-	\$ -	29,200	100	\$ 2,004,295	-	\$ 2,004,295	None
CHA SHIN CHI INVESTMENT CO., LTD.	28,000	316,462	(52,848)	-	-	-	(13,325)	28,000	100	250,289	-	250,289	"
MAINSUPER ENTERPRISES CO., LTD.	1,500	43,896	23,461	-	-	-	(17,480)	1,500	100	49,877	-	49,877	"
TECHILL CO., LTD.	1,275	19,229	839	-	-	-	-	1,275	51	20,068	-	20,068	"
SWS GROUP COMPANY LIMITED	198	59,270	4,068	-	4,678	-	-	198	49.87	68,016	-	68,016	"
JPC KOREA CO., LTD.	35	-	-	-	-	-	-	35	49	-	-	-	"
Hongyuan Technology Co., Ltd.	200	-	-	-	-	-	-	200	20	-	-	-	"
Ultraspeed Electronics Co., Ltd.	-	-	(5,690)	1,093	20,000	-	-	1,093	70.11	14,310	-	14,310	"
		<u>\$ 2,405,882</u>	<u>(\$ 43,581)</u>		<u>\$ 75,359</u>		<u>(\$ 30,805)</u>			<u>\$ 2,406,855</u>		<u>\$ 2,406,855</u>	

(Note 1) The amounts of additions for the year arose from cash capital increase and unrealised gains on financial assets measured at fair value through other comprehensive income.

(Note 2) The amounts of decreases for the year arose from earnings distribution, currency translation differences, unrealised gains (losses) from financial assets measured at fair value through other comprehensive income and merger with subsidiaries.

JESS-LINK PRODUCTS CO., LTD.
STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2022

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

STATEMENT 5

Item	Volume (In Thousands)	Amount	Note
Datacenter/Networking/Telecom	28,013	\$	1,708,121
Smart Connection Industry	124,606		1,583,253
Internet of Things	725		125,941
Others			13,891
		<u>\$</u>	<u>3,431,206</u>

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JESS-LINK PRODUCTS CO., LTD.
STATEMENT OF SELLING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

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

STATEMENT 6

Item	Amount	Note
Wages and salaries	\$ 97,403	
Sample expenses	22,932	
Sales service fee	9,990	
Shipping expenses	9,637	
Others	56,693	None of the balances of each remaining item is greater than 5% of this account balance
	<u>\$ 196,655</u>	

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JESS-LINK PRODUCTS CO., LTD.
STATEMENT OF GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

STATEMENT 7

Item	Amount	Note
Wages and salaries	\$ 67,033	
Miscellaneous expenses	11,742	
Professional service expenses	8,732	
Depreciation charge	8,458	
Others	32,994	None of the balances of each remaining item is greater than 5% of this account balance
	<u>\$ 128,959</u>	

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JESS-LINK PRODUCTS CO., LTD.
STATEMENT OF RESEARCH DEVELOPMENT EXPENSE
FOR THE YEAR ENDED DECEMBER 31, 2022

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

STATEMENT 8

Item	Amount	Note
Wages and salaries	\$ 42,780	
Depreciation charge	19,199	
Sample expenses	9,186	
Others	22,625	None of the balances of each remaining item is greater than 5% of this account balance
	<u>\$ 93,790</u>	

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JESS-LINK PRODUCTS CO., LTD.
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION EXPENSES BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2022

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

STATEMENT 9

	<u>Year ended December 31, 2022</u>				<u>Year ended December 31, 2021</u>			
	Classified as	Classified as	Classified as	<u>Total</u>	Classified as	Classified as	Classified as	<u>Total</u>
	Operating	Operating	Operating		Operating	Operating	Operating	
	<u>Costs</u>	<u>Expenses</u>	<u>Expenses</u>		<u>Costs</u>	<u>Expenses</u>	<u>Expenses</u>	
Employee benefit expense								
Wages and salaries	\$ 33,225	\$ 207,216	\$ -	\$ 240,441	\$ 33,850	\$ 188,309	\$ -	\$ 222,159
Labour and health insurance fees	1,910	16,086	-	17,996	982	14,747	-	15,729
Pension costs	1,057	8,093	-	9,150	741	7,708	-	8,449
Directors' emoluments	-	5,400	-	5,400	-	4,061	-	4,061
Other employee benefit expense	<u>1,581</u>	<u>6,460</u>	<u>-</u>	<u>8,041</u>	<u>1,610</u>	<u>6,364</u>	<u>-</u>	<u>7,974</u>
	<u>\$ 37,773</u>	<u>\$ 243,255</u>	<u>\$ -</u>	<u>\$ 281,028</u>	<u>\$ 37,183</u>	<u>\$ 221,189</u>	<u>\$ -</u>	<u>\$ 258,372</u>
Depreciation	<u>\$ 5,003</u>	<u>\$ 32,994</u>	<u>\$ -</u>	<u>\$ 37,997</u>	<u>\$ 3,108</u>	<u>\$ 21,446</u>	<u>\$ 406</u>	<u>\$ 24,960</u>
Amortisation	<u>\$ -</u>	<u>\$ 9,877</u>	<u>\$ -</u>	<u>\$ 9,877</u>	<u>\$ -</u>	<u>\$ 7,430</u>	<u>\$ -</u>	<u>\$ 7,430</u>

Note:

1. As at December 31, 2022 and 2021, the average number of employees per quarter were 239 and 202, including 8 and 6 non-employee directors, respectively.

JESS-LINK PRODUCTS CO., LTD.
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION EXPENSES BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2022

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

STATEMENT 9

2. Average employee benefit expense for the years ended December 31, 2022 and 2021 were \$1,193 and \$1,298, respectively.
3. Average employee salaries for the years ended December 31, 2022 and 2021 were \$1,041 and \$1,133, respectively, and the adjustment of average employee salaries was (8.1%)
4. The Company had no supervisors' remuneration for the years ended December 31, 2022 and 2021 as the Company has set up an audit committee.
5. Salary and Compensation Policy:
 - (1) Directors and managers: The Company pays directors' remuneration from earnings distribution in accordance with the Articles of Incorporation of the Company. The Company's remuneration committee regularly assesses and determines the directors' and managers' salaries and remuneration based on a comprehensive consideration of the Company's profitability, directors' and managers' education and work experience, performance, seniority and professional expertise and by reference to the general pay levels in the same industry. The directors' and managers' salaries and remuneration are reviewed by the remuneration committee and approved by the directors.
 - (2) Employees: The Company determines the employees' salaries based on the semi-annual employee performance evaluations, and each employee's position, education and work experience, seniority and work performance, and the salaries are adjusted in time to the market situation. Also, the Company offers good welfare, education and training, and enacts a set of work rules, covering recruitment, promotion and retirement, pursuant to the Labour Standards Act and related laws and regulations and approved by the Department of Labor, Taipei City Government. The Company has maintained a harmonious employer and employee relationship since the incorporation. In order for the harmonious employer and employee relationship to continue, all of the Company's management pays attention to the communication channels between employer and employees.

JESS-LINK PRODUCTS CO., LTD.

Chairman : Shu-Mei, Chang