Stock Code：6185

Plastron Precision Co., Ltd.

2022 ANNUAL REPORT

(This English translation is prepared in accordance with Chinese version and is for reference purposes only. In the event for any inconsistency between the English version and the Chinese version, the Chinese version shall prevail.)

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Plastron Precision Co., Ltd. website : http://www.plastron.com.tw/
Printed Date : April 30,2023

I. Spokesperson：Chang Su-Ju

Title：Assistant Manager

Tel.：+886-2-2267-2346

email：spokesman@plastron.com.tw

Acting Spokesperson：Chung Hung-Shan

Title：Section Manager

Tel.：+886-2-2267-2346

email：spokesman@plastron.com.tw

II. Address and Tel. for Headquarters, Branches, and Plant

Plastron Precision Co., Ltd.

Address：3F., No.1, Ln. 11, Ziqiang St., Tucheng Dist., New Taipei City 236043, Taiwan (R.O.C.)

Tel.：+886-2-2267-2346

Plastron Technology (Shenzhen) Co., Ltd.

Address：Second Floor, No. 8 factory, Third Industry Park, Dawangshan, Dawangshan Community, Shajing Sub-District, Baoan District, Shenzhen City, China (Post Code: 518104)

Tel.：+86-755-2756-8616

Plastron Electronic Technology (Suzhou) Co., Ltd.

Address：No.169, Chang Bang Road, Wujiang Economic and Technology Development Zone, Suzhou City, Jiangsu Province, China (Post Code: 215200)

Tel.：+86-512-6340-8897

Plastron Electronic Technology (Anhui) Co., Ltd.

Address：No. 18, West Wuyuanshan Road, Economic Development Zone, Langxi County, Xuancheng City, 242199 Anhui,China (Post Code: 242199)

Tel.：+86-056-3737--8618

III. Stock Transfer Agent:

Company:：Fubon Securities Co., Ltd.

Address：2F., No. 17, Xu Chang Street, Taipei City 100415, Taiwan (R.O.C.)

Website：http://www.fubon.com.tw

Tel.：+886-2-2361-1300

IV. Auditors:

Auditors：Chang Jung-Chih, Lee Tsung-Ming

Accounting Firm：PKF Taiwan

Address：4F, No. 118, Xingshan Rd, Neihu Dist, Taipei City 114763, Taiwan (R.O.C.)

Website：http://www.pkf.com.tw

Tel.：+886-2-8792-2628

V. Overseas Securities Exchange：N/A

VI. Corporate Website：http://www.plastron.com.tw/

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I. Letter to Shareholders

Dear Shareholders:

In 2022, the COVID-19 pandemic continued, but has gradually become an influenza and the threat to life and health is reduced. The world is slowly moving out of the haze, and various countries have successively lifted border controls and gradually resumed their lives from before the pandemic. However, the factors that have severely impacted the economic growth of various countries and global trade are still present, and the world is still in an economic recession, which has also affected the connector industry. The rapid turnover of consumer electronic products and significant fluctuations in raw material prices have led to high research and development costs; as the inflation factor has reduced consumption willingness, inventory adjustment will become another topic. Therefore, the Company has been committed to developing related peripheral products for industrial application, internet communication and automobiles in recent years in order to increase market competitiveness. However, currently the international economy is still facing many risk variables, including inflation and interest rate hike, the trend of international oil price, financial market fluctuations and increased geopolitical risks, which affect the international economic prospects. The Company will continuously pay attention to the situation and communicate with customers when appropriate to reduce the impact on the Company's operations.

1.1. 2022 Operating Results

1.1.1 Consolidated financial results

The consolidated operating revenue of the Company for 2022 was NT$589,576 thousand, an increase of 12.19% compared with NT$525,506 thousand in 2021. The consolidated gross profit from operations for 2022 was NT$197,558 thousand, an increase of 73.35% compared with NT$113,967 thousand in 2021.The consolidated profit for 2022 was NT$43,865 thousand, an increase of 143.90% compared with NT$(99,928) thousand in 2021, and the earnings per share in 2022 was NT$0.29.

1.1.2 Budget implementation：None。

1.1.3 Financial Income and Expenditure and Profitability Analysis

Unit: NT$ thousands；%

Item		2021	2022
Financial Income and Expenditure	Net operating income (loss)	(117,127)	(17,035)
	Non-operating income and expenses	17,254	65,533
	Income before tax	(99,873)	48,498
	Net income (Loss)	(99,928)	43,865
Profitability Analysis	Return on total assets	(3.78)	1.71
	Return on stockholders' equity	(4.62)	2.06
	Pre-tax income to paid-in capital	(6.66)	3.23
	Profit ratio	(19.01)	7.44
	Earnings per share (dollar)－After retrospective adjustment	(0.67)	0.29

1.1.4 Research and development status

The Company mainly develops various types of board to board connectors and USB connectors for digital and network applications. The focus of product development in 2023 was on customized specification connectors, targeting industries such as industrial peripheral equipment, power supplies, network communication equipment and connectors for electronic products such as automobiles.

1.2. Business Plan for 2023

1.2.1 Business objective

In 2023, the Company will implement the business philosophy of "research and development and innovative technology", "quality control by all staff and in search of excellence", and "improving efficiency and reducing costs" with a more proactive attitude, so as to comply with ISO quality management requirements; the Company will enhance the level of comprehensive quality management, strengthen internal business management, and develop high value-added products.

1.2.2 Sales forecast and sales policy

Based on the actual number of orders received in 2022, recent orders received and industry information, the Company predicts that the consolidated sales volume in 2023 will continue to grow compared with that in 2022.

1.2.3 Important Production and Marketing Policies

(1) Master the market trend and quickly introduce products.

(2) Implement the cost reduction plan, increase the proportion of automated production and improve the production and marketing functions and timeliness.

(3) Effectively control costs and improve product profit margins.

(4) Improve production processes and provide timely services.

1.3. The Company’s Future Development Strategy, The Impact of the External Competitive Environment, Regulatory Environment, and Macroeconomic Conditions

In terms of the Company's development strategy, the goal is to target key industrial customers, with the policy of increasing added value and the guiding principle of targeting niche products, pay attention to the international situation and environmental changes, adjust the strategy and direction in a timely manner, continue integrating the existing technical capabilities, optimize the manufacturing process, accelerate the promotion of the proportion of automated production, combine software development, optimize the production management system, and establish the comprehensive competitiveness of production and marketing.

The Company will be customer-oriented, jointly develop new product lines with customers, enhance company value, continue the deep cultivation of existing customers, leverage the manufacturing advantages of vertical integration of the Company and serve customers, in order to achieve the win-win goal with customers.

In the future, the Company will continue adhering to the business philosophy of ethics and professionalism; all employees will keep demanding themselves in the face of the rapidly changing business environment and improve product quality, so as to promote the Company's sustainable development goal and plan and achieve a good performance.

II. Company Profile

2.1. Date of Incorporation: April 26, 1988

2.2. Company History

1988	Established in Taipei, Taiwan and the capital NT$5,000,000.
1993	Capital increase to NT$ 10,000,000
1994	Capital increase to NT$ 20,000,000
1995	Purchased a factory building, 3F., No.1, Ln. 11, Ziqiang St., Tucheng Dist., New Taipei City, Taiwan
1996	Purchased a factory building, 2F., No.1, Ln. 11, Ziqiang St., Tucheng Dist., New Taipei City, Taiwan
1997	Capital increase to NT$ 50,000,000
1998	ISO-9002 Certified
2000	Capital increase to NT$ 170,000,000 and renamed "Plastron Precision Co., Ltd."
2000	Purchased a factory building, 5F., No.1, Ln. 11, Ziqiang St., Tucheng Dist., New Taipei City, Taiwan
2000	Approved as a supplier of TYCO and started delivery
2001.1	Stocks IPO which was approved by Securities and Futures Commission, and capital increase to NT$ 277,100,000
2001.1	0.5 Pitch FPC connectors and 0.8 Pitch board-to-board connectors development
2002.7	Capital increase to NT$ 358,280,000
2002.8	Became a public listed company in Taiwan OTC market
2003.1	Set up SuZhou factory in China
2003.2	Set up DongGuan factory in China
2003.4	Set up ShenZhen factory in China
2003.7	Capital increase to NT$ 493,316,000
2003.10	ISO-9001/ QS-9000 Certified
2003.11	ISO-14001 Certified
2004.1	Issued the Company's first unsecured convertible bond, with the total amount of NT$ 200 million
2004.6	Merged DongGuan factory into ShenZhen factory
2004.7	Capital increase to NT$ 634,168,000
2005.8	Capital increase to NT$ 745,376,000
2006.1	The China subsidiary "Plastron Electronic Technology (Suzhou) Co., Ltd." expanded the production line & relocated Suzhou new factory
2006.8	Capital increase to NT$ 851,592,000

2006.12 The China subsidiary "Plastron Technology (Shenzhen) Co., Ltd." expanded the production line & relocated ShenZhen new factory

2007.9 Capital increase to NT$ 889,062,000

2008.8 Capital increase to NT$ 910,844,000

2009.1 Cancellation of 800,000 treasury shares bought back for the second time, capital reduction to NT$902,844,000

2010.7 Capital increase to NT$ 929,479,320

2011.1 ReinvestmentPLASTRON ENERGY-SAVING TECHNOLOGY (JIANGXI) CO., LTD.

2011.7 Capital increase to NT$ 993,492,870

2011.10 Liquidation of Continental Weixiang Energy Saving Technology (Jiangxi) Co., Ltd.

2012.1 Signed Strategic Partnership Agreement between Plastron and RTS.

2012.1 Cancellation of 615,000 treasury shares bought back for the third time time, capital reduction to NT$987,342,870

2013.7 Capital increase to NT$ 1,026,836,590

2014.8 Capital increase to NT$ 1,088,446,790

2015.7 Capital increase to NT$ 1,142,869,130

2017.9 Mr. Chen Wen-Chien, the director and major shareholder of the company, was transferred 7,600,000 shares of the company to Chuntian Investment Co., Ltd.

2016.7 Capital increase to NT$ 1,188,583,900

2016.8 Mr. Yang Shen-Huai, the supervisor of the company, was transferred 400,000 shares of the company to his spouse

2017.4 Reinvested in China Plastron Electronic Technology (Anhui) Co., Ltd.

2017.8 Capital increase to NT$ 1,236,127,260

2017.9 Mr. Chen Wen-Chien, the director and major shareholder of the company, was transferred 7,863,000 shares of the company to Chuntian Investment Co., Ltd.

2018.3 ISO-14001:2015 Certified

2018.4 ISO-9001:2015 / IATF-16949:2016 Certified

2018.8 Capital increase to NT$ 1,273,211,080

2019.8 The capital increase from earnings to NT$ 1,298,675,310,0 and the capital increase in cash to NT$ 1,498,675,310

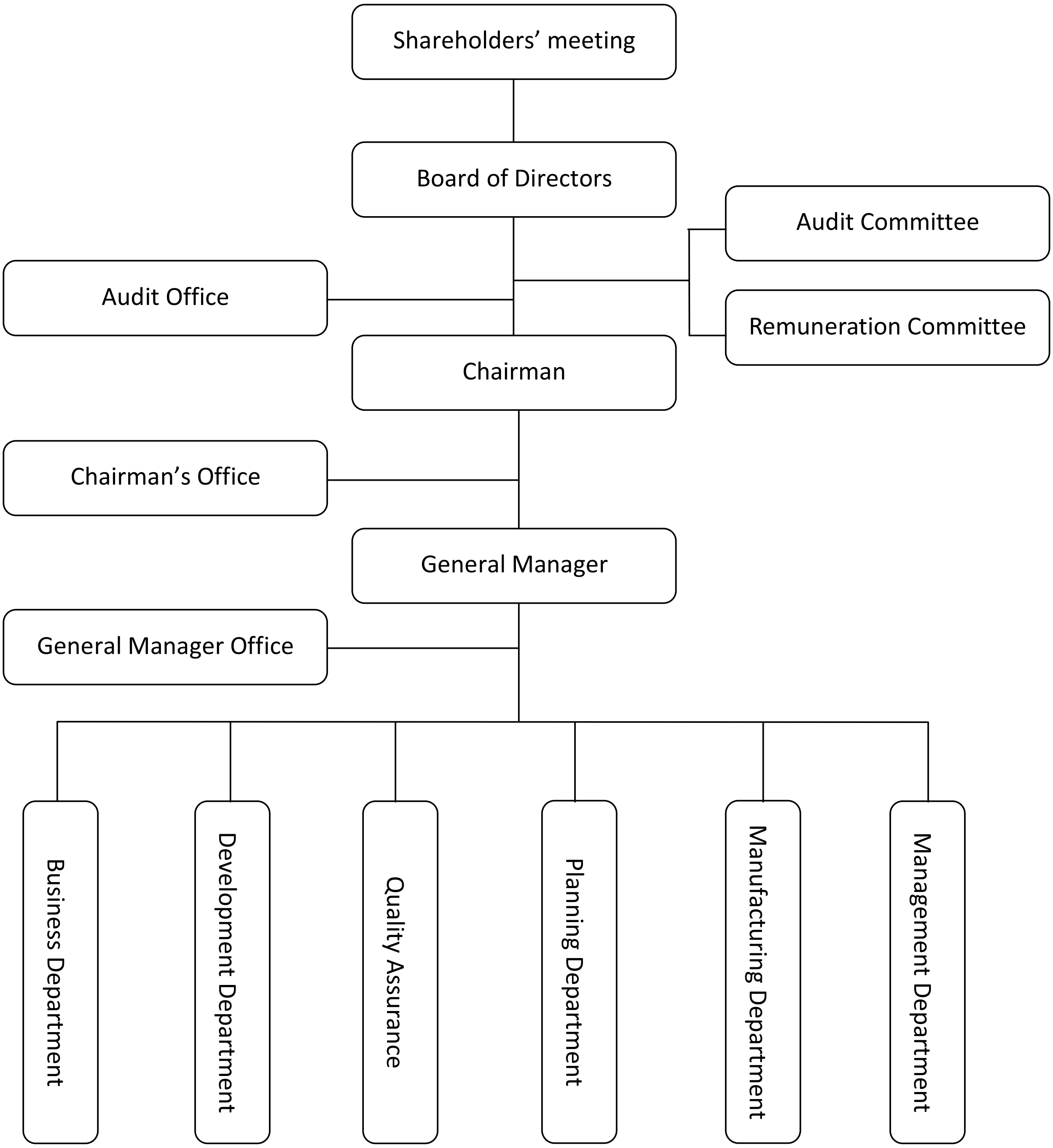
2021.2 ISO-14001:2015 Certified

2021.3 ISO-9001:2015 / IATF-16949:2016 Certified

III. Corporate Governance Report

3.1. Organization System

3.1.1. Organization Structure



3.1.2. Tasks of principal departments

Department	Responsibilities
Chairman's Office	1. Assist in establishing long-term, medium-term and short-term operational strategies and goals. 2. Manage the Company's overall business system planning and formulate operational policies. 3. Develop an annual operations plan.
General Manager Office	1. Organize operations coordination, process improvement and adjustment to the responsibilities of each unit. 2. Assist senior executives in business decision analysis. 3. Plan and carry out legal operations.
Business Department	1. Product marketing and customer services. 2. Product planning and market survey analysis.
Development Department	1. Research and establishment of new product development process. 2. Design, processing and manufacture precision molds. 3. R&D of technology for new process
Quality Assurance Department	1. Establishment of quality standards. 2. Quality system planning and maintenance. 3. Inspection engineering and technical support.
Planning Department	1. Responsible for the formulation and implementation of the Company's production plan. 2. Process planning, production progress arrangement, production and marketing coordination and management. 3. Planning and scheduling arrangement management of production material requirements.
Manufacturing Department	1. Manufacturing of connectors. 2. Enhancement of production efficiency and yield. 3. Control of manufacturing expenses.
Management Department	1. Finance - Capital management, planning and dispatch. 2. Accounting - Create budgets and establish a comprehensive accounting system to provide immediate feedback on actual assets, liabilities and profit or loss as well as operational analysis. 3. Information - Software development and hardware maintenance of the information system, website development and maintenance and webpage design. 4. Human resources: Manpower management, education and training planning, and comprehensive organizational structure establishment. 5. General affairs - Company-wide service support unit, to maintain the normal operation of the Company.
Audit Office	1. Review, check, and audit of the Company's internal control system. 2. Establishment, revision, and review of the Company's internal audit system. 3. Plan and promote the standardization of regulations and review the Company's internal regulations.

3.2. Directors, Manager, Departments and Branches Officer Information

3.2.1. Information of directors

April 14, 2023

Title	Nationality	Name	Gender Age	Date elected	Tenure	Date first elected	Shareholding when elected		Number of shares currently held		Current shareholding of spouse and underage children		Shareholding by nominee arrangement		Major education and experience	Title held concurrently in the company / in any other company	Managers and Directors who are spouses or within second-degree relative of consanguinity to each other
							Shares	ratio	Shares (Note 1)	ratio	Shares (Note 1)	ratio	Shares	ratio			
Chairman	R.O.C	Chuntian Investment Co., Ltd.	-	2020.06.16	3 years	2020.06.16	20,455,644	13.64%	20,455,644	13.64%	-	-	-	-	None	Chairman, Plastron Precision Co., Ltd.	None
		Representative: Chen Wen-Chien	Male 61~70			2000.04.11 (Note 2)			3,891,181	2.60%	-	-	-	-	San-Chung Commercial and Industrial Vocational High School Vice President, Plastron Precision Co., Ltd.	Director, Plastron Electronic Technology (SuzHou) Co., Ltd. Director, Plastron Electronic Technology (Anhui) Co., Ltd. Director, Plastron Technology (Shenzhen) Co., Ltd. Chairman ,Chuntian Investment Co., Ltd. Supervisors, Kuan-Chu Investment Co., Ltd	None
Director	R.O.C	Kuan-Chu Investment Co., Ltd.	-	2020.06.16	3 years	2014.06.19	9,298,069	6.20%	9,298,069	6.20%	-	-	-	-	Director, Plastron Precision Co., Ltd.	None	None
		Appoint a representative: Yu Ming-Chung	Male 61~70						1,489,857	0.99%	148,970	0.10%	-	-	Asia Eastern University of Science nad Technotogy Director and Vice General Manager, TAIWAN GREEN POINT ENTERPRISES CO., LTD.	Consultant, Plastron Precision Co., Ltd. Director, Plastron Electronic Technology (Anhui) Co., Ltd.	None
Director	R.O.C	Kuo Chao-Chen	Male 51~60	2020.06.16	3 years	2017.06.20	658,597	0.44%	658,597	0.44%	-	-	-	-	San-Chung Commercial and Industrial Vocational High School	General Manager, Plastron Precision Co., Ltd. Chairman, SY-THERMAL INC. Chairman, LOGSUN INDUSTRIAL CO., LTD. Director, SYT HOLDING LIMITED Representative of institutional shareholder, WAREMAX ELECTRONICS CORP.	None

Title	Nationality	Name	Gender Age	Date elected	Tenure	Date first elected	Shareholding when elected		Number of shares currently held		Current shareholding of spouse and underage children		Shareholding by nominee arrangement		Major education and experience	Title held concurrently in the company / in any other company	Managers and Directors who are spouses or within second-degree relative of consanguinity to each other
							Shares	ratio	Shares (Note 1)	ratio	Shares (Note 1)	ratio	Shares	ratio			
Director	R.O.C	Wu Jian-Dong	Male 61~70	2020.06.16	3 years	2020.06.16	149	0.00%	149	0.00%	-	-	-	-	National Chengchi University Auditor, KPMG in Taiwan Vice President, Underwriting Department, Tai Yu Securities Co., Ltd.	Director, Yong Cheng CPAs. General manager , CHIA HER INDUSTRIAL Co., LTD. Director, Channel Well Technology Co.,Ltd. Director, Ching Feng Home Fashions Co., Ltd. Certified Securities Investment Analyst	None
Independent Director	R.O.C	Chen Wen-Yu	Male 61~70	2020.06.16	3 years	2002.02.25	42,110	0.03%	42,110	0.03%	-	-	-	-	Tamkang University Chairman, Jheng-Ren SILK MILL CO., LTD. Managing director, Da-Dao International Co., Ltd.	None	None
Independent Director	R.O.C	Hsieh Fang-Chu	Female 61~70	2020.06.16	3 years	2014.06.19	-	-	-	-	-	-	-	-	Chinese Culture University	1.Supervisor, WAN POLO CO., LTD. 2.Independent director of KINGSTATE ELECTRONICS CORPORATION 3.Director, CHAN FUN INVESTMENT CO., LTD. 4.Director, TAIMIDE TECHNOLOGY INCORPORATION 5.Supervisor, WeatherRisk Explore Inc.	None
Independent Director	R.O.C	Lu Fu-Qi	Male 61~70	2020.06.16	3 years	2020.06.16	-	-	-	-	-	-	-	-	Guang Rong Junior High School	General manager, HERDON MACHINERY ENT. CO., LTD.	None

Note 1: The information on number of shares held is based on the roster of shareholders on the date of cessation of transfer on 2023.04.14.
Note 2: Chen Wen-Chian was first elected as the Company's director on 2000.04.11; he stepped down on 2017.04.28 and was elected as a representative of a corporate director on 2017.06.20, while also serving as chairman.

Major shareholders of institutional shareholders

April 30, 2023

Name of institutional shareholder	Major shareholders of institutional shareholders
Chuntian Investment Co., Ltd.	Chen Wen-Chien (82.32%) , Chen Wen-Xun (16.37%) , Chen Pei-Shu (1.26%)
Kuan-Chu Investment Co., Ltd.	Wu Mei-Zhen (91.59%) , Chen Yu-Zhou (5.89%) , Chen Pei-Shu (2.52%)

(1) Disclosure of information on directors' professional qualifications and the independence of independent directors

April 30, 2023

Title	Name	Professional qualifications and experience	Independence	Number of other public companies in which the director also serves concurrently as an independent director
Chairman	Chuntian Investment Co., Ltd. Representative Chen Wen-Chien	Chuntian Investment Co., Ltd. was established in October 2014. Its representative, Chen Wen-Chien, served as the Vice President of Plastron Precision Co., Ltd. and is the current chairman of the Company, who also serves as a Chairman at Chuntian Investment Co., Ltd., and a supervisor at Kuan-Chu Investment Co., Ltd. Chen Wen-Chien is not who are spouses or within second-degree relative of consanguinity to other director, and does not meet any of the matters stated in Article 30 of the Company Act.	The person has not received remuneration from the Company or its affiliates for providing commercial, legal, financial and accounting services in the past two years.	0
Director	Kuan-Chu Investment Co., Ltd. Appoint a representative: Yu Ming-Chung	Kuan-Chu Investment Co., Ltd was established in November 2007, and was a supervisor of KINGSTATE ELECTRONICS CORPORATION. Since elected as a corporate director of Kuan-Chu Investment Co., Ltd in June 2020, Yu Ming-Chung was appointed as a representative. Yu Ming-Chung was a director and Vice President at TAIWAN GREEN POINT ENTERPRISES CO., LTD. and is currently the Company's Consultant. Yu Ming-Chung is not who are spouses or within second-degree relative of consanguinity to other director and does not meet any of the matters stated in Article 30 of the Company Act.	The person has not received remuneration from the Company or its affiliates for providing commercial, legal, financial and accounting services in the past two years.	0
Director	Kuo Chao-Chen	Kuo Chao-Chen, graduated from San-Chung Commercial and Industrial Vocational High School, began working for the Company since March 2017 and was appointed as the Company's General Manager in June the same year. At present, he is the chairman of SY-THERMAL INC., LOGSUN INDUSTRIAL CO., LTD.; director of SYT Holding Limited, and representative of corporate director of WAREMAX ELECTRONICS CORP. Kuo Chao-Chen is not who are spouses or within second-degree relative of consanguinity to other director and does not meet any of the matters stated in Article 30 of the Company Act.	(I) The person, the spouse, and underage children, who not hold more than 1% of the shares or who is among the top-10 natural person shareholders. (II) The person has not received remuneration from the Company or its affiliates for providing commercial, legal, financial and accounting services in the past two years.	0

Title	Name	Professional qualifications and experience	Independence	Number of other public companies in which the director also serves concurrently as an independent director
Director	Wu Jian-Dong	Wu Jian-Dong holds a bachelor's degree in accounting from National Chengchi University and is a certified public accountant in Taiwan. He was a bookkeeper of the audit team at KPMG Taiwan and Vice President in the underwriting department at Tai Yu Securities Co., Ltd.; He serves as a CPA for the director of Yong-Cheng CPAs, General Manager of Chia Her Industrial Co., Ltd., director of Channel Well Technology Co., Ltd., and Ching Feng Home Fashions Co., Ltd. Wu Jian-Dong is not who are spouses or within second-degree relative of consanguinity to other director and does not meet any of the matters stated in Article 30 of the Company Act.	(I) The person, the spouse or relatives within second-degree relative of consanguinity is not serving as a director, supervisor or employee of the Company or its affiliates. (II) The person, the spouse, and underage children, who not hold more than 1% of the shares or who is among the top-10 natural person shareholders. (III) Not a director, supervisor or employee of the Company or the affiliates of the Company. (IV) The person has not received remuneration from the Company or its affiliates for providing commercial, legal, financial and accounting services in the past two years.	0
Independent Director	Chen Wen-Yu	Chen Wen-Yu graduated from Tamkang University and served as the chairman at Zheng-Ren Silk Weaving Co., Ltd. and managing director at Daido LLC, and has been the Company's independent director since 2002. Chen Wen-Yu provides processional views on the Company's affairs and supervises the operation of the Company and protect the rights and interests of shareholders. Chen Wen-Yu is not who are spouses or within second-degree relative of consanguinity to other director and does not meet any of the matters stated in Article 30 of the Company Act.		0
Independent Director	Hsieh Fang-Chu	Ms. Hsieh Fang-Chu graduated from the Department of Printing Engineering of Chinese Culture University. Currently, she serves as a independent director at Kingstate Electronics Corp., director at Chan Fun Investment co., Ltd., and Taimide Tech. Inc., as we as served as a supervisor at WeatherRisk Explore Inc. and WAN POLO CO., LTD. Hsieh Fang-Chu is not who are spouses or within second-degree relative of consanguinity to other director and does not meet any of the matters stated in Article 30 of the Company Act.		1
Independent Director	Lu Fu-Qi	Mr. Lu Fu-Qi graduated from Guangrong Junior High School and is currently serving as the General Manager at Herdon Machinery Ent. Co., Ltd. Lu Fu-Qi is not who are spouses or within second-degree relative of consanguinity to other director and does not meet any of the matters stated in Article 30 of the Company Act.		0

(2) Board of Directors diversity and independence

(A) Borad of Directors diversity:

Pursuant to Article 20 of the “Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies”, the composition of the Board of Directors shall take into account diversification, and directors who are also company officers shall not exceed one-third of the total number of directors.

The current Borad of Directors consists of 7 members (including a female director) with professional business, manufacturing, technology, financial accounting backgrounds, aged between 51 and 70. In terms of the diversification of professional experience, directors of different fields are able to provide their valuable views and experience in the Company’s development. In the future, the Company will continue to work hard to formulate an appropriate diversification policy and objectives.

(B) Independence of the Board of Directors:

Among the number of the abovementioned directors, there shall be at least three independent directors and not less than one-fifth of the number of directors under Article 13 of the Articles of Incorporation.

There are seven members in the Board of Directors. 3 professionals with independence qualifications were invited to serve as independent directors, with a ratio of 43%. Matters regarding professional qualification, shareholdings, restrictions on concurrent title held, determination of independence, method of nomination and election and other matters for compliance with respect to independent directors shall be subject to the regulations prescribed by the securities governing authorities. Since an election took place in 2020, an Audit Committee was established to replace supervisors. Matters stated in Subgraphs 3-4, Article 26-3 of the Securities and Exchange Act did not occur between directors and directors and supervisors are not spouses or within second-degree relative of consanguinity to each other.

3.2.2. Officers and heads of the company's divisions and branch units

April 14, 2023

Title	Nationality	Name	Gender	Date elected	Number of shares currently held		Current shareholding of spouse or underage children		Shareholding by nominee arrangement		Major education and experience	Title held concurrently in the company/in any other company	Managers and Directors who are spouses or within second-degree relative of consanguinity to each other
					Shares (Note 1)	ratio	Shares (Note 1)	ratio	Shares (Note 1)	ratio			
Chairman / Chief of R&D Department	R.O.C.	Chen Wen-Chien	Male	(Note 2)	3,891,181	2.60%	-	-	-	-	Assistant ViceGeneral Manager, Plastron Precision Co., Ltd. Chairman, Plastron Precision Co., Ltd.	Chairman, Plastron Precision Co., Ltd. Director, Plastron Electronic Technology (SuzHou) Co., Ltd. Director, Plastron Electronic Technology (Anhui) Co., Ltd. Director, Plastron Technology (Shenzhen) Co., Ltd. Chairman ,Chuntian Investment Co., Ltd. Supervisors, Kuan-Chu Investment Co., Ltd.	None
General Manager / Chief of Quality Assurance and Manufacturing Department	R.O.C.	Kuo Chao-Chen	Male	2017/03/01 (Note 3)	658,597	0.44%	-	-	-	-	San-Chung Commercial and Industrial Vocational High School	General Manager, Plastron Precision Co., Ltd. Director, Plastron Electronic Technology (Anhui) Co., Ltd. Chairman, SY-THERMAL INC. Chairman, LOGSUN INDUSTRIAL CO., LTD. Director, SYT HOLDING LIMITED Representative of institutional shareholder, WAREMAX ELECTRONICS CORP.	None
Assistant Manager of Financial / corporate governance	R.O.C.	Chang Su-Ju (Note 4)	Female	2021/10/09	-	-	-	-	-	-	Assistant Manager of Financial, Plastron Precision Co., Ltd.	None	None
Assistant Manager of Accounting	R.O.C.	Yeh Pao-Chen	Male	2023/02/23	-	-	-	-	-	-	Chief of Accounting, Moa Green Power Co., Ltd. Head of Accounting, BEA Wealth Mgt.Serv(Taiwan)Ltd	None	None
Assistant Manager of Audit	R.O.C.	Huang Chang	Male	2021/01/01	15,668	0.01%	-	-	-	-	Stock Affair Specialist, AUDIX INC. Administration of Vice General Manager, WIESON TECHNOLOGIES CO., LTD Special Assistant of Chairman, Plastron Precision Co., Ltd.	None	None

Note 1: The information on number of shares held is based on the roster of shareholders on the date of cessation of transfer on 2023.04.14.
Note 2: Began to serve as chief of R&D Department (vice resident) on 2011.12.22; began to serve as the chief of Manufacturing Department on 2014.07.01; began to serve as president, chief of Business Department and Quality Assurance Department on 2016.09.01; stepped down from serving as president when a new president was appointed on 2017.03.01 and stepped down from serving as head of Manufacturing Department and Quality Assurance Department on 2017.06.01.
Note 3: Began to serve as chief of Manufacturing Department and Quality Assurance Department on 2017,06.01.
Note 4: Began to serve as chief of corporate governance on 2022.11.07.

3.3. Remuneration paid during the most recent year to directors, president and vice presidents

3.3.1. Remuneration to general directors and independent directors

Unit: NT$ thousand

Title	Name	Remuneration to directors								Sum of A, B, C, and D as a % of the net income after tax		Remuneration received for serving as an employee concurrently								Sum of A, B, C, D, E, F, and G as a % of the net income after tax		Remuneration from investees other than subsidiaries
		returns (A)		Severance and pension (B) (Note 1)		Remuneration of directors (C)		Business execution expenses (D)				Remuneration, bonus, and allowance (E)		Severance and pension (F) (Note 1)		Employee remuneration (G)						
		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company		All companies in the financial statements		The Company	All companies in the financial statements	
																Cash amount	Stock amount	Cash amount	Stock amount			
Chairman	Chuntian Investment Co., Ltd. Representative Chen Wen-Chien	3,235	3,235	195	195	-	-	50	50	7.93%	7.93%	-	531	-	-	-	-	-	-	7.93%	9.14%	None
Director	Kuan-Chu Investment Co., Ltd.	-	-	-	-	-	-	50	50	0.11%	0.11%	-	-	-	-	-	-	-	-	0.11%	0.11%	None
Director	Kuo Chao-Chen	-	-	-	-	-	-	50	50	0.11%	0.11%	2,380	2,380	144	144	-	-	-	-	5.87%	5.87%	None
Director	Wu Jian-Dong	-	-	-	-	-	-	50	50	0.11%	0.11%	-	-	-	-	-	-	-	-	0.11%	0.11%	None
Independent Director	Chen Wen-Yu	2	2	-	-	60	60	110	110	0.39%	0.39%	-	-	-	-	-	-	-	-	0.39%	0.39%	None
Independent Director	Hsieh Fang-Chu	1	1	-	-	60	60	110	110	0.39%	0.39%	-	-	-	-	-	-	-	-	0.39%	0.39%	None
Independent Director	Lu Fu-Qi	-	-	-	-	60	60	110	110	0.39%	0.39%	-	-	-	-	-	-	-	-	0.39%	0.39%	None

1. As stipulated in Article 20 of the Company's Article of Incorporation: if the Company makes a profit for the year, the Company shall set aside no less than 1.5% of the profit as remuneration to employees and no more than 2% of the profit as remuneration to directors/supervisors. However, where there are accumulated losses, profits shall be set aside to cover the Company's accumulated losses. The Company's director remuneration is determined based on the evaluation results of the "Charter of the Remuneration Committee" and "Rules for Performance Evaluation of Board of Directors", while taking into consideration their individual responsibilities, risks and amount of time contributed to the Company. Appropriate remuneration is also determined with reference to the performance achievement rate and the level of contribution of each independent director. The director remuneration is subject to approval of the Remuneration Committee and be submitted to the Board of Directors for resolution.
2. In addition to the disclosure in the table above, Mr. Yu Ming-Chung (the appointed a representative in 2022 of Kuan-Chu Investment Co., Ltd.) to serve as a consultant for the Chairman's Office in the most recent year with remuneration of NT$529 (thousand) received.

3.3.2. Remuneration to president and vice president

Unit: NT$ thousand

Title	Name	Returns (A)		Severance and pension (B)		Remuneration of directors (C)		Business execution expenses (D)				Sum of A, B, C, and D as a % of the net income after tax		Remuneration from investees other than subsidiaries
		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company		All companies in the financial statements		The Company	All companies in the financial statements	
								Cash amount	Stock amount	Cash amount	Stock amount			
General Manager	Kuo Chao-Chen	2,380	2,911	144	144	-	-	-	-	-	-	5.75%	6.96%	None
Vice President	Chen Wen-Chien (Note)													

Note: Chairman Chen Wen-Chian also served as Vice President of Development Department.

Range of Remuneration to General Manager and Vice President	Name	
	The Company	All companies in the financial statements
Under NT$1,000,000	-	Chen Wen-Chien
NT$1,000,000 ~ NT$1,999,999	-	-
NT$2,000,000 ~ NT$3,499,999	Kuo Chao-Chen	Kuo Chao-Chen
NT$3,500,000 ~ NT$4,999,999	-	-
NT$5,000,000 ~ NT$9,999,999	-	-
NT$10,000,000 ~ NT$14,999,999	-	-
NT$15,000,000 ~ NT$29,999,999	-	-
NT$30,000,000 ~ NT$49,999,999	-	-
NT$50,000,000 ~ NT$99,999,999	-	-
Over NT$100,000,000	-	-
Total	1	2

3.3.3. Name of officer who receives employee remuneration and distribution

December 31, 2022; Unit: NT$ thousand

	Title	Name	Stock amount	Cash amount	Total	percentage of net income after tax (%)
Manager	General Manager	Kuo Chao-Chen	-	50	50	0.05%
	Assistant Manager of Financial	Chang Su-Ju				
	Assistant Manager of Accounting	Hsu Chen-Yu (Note 1)				
	Assistant Manager of Accounting	Kao Pei-Shan (Note 2)				

Note 1: Resigned on July 05,2022.

Note 2: Appointed on July 06,2022 ; Resigned on December 30,2022.

3.3.4. An analysis of the total remuneration paid to the Company's directors, the General Manager and Vice General Manager by the Company and all companies in the consolidated financial statements as a percentage of the net income after tax in the parent company only or individual financial report for the most recent two years, and a description of the remuneration policy, standard, and package, the procedure for determining the remuneration, and the association between business performance and future risks:

Unit: NT$ thousand

Item	The Company				All companies in the financial statements			
	2021		2022		2021		2022	
	amount	% of the net income after tax	amount	% of the net income after tax	amount	% of the net income after tax	amount	% of the net income after tax
Director	4,312	(4.31)%	5,171	11.79%	4,312	(4.31)%	5,171	11.79%
General Manager and Vice President	2,523	(2.53)%	2,524	5.75%	3,046	(3.05)%	3,055	6.96%
Total	6,835	(6.84)%	7,695	17.54%	7,358	(7.36)%	8,226	18.75%

The total remuneration paid by the Company to the directors, president and vice president as a percentage of net income after tax in the most recent 2 fiscal years was (6.84)% and 17.54%. The total remuneration paid by all companies included in the consolidated statements to the directors, supervisors, president and vice president as a percentage of net income after tax in the most recent 2 fiscal years was (7.36)% and 18.75%.

Remuneration to directors includes transportation fees, chairman remuneration, director remuneration and pension. Transportation fees are paid after the Remuneration Committee takes into account the industry level of peers and the attendance of meetings of the Board of Directors which is then submitted to the Board of Directors for resolution. Chairman remuneration is paid after the Remuneration Committee takes into account the industry level of peers which is then submitted to the Board of Directors for resolution. Director remuneration is paid in accordance with the Company Act and Article 20 of the Articles of Incorporation - the Company's profit, if any, shall be set aside no more than 2% of the profit as remuneration to directors. Director remuneration is paid after the Remuneration Committee takes into account the industry level which is submitted to the meeting of the Board of Directors for resolution and shareholders' meeting for report. Pension is subject to the labor contribution rate of directors who actual perform labor at the Company. President and vice president remuneration includes salary, pension and employee remuneration which are determined based on their title and responsibilities, with reference to the standard level of similar title and are adjusted accordingly in line with the operating performance.

3.4. Implementation of Corporate Governance

3.4.1. State of the Board of Directors

The Board of Directors held 5 [A] meetings during the most recent year, and attendance of the directors is as follows:

Title	Name	Attendance in person	Attendance by proxy	Actual attendance rate (%) (Note 2)	Remark
Chairman	Chuntian Investment Co., Ltd. Representative:Chen Wen-Chien	5	0	100%	-
Director	Kuan-Chu Investment Co., Ltd. Appoint a representative: Yu Ming-Chung	5	0	100%	-
Director	Kuo Chao-Chen	5	0	100%	-
Director	Wu Jian-Dong	5	0	100%	-
Independent Director	Chen Wen-Yu	5	0	100%	-
Independent Director	Hsieh Fang-Chu	5	0	100%	-
Independent Director	Lu Fu-Qi	5	0	100%	-

Additional information:

I. If the operations of the Board of Directors is under any of the circumstances below, the date of the Board of Directors meeting, the session, the content of the proposal, all independent directors' opinions, and the Company's response to said opinions shall be specified:

(I) The matters under Article 14-3 of the Securities and Exchange Act: None.

(II) Except for the above matters, other matters resolved by the Board of Directors with objection or reservation made by any independent directors, with records or a written statement: None.

II. In the event of directors' recusal from proposals, the name of director, the content of proposal, the reasons for recusal, and the participation in voting shall be specified:

(I) Meeting of the Board of Directors on February 24, 2022:

1. The Company's chairman Chen Wen-Chian recused himself from the motion "director remuneration of the Company's subsidiary" due to conflict of interest and did not participate in the discussion and voting.

(II) Meeting of the Board of Directors on December 19, 2022:

1. The Company's chairman Chen Wen-Chian and director Kuo Chao-Cheng recused themselves from the motion "motion for the amount of employee remuneration to the Company's officers for 2021" due to conflict of interest and did not participate in the discussion and voting.
2. The Company's chairman Chen Wen-Chian recused himself from the motion "remuneration to chairman for 2023" due to conflict of interest and did not participate in the discussion and voting.
3. The Company's chairman Kuo Chao-Cheng recused himself from the motion "salary and pension for the Company's president Kuo Chao-Cheng for 2023" due to conflict of interest and did not participate in the discussion and voting.

III. Evaluation cycle, evaluation period, evaluation scope, evaluation method and evaluation content of the Board of Directors's self-evaluation and implementation:

(I) Evaluation cycle, evaluation period, evaluation scope, evaluation method and evaluation content of the Board of Directors's self-evaluation:

Cycle	Period	Scope	Method	Content
Once a year	2022/01/01 to 2022/12/31	Board of Directors performance evaluation, individual Board of Directors member performance evaluation	Internal Board of Directors self-evaluation and Board of Directors members' self-evaluation	1. Board of Directors performance evaluation A. Participation in the operation of the company. B. Improvement of the quality of the Board of Directors of directors' decision making. C. Composition and structure of the Board of Directors. D. Management of internal relationship and communication. E. Internal control. 2. Board of Directors member performance evaluation A. Alignment of the goals and mission of the company. B. Awareness of the duties of a director. C. Participation in the operation of the Company. E. The director's professionalism and continuing education. F. Internal control.

(II) Results of the Board of Directors performance evaluation:

1. The indicators for the evaluation of the Board of Directors include five major aspects, totaling 42 indictors. The evaluation results scored (out of 100), showing that the operation of the Board of Directors as a whole was excellent, meeting corporate governance requirements.
2. The indicators for the evaluation of the Board of Directors members include six major aspects, totaling 23 indictors. The evaluation results scored (out of 100), showing that the directors have positive comments on the efficiency and effectiveness of how each indicator was carried out.
3. The results of the above evaluations were excellent. The evaluation results were reported at the meeting of the Board of Directors on February 23, 2023.

IV. Evaluation of targets for strengthening of the functions of the Board of Directors during the current and immediately preceding fiscal years:

(I) The Company's "Procedures for Meeting of the Board of Directors" were formulated pursuant to the "Regulations Governing Procedure for Board of Directors Meetings of Public Companies". After a meeting of the Board of Directors, important resolutions are announced on the MOPS and the Company's website in an effort to protect the rights and interests of shareholders, facilitating the Company's sound business.

(II) The Company's regulations are reviewed and revised on a regular basis in order to meet the current laws and practical management needs, ensuring the legality of the regulations.

(III) In accordance with Letter Financial-Supervisory-Securities-Corporate No.10703452331, the Company set up an Audit Committee after an election of directors took place on June 16, 2020.

(IV) The Company's Board of Directors resolved on August 8, 2022 to take out liability insurance for all directors, which is reported in accordance with the regulations.

(V) Pursuant to the provisions of the "Taipei Exchange Directions for Compliance Requirements for the Appointment and Exercise of Powers of the Board of Directors of TPEx Listed Companies", the Company set up a head of corporate governance by resolution of the Board of Directors on November 7, 2022.

(VI) The Company arranges continuing education courses for directors, making it easier for them to obtain relevant information in order to maintain their core values and professional strengths and capabilities. In 2022, a total of 16 people took part in continuing education, totaling 48 hours. The courses and hours of continuing education of directors have been announced on the MOPS.

Note 1: If a director or supervisor is a legal entity, please disclose the name of the corporate shareholder and their representative.

Note 2: (1) If a director or supervisor resigns before the end of the year, the resignation date shall be indicated in the Remark field. The actual attendance rate (%) was calculated on the basis of the number of Board of Directors meetings held during each director's term and the number of meetings actually attended by that director.

(2) If there was a reelection of directors/supervisors before the end of the year, the new and former directors and supervisors must be stated in the Remark field, and indicate if a director or supervisor is old, new, or reelected, as well as the reelection date. The percentage of actual (proxy) attendance (%) will be calculated based on the number of Board of Directors meetings held during active duty and the number of actual (proxy) attendance.

3.4.2. State of Audit Committee:

(1) The Company's Audit Committee, established on June 16, 2020, consists of all independent directors.

(2) Tenure of the Audit Committee: June 16, 2020 to June 15, 2023. In 2022, the Audit Committee had 4 meetings (A). The attendance of the independent directors is as follows:

Title	Name	Attendance in person (B)	Attendance by proxy	Actual attendance rate (%) (B/A)	Remark
Independent Director	Chen Wen-Yu	4	0	100	-
Independent Director	Hsieh Fang-Chu	4	0	100	-
Independent Director	Lu Fu-Qi	4	0	100	-

Additional information:

I. If the operations of the Audit Committee fall under any of the circumstances below, the date of the Audit Committee meeting, the session, the content of the proposal, any objection, reservation, or major suggestion made by independent directors, the results of resolutions by the Audit Committee, and the Company's response to the committee's opinions shall be specified.

(I) The matters under Article 14-5 of the Securities and Exchange Act: None.

(II) Other than those described above, any resolutions not approved by the Audit Committee but approved by more than two-thirds of all directors: None.

II. In the event of independent directors' recusal from proposals, the name of independent director, the content of proposal, the reasons for recusal, and the participation in voting shall be specified: None.

III. Communication between independent directors and the chief internal auditor/CPAs (including material financial and business matters communicated and communication methods and results):

(I) The chief internal auditor regularly submits the audit report to the Audit Committee and attends the meeting of the Board of Directors and proposes a report on the implementation of the audit plan.

(II) The CPAs compile governance matters learned from an annual report audit and engage in communication with the Audit Committee regarding those matters.

IV. Compilation of the work of Audit Committee for the most recent year:

(I) 2021 financial statements, earnings distribution.

(II) 2021 audit of the effectiveness of the internal control system.

(III) Regulatory compliance and review of revision of rules.

(IV) Appointment of CPAs and evaluation of their independence.

(V) Appointment and dismissal of chief accounting officer.

(VI) Discussion and resolution for the review or audit results of the quarterly financial statements.

V. Discussions and resolution results of the Audit Committee in the most recent fiscal year:

(I) February 24, 2022

1. Motion for issuing the 2021 “Statement of the Internal Control System”.
   Resolution: The motion was passed without objections after the chair consulted with all attending members.
2. Motion for proposing the 2021 financial statements in accordance with the regulations.
   Resolution: The motion was passed without objections after the chair consulted with all attending members
3. Motion for the Company’s 2021 loss appropriation and cash dividends distribution.
   Resolution: The motion was passed without objections after the chair consulted with all attending members
4. Motion for the evaluation of the CPAs’ independence.
   Resolution: The motion was passed without objections after the chair consulted with all attending members

(II) May 09, 2022

1. Motion for proposing the 2022 Q1 financial statements in accordance with the regulations.
   Resolution: The motion was passed without objections after the chair consulted with all attending members

(III) August 08, 2022

1. The Company’s change of Chief Accounting Officer.
   Resolution: The motion was passed without objections after the chair consulted with all attending members
2. Motion for proposing 2022 Q2 financial statements in accordance with the regulations.
   Resolution: The motion was passed without objections after the chair consulted with all attending members

(IV) November 07, 2022

1. Motion for proposing 2022 Q3 financial statements
   Resolution: The motion was passed without objections after the chair consulted with all attending members
2. Motion for the amendment to some provisions of the “Procedures for the Acquisition and Disposal of Assets”.
   Resolution: The motion was passed without objections after the chair consulted with all attending members

Note: (1) If an independent director resigns before the end of the year, the date of resignation shall be indicated in the Remarks column, and their attendance (%) shall be calculated with the number of meetings attended by the member divided by the number of committee meetings held during their tenure.

(2) If there was a reelection of independent directors before the end of the year, the new and former independent directors must be stated in the Remark field, and indicate if an independent director is old, new, or reelected, as well as the reelection date. The percentage of actual (proxy) attendance (%) will be calculated based on the number of Audit Committee meetings held during active duty and the number of actual (proxy) attendance.

3.4.3. The operations of corporate governance and the deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor

Item	Operations			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Brief description	
I. Has the Company formulated and disclosed the Corporate Governance Best Practice Principles in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies?	✓		On November 7, 2022, the Company set up a head of corporate governance and formulated its Corporate Governance Best Practice Principles, which are disclosed on the MOPS and the company website.	None
II. The Company's shareholding structure and shareholders' equity				
(I) Has the Company formulated internal operating procedures for handling shareholders' suggestions or questions or disputes and litigation with them and complied with the procedures?	✓		The Company has a spokesperson and deputy spokesperson system in place and means of contact at the stakeholders' section on the website. The related procedures have also been established to handle shareholder suggestions, doubts, disputes and litigation affairs.	No significant difference
(II) Does the Company have a list of the major shareholders with ultimate control over the Company and a list of the ultimate controllers of the major shareholders?	✓		Through interacting with major shareholders, the Company has a list of the major shareholders with ultimate control over the Company and a list of the ultimate controllers of the major shareholders at all times.	None
(III) Has the Company established and implemented a risk control and a firewall mechanism between itself and affiliates?	✓		The management and responsibility of assets, finances and accounting between the Company and affiliates are independently operated and are independently audited by auditors. The "Supervision and Management of subsidiaries" have also been formulated and implemented.	None
(IV) Has the Company formulated internal regulations to prohibit insiders from using information undisclosed in the market to buy and sell securities?	✓		The Company has established the "Procedures for Management of Material Insider Information and Prevention of Insider Trading" which prohibit insiders from trading marketable securities using unavailable information in the market.	None
III. Composition and responsibilities of the Board of Directors				
(I) Has the Board of Directors formulated a diversity policy, specific management goals and have they been executed?	✓		Paragraph 3 of Article 20 in the Company's "Corporate Governance Best Practice Principles" sets forth the diversity policy and aspects of the Board of Directors, and the current Board of Directors has 1 female director. In terms of professionalism, the Board of Directors members are professionals in law, different industries and financial accounting.	No difference from Article 20 of the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies".

Item	Operations			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Brief description	
(II) Has the Company voluntarily established other functional committees in addition to the remuneration and the audit committees established in accordance with the law?		✓	The Company has established the Remuneration Committee and the Audit Committee in accordance with the law. No other functional committees have been set up.	But shall be done so according to the Company's operations and scale in the future.
(III) Has the Company formulated Board of Directors performance evaluation regulations and evaluation methods, conducted performance evaluations annually and regularly, reported the results of performance evaluations to the Board of Directors, and adopted such results as a reference for deciding the remuneration of and nominating candidates for individual directors?	✓		The Company has established its Rules for Performance Evaluation of Board of Directors which specify that the performance evaluation results of each director will be used as a basis for the selection of directors. An internal Board of Directors performance evaluation is carried out once a year and the 2022 performance evaluation of the Board of Directors and Board of Directors members were completed in February 2023. The evaluation results have been submitted to the meeting of the Board of Directors on February 23, 2023 and reported at the MOPS before the end of March 2023.	Performance evaluation of the functional committees may be established in the future according to the Company's operations and scale.
(IV) Does the Company regularly assess the independence of the CPAs?	✓		Each year, the Company's accounting unit conducts a preliminary evaluation on the independence of Grand Cathay International's CPAs in accordance with the items stated in "Note 1" (please see p.23 of the annual report). The evaluation results were approved by the Audit Committee meeting held in February 2022 and February 2023, respectively. The evaluation of the independence of CPAs was also approved by the Board of Directors.	None
IV. Has the Company has appointed an appropriate number of competent corporate governance personnel and designated a corporate governance officer to be responsible for corporate governance affairs (including but not limited to providing directors and supervisors with the materials required for performance of their duties, assisting directors and supervisors with compliance, handling matters related to Board of Directors meetings and the shareholders' meetings, and preparing minutes of Board of Directors meetings and shareholders' meetings)?	✓		The Company set up a head of corporate governance on November 7, 2022. The head of corporate governance is responsible for corporate governance-related matters, including providing information needed by the directors to carry out business, matters associated with meetings of the Board of Directors and shareholders' meetings, company registration and change of registration, preparing minutes of meetings of the Board of Directors and shareholders' meeting.	None
V. Has the Company has established communication channels with stakeholders (including but not limited to shareholders, employees, clients, and suppliers) and set up a section dedicated to stakeholders on the Company's website to properly respond to stakeholders' major CSR issues of concern?	✓		The Company has established a section on its website dedicated to investors and corporate social responsibility. Financial, business and corporate governance information is disclosed and updated at any time for stakeholders. A spokesperson and deputy spokesperson system is also in place to respond appropriately to issues of concern to stakeholders.	None

Item	Operations			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Brief description	
VI. Does the Company appoint a professional stock affairs agency to handle the affairs related to shareholders' meetings?	✓		The Company engages the Stock Agent Department of Jih Sun Securities Co., Ltd. to handle its shareholder affairs.	None
VII. Information disclosures (I) Has the Company set up a website to disclose information on financial business and corporate governance?	✓		The Company has set up a website which has an investors section and corporate social responsibility section. On the website, financial business and corporate governance information is updated from time to time for investors.	None
(II) Does the Company adopt other methods to disclose information (such as setting up an English website, designating personnel to collect and disclose company information, implementing a spokesperson system, or placing the proceeding of investor conferences on the Company website)?	✓		We have a website in both Chinese and English. Dedicated personnel have been assigned to collect and disclose company information and the Company's spokesperson and deputy spokesperson represent the Company to speak to the public.	None
(III) Does the Company announce and submit an annual financial report to the competent authority within two months after the end of each fiscal year and announce and submit the financial reports for the first, second, and third quarters and the operations of each month to the competent authority before a specified deadline?		✓	The Company announced and submitted its financial report in accordance with the regulations within the prescribed period. Currently, there is no need to announce and submit its financial report in advance.	The future will depend on the Company's actual operating conditions.
VIII. Does the Company have other important information that facilitates the understanding of the operations of corporate governance (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholders' rights, directors' and supervisors' continuing education, the implementation of risk management policies and risk measurement standards, the implementation of client policies, and the Company's purchase of directors and supervisors liability insurance)?	✓		1. Employee rights, employee care: We have formed an Employee Welfare Committee and implement the retirement system in order to protect the rights of employees. Health examinations are regularly arranged and staff trips from time to time. Moreover, we also provide various types of training courses to care for the health and learning development of our employees. 2. The Company has established a section on its website dedicated to investors and corporate social responsibility. At the investors section, main issues of concern of stakeholders and the Company's communication channels and response methods can be found, so as to maintain sound communication with each stakeholder. 3. Further education of the directors: For further education of the Company's directors, please refer to p.24 of the annual report. 4. Implementation of risk management policies and risk measurement standards: In accordance with the law, we have set up an internal control system and various internal procedures to perform risk management and evaluation. The level of the implementation of the internal control	None

Item	Operations			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Brief description	
			system is checked on a regular or unscheduled basis by the internal audit unit. 5. Implementation of client policies: The Company maintains robust relationships with its clients and strictly abides by the contract entered into with clients as well as the relevant regulations, ensuring the rights of clients and providing sound service quality. 6. The Company's purchase of directors liability insurance: The Company has been taking out a liability insurance policy for its directors each year since 2008. The amount of liability insurance taken out for directors in 2022 was USD3 million.	
IX. Please specify any improvements made as per the results of the corporate governance evaluation announced by the Corporate Governance Center, Taiwan Stock Exchange Corporation, in the most recent year and put forth prioritized measures to improve those that have not yet improved:		✓	None	None

"Note 1" in p.21 of the annual report: Independence Evaluation Criteria of CPAs:

Item	Possible issues that may affect the independence of CPAs	Evaluation result	Independent
01	"The self-interest could impair on the accountant's independence." as stated in Article 8 of the bulletin of Professional Ethics No.10.	No	Yes
02	"Independence is influenced by self-review." as stated in Article 9 of the bulletin of Professional Ethics No.10.	No	Yes
03	"Independence is influenced by advocacy." as stated in Article 10 of the bulletin of Professional Ethics No.10.	No	Yes
04	"The effect on independence of familiarity." as stated in Article 11 of the bulletin of Professional Ethics No.10.	No	Yes
05	"Independence is influenced by intimidation threat." as stated in Article 12 of the bulletin of Professional Ethics No.10.	No	Yes
06	CPAs of the accounting firm subject to the matters listed in Subparagraphs 1, 2, 4 and 5, Paragraph 1, Article 47 of the Certified Public Accountant Act.0	No	Yes
07	The CPA firm is subject to the matters listed in Subparagraphs 4-6, Paragraph 1, Article 47 of the Certified Public Accountant Act.	Not applicable.	Not applicable as PKF Taiwan is not a CPA firm

3.4.4. Composition, duties and operation of the Remuneration Committee:

(1) Information on members of the Remuneration Committee

Title	Criteria / Name	Professional qualifications, experience and Independence	Number of other public companies where the individual serves as a member of the remuneration committee concurrently
Independent Director (Convener)	Chen Wen-Yu	Please refer to "Disclosure of information on directors' professional qualifications and the independence of independent directors" on p.10 of the annual report.	None
Independent Director	Hsieh Fang-Chu		1
Independent Director	Lu Fu-Qi		None

(2). Information on the operation of the Remuneration Committee

(A) There are three members in the Remuneration Committee.

(B) Tenure of the Remuneration Committee: June 16 2020 to June 15, 2023. The Remuneration Committee had 2 meetings (A) in the most recent year. The qualifications and attendance of the members are as follows:

Title	Name	Attendance in person (B)	Attendance by proxy	Actual attendance rate (%) (B/A)	Remark
Convener	Chen Wen-Yu	2	-	100	-
Member	Hsieh Fang-Chu	2	-	100	-
Member	Lu Fu-Qi	2	-	100	-

Additional information:

I. If the Board of Directors did not adopt or amend the Remuneration Committee's suggestions, the date of the Board of Directors meeting, the session, the content of the proposal, the results of the resolutions by the Board of Directors, and the Company's response to said opinions shall be specified (if the remuneration approved by the Board of Directors is better than the Remuneration Committee's suggestions, the difference and the reasons therefor shall be specified): None.

II. For proposals resolved by the Remuneration Committee, if any members expressed objection or reservation with a record or written statement, the date of the Remuneration Committee meeting, the session, the content of the proposal, all members' opinions, and the response to the members' opinions shall be specified: None.

III. Discussions and resolution results of the Remuneration Committee in the most recent fiscal year:

(I) February 24, 2022

1. Motion for the 2021 amount of remuneration to directors, distribution principle and 2022 distribution ratio of remuneration to directors.
   Resolution: The motion was passed without objections after the chair consulted with all attending members.
2. Motion for the 2021 amount of remuneration to employees and 2022 distribution ratio of remuneration to employees.
   Resolution: The motion was passed without objections after the chair consulted with all attending members.
3. Motion for the amount of transportation fees for the Company's Board of Directors and functional committees.
   Resolution: The motion was passed without objections after the chair consulted with all attending members.
4. Motion for the remuneration to the directors of the Company's subsidiaries.
   Resolution: The motion was passed without objections after the chair consulted with all attending members.
5. Motion for the amendment to some provisions of the Company's "Salary Management Procedures" and "Salary Range Table".
   Resolution: The motion was passed without objections after the chair consulted with all attending members.
6. Motion for the amendment to some provisions of the Company's "Employee Pension Procedures".
   Resolution: The motion was passed without objections after the chair consulted with all attending members.

(II) December 19, 2022

1. Approve the proposal of 2021 remuneration distribution to directors.
   Resolution: The motion was passed without objections after the chair consulted with all attending members.
2. Motion for the 2021 amount of employee remuneration to the Company's officers.
   Resolution: The motion was passed without objections after the chair consulted with all attending members.

3. Motion for the 2023 remuneration to the Company’s chairman.
   Resolution: The motion was passed without objections after the chair consulted with all attending members.
4. Motion for the 2023 salary and pension of the Company’s President, Mr. Kuo Chao-Cheng.
   Resolution: The motion was passed without objections after the chair consulted with all attending members.
5. Motion for the remuneration to the Company’s new chief accounting officer.
   Resolution: The motion was passed without objections after the chair consulted with all attending members.
6. Motion for the 2023 salary and pension of the Company’s head of finance.
   Resolution: The motion was passed without objections after the chair consulted with all attending members.
7. Motion for the regular review of the Company’s Salary Management Procedures and Salary Range Table.
   Resolution: The motion was passed without objections after the chair consulted with all attending members.
8. Motion for the regular review of the Company’s performance evaluation of directors and officers as well as the remuneration policy and system regulations.
   Resolution: The motion was passed without objections after the chair consulted with all attending members.

Note: (1) If a member of the Remuneration Committee resigns before the end of the year, the date of resignation shall be indicated in the Remarks column, and their attendance (%) shall be calculated with the number of meetings attended by the member divided by the number of committee meetings held during their tenure.
(2) Before the end of the year, if there is an election of the committee members, the new and old members shall be entered, and the old, new, or re-elected status and the election date of each member shall be indicated in the Remarks column. The attendance (%) shall be calculated with the number of meetings attended by each member divided by the number of committee meetings held during their tenure.

3.4.5. The promotion of sustainable development and the deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor:

Item	Operations			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Brief description	
I. Has the Company established a governance structure to promote sustainable development and set up a dedicated (concurrent) unit to promote sustainable development, governed by the senior management as authorized by the Board of directors, which supervises the implementation?		✓	The Company has not yet set up a dedicated (part-time) unit for promoting sustainable development,	But shall be done so according to the Company’s operations and scale in the future.
II. Does the Company conduct risk assessments of environmental, social, and corporate governance issues related to company operations as per the principle of materiality? Has the Company formulated relevant risk management policies or strategies?	✓		At present, the Company formulates operating procedures and regulations in accordance with laws and regulations and evaluations reports are submitted in accordance with the regulations.	Relevant policies and strategies will be established according to the actual needs in the future.
III. Environmental issues (I) Has the Company set up an appropriate environmental management system as per its industrial characteristics?	✓		The Company has formulated its “Environmental and Occupational Health and Safety Management Handbook”.	None

Item	Operations			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Brief description	
(II) Is the Company committed to improving resource efficiency and adopting recycled materials with low environmental impact?	✓		The Company is committed to resource sorting and recycling and meeting RoHS requirements with respect to the control of environmentally hazardous substances, protecting the earth's resources and environmental hygiene.	None
(III) Has the Company assessed its current and future potential risks and opportunities of climate change and taken countermeasures against climate-related issues?	✓		The Company has attained ISO-14001 environmental management system certification.	None
(IV) Has the Company counted the greenhouse gas emissions, water consumption, and total weight of waste over the past two years and formulated policies on greenhouse gas reduction, water consumption reduction, or other waste management?	✓		The Company has formulated its "Environmental Factors Identification and Evaluation Procedures" and "Response Control Procedures for Risks and Opportunities" in order to respond to the impact arising from environmental issues.	None
IV. Social issues				
(I) Does the Company formulate relevant management policies and procedures in accordance with applicable laws and the International Bill of Human Rights?	✓		The Company adheres to the principles of international human rights conventions including the "United Nations Guiding Principles on Business and Human Rights" and the "International Labour Organization". Moreover, the Company's management rules are formulated with reference to the Labor Standards Act, the Employment Service Act, and the Act of Gender Equality in Employment. By doing so, we are able to ensure the human rights principles of labor while ensuring the legal rights of employees.	None
(II) Has the Company formulated and implemented reasonable employee benefit measures (including remuneration, leave, and other benefits) and reflected business performance or achievements in employee remuneration appropriately?	✓		The Company's Articles of Incorporation specify the rate of remuneration to employees, which is regularly submitted to the Remuneration Committee for evaluation.	None
(III) Does the Company provide employees with a safe and healthy work environment and offer safety and health education to employees regularly?	✓		The Company provides employees with a sound work environment. Regular employee health examinations, education and training on safe production, seminars on firefighting safety, and exercises are regularly conducted. Personnel of dangerous operations are provided with pre-post / mid-post / after-post medical examination.	None
(IV) Has the Company established an effective career development training program for employees?	✓		The Company has formulated the "Procedures for Education and Training Management". The Company encourages employees to improve their own capabilities and professional functions, and courses are arranged according to the annual education and training plan.	None

Item	Operations			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Brief description	
(V) Does the Company comply with applicable laws and international standards regarding issues, such as customer health and safety, customer privacy, as well as marketing and labelling of products and services? Has it formulated relevant policies and complaint procedures to protect consumers' or customers' rights and interest?	✓		Our products are marketed and labeled in accordance with the relevant regulations and international standards. Furthermore, we have a complete and standardized process for handling customer complaints. The implementation effectiveness is regularly monitored, ensuring that opinions of customs are appropriately dealt with.	None
(VI) Has the Company formulated a supplier management policy, required suppliers to follow applicable regulations on issues, such as environmental protection, occupational safety and health, or labor rights? The implementation thereof?	✓		We have formulated the "Supplier Management Procedures" for supplier evaluation and selection. The contracts entered into with major suppliers also have terms for contract termination and cancellation. For example the "Procurement Contract", the "Environmental Compensation Agreement", and CSR notification letters.	None
V. Has the Company referred to the internationally accepted reporting standards or guidelines to prepare reports, such as ESG reports that discloses the Company's non-financial information? Has a third-party verification entity provided assurance or assurance opinion for said report?		✓	We have not yet prepared an ESG report.	An ESG report may be prepared depending on the Company's actual operations in the future.
VI. Where the Company has formulated its own sustainable development code in accordance with the Sustainable Development Best Practice Principles, please specified the differences between the implementation and the principles: Not applicable.				
VII. Other important information that facilitates the understanding of the promotion of sustainable development: None.				

3.4.6. The Company's implementation of ethical management and any deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons therefor

Item	Operations			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Brief description	
I. Formulation of ethical management policies and plans (I) Has the Company formulated an ethical management policy approved by the Board of Directors and disclosed the policy and practice of ethical management in its regulations and public documents? Are the Board of Directors and the senior management committed to actively implementing the policy?		✓	The Company has formulated corporate ethical management related regulations, and all employees must sign a Corporate Ethical Management Pledge. When entering into a contact with external parties, the Company shall adhere to the honesty and mutual benefit principle, agrees on reasonable contract contents, and fulfill its contractual commitments in a proactive manner.	No significant difference

Item	Operations			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Brief description	
(II) Has the Company established an assessment mechanism for the risk of unethical conduct to regularly analyze and evaluate the business activities with a higher risk of unethical conduct within the business scope and formulated a prevention plan accordingly, at least covering the prevention measures for the acts under each subparagraph under Article 7, paragraph 2 of the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies?		✓	We have established the "Code of Ethical Conduct", work rules and procedures for rewards and disciplinary actions which set forth clear rules on conflicts of interest, prevention of opportunities for personal gains, duty of confidentiality and fair trading.	Evaluation and preventive mechanisms may be added or proposed in the future depending on the Company's actual operations.
(III) Has the Company clearly specified operating procedures, guidelines for conduct, and a violation punishment and complaint system in the unethical conduct prevention plan and duly implemented them? Does the Company regularly review and revise said plan?	✓		We have established the "Code of Ethical Conduct", work rules and procedures for rewards and disciplinary actions which set forth clear rules on procedures to prevent unethical conduct, conduct guidelines, disciplinary and grievance systems, and are implemented in accordance with the contents.	None
II. Implementation of ethical management (I) Does the Company evaluate each counterparty's records for ethics? Has the Company specified the terms of ethical conduct in each contract signed with each counterparty?	✓		We have set up an appraisal mechanism for customer and suppliers. The rights and obligations of both parties are specified in the contract entered into with customers and suppliers. We have also established ethical conduct terms.	None
(II) Has the Company established a dedicated (concurrent) unit under the Board of Directors to conduct ethical corporate management, regularly (at least once a year) report to the Board of Directors on its ethical management policies and prevention plans for unethical conduct, and supervise the implementation?		✓	The Company has not yet set up a dedicated (part-time) unit for promoting ethical corporate management,	but shall be done so according to the Company's operations and scale in the future.
(III) Has the Company formulated policies to prevent conflicts of interest, provided appropriate methods for stating one's conflicts of interest, and implemented them appropriately?	✓		The Company has established a "Code of Ethical Conduct". For matters regarding conflicts of interest, sufficient information can be prepared to be submitted to the Audit Committee, officers, chief internal auditor or other appropriate supervisors.	None
(IV) Has the Company has established an effective accounting system and an internal control system for the implementation of ethical management and assigned the internal audit unit to formulate relevant audit plans based on the assessment results of the risk of unethical conduct and audit the compliance with the unethical conduct prevention plan accordingly or commissioned a CPA to perform such audits?		✓	The Company has set up an internal audit plan, which is carried out by the internal auditors who report the results to the Audit Committee and Board of Directors.	Evaluation and preventive mechanisms may be added or proposed in the future depending on the Company's actual operations.
(V) Does the Company regularly hold internal and external education and training on ethical management?		✓	The Company has not yet organized internal and external education and training on ethical corporate arrangement; however, the Company signs a Letter of Commitment to Integrity with employees and suppliers.	Relevant education and training shall be arranged depending on the Company's operations and scale in the future.

Item	Operations			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Brief description	
III. Implementation of the Company's whistleblowing system				
(I) Has the Company formulated a specific whistleblowing and reward system, established a convenient whistleblowing method, and assigned appropriate personnel to handle the party accused?	✓		The Company has established its "Procedures for Employee Grievance/Complaint/Report Management Control" and reward and disciplinary rules as well as a suggestion box. The Company assigns dedicated personnel to handle relevant matters being reported on.	None
(II) Has the Company formulated standard operating procedures for investigation of reported cases, the follow-up measures to be taken after the investigation is completed, and a confidentiality mechanism?	✓		The Company's "Procedures for Employee Grievance/Complaint/Report Management Control" specify the investigation operating procedures and relevant confidentiality mechanisms for matters being reported on.	None
(III) Does the Company take measures to protect whistleblowers from being mistreated due to their whistleblowing behavior?	✓		The Company's "Procedures for Employee Grievance/Complaint/Report Management Control" specify protection measures for whistleblowers, protecting them from being mistreated as a result of whistleblowing.	None
IV. Enhanced information disclosure				
(I) Has the Company disclosed the content of its Corporate Governance Best Practice Principles and the effectiveness of the implementation of the principles on its website and the MOPS?		✓	The Company has not yet formulated its Corporate Governance Best Practice Principles,	but shall be done so according to the Company's operations and scale in the future.
V. If the Company has formulated its own Corporate Governance Best Practice Principles as per the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, please specify the difference between its operation and the principles: The Company has not yet formulated its Corporate Governance Best Practice Principles.				
VI. Other important information that facilitates the understanding of the Company's ethical management (*e.g.*, reviewing and amending the Company's corporate governance best practice principles): None.				

3.4.7. If the company has formulated its Corporate governance Best Practice Principles and relevant rules, their inquiry methods shall be disclosed:

Please see "Investors - Corporate Governance" on the MOPS or company website.

3.4.8. Other significant information that will provide a better understanding of the state of the company's implementation of corporate governance may also be disclosed:

(1) 2022 further education of directors:

Title	Name	Date elected	Start date	End date	Organizer	Course name	Hours
Chairman	Chuntian Investment Co., Ltd. Representative: Chen Wen-Chien	June 16,2020	2022/10/12	2022/10/12	Securities and Futures Institute	Audit Committee Practices	3
			2022/10/14	2022/10/14	Securities and Futures Institute	Establishment of Breach of Trust and Special Breach of Trust for Directors and Supervisors	3
Director	Kuan-Chu Investment Co., Ltd. Appoint a representative: Yu Ming-Chung	June 16,2020	2022/10/11	2022/10/11	Securities and Futures Institute	M&A Integration Issues in the Process of Corporate M&As	3
			2022/10/14	2022/10/14	Securities and Futures Institute	Establishment of Breach of Trust and Special Breach of Trust for Directors and Supervisors	3
Director	Kuo Chao-Chen	June 16,2020	2022/12/01	2022/12/01	Accounting Research and Development Foundation	Global Net Zero Impact and ESG Action	3
			2022/12/08	2022/12/08	Securities and Futures Institute	Protection of Business Secrets	3
Director	Wu Jian-Dong	June 16,2020	2022/11/10	2022/11/10	Taiwan Corporate Governance Association	ESG-Related Issues That Should Be Taken Into Consideration by Board of Directors	3
			2022/11/10	2022/11/10	Taiwan Corporate Governance Association	Net Zero Emissions, Carbon Neutrality and Corporate Regulatory Compliance	3
Independent Director	Chen Wen-Yu	June 16,2020	2022/07/22	2022/07/22	Taiwan Corporate Governance Association	The Role of Independent Directors in Business and Corporate Governance	3
			2022/10/12	2022/10/12	Securities and Futures Institute	Audit Committee Practices	3
Independent Director	Hsieh Fang-Chu	June 16,2020	2022/07/12	2022/07/12	Taiwan Corporate Governance Association	Advanced Audit Committee Practice Sharing - M&A Review and Director Responsibility	3
			2022/08/10	2022/08/10	Taiwan Corporate Governance Association	Global Trend Analysis - Risks and Opportunities	3
			2022/11/08	2022/11/08	Securities and Futures Institute	The Applicability of the Cyber Security Management Act Under the Threat of Ransomware	3
			2022/12/27	2022/12/27	Securities and Futures Institute	Competitiveness vs. Survivability, ESG Trends and Strategies	3
Independent Director	Lu Fu-Qi	June 16,2020	2022/10/06	2022/10/06	Securities and Futures Institute	From Court Cases to Independent Directors and Audit Committees	3
			2022/10/14	2022/10/14	Securities and Futures Institute	Establishment of Breach of Trust and Special Breach of Trust for Directors and Supervisors	3

3.4.9. Implementation of the internal control system

(1) Internal Control Statement

Plastron Precision Co., Ltd.

Statement of the Internal Control System

Date: February 23, 2023

The Company's internal control system for 2022 as per the results of our self-assessment is hereby declared as follows:

1. The Company is clearly aware that the establishment, implementation, and maintenance of an internal control system are the responsibility of the Company's Board of Directors and managers, and the Company has established such a system. It aims to provide reasonable assurance for the achievement of the objectives, namely the effectiveness and efficiency of operations (including profitability, performance, and asset security protection), the reliability, timeliness, and transparency of financial reporting, and compliance with applicable laws and regulations.
2. Some limitations are inherent in all internal control systems. No matter how perfect the design is, an effective internal control system can only provide a reasonable assurance regarding the achievement of the above three intended objectives; moreover, due to changes in the environment and circumstances, the effectiveness of the internal control system may change accordingly. However, the Company's internal control system is equipped with a self-monitoring mechanism. Once a defect is identified, the Company will take action to rectify it.
3. The Company judges whether the design and implementation of the internal control system is effective based on the criteria for judging the effectiveness of the internal control system set out in the Regulations Governing Establishment of Internal Control Systems by Public Companies (hereinafter referred to as the "Regulations"). Said criteria under the Regulations are divided into five constituent elements as per the management and control process: 1. control environment, 2. risk assessment, 3. control activities, 4. information and communication, and 5. monitoring activities. Each constituent element includes several items. For said items, please refer to the Regulations.
4. The Company has adopted the aforesaid judgment criteria for the internal control system to determine whether the design and implementation of the internal control system are effective.
5. Based on the results of the assessment in the preceding paragraph, the Company is of the opinion that, as of December 31, 2022, the internal control system (including the supervision and management of its subsidiaries), including the understanding the effectiveness of operations and the extent to which efficiency targets are achieved, reliable, timely, and transparent reporting, and compliance with applicable rules and applicable laws and regulations, is effective and can reasonably assure the achievement of the foregoing objectives.
6. This statement will form the main content of the Company's annual report and prospectus and will be made public. If the disclosed content above is false or there is material information concealed deliberately or otherwise, the Company will be legally liable pursuant to Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
7. This statement has been approved by the Company's Board of Directors on February 23, 2023. Among the 7 directors present, none of them expressed objections. All the others agreed with the content of this statement. Therefore, this statement is hereby declared.

Plastron Precision Co., Ltd.

Chairman: Chen Wen-Chian

General Manager: Kuo Chao-Cheng

(2) For those who appointed a CPA to review the internal control system, the CPA's review report shall be disclosed: None.

3.4.10. 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 fiscal year or during the current fiscal year up to the publication date of the Annual Report, the main defects, and the improvements made: None.

3.4.11. Important resolutions by the shareholders' meeting and the Board of Directors in the most recent year and up to the publication date of the annual report

Shareholders' meeting / Board of Directors meeting	Date	Important resolutions
Board of Directors meeting	February 24, 2022	1. Motion for issuing the 2021 "Statement of the Internal Control System". 2. Motion for proposing the 2021 financial statements in accordance with the regulations. 3. Motion for the Company's 2021 loss appropriation and cash dividends distribution. 4. Motion for the evaluation of the CPAs' independence. 5. Motion for the 2021 amount of remuneration to directors, distribution principle and 2022 distribution ratio of remuneration to directors. 6. Motion for the 2021 amount of remuneration to employees and 2022 distribution ratio of remuneration to employees. 7. Motion for determining the time, location, causes and cessation of transfer period for the 2022 annual general meeting of shareholders. 8. Motion for authorizing the Board of Directors to change the location of shareholders' meeting due to COVID-19. 9. Motion for the amount of transportation fees for the Company's Board of Directors and functional committees. 10. Motion for the remuneration to the directors of the Company's subsidiaries. 11. Motion for the amendment to some provisions of the Company's "Salary Management Procedures" and "Salary Range Table". 12. Motion for the amendment to some provisions of the Company's "Employee Pension Procedures".
Board of Directors meeting	May 09, 2022	1. Motion for proposing the 2022 Q1 financial statements in accordance with the regulations. 2. Motion for the application of corporate credit and financial transaction lines to Bank SinoPac, with total credit amount of NT$110 million and financial transaction line of US$1 million. 3. 3. Motion for the Company's GHG inventory and verification schedule plan.
Shareholders' meeting	June 14, 2022	1. Motion for the ratification of the Company's 2021 financial statements. 2. Motion for ratification of the Company's 2021 loss appropriation.
Board of Directors meeting	August 08, 2022	1. The Company's change of Chief Accounting Officer. 2. The Company's change of deputy spokesperson. 3. Motion for proposing 2022 Q2 financial statements in accordance with the regulations. 4. Purchase of liability insurance.
Board of Directors meeting	November 07, 2022	1. Motion for proposing 2022 Q3 financial statements. 2. Motion for the amendment to some provisions of the "Procedures for the Acquisition and Disposal of Assets". 3. Motion for the Company's 2023 audit plan. 4. Motion for the establishment of the Company's head of corporate governance. 5. Motion for the formulation of the Company's "Corporate Governance Best Practice Principles". 6. Motion for the amendment to some provisions of the Company's "Standard Operating Procedures for Handling of Directors' Requests". 7. Motion for the amendment to the Company's "Further Education of Directors".
Board of Directors meeting	December 19, 2022	1. Motion for the Company's 2023 internal budget. 2. Motion for renewal of the Company's legal consultants. 3. Motion for the 2021 amount of employee remuneration to the Company's officers. 4. Motion for the 2023 remuneration to the Company's chairman. 5. Motion for the 2023 salary and pension of the Company's President, Mr. Kuo Chao-Cheng. 6. Motion for the remuneration to the Company's new chief accounting officer. 7. Motion for the 2023 salary and pension of the Company's head of finance. 8. Motion for the regular review of the Company's Salary Management Procedures and Salary Range Table.

Shareholders' meeting / Board of Directors meeting	Date	Important resolutions
		9. Motion for the regular review of the Company's performance evaluation of directors and officers as well as the remuneration policy and system regulations. 10.Motion for the amendment to some provisions of the "Articles of Incorporation". 11.Motion for the amendment to some provisions of the "Rules of Procedure for Shareholders' Meetings". 12.Motion for the amendment to some provisions of the "Procedures of the Prevention of Insider Trading". 13.Motion for amendment to the "Procedures for the Approval Authority" regarding approval authority.
Board of Directors meeting	February 23, 2023	1. Motion for the change of Chief Accounting Officer. 2. Motion for issuing the 2022 "Statement of the Internal Control System" in accordance with the regulations. 3. Motion for proposing the 2022 financial statements in accordance with the regulations. 4. Motion for the 2022 distribution of earnings and cash dividends. 5. Motion for the 2022 amount of remuneration to directors, distribution principle and 2023 distribution ratio of remuneration to directors. 6. Motion for the 2022 amount of remuneration to employees and 2023 distribution ratio of remuneration to employees. 7. Motion for election of directors. 8. Motion for review of lists of director (including independent director) candidates. 9. Motion for lifting the non-compete restriction on the newly elected directors. 10. Motion for determining the time, location, causes and cessation of transfer period for the 2023 annual general meeting of shareholders. 11. Motion for authorizing the Board of Directors to change the location of shareholders' meeting due to COVID-19. 12. Motion for the amount of transportation fees for the Board of Directors and functional committees. 13. Motion for the remuneration to the directors of the subsidiaries. 14. Motion for the replacement of CPAs in alignment with the accounting firm's internal adjustment. 15. Motion for the evaluation of the CPAs' independence. 16. Motion for the GHG inventory and verification schedule plan of subsidiaries.

3.4.12. Implementation of resolutions by the shareholders' meeting in the most recent year and up to the publication date of the annual report

Date	Important resolutions	Implementation
June 14,2022	1. Motion for the ratification of the Company's 2021 financial statements. 2. Motion for ratification of the Company's 2021 loss appropriation.	1.Resolution results implemented. 2.Resolution results implemented.

3.4.13. During the most recent year and up to the date publication of this annual report, if the directors or supervisors had different opinions on important resolutions approved by the Board of Directors with records or written statements, the main content of the opinions: None.

3.4.14. During the most recent year and up to the date publication of this annual report, a summary of the resignation and dismissal of the Company's Chairman, President, chief accounting officer, chief financial officer, chief internal auditor, or R&D officer:

Title	NAME	DATE OF APPOINTMENT	DATE OF DISMISSAL	REASON FOR RESIGNATION OR DISMISSAL
Assistant Manager of Accounting	Hsu Chen-Yu	October 09,2021	July 05,2022	Due to personal career planning.
Assistant Manager of Accounting	Kao Pei-Shan	July 06,2022	December 30,2022	Due to personal career planning.

3.5. Information Regarding the Company's Independent Auditors

3.5.1. Amounts of audit and non-audit fees paid to the CPAs, their firms and affiliates, and the content of non-audit services:

Unit: NT$ thousand

Name of accounting firm	Name of CPA	Audit period	Audit fees	Non-audit fees (Note)	Total	Remark
PKF Taiwan	Chang Jung-Chih	2022.01.01 ~ 2022.12.31	2,480	350	2,830	Note
	Lee Tsung-Ming					

Note: Non-audit services include tax certification, various review fees and consulting fees.

3.5.2. If the CPA firm is replaced and the audit fees paid during the year in which the replacement occurs are less than those paid in the prior year, the amount of the decrease in the audit fees and the reason thereof shall be disclosed: Not applicable.

3.5.3. When the audit fees paid for the current year are lower than those paid for the prior year by 15% or more, the amount and percentage of the decrease and thereof shall be disclosed: Not applicable.

3.6. Information about CPA Replacement

3.6.1 About former CPAs

<table>
<tr><td>Date of replacement</td><td colspan="4">Passed by the Board of Directors on February 23, 2023.</td></tr>
<tr><td>Reason and explanation for the replacement</td><td colspan="4">The CPAs certifying the Company's financial statements were CPAs Chang Jung-Chih and Lee Tsung-Ming of PKF Taiwan. Due to internal adjustment, the CPAs certifying the financial statements from 2023 Q1 were replaced by Lee Tsung-Ming and Lin Yueh-Hsia.</td></tr>
<tr><td rowspan="3">Has the company or the CPA terminated or discontinued the appointment</td><td colspan="2">Parties involved / Situation</td><td>Certified Public Accountant</td><td>The Company</td></tr>
<tr><td colspan="2">Voluntarily terminated the appointment</td><td colspan="2" rowspan="2">Not applicable.</td></tr>
<tr><td colspan="2">Voluntarily discontinued the appointment</td></tr>
<tr><td>An audit report issued during the most recent 2 years containing an opinion other than an unqualified opinion, state the opinion and reason</td><td colspan="4">None.</td></tr>
<tr><td rowspan="6">Different opinions from the issuer</td><td rowspan="4">Yes</td><td></td><td colspan="2">Accounting principle or practice</td></tr>
<tr><td></td><td colspan="2">Disclosure of financial report</td></tr>
<tr><td></td><td colspan="2">Audit scope or steps</td></tr>
<tr><td></td><td colspan="2">Other</td></tr>
<tr><td>None</td><td colspan="3"></td></tr>
<tr><td colspan="4">Explanation: Not applicable.</td></tr>
<tr><td>Other matters for disclosure (matters listed in items 1-4 to 1-7, subparagraph 6, Article 10 of these Regulations should be disclosed)</td><td colspan="4">None</td></tr>
</table>

3.6.2. About successor CPAs: Not applicable.

3.6.3 Response letter by former CPAs regarding matters listed in items 1 to 2-3, subparagraph 6, Article 10 of these Regulations: Not applicable.

3.7. The Company's Chairman, General Manager, or any managerial officer in charge offinance or accounting matters has in the most recent year held a position at theaccounting firm of its CPA or at an affiliated enterprise: None.

3.8. Transfer and Pledge of Stock Equity by Directors, Managerial Officers and Holders of10% or More of Company Shares

3.8.1. Change in equity by a director, officer, or major shareholder:

Unit: Shares

Title	Name	2022		As of April 14, 2023	
		Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged	Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged
Chairman	Chuntian Investment Co., Ltd.	-	-	-	-
	Representative:Chen Wen-Chien	-	-	2,315,000	-
Director	Kuan-Chu Investment Co., Ltd.	-	-	-	-
	Appoint a representative: Yu Ming-Chung	-	-	-	-
Director & General Manager	Kuo Chao-Chen	-	-	-	-
Director	Wu Jian-Dong	-	-	-	-
Independent Director	Chen Wen-Yu	-	-	-	-
Independent Director	Hsieh Fang-Chu	-	-	-	-
Independent Director	Lu Fu-Qi	-	-	-	-
Assistant Manager of Financial	Chang Su-Ju	-	-	-	-
Assistant Manager of Accounting	Hsu Chen-Yu (Note 1)	-	-	-	-
Assistant Manager of Accounting	Kao Pei-Shan (Note 2)	-	-	-	-
Assistant Manager of Accounting	Ye Bao-Chen (Note 3)	-	-	-	-
Major shareholders	Chuntian Investment Co., Ltd.	-	-	-	-

Note 1: Resigned on July 05,2022.
Note 2: Appointed on July 06,2022 ; Resigned on December 30,2022.
Note 3: Appointed on February 23,2023.

3.8.2. Transfer of equity by a director, officer, or major shareholder: None.

3.8.3. Pledge of equity by a director, officer, or major shareholder: None.

3.9. Relationship among the Top Ten Shareholders

April 14, 2023

Name	Number of shares currently held		Current shareholding of spouse and underage		Shareholding by nominee arrangement		Managers and Directors who are spouses or within second-degree relative of consanguinity to each other	
	Shares	ratio	Shares	ratio	Shares	ratio	Name	RELATIONSHIP
Chuntian Investment Co., Ltd.	20,455,644	13.65%	-	-	-	-	Chen Wen-Chien	Chairman of the company
Representative: Chen Wen-Chien	3,891,181	2.60%	-	-	-	-	Chuntian Investment Wu Mei-Zhen	Chairman of the company Spouse
Kuan-Chu Investment Co., Ltd.	9,298,069	6.20%	-	-	-	-	Wu Mei-Zhen	Chairman of the company
Representative: Wu Mei-Zhen	-	-	3,891,181	2.60%	-	-	Kuan-Chu Investment Chen Wen-Chien	Chairman of the company Spouse
Ding Yong-Zhi	5,111,000	3.41%	-	-	-	-	None	None
Chen Wen-Chien	3,891,181	2.60%	-	-	-	-	Chuntian Investment Wu Mei-Zhen	Chairman of the company Spouse
Lin Bi-Li	3,152,202	2.10%	-	-	-	-	None	None
Chang Chao-Quan	2,384,000	1.59%	-	-	-	-	None	None
Chiu Hsi-Chin	2,121,058	1.42%	-	-	-	-	None	None
Channel Well Technology Co., Ltd.	1,700,000	1.13%	-	-	-	-	Pan Jun-Wei	Chairman of the company
Representative: Pan Jun-Wei	-	-	-	-	-	-	Channel Well Technology	Chairman of the company
Yu Ming-Chung	1,489,857	0.99%	-	-	-	-	None	None
Rui Mei Sen Investment Co., Ltd.	1,346,760	0.90%	-	-	-	-	Chen Li-Juan	Chairman of the company
Representative: Chen Li-Juan	-	-	-	-	-	-	Rui Mei Sen Investment	Chairman of the company

3.10. The Total Equity Stake Held in The Same Investment Business by The Company, its Directors , Managerial Officers, and Parties Controlled Either Directly or Indirectly by The Company to Calculate The Comprehensive Shareholding Ratio

December 31, 2022; Unit: shares; %

Corporate Name	Investment by the Company		Investment by directors, officers, or any companies controlled either directly or indirectly by the Company		Comprehensive investment	
	Shares	ratio	Shares	ratio	Shares	ratio
K&J INTERNATIONAL INVESTMENT CO., LTD.	-	100%	-	-	-	100%
HONOUR DECADE INC.	-	100%	-	-	-	100%
TEAMSPHERE INDUSTRIAL LTD.	-	100%	-	-	-	100%
GRAND EASE HOLDINGS LIMITED	-	-	-	100%	-	100%
CHEER UP ENTERPRISES LIMITED	-	-	-	100%	-	100%
GOLD GALAXY DEVELOPMENT LIMITED	-	-	-	100%	-	100%
Plastron Electronic Technology (SuzHou) Co., Ltd.	-	-	-	100%	-	100%
Plastron Technology (Shenzhen) Co., Ltd.	-	-	-	100%	-	100%
Plastron Electronic Technology (Anhui) Co., Ltd.	-	-	-	100%	-	100%

IV.Company Shares and Fund Raising

4.1. Capital and shares

4.1.1 Source of share capital

(1) Type of shares already issued

Year/ Month	Issue price	Authorized capital		Paid-in capital		Remarks		
		Shares (in thousands)	amount (NT$ thousand)	Shares (in thousands)	amount (NT$ thousand)	Source of share capital	Capital increased by assets other than cash	Other
1988/04	1,000	5	5,000	5	5,000	Established	-	-
1993/09	1,000	10	10,000	10	10,000	Cash capital increase of NT$5,000 thousand	-	-
1994/11	1,000	20	20,000	20	20,000	Cash capital increase of NT$10,000 thousand	-	-
1997/12	1,000	50	50,000	50	50,000	Cash capital increase of NT$30,000 thousand	-	-
2000/04	10	5,000	50,000	5,000	50,000	Stock split, convert the par-value share to NT$10	-	-
2000/05	10	17,000	170,000	17,000	170,000	Cash capital increase of NT$50,000 thousand Capital increase by NT$70,000 thousand from earnings	-	Note 1
2001/09	10	40,000	400,000	27,710	277,100	Capital increase by NT$107,100 thousand from earnings	-	Note 2
2002/07	10	40,000	400,000	35,828	358,280	Capital increase by NT$81,180 thousand from earnings	-	Note 3
2003/07	10	70,000	700,000	49,332	493,316	Capital increase by NT$135,036 thousand from earnings	-	Note 4
2004/07	10	100,000	1,000,000	63,417	634,168	Capital increase by NT$140,852 thousand from earnings	-	Note 5
2005/08	10	100,000	1,000,000	74,538	745,376	Capital increase by NT$111,208 thousand from earnings	-	Note 6
2006/08	10	130,000	1,300,000	85,159	851,592	Capital increase by NT$106,216 thousand from earnings	-	Note 7
2007/09	10	130,000	1,300,000	88,906	889,062	Capital increase by NT$37,470 thousand from earnings	-	Note 8
2008/08	10	130,000	1,300,000	91,084	910,844	Capital increase by NT$21,782 thousand from earnings	-	Note 9
2009/01	10	130,000	1,300,000	90,284	902,844	Cancellation of treasury stock in the amount of NT$8,000 thousand	-	-
2010/07	10	130,000	1,300,000	92,948	929,479	Capital increase by NT$26,635 thousand from earnings	-	Note 10
2011/07	10	130,000	1,300,000	99,349	993,493	Capital increase by NT$64,014 thousand from earnings	-	Note 11
2012/01	10	130,000	1,300,000	98,734	987,343	Cancellation of treasury stock in the amount of NT$6,150 thousand	-	-
2013/07	10	130,000	1,300,000	102,684	1,026,837	Capital increase by NT$39,494 thousand from earnings	-	Note 12
2014/08	10	130,000	1,300,000	108,845	1,088,447	Capital increase by NT$61,610 thousand from earnings	-	Note 13
2015/07	10	130,000	1,300,000	114,287	1,142,869	Capital increase by NT$54,422 thousand from earnings	-	Note 14
2016/06	10	130,000	1,300,000	118,858	1,188,584	Capital increase by NT$45,715 thousand from earnings	-	Note 15
2017/09	10	130,000	1,300,000	123,613	1,236,127	Capital increase by NT$47,543 thousand from earnings	-	Note 16
2018/08	10	130,000	1,300,000	127,321	1,273,211	Capital increase by NT$37,084 thousand from earnings	-	Note 17
2019/05	10	130,000	1,300,000	129,868	1,298,675	Capital increase by NT$25,464 thousand from earnings	-	Note 18
2019/06	10	200,000	2,000,000	149,868	1,498,675	Cash capital increase of NT$200,000 thousand	-	Note 19

Note 1：Per Letter Department of Commerce, MOEA (089) No.089119195 dated 2000.06.12
Note 2：Per Letter Securities and Futures Commission (I), Ministry of Finance (90) No.144574 dated 2001.07.12
Note 3：Per Letter Securities and Futures Commission (I), Ministry of Finance No.09100130149 dated 2002.06.04
Note 4：Per Letter Securities and Futures Commission (I), Ministry of Finance No.0920124567 dated 2003.06.05
Note 5：Per Letter Securities and Futures Commission (I), Ministry of Finance No.0930125143 dated 2004.06.07
Note 6：Per Letter Financial-Supervisory-Securities-Corporate No.0940125885 dated 2005.06.28
Note 7：Per Letter Financial-Supervisory-Securities-Corporate No.0950128311 dated 2006.07.04
Note 8：Per Letter Financial-Supervisory-Securities-Corporate No.0960036782 dated 2007.07.16
Note 9：Per Letter Financial-Supervisory-Securities-Corporate No.0970033171 dated 2008.07.03
Note 10：Per Letter Financial-Supervisory-Securities-Corporate No.0990034636 dated 2010.07.05
Note 11：Per Letter Financial-Supervisory-Securities-Corporate No.1000030660 dated 2011.07.04
Note 12：Per Letter Financial-Supervisory-Securities-Corporate No.1020025460 dated 2013.07.01
Note 13：Per Letter Financial-Supervisory-Securities-Corporate No.1030026942 dated 2014.07.15
Note 14：Per Letter Financial-Supervisory-Securities-Corporate No.1040023386 dated 2015.06.22
Note 15：Effective by report to the FSC on 2016.05.23
Note 16：Effective by report to the FSC on 2017.07.10
Note 17：Effective by report to the FSC on 2018.06.27
Note 18：Effective by report to the FSC on 2019.05.14
Note 19：Effective by report to the FSC on 2019.06.10

Unit: Shares

Share type	Authorized capital			Remark
	Outstanding issues (TPEx listed)	unissued shares	Total	
Ordinary share	149,867,531	50,132,469	200,000,000	-

(2) Shelf registration method information: None.

4.1.2. Shareholder structure

As of April 14, 2023

Shareholder structure / Number	Governmental Organizations	Financial Institutions	Other Institutional Investors	Individuals	Foreign Institutional Shareholders and Individuals	Total
Number of Shareholders	-	-	135	30,526	38	30,699
Shareholding (Shares)	-	-	35,151,780	112,364,838	2,350,913	149,867,531
Shareholding Ratio (%)	-	-	23.45%	74.98%	1.57%	100.00

4.1.3. Equity dispersion

(1) Ordinary shares

As of April 14, 2023

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Shareholding Ratio (%)
1 ~ 999	22,524	1,943,323	1.30%
1,000 ~ 5,000	5,883	12,270,980	8.19%
5,001 ~ 10,000	1,010	7,690,642	5.13%
10,001 ~ 15,000	407	5,115,022	3.41%
15,001 ~ 20,000	212	3,802,934	2.54%
20,001 ~ 30,000	212	5,308,934	3.54%
30,001 ~ 40,000	100	3,505,507	2.34%
40,001 ~ 50,000	74	3,398,545	2.27%
50,001 ~ 100,000	138	9,527,599	6.36%
100,001 ~ 200,000	48	6,568,395	4.38%
200,001 ~ 400,000	46	12,921,317	8.62%
400,001 ~ 600,000	9	4,285,327	2.86%
600,001 ~ 800,000	10	6,517,397	4.35%
800,001 ~ 1,000,000	11	10,118,939	6.75%
1,000,001 or over	15	56,892,670	37.96%
Total	30,699	149,867,531	100.00%

(2) Preferred stock: None.

4.1.4. Information on major shareholders

As of April 14, 2023

Shareholding / Shareholder's Name	Number of shares currently held	Shareholding (%)
Chuntian Investment Co., Ltd.	20,455,644	13.65%
Kuan-Chu Investment Co., Ltd.	9,298,069	6.20%
Ding Yong-Zhi	5,111,000	3.41%
Chen Wen-Chien	3,891,181	2.60%
Lin Bi-Li	3,152,202	2.10%
Chang Chao-Quan	2,384,000	1.59%
Chiu Hsi-Chin	2,121,058	1.42%
Channel Well Technology Co., Ltd.	1,700,000	1.13%
Yu Ming-Chung	1,489,857	0.99%
Rui Mei Sen Investment Co., Ltd.	1,346,760	0.90%

4.1.5. Market price and net asset value per share, earnings, dividends, and relevant information in the most recent two years

Unit: NT$

Item \ Year			2021	2022	Current year up to April 14, 2023 (Note 8)
Market price per share (note 1)	Highest		16.45	16.05	17.85
	Lowest		11.50	11.60	12.15
	Average		14.23	13.98	15.13
Book value per share	Before distribution		13.93	14.45	-
	After distribution (Note 2)		13.73	14.15	-
Earnings per share	Weighted average number of shares		149,867,531	149,867,531	149,867,531
	Earnings per share	Before adjustment	(0.67)	0.29	-
		After adjustment (Note 3)	(0.67)	0.29	-
Dividend per share	Cash dividend		0.20	0.30	-
	Stock dividend	Stock dividend from retained earnings	-	-	-
		Stock dividend from additional paid-in capital	-	-	-
	Cumulative unpaid dividends (Note 4)		-	-	-
Return on investment	P/E ratio (Note 5)		(19.94)	44.66	-
	E/P ratio (Note 6)		66.80	43.17	-
	Cash dividend yield (Note 7)		1.50%	2.32%	-

* In the case of capitalization of earnings or capital surplus for dividends, the information on the market price and cash dividend retrospectively adjusted depending on the number of shares paid out shall be disclosed.

Note 1: The table lists the highest and lowest market price of common stocks for each year, and the annual average market price was calculated in accordance with the annual trading value and volume of each year.

Note 2: Please fill in the number of shares issued at the end of the year and the distribution according to the resolution by the Board of Directors or general meeting of shareholders the following year.

Note 3: If there is a retroactive adjustment from distribution of bonus shares, the pre-adjustment and adjusted surplus per share shall be listed.

Note 4: Dividends that have not been issued in the current year are accrued to the issuer of the annual surplus; the accumulated undistributed dividends of the current year should be disclosed separately.

Note 5: P/E ratio = Average closing price per share in the current year/earnings per share.

Note 6: P/D ratio = Average closing price per share in the current year/cash dividend per share.

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

Note 8: The data of net worth per share and earnings per share shall be based on the most recent quarter numbers audited by CPAs as of the printed date of the annual report; the remaining columns shall fill in the current year’s data as of the publication date of the annual report.

4.1.6. Dividend policy and implementation

(1) Dividend policy

Handled in accordance with the Articles of Incorporation, if there is a profit for the year after the final accounts, taxes shall be paid first and past losses covered before setting 10% of the profit aside as the legal reserve. This does not apply when the legal reserve reaches the amount of paid-in capital and special reserve shall be appropriated or reserved in accordance with the law and regulations of the competent authorities.

Under Article 240 of the Company Act, the Board of Directors is delegated to resolve any distribution of earnings in cash to be reported at the shareholders' meeting.

Where the Company issues new shares or cash from legal reserve or capital reserves by means of cash, it shall be resolved by the Board of Directors pursuant to Article 241 of the Company Act to be reported at the shareholders' meeting.

The Company's development in the industry is in the stage of business expansion. Taking into account the Company's future capital needs and long-term financial planning, while satisfying shareholders' needs for cash inflows, the Company shall distribute earnings pursuant to the provisions of the preceding article. Earnings shall be distributed at a rate of not less than 50% of the earnings after tax for the year, with stock dividends ranging from 0% to 50% and cash dividends ranging from 50% 100%.

(2) Distribution of cash dividends reported at the shareholders' meeting

Unit: NT$

Item	Amount
Net Income of 2022	43,864,709
Less：Setting aside 10% legal reserve	(4,386,471)
Add：Specia surplus reserve reversal	63,459,249
Earnings in 2022 available for distribution	102,937,487
Add：Unappropriated retained earnings at the beginning of period	92,564,868
Retained earnings available for distribution as of December 31,2022	195,502,355
Less：Distribution items	
Cash dividend to shareholders (NT$0.3 per share)	(44,960,259)
Unappropriated retained earnings	150,542,096

4.1.7. The influence of the stock dividend proposed at the shareholders' meeting on the Company's operating performance and earnings per share

Item			Year 2023
Paid-in capital at the beginning of the year (in NT$ thousand)			1,498,675
Stock or cash dividend for this year	Cash dividend per share (NT$)		NT$0.3
	Number of shares allotted per share for capitalization of earnings		-
	Number of shares allotted per share for capitalization of capital surplus		-
Changes in operating performance	Operating income (in NT$ thousand)		Note
	Increase (decrease) in operating income YoY		
	Net profit after tax (in NT$ thousand)		
	Increase (decrease) in net profit after tax YoY		
	Earnings per share (NT$)		
	Increase (decrease) in earnings per share YoY		
	Annual average return on investment (annual average earning yield)		
Proforma earnings per share and price-earnings ratio	If the capitalization of earnings is replaced with payout of cash dividends	Proforma earnings per share (NT$)	
		Proforma annual average return on investment	
	If the capitalization of capital surplus is not conducted	Proforma earnings per share (NT$)	
		Proforma annual average return on investment	
	If the capitalization of capital surplus is not conducted and the capitalization of earnings is replaced with payout of cash dividends	Proforma earnings per share (NT$)	
		Proforma annual average return on investment	

Note: As the Company is not required to disclose the financial forecast information for 2023, the impact of stock grants issuance on business performance, EPS, and investment for shareholders has not been disclosed.

4.1.8. Remuneration to employees and directors

(1) The percentage of the profit for or scope of employee remuneration and director remuneration as stated in the Company's Articles of Incorporation:

If the Company makes a profit for the year, the Company shall set aside no less than 1.5% of the profit as remuneration to employees and no more than 2% of the profit as remuneration to directors/supervisors. However, where there are accumulated losses, profits shall be set aside to cover the Company’s accumulated losses.

(2) Basis for estimation of employee remuneration and directors remuneration in this period, basis for the calculation of the number of shares for stock dividends to employees, and accounting treatment if the amount paid out is different from the estimated amount:

The estimated amount of employees’ and directors' remuneration in 2022 are calculated by multiplying the net profit before tax (the amount before deducting the remuneration of employees and directors') by 1.5% and 2% respectively. Basis for calculating the number of shares to be distributed as employee remuneration. The calculation is based on the closing price on the preceding business day according to the Board of directors. Should there be any significant changes to the amounts resolved by the Board of directors after the current financial period has ended, this discrepancy shall be adjusted to the expenses of the year in which the estimates are made. If a different amount is resolved, the differences are recognized as a change in accounting estimate and will be adjusted in the following year.

(3) The distribution of remuneration approved by the Board of Directors:

(A) Amount of employee remuneration and director remuneration distributed in cash or stock. Where there is a difference with the estimated amount for the year, in which the expenses are recognized, the amount of difference, reason, and accounting treatment shall be disclosed:

Unit: NT$

Distribution item / Distribution	Employee remuneration - stock	Employee remuneration - cash	Remuneration of directors
The distribution amount approved by the Board of Directors	-	905,530	1,207,373
Estimated amount recognized in annual expenses	-	905,530	1,207,373
Amount of difference	-	-	-
Reason and action taken	Not applicable	Not applicable	Not applicable

(B) The amount of employee remuneration in stock and the amount as a percentage of the sum of net income after tax as in the standalone financial statement for this period and the total employee dividends for this period: Not applicable as the Board of Directors did not propose to distribute employee remuneration in stock.

(4) Where there is a difference between the employee remuneration and director remuneration paid out and the estimated amounts for the prior year (including the number of shares distributed, amount, and stock price), the amount of the difference, reason, and accounting treatment shall also be specified:

Unit: NT$

Distribution item / Distribution	Employee remuneration - stock	Employee remuneration - cash	Remuneration of directors
The distribution amount approved by the Board of Directors	-	-	180,000
Estimated amount recognized in annual expenses	-	-	-
Amount of difference	-	-	180,000
Reason and action taken	Not applicable	Not applicable	The estimated accounts different from the resolutions of the Board of Directors were adjusted to the profit or loss for 2022.

4.1.9. The repurchase of the Company's shares: None.

4.2. Issuance of Corporate Bonds: None.

4.3. Preferred Shares: None.

4.4. Issuance of Overseas Depositary Receipts: None.

4.5. Status of Employee Stock Options: None.

4.6. Status of Employee Restricted Stock: None.

4.7. Status of New Share Issuance in Connection with Mergers and Acquisitions: None.

4.8. Financing Plans and Implementation

4.8.1. Contents of the plan:

With respect to each uncompleted public issuance or private placement of securities, and to such issues and placements that were completed in the most recent 3 years but have not yet fully yielded the planned benefits: None.

4.8.2. Status of implementation: None.

V. Operation Overview

5.1. Business Contents

5.1.1. Business Scope

(1) Major businesses of the Company

The Company's key business is the manufacturing and sales of connector related products for consumer electronics, industrial applications,the communication industry and the automotive industry.

(2) Business proportion

Unit：NT$ Thousand

Product type	2022 Operating revenue	Operating Proportion
Connector	565,732	95.96%
Other	23,844	4.04%
Total	589,576	100.00%

(3) Key products

(A) Board to board connector

Board to board connectors are one of the connectors for circuit boards, which can be used in notebook computers, industrial computers, automotive electronics, mechanical equipment, household appliances, mobile phones, traffic recorders and Netcom equipment. They are key internal components of electronic products. Board to board connectors are distinguished based on foot spacing density, and their important uses are described as follows:

①Connectors for computers, network communication and consumer electronics products

A. 0.5 mm, 0.8 mm, 1.0 mm and 1.27 mm spacing board to board connectors

Small in size, it can be used for transmitting high-frequency signals or small-current signals between small or high-density boards. The design specifications are diverse and the applications are wide, mainly for portable products or network communication devices, such as network servers, security monitoring systems, etc.

B. 2.0 mm spacing board to board connectors

They are mainly used for the power support of laptop computers.

C. 2.54 mm spacing board to board connectors

They are mainly used in PC systems and peripheral support equipment, widely used in products with high carrying current in Europe and the United States.

②Other products: connectors for industrial computers, automotive electronics, medical equipment and home appliances.

(B) High-frequency connectors

In order to achieve the goal of high frequency and high-speed transmission, the requirements for the main control chip, electrical connector, cable and circuit board used in the high frequency transmission path are to be more precise and accurate; especially the current requirements for transmission speed and high-resolution images, with 40 Gbps and 8 kHz frequently adopt as the basic specifications. Therefore, the optimization of high frequency structure has become a key factor that needs attention.

(C) I/O transmission connectors

The connectors used for connecting the main and other devices for transmission; taking NB as an example, they include CD-ROM, network connector (RJ), hard drive connector (HDD), USB connector, etc. Considering the necessity of future I/O transmission components, the Company will focus on the development of USB/Type-C connectors.

(4) New products planned to be developed

The Company aims to increase the added value of its products, while developing board to board connectors which have a wide range of applications as its main product line by integrating design, manufacturing, and marketing, in response to future industrial development in the three major areas of 5G communication, electric vehicles and Industry 4.0. The Company’s main focus of development is also on high-frequency precision connectors, automotive connectors, industrial control connectors and Type-C connectors.

5.1.2. Industry Overview

(1) Current industry status and future prospects

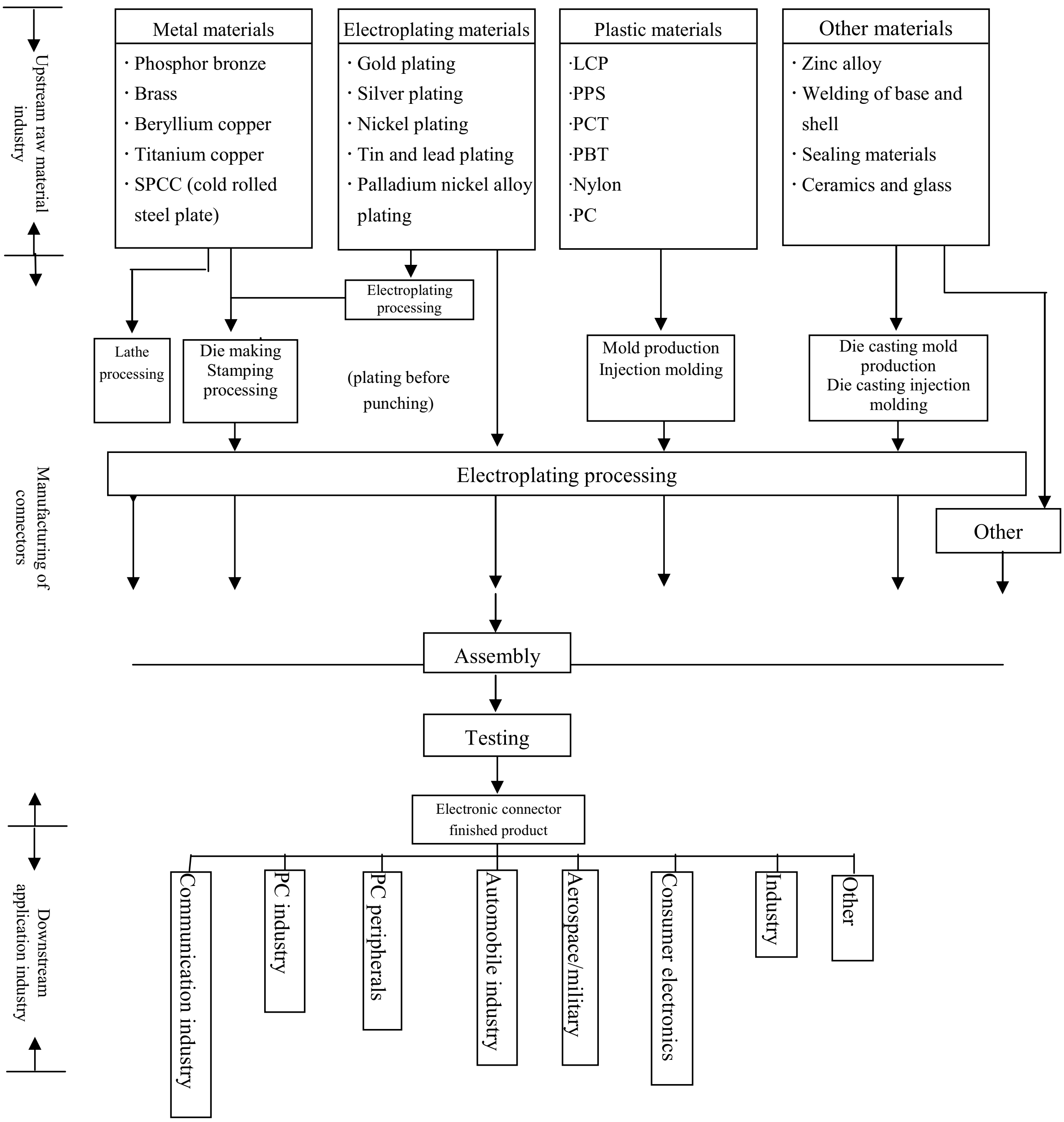
The Company is an electronic component manufacturer, mainly producing board to board connectors, high-frequency connectors and I/O transmission connectors. The so-called electronic connector refers to a connecting component used in conjunction with switches, ICs and other electronic components. Through their connection, the electrical signals between electronic circuits and electronic machines (such as computers and their peripherals) can be effectively transported. Electronic connectors are essential electronic components for the operation of all electronic machines, with a wide range of applications in computers and their peripheral products, telecommunications and communication products, network communication products, consumer electronics, industrial electronics, transportation, military aerospace, medical, instrument and equipment, and the automotive industry. Due to the quality of the products, they can affect the reliability of signal transmission between electronic machines, and are therefore very important components in the application of electronic products.

In 2022, consumer products faced a downward adjustment in demand due to the impact from the Russia-Ukraine War, the pandemic, high inflation and interest rate hikes. Driven by favorable factors such as China's lifting of lockdowns and the easing of material shortages in the second half of the year, demand has gradually increased, but inventory adjustments are still needed. With the rapid development of the Internet of Things and smart manufacturing, it is expected that the global line to board connector market will have a compound annual growth rate of 4.8% from 2023 to 2026.

Looking ahead to applications such as 5G, AI, HPC, IOT and self driving in 2023, the demand for cloud, server, and data center construction will continue to rise, and there is especially a strong demand from large cloud service providers (CSPs) in the United States. Driven by environmental protection and net zero carbon emissions, the accelerated growth of new energy vehicles has become a trend, and the demand for related charging equipment and power supply/battery management will continue to grow. Regarding the requirement for more efficient transmission speed, the speed of USB 4 product ASP will be much higher than that of the current mainstream USB 3.1.

(2) Relationship among the upstream, midstream and downstream of the industry

Industrial structure diagram of electronic connectors



Source: ITIS Project, Institute of Materials, Industrial Technology Research Institute

(3) Product development trends

With the rapid development of connector products in downstream fields such as information, communication, consumer electronics and new energy products, and to be in line with the trend of light, thin, short and small as well as the strategic development of downstream manufacturers, product types and specifications are constantly changing. The future product market development direction is personalized, mobile, intelligent and networked. From the perspective of technological development, the characteristics are high-speed, high-power and miniaturization. Due to the demand for high frequency and high speed, the connectors for high frequency and high speed, as well as connectors for wireless and communication products will grow continously. In the continuous trend of miniaturization, portable products have significantly increased the demand for fine-spaced connectors. The development trends of future connectors can be summarized into five categories:

(A) Technology for lighter, thinner, shorter and smaller connectors.

(B) High frequency and high-speed connection technology.

(C) Wireless transmission connector technology.

(D) Popularization of vehicle connectors.

(E) Enhancement in automation development and production technology.

Connectors are electronic components, and with the growth of consumer electronics and mobile devices, new markets and industries will bring future growth potential. Markets such as 5G communication, electric vehicles, and industrial equipment related markets, all have high growth potential.

(4) Competition

The global connector industry is dominated by the United States, Japan, Taiwan and mainland China. The industrial competition has intensified in recent years, and the manufacturers of the United States, Japan and mainland China are actively embarking on new applications such as electric vehicles, wearables and smart homes through mergers and acquisitions. At the same time, they use patent strategies to improve technology and deter competitors, and increase their competitive advantages through precision automation and efficiency production as well as vertical integration of product lines.

In order to cope with the rapid rise of mainland Chinese manufacturers with gradually improved quality and low price competition, Taiwanese manufacturers need to take advantage of the strategies of large manufacturers in the United States and Japan to quickly transform through industrial integration and structural upgrading, while fully enhancing product technical purity and developing new product capabilities, so as to gradually narrow our technological gap with large manufacturers of the United States and Japan.

5.1.3. Technology and R&D overview

(1) R&D expenses invested in the most recent year and up to the date of publication of the annual report

Unit：NT$ thousand

Item / Year	2022
R&D expenses	76,078
Operating revenue	589,576
R&D expenses to Operating revenue (%)	12.90%

(2) Technologies or products successfully developed in the most recent year and up to the date of publication of the annual report

Year	Successful Products Developed
2022	2.00 Pitch Header (Stack Height 17.00 mm)
	2.54 Pitch Header (Stack Height 20.60 mm)
	2.54 Pitch Header (Single row & right angle type)
	16 PIN USB Type-C (Receptacle & Waterproof (IPX8))
	08 PIN Customized Header with High Current
2023 as of April 30	1.00 Pitch Customized Socket

5.1.4. Long and short-term business development plans

In response to the overall economic environment and industrial development trends in the future, the Company has formulated the following short-term and long-term plans:

(1) Short-term business development plans

(A) Sales strategy: Set target customers for the target industry, gain a deep understanding of customer product needs, and improve the performance of the target industry.

(B) R&D strategy: Develop products focused on automotive, industrial, and communication applications and shorten development time.

(C) Production strategy: Strengthen the capacity of vertical production integration, production efficiency, production quality and manufacturing management.

(2) Long-term business development plans

(A) Sales strategy: Expand the market share of the target industry, and develop diversified products and sales capabilities.

(B) R&D strategy: Improve the core technological capabilities to achieve a leading position in the target industry continuously.

(C) Production strategy: Strengthen the capability of precision manufacturing process and improve automatic production equipment.

5.2. Market and Sales Overview

5.2.1. Market Analysis

(1) Sales areas of the Company's key products

Unit：NT$ thousand

Sales areas	Distribution of domestic and overseas sales	2021		2022	
		Amount	%	Amount	%
Taiwan	Domestic sales	25,037	4.76%	34,044	5.77%
Europe and the U.S.	Export	98,764	18.79%	92,220	15.64%
Asia	Export	393,521	74.88%	454,250	77.05%
Other	Export	8,184	1.57%	9,062	1.54%
Total	Domestic sales	25,037	4.76%	34,044	5.77%
	Export	500,469	95.24%	555,532	94.23%
	Net sales	525,506	100.00%	589,576	100.00%

(2) Market share

According to research data from IEK, the global connector market is already a mature industry with an annual growth rate of approximately 2%. However, there are many related manufacturers around the world, and competition is quite fierce. In recent years, the Company has not only effectively controlled operating costs in management, but also continuously developed and designed products with low back, fine spacing, and high pin count. Although our current market share is not high, But there is still considerable room for future development.

(3) Supply and demand and growth potential of the market in the future

Connectors have wide applications, and are required for all personal computers and their peripheral products, data transmission, telecommunications and communication products, automobiles and consumer electronics. Therefore, the growth of downstream terminal industries will drive the growth of the demand for connectors. The future growth of the connector industry can be known from the future market size of downstream electronic products. The following is an explanation of the future growth of various electronic products and the possible supply and demand of the market in the future:

(A) Network communication equipment

The communication equipment industry in Taiwan is mainly divided into two categories: network communication equipment and mobile personal devices. Network communication equipment covers products such as 5G access, WLAN, Ethernet LAN switch, DSL CPE, cable CPE, IP STB and PON; personal mobile devices include mobile phones and satellite positioning products.

With the rapid development of the Internet of Things (IoT) industry, traditional IoT communication methods cannot simultaneously meet the needs of low-power, long-distance, low-cost and wide coverage. Therefore, low-power wide area networks (LPWANs) have emerged. According to the market research firm IHS, demand will continue to grow in the future due to the gradual reduction of LPWAN costs and the promotion of IoT services by operators.

(B) Server equipment

As the pandemic condition has slowed down, the lockdown of various countries' borders have been lifted and the living needs have returned to normal. During the pandemic period, the dividends of the housing economy have converged, and the demand for information hardware products has gradually returned to pre-pandemic levels. The server field has three core functions: computing, storage and network connectivity. In recent years, various countries have actively expanded the demand for cloud services from data centers and network companies, which has become the main driving force of the server market. TrendForce estimates that the overall server market will continue to show a growth trend by 2025, driving the proportion of server DRAM production. The market development has also driven the development of new integrated memory solutions, which can solve the limitations of previous server systems. For example, the single memory architecture proposed to meet energy conservation and carbon reduction needs can achieve the goal of efficient computing while reducing energy consumption. Under the topic of sustainable development, major global enterprises must take energy conservation, carbon reduction and sustainable operation into consideration, which also brings new business opportunities to the server market.

(C) Power supply

In recent years, due to the rise of related applications such as esports PCs, data centers, cloud computing and servers, power supply manufacturers have gradually shifted their resources to the PC/NB application market. In addition, the demand for digital power supply devices is also triggered by the requirement for digital monitoring in power supply devices. Looking ahead to the future, the output value of global power supplies will continue to grow steadily, for example, the growth of switched power supplies is driven by those over 500 W, with servers and high-end desktop computers having the highest growth potential. On the other hand, servers have benefited from trends such as big data, IoT, Internet of Vehicles and smart living, while the demand for high-level desk machines increased as higher level display cards are required due to the increased demand for image quality in esports and VR. Besides, the vigorous development of VR and esports has also driven the demand for high-power power supplies.

(D) Automotive electronic products

The scope of automotive electronics covers fields such as engines, power components, vehicle bodies, active/passive safety equipment, in-vehicle entertainment and communication, security and chassis/suspension. The electronic components used in automobiles include electronic control units (ECUs), sensors, connectors, vehicle antennas, oscillators, RCL passive components (i.e. resistance, capacitance and inductance) and printed circuit boards.

Electric vehicles are a new trend of current transportation, and more and more traditional car manufacturers are forming strategic alliances to face the significant resources, money and time required for product transformation, accelerating the research and development of electric vehicles, or improving the quality of existing automotive technology. At the same time, unlike the manufacturing of traditional cars, electric vehicles have also entered an era of professional division of labor like mobile phone manufacturing, which has created more opportunities for the automotive electronics industry, communication industry and component manufacturers. As the electric vehicle industry moves towards professional OEM, having the ability to integrate user experience may also become an important competitiveness in the future electric vehicle market. In terms of AIoT and data analysis software for electric vehicles, the business decision-making ability of logistics operators will be improved through the improved intelligence of electric vehicles. The global market value of smart fleet management will also reach USD537.53 billion in 2025.

(E) Industrial computers

Industrial computers can be used as industrial controllers, and their basic performance and compatibility are almost the same as those of commercial personal computers of the same specification. However, industrial computer protection measures focus on stability in different environments, such as beverage production line control, automobile production line control, etc., and require stability in harsh environments for characteristics such as dust-proof, waterproof and anti-static. Industrial computers do not require the highest efficiency available at the moment, but only need to meet the reliability and stability requirements in the industrial environment. Otherwise, if a computer crashes in the production line, it may cause serious losses. Therefore, the standard values required for industrial computers must comply with strict specifications and scalability. Due to its reliable performance and rich software applications, IPC has been widely used in communication, industrial automation, medical treatment, environmental protection, aviation and all aspects of human life.

With the advent of the IoT era, many smart devices are highly customized after being connected to the cloud, and industrial computers play an important role in data collection, computation, communication, and networking to meet different needs. The industrial IoT will help improve the sustainable development of the industry, reduce operating costs and improve productivity, and will affect the development of industry, value chain, business model and labor force in the next decade. This trend will bring huge potential demand for the industrial computer industry, and bring strong impetus to the growth of the industry.

(4) Competitive Niche

(A) Technical ability to quickly develop molds.

A connector is composed of injection molded plastic and terminals. The processing technology of plastic materials is related to whether the semi-finished products with fine spacing, high density and high temperature resistance can be manufactured. In addition to the consideration of contact impedance and high pull-out resistance of metal materials, the terminal processing needs to perform bending to a suitable angle according to the customer's requirements, so that the connector can reach the required design specifications while taking into account the quality stability. The key technologies lie in the design and development of molds and fixtures. The Company has a technical team with years of experience in mold development and plastic injection molding, which can quickly develop and design various molds and fixtures for coordination with production. Therefore, despite rapid market changes and diverse customer demands, the strength of new product development enables the Company to respond to the market in a timely manner and achieve better timing.

(B) Production scheduling and automated production line

Due to the diversification of connector products, the Company has actively established an appropriate production scale to produce products with special specifications and new models; on the other hand, standardized products are introduced into the automatic production line to reduce the production cost, effectively control the quality and meet the delivery date.

(C) Vertical integration of product design and manufacturing processing capabilities

The Company has a complete process of product design, mold development, metal stamping, electroplating surface treatment, plastic molding and automated production, which can meet customer demand and product delivery, and has a cost and quality control advantage.

(D) Having a solid customer base

The Company has a wide customer base, including manufacturers of consumer electronics, communication and industrial products, as well as automotive connector agents. Internationally renowned first-tier manufacturers are long-term customers of the Company, and our cooperative relationship with customers is stable. In addition to continuing to maintain and establish more complete customer relationships, the Company also actively cultivates the market for industrial and communication products to expand our future growth potential.

(E) Product development in line with the trend of the times

At present, the Company's research and development focuses on high-frequency precision connectors, automotive connectors, industrial control connectors, board to board products, as well as USB Type-C connectors such as high-frequency and high-speed, anti-interference, noise suppression, and high-power connectors required by industries/automotives for high current and high voltage, in order to meet the market demand of the products. On the basis of years of accumulated product design and development, our high-frequency transmission connectors and I/O transmission connectors meet the diverse and short development cycle needs of customers.

(F) Product quality advantage

Under the concept of continuous improvement and excellence, the Company is committed to the establishment of a quality management system with internationally recognized quality standards. Under the premise of continuous improvement and improved operating performance, the Company operates the ISO/IATF16949 quality management system to build a more complete quality system and achieve customer satisfaction.

(5) Favorable and unfavorable factors for future development and countermeasures

(A) Development prospects of the industry

Since the 1980s, Taiwan has been committed to the manufacturing of information products and has gained an important position in the international market, benefiting electronic component suppliers, and connector manufacturers are also one of them. However, due to factors such as short product development period and rapid emerging consumer market development, they also face more opportunities and challenges.

Favorable factors:

①In the development trend of new industries, connector products are an important component, and there is considerable room for future growth.

②In terms of product competitiveness, the Company focuses on the development and production of connectors, utilizing a cross strait division of labor and resource sharing model to reduce production costs and improve quality, in order to maximize profits.

③In terms of business management, the Company has a professional team with professional core competitiveness and a culture of "innovation, speed, quality and service" to fully cooperate with each customer to create a shared and win-win situation.

Unfavorable factors:

①Consumer products are developing rapidly and have a short lifecycle; failure to launch new products in a timely manner will result in a loss of market competitiveness.

②The revision of the labor policy in mainland China has resulted in rising wages and production costs; meanwhile, the cost of raw materials remains high, the market price competition is fierce, and the price cutting competition among peers and mainland China funded factories are all factors that affect profitability.

Countermeasures:

①The Company has years of professional development and design capabilities, as well as the ability to professionally produce molds, thus shortening the time from product development to mass production and increasing the Company's competitiveness.

②We will continue increasing the proportion of automated production and improving the production process to reduce the defective rate, and reduce the impact of changes in the labor policy of mainland China.

(B) Product development

With the development of electronic, information and communication products towards short, small, light, thin and high-precision, and the demand of industries/automobiles towards high-power connector products with high current and high voltage, the production technology, product stability and quality control of related products are among the primary considerations for selecting electronic parts suppliers.

Favorable factors:

①In addition to strict quality control to ensure product stability, the connectors produced by the Company use automatic and semi-automatic machines and equipment from R&D to assembly to reduce man-made differences. The Company has passed ISO 14001:2015, ISO 9001:2015, IATF 16949:2016 and other international environmental and quality management system certification, and meets RoHS requirements for the control of environmentally hazardous substances. Our product quality is reliable, competitive and meets environmental requirements.

②In recent years, the demand for industrial/automotive connector products has increased significantly, and the Company's product R&D is also working in this direction. At present, our product technology can produce high current and high voltage connector products, and can meet automotive standards and specifications. Both our technology and product specifications can meet the market trend, which is very beneficial for future business development.

Unfavorable factors:

①The electronic industry is undergoing rapid transformation; not only products are constantly changing, but the lifecycle of various individual products are gradually shortening. Therefore, whether electronic component suppliers have a complete product line and whether their R&D speed can keep up with the trend in a timely manner will affect customers' willingness to place orders.

②The low price trend of electronic products oppresses the cost of connectors. The products are of high homogeneity, the price cutting competition by peers is fierce, and the profits are thinning.

Countermeasures:

①The Company has an experienced technical team with years of R&D, design, mold opening and stamping technology, as well as the production and use of precision equipment. We can provide high-precision molds of new specifications in a short period of time to respond to environmental changes; at the same time, we are gradually introducing automated manufacturing for stable quality.

②The Company reduces the inventory risk and improves production mobility through the method of production right after order taking, adopts swift and flexible scheduling, and uses existing manpower in a planned and efficient manner to control production costs and strive for a certain profit margin.

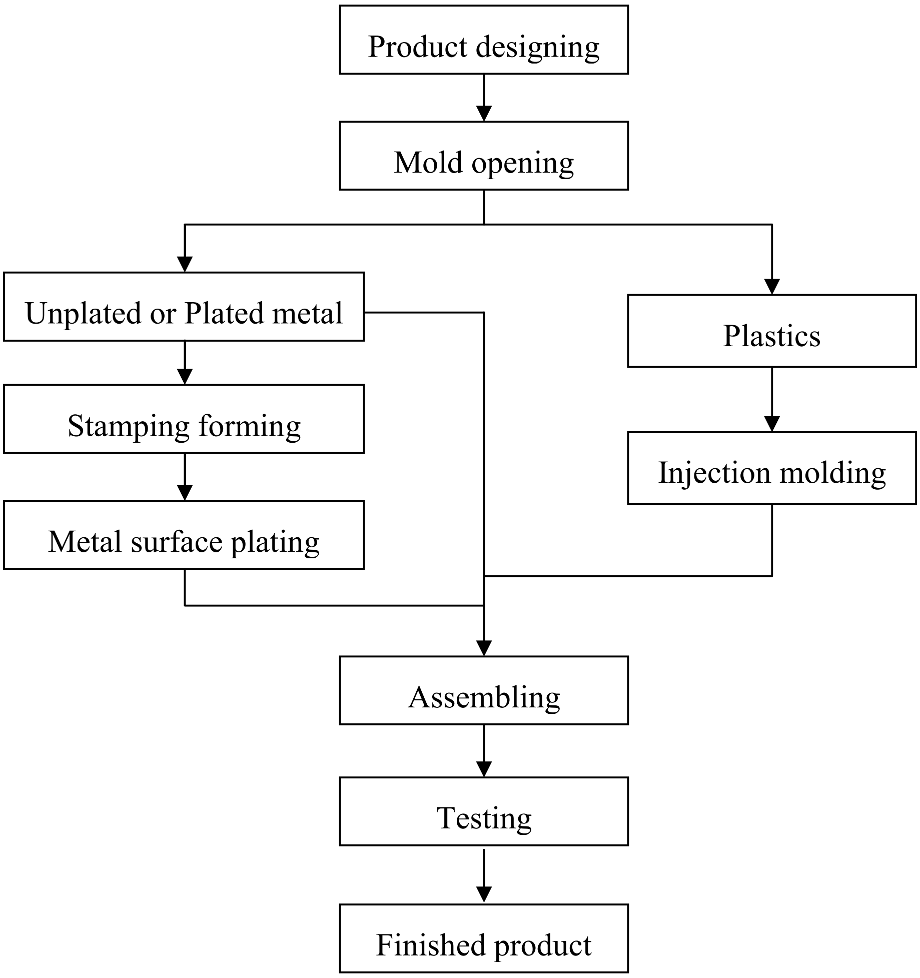
In summary, the Company has formulated feasible improvement plans and implemented various corresponding countermeasures for any adverse situations that may arise during business development.

5.2.2. Important applications and production processes of key products

(1) Key applications of connectors

Key products	Key applications or functions
Board to board connectors	For connection of various signals and power supplies board to board.
High frequency transmission connectors	For achievement of the performance of high-speed transmission and high-resolution audios and videos.
I/O transmission connectors	For connection between the main device and other devices.

(2) Connector production process



5.2.3. Supply of main raw materials

The main raw materials of the Company are engineering plastic particles, electroplating metal materials, copper materials and steel materials. The Company has established stable supply relationships with various suppliers, and has alternative suppliers to ensure smooth procurement without the risk of stock outs. Our main suppliers are as follows:

Main raw materials	Main suppliers
Copper and steel materials	Kunshan Yongji, Dongguan XinyuCheng
Plated materials	Shenzhen FuJun
Plastic materials	Dongguan Gengyun, Suzhou Jiekai

5.2.4. Customers accounting for more than 10% of the total purchase (sales) in any of the past two years

(1) Information of major sales customers

Unit：NT$ thousand

Item	2021				2022			
	Vendor Code	Amount	Ratio of Total Net sale (%)	Relationship with the issuer	Vendor Code	Amount	Ratio of Total Net sale (%)	Relationship with the issuer
1	SN007	160,411	30.53	None	SN007	303,430	51.47	None
2	AD002	73,456	13.98	None	AD002	71,187	12.07	None
3	DR003	54,505	10.37	None	-	-	-	-
4	Other	237,134	45.12	-	Other	214,959	36.46	-
	net sale	525,506	100.00	-	net sale	589,576	100.00	-

Explanation of changes in sales: The ratio of sales amount of DR003 to net sales decreased in 2022 due to a decrease in customer demand; The ratio of sales amount of SN007 to net sales increased in 2022 due to increased customer demand.

(2) Information of major suppliers

Unit：NT$ thousand

Item	2021				2022			
	Vendor Code	Amount	Ratio of Total Net sale (%)	Relationship with the issuer	Vendor Code	Amount	Ratio of Total Net sale (%)	Relationship with the issuer
1	W00694	59,374	24.20	None	LA0039	61,915	25.97	None
2	-	-	-	-	LA0019	58,261	24.44	None
3	Other	185,984	75.80	-	Other	118,231	49.59	-
	net purchase	245,358	100.00	-	net purchase	238,407	100.00	-

Explanation of changes: The ratio of the purchase amount of LA0039 to the net purchase amount in 2022 increased due to an increase in outsourced products.

5.2.5. Production Volume and Value in the Last Two Years

Unit: thousand units/NT$ thousand

Year	2021			2022		
Production q'ty and value / Key products	Capacity	Quantity	Value	Capacity	Quantity	Value
Connector	Note	71,377	310,147	Note	60,037	278,651

Note: The Company's key machinery and equipment are mainly used to produce key raw materials such as terminals and plastics, and the latter part of the assembly work is flexible manufacturing such as manual assembly, automatic or semi-automatic equipment production, or outsourced processing, so the normal production capacity cannot be clearly counted.

5.2.6. Sales Volume and Value in the Last Two Years

Unit: thousand units/NT$ thousand

Year	2021				2022			
Sales q'ty and Value / Key products	Domestic sales		Export		Domestic sales		Export	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Connector	3,881	25,037	57,700	446,959	4,632	34,044	62,610	531,688
Other	Note	-	Note	53,510	Note	-	Note	23,844
Total	-	25,037	-	500,469	-	34,044	-	555,532

Note: As menthods have different measurements, the sales quantity from "Other" is not listed.

5.3. Employee Information

Item / Year		2021	2022	2023 as of April 30
Number of employees	Direct employees	133	154	152
	Indirect employees	153	124	132
	Total	286	278	284
Average age		34.14	34.05	33.33
Average years of service		2.28	2.15	1.99
Distribution of education attainment	PhD degree	-	-	-
	Master degree	0.35%	0.36%	0.35%
	University	8.39%	11.15%	11.27%
	College	18.88%	13.31%	12.68%
	High school	31.12%	32.37%	32.75%
	Under high school	41.26%	42.81%	42.95%

5.4. Information on Environmental Protection Expenditure

The total amount of losses (including compensation) and penalties suffered due to environmental pollution for the most recent year and up to the date of publication of the annual report, and an explanation of future countermeasures (including improvement measures) and possible expenses (including the estimated amount of losses, penalties and compensation that may occur if no countermeasures are taken. If it cannot be reasonably estimated, the fact that it cannot be reasonably estimated should be explained):

Item		2022	2023 as of April 30
Pollution status		None	None
Compensation object or disciplined unit		None	None
Compensation amount or disposal situation		None	None
Future countermeasures	Improvement measures planned	None	None
	Estimated expenditure amount	None	None

5.5. Labor Relations

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

(1) Employee welfare measures, further study and training

(A) Employee remuneration

In order to enable all employees to work together and create a better future, the Company allocates shares to employees in accordance with the Company Act in the handling of capital increase in cash. If there is any profit in the annual settlement, unless the Company still has a cumulative loss, a compensation amount of no less than 1.5% will be appropriated in advance for all employees as employee remuneration.

(B) Study and training

The Company has always spared no effort in cultivating talents, and in addition to providing training, we propose annual training needs and plans every year. In addition, we irregularly arrange special personnel to participate in external courses or invite experts and scholars to give lectures in order to enrich the Company's human resources capacity. The total cost of the Company's external training courses for 2022 is approximately NT$118.20 thousand, and the execution of our internal and external training is as follows:

Item / Year	2022			
	Number of classes	Total participants	Total hours	Total expense (NT$ thousand)
1. New recruit training	20	386	772	-
2. Professional skill training	105	1,172	1,818	55.78
3. Supervisor capability training	6	15	178	62.43
Total	131	1,573	2,768	118.20

(C) Employee Welfare Committee

The Welfare Committee provides subsidies for marriage, funeral and public injury leave and hospitalization. Each year, it holds a year-end dinner depending on the Company's profit situation, and occasionally organizes employee tours to promote friendship among the employees and their relatives, thereby enhancing work morale.

(2) Retirement system

Starting from July 1, 2005, in accordance with the Labor Pension Act, the Company allocates 6% of the total salary as the pension for employees who start working for the Company after July 1, 2005 and those who choose the new pension system, and deposit the funds in the pension account of the Bureau of Labor Insurance in the name of each employee.

(3) Negotiations between labor and management

Both the Company’s labor and management maintain harmonious and friendly labor relations through rational communication, and there has not been any need for coordination due to major labor disputes.

(4) Measures for safeguarding employee rights and interests

(A) Employee safety

①The Company carries out fire safety inspection every year. The workplace is cleaned and disinfected every day, the elevators, air conditioners, water dispensers, pressure vessels and other equipment are regularly maintained and inspected, and an external organization is irregularly invited to inspect the noise, air, dust, water, electricity and other aspects of the working environment.

②According to the regulations, the Company sends employees to participate in the professional training of fire prevention managers held by a professional institution every two years, and invites the fire department to send personnel to the Company every six months for fire safety training courses to strengthen employees' disaster prevention knowledge.

③The Company provides respirators, earplugs, protective glasses, labor protection shoes, gloves, radiation protective clothing and other labor protection articles, and daily checks the wearing status of relevant operators to reduce the incidence of accidents or occupational injuries.

④The Company irregularly arranges personnel for training to obtain the qualification of safe production personnel.

(B) Employee insurance

In accordance with laws and regulations, the Company has insured employees with social insurance such as labor insurance (including occupational hazard insurance) and national health insurance, and allocated labor pensions in accordance with the Labor Pension Act.

(C) Physical and mental health

①According to the Labor Safety and Health Act, in-service employees are scheduled to undergo a health check every three years. Mainland reinvestment companies arrange annual health checks for employees with more than one year of service, and occupational disease checkups for employees who may be exposed to occupational hazards.

②The Company has complaint and punishment provisions on the prevention of sexual harassment in the work rules to safeguard the work rights and interests of employees; besides, there is an employee opinion box that serves a channel for employees to appeal.

③The employee dormitory has recreational activities including a gym, basketball court and library to provide leisure and entertainment for employees after work.

5.5.2. Any losses incurred due to major infocomm security incidents, potential impacts, and countermeasures in the most recent year and up to the publication date of this annual report. If the amount cannot be reasonably estimated, please specify the fact that it cannot be reasonably estimated:

The Company's labor management agreements are based on the principles of the Labor Standards Act and relevant laws and regulations, and are stipulated when employees enter the Company for service in accordance with personnel management regulations. There have been no losses suffered due to major labor disputes in the most recent year and up to the date of publication of the annual report.

5.6. Infocomm Security Management:

5.6.1. Infocomm security risk management structure, infocomm security policy, specific management scheme and resources invested in infocomm security management.

(1) Infocomm Security Risk Management Structure

The Company refers to the COSO framework, and measures the control environment, risk assessment, control activities, information and communication, supervision and other elements, and established the operation management mechanism, internal control system and internal control self-inspection operation, which summarize the functions of risk management and internal control.

The Company has not yet established an Information Security Committee. Currently, the information unit is also responsible for information security related affairs to ensure the confidentiality, integrity and availability of its information assets, and conducts irregular information security inspections.

(2) Information Security Policy

In accordance with the relevant laws and regulations and the Company's business needs, the Company has formulated its internal control information circulation method, information management method, personal data protection management method, and confidentiality and prevention management procedures for all employees to follow, and conducted information security training courses to improve the information security knowledge of employees.

(3) Specific management plan and resources invested in infocomm security management

The Company has listed infocomm security inspection and control operations as an annual audit project, with at least one audit conducted annually; in addition, the Company implements self inspection of the risk internal control system every year, including infocomm security inspection and control. The Company will summarize the effect of internal control on risks, submit it to the Audit Committee meeting and the Board of Directors meeting for review and confirmation, and disclose the self-evaluation results of internal control in the annual report.

Through the results of risk identification and risk assessment, the Company confirms the degree of adverse impact of the infocomm security risk on the Company’s operation, and takes corresponding management measures. After evaluating and considering the risks of information security, the Company planned information security control projects and invested resources as follows:

(A) Setup of firewalls.

(B) Setup of anti-virus software.

(C) Control of system program data access.

(D) Email management and control.

(E) Information system disaster recovery plan.

The management of the Company carries out internal control implementation as well as risk supervision and management according to its business scope and operation management mechanism and process.

5.6.2. List any losses incurred due to major infocomm security incidents, potential impacts and countermeasures in the most recent year and up to the publication date of this annual report. If the amount cannot be reasonably estimated, please specify the fact that it cannot be reasonably estimated:

The Company has not suffered any major infocomm security incidents or related losses or impacts in 2022 and as of the date of publication of the annual report.

5.7. Important contracts (including supply and sales contracts, technical cooperation contracts, engineering contracts, long-term loan contracts, and other important contracts that may affect the rights and interests of investors which are still valid and expire in the most recent year)

Nature of contracts	Parties involved	Contract period	Main contents	Restrictive covenants
Distributorship Agreement	RTS-Connect GmbH	2008.11-	Connector product sales agency.	None
Strategic Partnership Agreement	RTS-Connect GmbH	2012.01-	Both parties become strategic partners in the European and Asian markets for automotive electronics and industrial applications.	None

VI. Financial Information

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

6.1.1. Consolidated Condensed Balance Sheet – Based on IFRS

Unit: NT$ thousands

Item	Year (Note 1)	2018	2019	2020	2021	2022
Current assets		1,852,454	1,917,124	1,636,560	1,498,014	1,628,254
Property, Plant and Equipment		700,725	1,040,118	962,674	912,429	806,893
Intangible assets		3,277	3,044	1,738	2,533	2,695
Other assets		335,650	177,362	131,977	124,710	137,201
Total assets		2,892,106	3,137,648	2,732,949	2,537,686	2,575,043
Current liabilities	Before distribution	231,536	303,344	168,103	134,531	119,749
	After distribution	295,197	378,278	198,077	164,505	164,709 (Note 2)
Non-current liabilities		408,789	437,988	333,697	315,434	290,223
Total liabilities	Before distribution	640,325	741,332	501,800	449,965	409,972
	After distribution	703,986	816,266	531,774	479,939	454,932 (Note 2)
Equity attributable to shareholders of the parent		2,251,781	2,396,316	2,231,149	2,087,721	2,165,071
Capital stock	Before distribution	1,273,211	1,498,675	1,498,675	1,498,675	1,498,675
	After distribution	1,298,675	1,498,675	1,498,675	1,498,675	1,498,675 (Note 2)
Capital surplus		34,192	55,254	54,591	54,591	54,591
Retained earnings	Before distribution	971,295	939,405	774,923	645,021	658,912
	After distribution	882,170	864,471	744,949	615,047	613,952 (Note 2)
Other equity interest		(26,917)	(97,018)	(97,040)	(110,566)	(47,107)
Treasury stock		-	-	-	-	-
Non-controlling interest		-	-	-	-	-
Total equity	Before distribution	2,251,781	2,396,316	2,231,149	2,087,721	2,165,071
	After distribution	2,188,120	2,321,382	2,201,175	2,057,747	2,120,111 (Note 2)

Note 1：The financial information were audited by the independent accountants.

Note 2：The amount approved by Board of Directors on February 23, 2023.

6.1.2. Consolidated Condensed Statement of Comprehensive Income – Based on IFRS

Unit: NT$ thousands

Item \ Year (Note 1)		2018	2019	2020	2021	2022
Operating revenue		1,181,376	1,001,580	711,500	525,506	589,576
Gross profit		393,576	316,995	173,578	113,967	197,558
Net operating income (loss)		153,253	67,837	(72,303)	(117,127)	(17,035)
Non-operating income and expenses		62,426	27,350	(20,577)	17,254	65,533
Income before tax		251,679	95,187	(92,880)	(99,873)	48,498
Profit (loss) from continuing operations		107,192	57,569	(89,454)	(99,928)	43,865
Income from discontinued operations, net of income tax effect		-	-	-	-	-
Net income (Loss)		107,192	57,569	(89,454)	(99,928)	43,865
Other comprehensive income (income after tax)		(35,426)	(70,101)	(22)	(13,526)	63,459
Total comprehensive income		71,766	(12,532)	(89,476)	(113,454)	107,324
Net income attributable to shareholders of the parent		107,192	57,569	(89,454)	(99,928)	43,865
Net income attributable to noncontrolling interest		-	-	-	-	-
Comprehensive income attributable to Shareholders of the parent		71,766	(12,532)	(89,476)	(113,454)	107,324
Comprehensive income attributable to non-controlling interest		-	-	-	-	-
Earnings per share (Note 2)	Before retrospective adjustment	0.84	0.42	(0.60)	(0.67)	0.29
	After retrospective adjustment	0.83	0.42	(0.60)	(0.67)	0.29

Note 1：The financial information were audited by the independent accountants.

Note 2：The earnings per share of ordinary shares are measured in the unit of NT$, and the impact of free allotment has been included in the retrospective adjustment.

6.1.3. Individual Condensed Balance Sheet – Based on IFRS

Unit: NT$ thousands

Item \ Year (Note 1)		2018	2019	2020	2021	2022
Current assets		610,461	549,822	363,230	335,983	395,648
Investments accounted for using equity method		2,087,092	2,221,698	2,040,345	1,872,864	1,905,951
Property, Plant and Equipment		23,213	22,679	22,184	22,430	21,990
Intangible assets		195	111	31	140	80
Other assets		55,770	51,446	65,664	75,249	61,429
Total assets		2,776,731	2,845,756	2,491,454	2,306,666	2,385,098
Current liabilities	Before distribution	288,175	216,470	58,015	45,078	53,114
	After distribution	351,836	291,404	87,989	75,052	98,074 (Note 2)
Non-current liabilities		236,775	232,970	202,290	173,867	166,913
Total liabilities	Before distribution	524,950	449,440	260,305	218,945	220,027
	After distribution	588,611	524,374	290,279	248,919	264,987 (Note 2)
Equity attributable to shareholders of the parent		2,251,781	2,396,316	2,231,149	2,087,721	2,165,071
Capital stock	Before distribution	1,273,211	1,498,675	1,498,675	1,498,675	1,498,675
	After distribution	1,298,675	1,498,675	1,498,675	1,498,675	1,498,675 (Note 2)
Capital surplus		34,192	55,254	54,591	54,591	54,591
Retained earnings	Before distribution	971,295	939,405	774,923	645,021	658,912
	After distribution	882,170	864,471	744,949	615,047	613,952 (Note 2)
Other equity interest		(26,917)	(97,018)	(97,040)	(110,566)	(47,107)
Treasury stock		-	-	-	-	-
Non-controlling interest		-	-	-	-	-
Total equity	Before distribution	2,251,781	2,396,316	2,231,149	2,087,721	2,165,071
	After distribution	2,188,120	2,321,382	2,201,175	2,057,747	2,120,111 (Note 2)

Note 1：The financial information were audited by the independent accountants.
Note 2：The amount approved by Board of Directors on February 23, 2023.

6.1.4. Individual Condensed Statement of Income – Based on IFRS

Unit: NT$ thousands

Item \ Year (Note 1)		2018	2019	2020	2021	2022
Operating revenue		1,050,786	850,399	513,120	198,667	175,832
Gross profit		214,151	154,347	99,198	40,419	20,892
Net operating income (loss)		128,351	83,213	57,189	4,785	(19,628)
Non-operating income and expenses		51,727	(11,308)	(164,825)	(132,201)	77,884
Income before tax		180,078	71,905	(107,636)	(127,416)	58,256
Profit (loss) from continuing operations		107,192	57,569	(89,454)	(99,928)	43,865
Income from discontinued operations, net of income tax effect		-	-	-	-	-
Net income (Loss)		107,192	57,569	(89,454)	(99,928)	43,865
Other comprehensive income (income after tax)		(35,426)	(70,101)	(22)	(13,526)	63,459
Total comprehensive income		71,766	(12,532)	(89,476)	(113,454)	107,324
Net income attributable to shareholders of the parent		107,192	57,569	(89,454)	(99,928)	43,865
Net income attributable to noncontrolling interest		-	-	-	-	-
Comprehensive income attributable to Shareholders of the parent		71,766	(12,532)	(89,476)	(113,454)	107,324
Comprehensive income attributable to non-controlling interest		-	-	-	-	-
Earnings per share (Note 2)	Before retrospective adjustment	0.84	0.42	(0.60)	(0.67)	0.29
	After retrospective adjustment	0.83	0.42	(0.60)	(0.67)	0.29

Note 1：The financial information were audited by the independent accountants.

Note 2：The earnings per share of ordinary shares are measured in the unit of NT$, and the impact of free allotment has been included in the retrospective adjustment.

6.1.5. Auditors' Opinions In The Past Five Years

Year	Name of CPA	Audit Opinion
2018	Chang Jung-Chih, Lin Yueh-Hsia	Unqualified opinion
2019	Chang Jung-Chih, Lin Yueh-Hsia	Unqualified opinion
2020	Chang Jung-Chih, Lee Tsung-Ming	Unqualified opinion
2021	Chang Jung-Chih, Lee Tsung-Ming	Unqualified opinion
2022	Chang Jung-Chih, Lee Tsung-Ming	Unqualified opinion

6.2. Five-Year Financial Analysis

6.2.1. Consolidated Financial Analysis – Based on IFRS

Item (Note 2)			Year(Note 1) 2018	2019	2020	2021	2022
Financial structure (%)	Debt Ratio		22.14	23.62	18.36	17.73	15.92
	Ratio of long-term capital to property, plant and equipment		379.68	272.49	266.42	263.37	304.28
Solvency (%)	Current ratio		800.07	631.99	973.54	1,113.50	1,359.72
	Quick ratio		724.00	563.20	865.34	972.53	1,252.13
	Interest earned ratio (times)		167,293.02	3,293.12	-	-	4,409.91
Operating performance	Accounts receivable turnover (times)		3.01	2.77	2.74	3.04	3.04
	Average collection period		121.26	131.76	133.21	120.06	120.06
	Inventory turnover (times)		8.21	7.11	5.70	3.89	3.18
	Accounts payable turnover (times)		9.03	9.84	10.01	9.13	9.04
	Average days in sales		44.45	51.33	64.03	93.83	114.77
	Property, plant and equipment turnover (times)		2.66	1.15	0.71	0.56	0.68
	Total assets turnover (times)		0.40	0.33	0.24	0.19	0.23
Profitability (%)	Return on total assets		3.71	1.98	(3.01)	(3.78)	1.71
	Return on stockholders' equity		4.74	2.47	(3.86)	(4.62)	2.06
	Pre-tax income to paid-in capital		16.93	6.35	(6.19)	(6.66)	3.23
	Profit ratio		9.07	5.74	(12.57)	(19.01)	7.44
	Earnings per share (Note 3)	Before retrospective adjustment	0.84	0.42	(0.60)	(0.67)	0.29
		After retrospective adjustment	0.83	0.42	(0.60)	(0.67)	0.29
Cash flow (%)	Cash flow ratio		260.98	77.03	44.94	6.34	61.50
	Cash flow adequacy ratio		166.84	117.85	95.26	77.15	35.98
	Cash reinvestment ratio		18.27	5.33	0.02	-	1.58
Leverage	Operating leverage		3.25	6.35	-	-	-
	Financial leverage		1.00	1.04	0.98	1.00	1.00

Analysis of financial ratio differences for the last two years. (Not required if the difference does not exceed 20%):

1. Current ratio and Quick ratio: Due to the increase in operating revenue.
2. Interest earned ratio (times) : The net profit before income tax and interest expense in 2021 is a net loss, and the interest earned ratio (times) is not calculated.
3. Average days in sales: Due to the reduced cost of goods sold and increased inventory.
4. Property, plant and equipment turnover (times): Due to the increase in sales and conversion of real estate and factory buildings into investment real estate.
5. Total assets turnover (times): Due to the increase in sales, but the total assets did not significantly increase.
6. Return on total assets、Return on stockholders' equity、Pre-tax income to paid-in capital、Profit ratio and Earnings per share: Due to the change from loss to profit.
7. Cash flow ratio: Due to the increase in cash inflows from operating activities.
8. Cash flow adequacy ratio: The cash inflow amount from 2018 to 2022 decreased compared to the cash inflow amount from 2017 to 2021.
9. Cash reinvestment ratio: Due to the cash flow from operating activities being less than the dividend payout amount in 2021, the cash reinvestment ratio was not calculated.

Note 1：The financial information were audited by the independent accountants.

Note 2：Calculation for each financial analysis is as follows:

1. Financial Structure
   (1) Debt-asset ratio＝Total liabilities／Total assets
   (2) Ratio of long-term capital to property, plant and equipment＝(Total equity＋Non-current liabilities)／Net worth of property, plant and equipment
2. Solvency
   (1) Current ratio＝Current Assets／Current liabilities
   (2) Quick ratio＝(Current assets－Inventory－Prepaid expenses)／Current liabilities
   (3) Interest coverage ratio＝income before income tax and interest expenses／Interest expenses
3. Operating Performance
   (1) Receivables (including accounts receivable and notes receivable arising from business operations) turnover rate＝Net sales／ average receivables (including accounts receivable and notes receivable arising from business operations) for each period
   (2) Average collection days for receivables ＝365／receivables turn over rate
   (3) Inventory turnover rate＝Cost of sales／average inventory
   (4) Payables (including accounts payable and notes payable arising from business operations) turnover rate＝cost of sales／average payables (including accounts payable and notes payable arising from business operations) for each period
   (5) Average days of sale＝365／Inventory turnover rate
   (6) Property, plant and equipment turnover rate = net sales / average net worth of property, plant and equipment
   (7) Total assets turnover＝Net sales／Total assets
4. Profitability
   (1) Return on assets＝[net income + interest expenses (1- tax rate)] / averate total assets
   (2) Return on equity＝net income / average total equity
   (3) Profit margin before tax = net income / net sales
   (4) Earnings per share = (profit and loss attributable to owners of the parent – dividends on preferred shares) / weighted average number of issued shares
5. Cash Flow
   (1) Cash flow ratio＝Net cash flow from operating activities / current liabilities
   (2) Net cash flow adequacy ratio = Net cash flow from operating activities for the most recent five years / (capital expenditures + inventory increase + cash dividend)
   (3) Cash flow reinvestment ratio = (Net cash flow from operating activities – cash dividend) / gross property, plant and equipment value + long-term investment + other non-current assets + working capital)
6. Leverage
   (1) Operating leverage＝(net operating revenue – variable operating costs and expenses) / operating income
   (2) Financial leverage＝Operating income／(Operating income－interest expenses)

Note 3：The earnings per share of ordinary shares are measured in the unit of NT$, and the impact of free allotment has been included in the retrospective adjustment.

6.2.2. Individual Financial Analysis – Based on IFRS

Item (Note 2)			Year(Note 1) 2018	2019	2020	2021	2022
Financial structure (%)	Debt Ratio		18.90	15.79	10.44	9.49	9.22
	Ratio of long-term capital to property, plant and equipment		10,720.52	11,593.48	10,969.34	10,082.87	10,604.74
Solvency (%)	Current ratio		211.83	253.99	626.09	745.33	744.90
	Quick ratio		204.30	246.69	620.06	729.95	741.91
	Interest earned ratio (times)		139,695.34	-	-	-	-
Operating performance	Accounts receivable turnover (times)		3.14	2.93	3.14	4.26	5.23
	Average collection period		116.24	124.57	116.24	85.68	69.78
	Inventory turnover (times)		48.34	61.31	58.17	31.94	39.17
	Accounts payable turnover (times)		3.18	3.14	3.60	4.67	4.95
	Average days in sales		7.55	5.95	6.27	11.42	9.31
	Property, plant and equipment turnover (times)		44.95	37.06	22.87	8.90	7.91
	Total assets turnover (times)		0.37	0.30	0.19	0.08	0.07
Profitability (%)	Return on total assets		3.85	2.04	(3.35)	(4.17)	1.87
	Return on stockholders' equity		4.74	2.47	(3.86)	(4.62)	2.06
	Pre-tax income to paid-in capital		14.14	4.79	(7.18)	(8.50)	3.88
	Profit ratio		10.20	6.77	(17.43)	(50.30)	24.95
	Earnings per share (Note 3)	Before retrospective adjustment	0.84	0.42	(0.60)	(0.67)	0.29
		After retrospective adjustment	0.83	0.42	(0.60)	(0.67)	0.29
Cash flow (%)	Cash flow ratio		122.85	31.87	194.05	71.33	-
	Cash flow adequacy ratio		96.60	60.98	56.01	44.57	35.27
	Cash reinvestment ratio		10.96	0.20	1.56	0.10	-
Leverage	Operating leverage		1.30	1.47	1.51	6.32	-
	Financial leverage		1.00	1.00	1.00	1.00	1.00

Analysis of financial ratio differences for the last two years. (Not required if the difference does not exceed 20%):

1. Accounts receivable turnover (times) : Although sales decreased, accounts receivable concentrated at the end of the year.
2. Inventory turnover (times): Due to the decreased in ending inventory compared to that in the previous period.
3. Return on total assets、Return on stockholders' equity、Pre-tax income to paid-in capital、Profit ratio and Earnings per share: Due to the change from loss to profit.
4. Cash flow ratio and Cash reinvestment ratio: It was not calculated due to the net outflow from business activities.
5. Cash flow adequacy ratio: Due to the decreased cash inflow amount from 2018 to 2022 compared with the cash inflow amount from 2017 to 2021.
6. Operating leverage: It was not calculated due to the net operating loss.

Note 1：The financial information were audited by the independent accountants.
Note 2：The calculation formulas in this table are the same as those in note 2 on page 66.
Note 3：The earnings per share of ordinary shares are measured in the unit of NT$, and the impact of free allotment has been included in the retrospective adjustment.

6.3. Most Recent Year Audit Committee's Review Report

Plastron Precision Co., Ltd.

Audit Committee’s Review Report

The Board of Directors prepared the Company’s 2022 business report, motions for the parent company only report and consolidated financial report and earnings allocation. Among them, the parent company only financial report and consolidated financial report were audited by PKF Taiwan as delegated by the Board of Directors, with an audit report issued thereafter.

Business report, motions for the parent company only report and consolidated financial report and earnings allocation as stated above have been audited by the Audit Committee and found to be in compliance with applicable laws and regulations. We have presented you the reports based on the provisions stipulated in Article 14-4 in the Securities and Exchange Act and Article 219 in the Company Act.

Regards,

2023 Regular Shareholders Meeting of Plastron Precision Co., Ltd.

Convener of the Audit Committee: Chen Wen-Yu

February 23, 2023

6.4. 2022 Consolidated Financial Statements Audited by CPA:
Refer to Attachment A on p.81~142.

6.5. 2022 Parent Company Only Financial Statement Audited by CPA:
Refer to Attachment B on p.143~200.

6.6. Financial Difficulties for the Company and its Affiliates: None.

VII. Analysis of Financial Status, Performance and Risk Related Issues

7.1. Financial Status

Unit: NT$ thousands

Item \ Year	2022	2021	Difference	
			Amount	%
Current assets	1,628,254	1,498,014	130,240	8.69
Non-Current assets	946,789	1,039,672	(92,883)	(8.93)
Total assets	2,575,043	2,537,686	37,357	1.47
Current liabilities	119,749	134,531	(14,782)	(10.99)
Non-current liabilities	290,223	315,434	(25,211)	(7.99)
Total liabilities	409,972	449,965	(39,993)	(8.89)
Capital stock	1,498,675	1,498,675	-	-
Capital surplus	54,591	54,591	-	-
Retained earnings	658,912	645,021	13,891	2.15
Other equity interest	(47,107)	(110,566)	63,459	57.39
Total equity	2,165,071	2,087,721	77,350	3.70

Please explain the difference ratio of financial status in the recent two years: (The difference ratio is more than 20%, and the amount is reached to $10,000,000)

1. Other equity interest : Due to the repatriation of earnings from reinvestment companies in mainland China and the impact of exchange rate fluctuations, the exchange differences on translation has decreased.

7.2. Financial Performance

Unit: NT$ thousands

Item \ Year	2022	2021	Difference	
			Amount	%
Operating revenue	589,576	525,506	64,070	12.19
Operating Cost	392,018	411,539	(19,521)	(4.74)
Gross profit	197,558	113,967	83,591	73.35
Operating Expenses	214,593	231,094	(16,501)	(7.14)
Net operating income (loss)	(17,035)	(117,127)	100,092	85.46
Non-operating income and expenses	65,533	17,254	48,279	279.81
Income before tax	48,498	(99,873)	148,371	148.56
Income Tax Expenses	4,633	55	4,578	8,323.64
Net income (Loss)	43,865	(99,928)	143,793	143.90
Other comprehensive income (income after tax)	63,459	(13,526)	76,985	569.16
Comprehensive income attributable to Shareholders of the parent	107,324	(113,454)	220,778	194.60

Please explain the difference ratio: (The difference ratio is more than 20%, and the amount is reached to $10,000,000)

1. Gross profit : Sales increased but manufacturing costs decreased in reverse.

2. Net operating income (loss) : Revenue increased and operating expenses decreased.

3. Non-operating income and expenses :
   Both RMB and NT$ depreciated against USD, and the exchange benefits increased.

4. Income before tax, Income Tax Expenses and Net income (Loss) :
   Sales revenue and exchange benefits increased.

5. Other comprehensive income (income after tax) and Comprehensive income attributable to Shareholders of the parent :
   Due to the repatriation of earnings from reinvestment companies in mainland China and the impact of exchange rate fluctuations, the exchange differences on translation has decreased.

7.3. Cash Flow

7.3.1. Analysis of cash flow changes in the most recent 2 fiscal years

Item / Year	December 31, 2022	December 31, 2021	Increase (decrease) %
Cash flow ratio	61.50%	6.34%	870.03%
Cash flow adequacy ratio	35.98%	77.15%	(53.36%)
Cash reinvestment ratio	1.58%	-	-
Analysis of percentage of increase or decrease: 1. Cash flow ratio：Due to the increase in cash inflows from operating activities. 2. Cash flow adequacy ratio：The cash inflow amount from 2018 to 2022 decreased compared to the cash inflow amount from 2017 to 2021. 3. Cash reinvestment ratio：Due to the cash flow from operating activities being less than the dividend payout amount in 2021, the cash reinvestment ratio was not calculated.			

7.3.2. Corrective measures to be taken in response to illiquidity and liquidity analysis for the coming year

Unit: NT$ thousands

Cash balance at the beginning (Note)	Estimated net cash flow from operating activities	Estimated net cash flow from non-operating activities	Cash surplus (deficit)	Leverage of cash surplus (deficit)	
				Investment Plan	Financial Plan
1,153,852	61,457	(59,783)	1,155,526	-	-

Note : Balance of cash at the beginning of the period includes cash and cash equivalents and time deposits of more than 3 months.

1. Operating activities : The net cash inflow from operating activities for 2023 will be NT$61,457 thousand.
2. Investing activities : Payment of engineering fees and for purchase of equipments for 2023 will be NT$14,823 thousand.
3. Financing activities : Cash dividends paid for 2023 will be NT$44,960 thousand.

7.4. The Impact of Major Capital Expenditure on the Financial Status in The Past Year

7.4.1. Major capital expenditures and sources of funds:

The major capital expenditure of the Company in the recent year has been the investment in the new Anhui factory and the purchase of supporting equipment required for related production or research and development; it has been approved by the Board of Directors meeting which authorized the Chairman to handle relevant matters.

7.4.2. Projected possible benefits:

In response to the demand for product specifications and precision from major domestic and foreign factories, we plan to invest in machinery and equipment to enhance the technical level of our products, thereby improving product quality and increasing market competitiveness.

7.5. Investment Policy in The Past Year, Main Causes of Profit/Loss, Improvement Plansand Future Investment Plans for The Coming Year

December 31, 2022

Explanation / Item	Investment (unit: NT$ thousand)	Policy	Main reasons for gains or losses	Improvement plans	future investment plans
SYT HOLDING LIMITED	23,319	Diversified operation	The Company has no control over this investments, and current financial assets at fair value through other comprehensive income.	Not applicable	None at the moment

7.6. Risk Assessment

7.6.1 The impact of interest rate, exchange rate changes, and inflation on the Company's profit or loss and future countermeasures

(1) Interest rate:

Item / Year	2022
Interest expenditures	11
sales revenue	589,576
Interest expenditures / sales revenue	0.002%

The Company’s 2022 interest expenditures to sales revenue was 0.002%, no impact on the Company's overall operations. In the future, the Company will regularly evaluate the borrowing interests of banks and maintain the relationship with them to obtain more favorable interests rate when borrowing, reducing interest expenditures.

(2) Exchange rate:

Item / Year	2022
Net exchange gains (losses)	37,070
sales revenue	589,576
Net exchange gains (losses) / sales revenue	6.29%

The Company continues to track changes in exchange rates and is in the process of planning to conduct exchange transactions with banks, maintaining a certain range of hedging ratios to reduce exchange rate risk. However, to take into account exchange risks arising from foreign transactions, the Company’s specific practices are as follows:

(A) Watch the international financial situation closely and evaluate exchange change trends so that sales personnel can reserve room for product quotations, ensuring profitability of the Company’s products.

(B) Provide professional services through banks which the Company has business dealings with in order to grasp the exchange rate changes at all times. The financial personnel also timely hedge or adjust foreign currency positions to hedge exchange rate risk.

(3) Inflation: The Company pays close attention to the changes in market prices of raw materials needed for production in order to avoid significant fluctuations in prices when purchasing raw materials, eroding gross profit.

7.6.2. The policy on engagement in high-risk and highly leveraged investment, loans to others, endorsements/guarantees provided, and derivatives trading, the main reason for profit or loss, and countermeasures:

To manage financial risks, the Company has formulated its “Procedures for the Acquisition and Disposal of Assets” (covering the regulations of derivative transactions), “Procedures for Loaning of Funds to Others”, and “Procedures for the Making of Endorsements and Guarantees” for compliance when engaging in relevant matters.

In the most recent year up to the publication date of the annual report, the Company did not engage in high-risk, highly leveraged investments; nor did the Company loan funds to others or provide endorsements or guarantees. The relevant matters were handled in accordance with the regulations. If the Company engages in derivative transactions, they are done so for the purpose of hedging the exchange risk arising from foreign assets and liabilities

7.6.3. Future R&D plan and estimated R&D expenses:

April 30, 2023; Unit: NT$ thousands

R&D plan	Current progress of incomplete R&D plan	Estimated investment	Major factors affecting future success R&D
Industrial connectors and automaton development	80%	10,000	Mold design, automatic design and product design capability.
Automotive connectors & automaton development	75%	15,000	
Consumer connectors & automaton development	50%	25,000	

7.6.4. The influence of the changes in important policies and regulatory environment at home or abroad on the Company's financial business, and countermeasures

The Company has always been highly attentive to domestic and foreign political and economic developments and legal changes and has comprehensive corresponding response capabilities. In the most recent year, important domestic or foreign policies and legal changes did not have significant impact on the Company's financial business.

7.6.5. The influence of changes in technology and the industry on the Company's financial business and countermeasures

The gap between the R&D capabilities of some connectors companies and major international manufacturers is gradually narrowing, with greater local advantages with respect to cost, response time and are able to meet customer demand. In recent years, with cost control and market proximity considerations, major international connector manufacturers have begun to work with domestic connector companies that have higher precision manufacturing capabilities and quick response time to make cutting-edge products. This has led to increased product competitiveness. In the future, the Company will continue to introduce automatic production and automatic reporting management to achieve quick quotation and quick delivery of samples even for small quantities, continuing to meet customer demand.

7.6.6. The influence of a change in corporate image on corporate crisis management and countermeasures: None.

7.6.7. Estimated benefits and potential risks of M&A and countermeasures: None.

7.6.8. Estimated benefits, potential risks of plant expansion, and countermeasures

The Company has conducted its capacity expansion plan by adopting a pragmatic operations and financial strategies after properly evaluating the industry. In doing so, the Company hopes to continue to improve process equipment and technology while developing new products to gain cost advantages. The Company will gain advantages through putting the above plans into practice, ensure the Company's profitability, diversifying risks and increasing its long-term competitiveness.

7.6.9. Risks of supplier or client concentration and countermeasures

The Company's main materials are engineering plastic pellets and cooper. The Company maintains sound relationships with suppliers, while at the same time proactively introducing other raw material suppliers, in order to increase supply and bargaining room. The Company has more than 2 suppliers for most raw materials to avoid material shortage. The raw materials are normally supplied by current suppliers. In case of emergency, supply quantity will be increased by alternative suppliers.

The major products of the Company are board-to-board connectors, high-frequency transmission connectors, and I/O transmission connectors. These products are of upstream industry of the electronic information industry, which have a wide range of customers, including traders, peers, or manufacturers of electronic and communication products. At present, board-to-board connector customers account for a larger percentage of sales. The Company will continue to develop new customers and conduct adjustment to the structure of products for sale, reducing the risk of over-concentration of sales.

7.6.10. The influence of massive transfer or replacement of shares by the directors, supervisors, or shareholders each holding more than 10% of the shares issued by the Company, the risk thereof, and countermeasures

In the most recent year and up to the publication date of the annual report, there was no material impact on the Company's financial operations due to massive transfer or replacement of shares by the directors or shareholders each holding more than 10% of the shares issued by the Company.

7.6.11. The influence of change in the Company's management right, the risk thereof, and countermeasures: None.

7.6.12. Litigious and non-litigious matters: List major litigious, non-litigious or administrative disputes that: (1) involve the company and/or any company director, the general manager, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10 percent, and/or any company or companies controlled by the company; and (2) have been concluded by means of a final and unappealable judgment, or are still under litigation. Where such a dispute could materially affect shareholders' equity or the prices of the company's securities, the annual report shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the date of publication of the annual report: None.

7.6.13. Other important risks and countermeasures: None.

7.7. Other Important Matters

In recent years, information security threat analysis mainly came from external hacker attacks and computer viruses. The root cause of these information security incidents are system are system vulnerabilities or the user executing unknown malicious programs. Due to this, the Company's main focus of information security work is: proactively build a data backup mechanism, increase employees' awareness regarding the prevention of external malicious attacks, strictly prohibit the use of unknown computer programs, and enhance information security notifications.

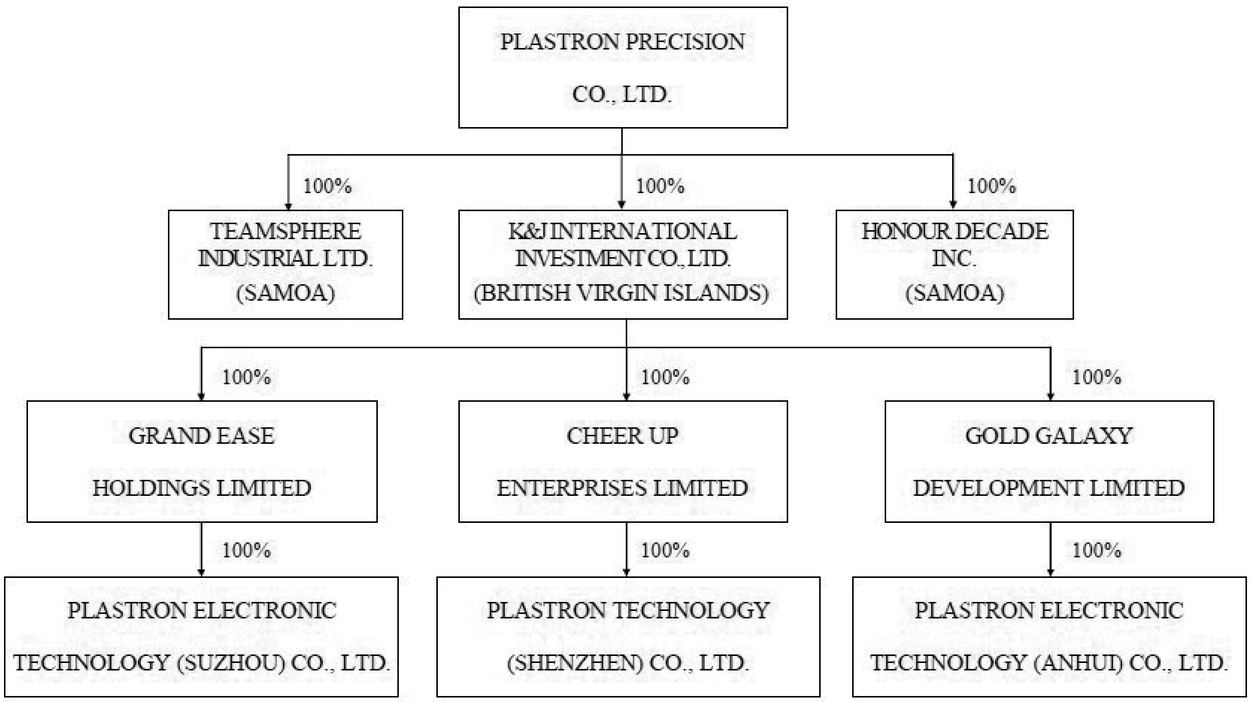
VIII. Special Notes

8.1. Summary of Affiliated Company

8.1.1. Consolidated business report of affiliates

(1) Organizational chart of affiliates

December 31, 2022



Note: The above-mentioned affiliated companies do not hold any shares of the company.

(2) Name, date of establishment, address, paid-in capital and main business items of each affiliate

December 31, 2022 ; Unit: NT$ thousands

Company	Established Date	Address	Capital Stock	Business Activities
Plastron Precision Co., Ltd.	April 26, 1988	3F., No.1, Ln. 11, Ziqiang St., Tucheng Dist., New Taipei City 236043, Taiwan (R.O.C.)	1,498,675	Manufacturing and sales of connectors
K&J INTERNATIONAL INVESTMENT CO., LTD.	June 25, 2002	P.O. BOX 3152, Road Town, Tortola, British Virgin Islands	1,151,569 (USD 36,080,400.12)	Investment company
GRAND EASE HOLDINGS LIMITED	February 11, 2008	1501 AXA Centre, 151 Gloucester Road, Wan Chai,Hong Kong	166,467 (USD 5,010,000.00)	Investment company
CHEER UP ENTERPRISES LIMITED	February 11, 2008	same as above	418,967 (USD 12,549,400.12)	Investment company
GOLD GALAXY DEVELOPMENT LIMITED	September 08, 2016	Unit 706, Haleson Building, No.1 Jubilee Street, Hong Kong	922,982 (USD 30,000,000.00)	Investment company
Plastron Electronic Technology (Suzhou) Co., Ltd.	August 16, 2002	No.169, Chang Bang Road, Wujiang Economic and Technology Development Zone, Suzhou City, Jiangsu Province, China (Post Code: 215200)	166,144 (RMB 41,190,583.52)	R&D, design, production and sales of new instrument components, optical fiber connecting lines, heat dissipation modules, precision metal stamping dies and lighting fixtures; wholesale, import and export of electronic components and similar products produced by the Company, and lease of non-residential real estate.
Plastron Technology (Shenzhen) Co., Ltd.	January 07, 2003	Second Floor, No. 8 factory, Third Industry Park, Dawangshan, Dawangshan Community, Shajing Sub-District, Baoan District, Shenzhen City, China (Post Code: 518104)	405,488 (RMB 98,056,453.36)	Sales of electronic products, technical services, technical consultation, commission agency (except auction), and import and export of goods and technologies
Plastron Electronic Technology (Anhui) Co., Ltd.	December 06, 2016	No. 18, West Wuyuanshan Road, Economic Development Zone, Langxi County, Xuancheng City, 242199 Anhui,China (Post Code: 242199)	922,982 (RMB 203,969,796.02)	R&D, production and sales of new instrument components, automobile connectors, computer connectors, mobile phone connectors, precision metal molds, plastic molds, precision cavity molds, electronic product accessories and hardware; non-metal and metal surface treatment; precision machining with CNC machine tools; wholesale, import and export of electronic components.
HONOUR DECADE INC.	January 03, 2003	P.O. BOX 217, Apia Samoa	340 (USD10,000)	Trading company
TEAMSPHERE INDUSTRIAL LTD.	January 15, 2003	Pillar 9 House, Suite 5, Saleufi Street, Apia, Samoa.	340 (USD10,000)	Trading company

(3) Information on those presumed to be controlling and controlled companies: None.

(4) Industries to which the affiliates belong:

(A) R&D, manufacturing and sales of connectors : Plastron Precision Co., Ltd. , Plastron Electronic Technology (SuzHou) Co., Ltd. , Plastron Technology (Shenzhen) Co., Ltd. , Plastron Electronic Technology (Anhui) Co., Ltd.

(B) Trading business of connector and raw material import and export : HONOUR DECADE INC. , TEAMSPHERE INDUSTRIAL LTD.

(C) Investment business in a third region:K&J INTERNATIONAL INVESTMENT CO., LTD. , GRAND EASE HOLDINGS LIMITED , CHEER UP ENTERPRISES LIMITED , GOLD GALAXY DEVELOPMENT LIMITED.

(5) Information on directors, supervisors, and presidents of affiliates:

December 31, 2022 ; Unit: NT$ thousands ; Share

Corporate Name	Title	Name or Representative	Shareholding	
			Shares	Shareholding ratio
Plastron Precision Co., Ltd.	Chairman	Chuntian Investment Co., Ltd. Representative: Chen Wen-Chien	20,455,644 1,576,181	13.64% 1.05%
	Director & General Manager	Kuo Chao-Chen	658,597	0.44%
	Director	Kuan-Chu Investment Co., Ltd.	9,298,069	6.20%
	Director	Wu Jian-Dong	149	0%
	Independent Director	Chen Wen-Yu	42,110	0.03%
	Independent Director	Hsieh Fang-Chu	-	-
	Independent Director	Lu Fu-Qi	-	-
K&J INTERNATIONAL INVESTMENT CO., LTD.	Director	Chen Wen-Chien Kuo Chao-Chen Yu Ming-Chung	1,151,569 (Capital contribution)	100% - -
GRAND EASE HOLDINGS LIMITED	Director	Chen Wen-Chien Kuo Chao-Chen Yu Ming-Chung	166,467 (Capital contribution)	100% - -
CHEER UP ENTERPRISES LIMITED	Director	Chen Wen-Chien Kuo Chao-Chen Yu Ming-Chung	418,967 (Capital contribution)	100% - -

December 31, 2022 ; Unit: NT$ thousands ; Share

Corporate Name	Title	Name or Representative	Shareholding	
			Shares	Shareholding ratio
GOLD GALAXY DEVELOPMENT LIMITED	Director	Chen Wen-Chien Kuo Chao-Chen Yu Ming-Chung	922,982 (Capital contribution)	100% - -
Plastron Electronic Technology (SuzHou) Co., Ltd.	Director	GRAND EASE HOLDINGS LIMITED Representative: Wu Wen-Ruei Chen Wen-Chien Wang Shih-An	166,144 (Capital contribution) - -	100% - - - -
Plastron Technology (Shenzhen) Co., Ltd.	Director	CHEER UP ENTERPRISES LIMITED Representative: Wu Wen-Ruei Chen Wen-Chien Wang Shih-An	405,488 (Capital contribution) - -	100% - - - -
Plastron Electronic Technology (Anhui) Co., Ltd.	Director	GOLD GALAXY DEVELOPMENT LIMITED Representative: Deng Qing-Hua Chen Wen-Chien Kuo Chao-Chen Yu Ming-Chung Wang Shih-An	922,982 (Capital contribution) - - - -	100% - - - - - -
	Supervisors	Yang Chun-Hsiung	-	-
	General Manager	Kuo Chao-Chen	-	-
HONOUR DECADE INC.	Director	Chen Wen-Chien Kuo Chao-Chen Chen Pei-Shu	340 (Capital contribution)	100% - -
TEAMSPHERE INDUSTRIAL LTD.	Director	Chen Wen-Chien Kuo Chao-Chen Chen Pei-Shu	340 (Capital contribution)	100% - -

(6) Overview of the operations of affiliates

Unit: NT$ thousands

Corporate Name	Capital	Total Assets	Total Liabilities	Net Value	Operating Revenue	Operating Income (Expense)	Current Profit and Loss (After Tax)	Earnings (Loss) Per Share (NT$) (After Tax)
Plastron Precision Co., Ltd.	1,498,675	2,385,098	220,027	2,165,071	175,832	(19,628)	43,865	0.29
K&J INTERNATIONAL INVESTMENT CO., LTD.	1,151,569 【USD 36,080,400.12】	1,902,072 【USD 61,936,565.90】	218 【USD 7,100.00】	1,901,854 【USD 61,929,465.90】	-	-	57,705 【USD 1,937,894.06】	-
GRAND EASE HOLDINGS LIMITED	166,467 【USD 5,010,000.00】	330,397 【USD 10,758,627.32】	-	330,397 【USD 10,758,627.32】	-	-	9,366 【USD 314,522.11】	-
CHEER UP ENTERPRISES LIMITED	418,967 【USD 12,549,400.12】	415,606 【USD 13,533,248.28】	-	415,606 【USD 13,533,248.28】	-	-	35,382 【USD 1,188,223.29】	-
GOLD GALAXY DEVELOPMENT LTD	922,982 【USD 30,000,000.00】	665,864 【USD 21,682,316.89】	-	665,864 【USD 21,682,316.89】	-		17,049 【USD 572,543.14】	-
Plastron Electronic Technology (SuzHou) Co., Ltd.	166,144 【RMB 41,190,583.52】	368,736 【RMB 83,624,140.82】	38,535 【RMB 8,739,233.43】	330,201 【RMB 74,884,907.39】	43,388 【RMB 9,805,779.73】	(5,356) 【-RMB 1,210,443.68】	9,365 【RMB 2,116,541.72】	-
Plastron Technology (Shenzhen) Co., Ltd.	405,488 【RMB 98,056,453.36】	502,689 【RMB 114,002,869.65】	87,283 【RMB 19,794,656.79】	415,406 【RMB 94,208,212.86】	40,360 【RMB 9,121,586.50】	(9,147) 【-RMB 2,067,217.67】	35,381 【RMB 7,996,272.70】	-
Plastron Electronic Technology (Anhui) Co., Ltd.	922,982 【RMB 203,969,796.02】	1,324,942 【RMB 300,478,492.24】	659,092 【RMB 149,472,891.13】	665,850 【RMB 151,005,601.11】	532,558 【RMB 120,359,765.55】	17,997 【RMB 4,067,423.23】	17,049 【RMB 3,853,043.56】	-
HONOUR DECADE INC.	340 【USD 10,000.00】	6,832 【USD 222,467.55】	1,845 【USD 60,087.39】	4,987 【USD 162,380.16】	168 【USD 5,634.77】	33 【USD 1,091.79】	(827) 【-USD 27,756.45】	-
TEAMSPHERE INDUSTRIAL LTD.	340 【USD 10,000.00】	187	-	187	-	-	19	-

Note: On December 31, 2022, the exchange rate between NT$ and USD was 30.71, and the exchange rate between RMB and USD was 6.9646. In 2022, the average exchange rate between NT$ and USD was 29.777, and the average exchange rate between RMB and USD was 6.7297. The capital amount is calculated based on historical exchange rates. The calculation method for converting RMB into NT$ is "RMB amount ÷ RMB to USD exchange rate × NT$ to USD exchange rate”.

8.1.2. Consolidated financial statements of affiliates

Declaration

In 2022, (January 1-December 31, 2022), the companies which shall be included in the consolidated financial statements of the affiliates in compliance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” and the companies which shall be included in the consolidated financial statements of parent and subsidiary companies in accordance with IFRS 10 are identical, and relevant information that should be disclosed in the consolidated financial statements of related enterprises has been disclosed in the consolidated financial statements of parent and subsidiary companies previously disclosed, so there is no need to prepare the consolidated financial statements of related enterprises separately.

We hereby declare the above.

Plastron Precision Co., Ltd.
Chairman : Chen Wen-Chien
February 23, 2023

8.1.3. Affiliation Report: None.

8.2. Private Placement of Company Shares : None.

8.3. Subsidiary Companies Holding or Disposal of The Company's Stock Status in TheMost Recent Year and Up to The Published Date of Annual Report : None.

8.4. Other Supplementary Notes :

Commitments of a TPEx-listed company not fulfilled: None.

8.5. Matters Affecting Shareholders' Equity or Stock Price as Listed in Article 36,Paragraph 3, Subparagraph 2 of the Securities and Exchange Act in the Most RecentYear and Up to The Published Date of Annual Report : None.

Attachment A：2022 Consolidated Financial Statements Audited by CPA

Independent Auditors’ Report

To Plastron Precision Co., Ltd.

Audit opinion

We have duly audited the consolidated financial statements of Plastron Precision Co., Ltd. and its subsidiaries (the “Group”), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated comprehensive income statement, consolidated statement of changes in equity and consolidated cash flow statement from January 1 to December 31, 2022 and 2021, and the notes to the consolidated financial statements (including a summary of significant accounting policies).

In our opinion, the consolidated financial statements above present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and consolidated cash flows from January 1 to December 31, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), interpretations and interpretation announcements recognized and published by the Financial Supervisory Commission.

Basis for Opinion

We conducted our audits in accordance with the Regulation Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements section of our report. The auditors of the firm, subject to the independence regulations, have maintained independence from the Group in accordance with the Code of Ethics, and perform other obligations of such Code. 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 consolidated financial statements of the Group for the year 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We judge that the key audit matters to be communicated in the audit report are as follows:

I. Recognition and closing of sales revenue

Please refer to note 4(15) to the consolidated financial statements for the accounting policies for revenue recognition; please refer to note 5(1) to the consolidated financial statements for the accounting estimate and assumption uncertainties of revenue recognition; please refer to note 6(18) to the consolidated financial statements for details on income recognition.

1. Description of key audit matters:

The sales mode of Plastron Group is mainly that the factory in charge of production and manufacturing directly delivers goods to customers according to the agreed trade terms, and the revenue is recognized when the performance obligations are met. However, the time point for revenue recognition may be inappropriate because the goods have not been actually delivered or the transaction terms of individual sales contracts are different, which may lead to that the ownership of inventory and loss risk have not been transferred, Therefore, we believe that the cut-off and recognition of sales revenue are areas of high concern in the audit.

2. Our main audit procedures for the key audit items above include:

(1) Ask the management for the understanding and review of the recognition procedures of sales revenue, and adopt them consistently during the comparison period of financial statements.

(2) Understand and test the effectiveness of the design and implementation of internal control over sales revenue.

(3) Select a period before and after the financial reporting to check various vouchers to ensure that the time for sales, sales returns and sales allowances have been properly ended.

(4) Check the factory's shipping documents and sales orders to confirm the correctness of transaction conditions and revenue recognition time points.

II. Inventory evaluation

Please refer to note 4(8) to the consolidated financial statements for the accounting policies for inventory; please refer to note 5(2) to the consolidated financial statements for the accounting estimate and assumption uncertainties of revenue recognition; please refer to note 6(5) to the consolidated financial statements for details of inventory recognition.

1. Description of key audit matters:

The inventory value may be subject to the fluctuation of market demand, resulting in the loss of dead or obsolete stock. When the inventory is obsolete or the selling price drops, the inventory cost may not be recovered. Since the identification of the possibility of impairment involves the subjective judgment of the management, we believe that the reasonableness of the inventory depreciation loss assessment is an area of great concern in the audit.

2. Our main audit procedures for the key audit items above include:

(1) Ask the management for the understanding and review of the recognition procedures of sales revenue, and adopt them consistently during the comparison period of financial statements.

(2) Compare and analyze the difference between the provision of allowance for inventory falling price loss in previous years and the actual scrapping or offsetting, and assess the reasonableness of the provision policy for allowance of inventory

falling price loss.

(3) Verify the appropriateness of the inventory aging report's system logic used by the management for evaluation, so as to confirm that obsolete inventory items exceeding a certain inventory age have been included in the report.

(4) Evaluate the reasonableness of obsolete or damaged inventory items individually identified by the management and check with relevant supporting documents.

(5) Check the latest sales or purchase price of the inventory at the end of the period to confirm that the inventory has been evaluated according to the lower of cost and net realizable value.

Other Matters - Individual Financial Report

Plastron Precision Co., Ltd. has prepared the individual financial statements for 2022 and 2021, to which we have issued independent auditor's reports with unqualified opinion for reference.

Responsibilities of Management Level and the Governance Unit for the Consolidated Financial Statements

The 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 the Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), interpretations and interpretation announcements recognized and published by the Financial Supervisory Commission, and maintains the necessary internal control related to the preparation of the consolidated financial statements to ensure that the consolidated financial statements are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the responsibilities of the management also include assessing the Plastron Group’s ability to continue as a going concern, disclosing relevant matters, and adoption of accounting basis for continuing operations, unless the management intends to liquidate Plastron Group or suspend its business, or there is no practical plan other than liquidation or suspension.

The governance unit (including supervisors) of Plastron Group is responsible for supervising the financial reporting process.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

The purpose of our audit is to obtain reasonable assurance about whether the consolidated financial statements taken as a whole are free from material misstatement, whether due to fraud or error, and to issue a report thereon. The term of “reasonable assurance” refers to high level of assurance. Nevertheless, the audit performed according to the standards on Auditing of the Republic of China cannot guarantee the discovery of material misstatement in the financial statements. Misstatements can arise from fraud or error. Individual amounts or aggregates that are not true are considered material if they could reasonably be expected to affect the economic decisions made by users of the consolidated financial statements.

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements arising from fraud or error; design and implement appropriate responses to the risks assessed; and obtain sufficient and appropriate evidence to provide a basis for the audit 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 the internal control relevant to our 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 Plastron Group and its subsidiaries' internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management level.
4. Based on the evidence obtained, we have made a conclusion on the appropriateness of management's adoption of the going concern basis of accounting and whether there is any material uncertainty about the events or circumstances that may cast significant doubt on the ability of Plastron Group and its subsidiaries to continue as a going concern. If we believe that there is a material uncertainty about such events or conditions, we should draw the attention of users of the consolidated financial statements to the relevant disclosures in the audit report or revise our audit opinion if such disclosures are inappropriate. Our conclusions are based on the audit evidence obtained up to the date of the auditor’s report. However, future events or circumstances may cause Plastron Group and its subsidiaries to cease to have the ability to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements (including the related notes), and whether the consolidated financial statements present fairly the related transactions and events.
6. Obtain sufficient and appropriate audit evidence for the financial information of individual entities of the Group, and provide an opinion on the consolidated financial statements. We are responsible for the direction, supervision and execution of the Group's audits, and for forming an opinion on the Group's audits.

Our communication with the governance unit covered the scope and timing of the planned audit and significant audit findings (including significant deficiencies in internal control identified during the audit).

We also provided the governance unit with a statement that the independence-regulated personnel of the firm to which we are affiliated have complied with the Code of Ethics for Accountants with respect to independence, and communicated with the governance unit about all relationships and other matters (including related safeguards) that may be considered to affect the accountant's independence.

From the matters communicated with the governance unit, we decided on the key audit items for the audit of the annual consolidated financial statements of Plastron Group and its subsidiaries for 2022. We describe these matters in our auditor’s 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.

PKF Taiwan

Chang Jung-Chih Certified Public Accountant

Lee Tsung-Ming Certified Public Accountant

February 23, 2023

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors’ report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors’ report and consolidated financial statements shall prevail.

Plastron Precision Co., Ltd. and Subsidiaries
Consolidated balance sheet
December 31, 2022 and 2021

Unit: NT$ thousand

Code	Asset	Notes	December 31, 2022 Amount	%	December 31, 2021 Amount	%
11XX	Current asset					
1100	Cash and cash equivalents	4 and 6(1)	$ 587,644	22.82	$ 375,437	14.79
1110	Current financial assets at fair value through profit or loss	4 and 6(2)	124,927	4.85	70,414	2.77
1136	Current financial assets at amortized cost	4 and 6(3)	566,208	21.99	690,081	27.19
1150	Net value of notes receivable	4 and 6(4)	5,648	0.22	3,691	0.15
1170	Net value of accounts receivable	4, 6(4) and 7	210,260	8.17	167,117	6.60
1310	Net sale	4 and 6(5)	126,513	4.91	119,351	4.70
1410	Prepayments		2,322	0.09	70,306	2.77
1476	Other current financial assets	4, 6(6) and 8	320	0.01	317	0.01
1479	Other current assets-others		4,412	0.17	1,300	0.05
	Total current assets		1,628,254	63.23	1,498,014	59.03
15XX	Non-current assets					
1517	Non-current financial assets at fair value through other comprehensive income	4 and 6(7)	23,319	0.91	19,402	0.76
1600	Property, plant and equipment	4, 6(8) and 8	806,893	31.34	912,429	35.96
1755	Right-of-use asset	4 and 6(9)	33,358	1.30	40,691	1.60
1760	Investment property, net	4, 6(10) and 8	64,344	2.50	24,271	0.96
1801	Computer software, net	4 and 6(11)	2,695	0.10	2,533	0.10
1840	Deferred tax assets	4 and 6(14)	14,144	0.55	31,657	1.25
1915	Prepayments for business facilities		1,387	0.05	8,056	0.32
1920	Refundable deposits		277	0.01	362	0.01
1990	Other non-current assets-others		372	0.01	271	0.01
	Total non-current assets		946,789	36.77	1,039,672	40.97
1XXX	Total assets		$ 2,575,043	100.00	$ 2,537,686	100.00

Code	Liabilities and Equity	Notes	December 31, 2022 Amount	%	December 31, 2021 Amount	%
21XX	Current liabilities					
2150	Notes payable		$ 57	-	$ 28	-
2170	Accounts payable		41,530	1.61	45,055	1.78
2200	Other payables	6(12)	55,933	2.17	69,568	2.74
2230	Current income tax liabilities	4 and 6(14)	10,456	0.42	13,820	0.54
2280	Current lease liabilities	4 and 6(9)	112	0.01	449	0.02
2399	Other current liabilities - other		11,661	0.45	5,611	0.22
	Total current liabilities		119,749	4.66	134,531	5.30
25XX	Non-current liabilities					
2572	Deferred tax liabilities, income tax	4 and 6(14)	166,544	6.47	173,687	6.84
2580	Non-current lease liabilities	4 and 6(9)	85	-	-	-
2630	Long-term deferred revenue	4	6,027	0.23	6,823	0.27
2645	Guarantee deposits received		369	0.01	180	0.01
2670	Other non-current liabilities - other	4	117,198	4.55	134,744	5.31
	Total non-current liabilities		290,223	11.26	315,434	12.43
2XXX	Total liabilities		409,972	15.92	449,965	17.73
31XX	Equity attributable to owners of parent	4, 6(14) and 6(15)				
3100	Share capital					
3110	Common share capital		1,498,675	58.20	1,498,675	59.06
3200	Capital surplus					
3210	capital		15,002	0.58	15,002	0.59
3220	transactions		33,529	1.30	33,529	1.32
3271	options		6,060	0.24	6,060	0.24
3300	Retained earnings					
3310	Statutory reserves		411,916	16.00	411,916	16.23
3320	Special reserves		110,566	4.29	97,040	3.83
3350	undistributed earnings		136,430	5.30	136,065	5.36
3400	Other equity		(47,107)	(1.83)	(110,566)	(4.36)
3XXX	Total equity		2,165,071	84.08	2,087,721	82.27
1XXX	Total liabilities and equity		$ 2,575,043	100.00	$ 2,537,686	100.00

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

Plastron Precision Co., Ltd. and Subsidiaries
Consolidated Statement of Comprehensive Income
January 1 to December 31, 2022 and 2021

Unit: NT$ thousand (earnings per share in NT$)

			2022		2021	
Code	Accounting item	Notes	Amount	%	Amount	%
4100	Net sales	4, 6(18) and 7	$ 589,576	100.00	$ 525,506	100.00
5110	Cost of sales		392,018	66.49	411,539	78.31
5900	Gross profit		197,558	33.51	113,967	21.69
6000	Operating expenses		214,593	36.40	231,094	43.98
6100	Selling expenses		37,919	6.43	30,586	5.82
6200	Administrative expenses		99,731	16.92	129,176	24.58
6300	R&D expenses		76,078	12.90	71,175	13.55
6450	Expected credit losses (gains)		865	0.15	157	0.03
6900	Net operating income (loss)		(17,035)	(2.89)	(117,127)	(22.29)
7000	Non-operating income and expenses					
7100	Interest revenue	4 and 6(19)	24,993	4.24	14,349	2.73
7010	Other income	4 and 6(20)	35,411	6.01	18,588	3.54
7020	Other gains and losses	4 and 6(21)	5,140	0.87	(15,562)	(2.96)
7050	Finance costs	4 and 6(22)	(11)	-	(121)	(0.02)
	Total non-operating income and expenses		65,533	11.12	17,254	3.29
7900	Profit (loss) before tax		48,498	8.23	(99,873)	(19.00)
7950	Tax expense (income)	4 and 6(14)	4,633	0.79	55	0.01
8200	Profit (loss)		43,865	7.44	(99,928)	(19.01)
8300	Other comprehensive profit and loss (net)					
8310	Items not reclassified subsequently to profit or loss					
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income		3,917	0.66	3,787	0.72
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		-	-	-	-
	Total other comprehensive income that will not be reclassified to profit or loss		3,917	0.66	3,787	0.72
8360	Items that may be reclassified subsequently to profit or loss					
8361	Exchange differences on translation of the financial statements of foreign operations		74,427	12.62	(21,641)	(4.12)
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	4 and 6(14)	14,885	2.52	(4,328)	(0.82)
	Components of other comprehensive income that will be reclassified to profit or loss, net of tax		59,542	10.10	(17,313)	(3.30)
	Other comprehensive income (net)		63,459	10.76	(13,526)	(2.58)
8500	Total comprehensive income		$ 107,324	18.20	$ (113,454)	(21.59)
8600	Profit (loss), attributable to:					
8610	Owners of parent		$ 43,865		$ (99,928)	
8620	Non-controlling interests		-		-	
			$ 43,865		$ (99,928)	
8700	Total comprehensive income attributable to:					
8710	Owners of parent		$ 107,324		$ (113,454)	
8720	Non-controlling interests		-		-	
			$ 107,324		$ (113,454)	
9750	Basic earnings per share (NT$)	4 and 6(16)	$ 0.29		$ (0.67)	
9850	Diluted earnings per share		$ 0.29		$ (0.67)	

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

Plastron Precision Co., Ltd. and Subsidiaries
Consolidated Statement of Changes in Equity
January 1 to December 31, 2022 and 2021

Unit: NT$ thousand

		Capital surplus			Retained earnings			Other items of equity			
	Share capital	Additional paid-in capital	Treasury stock transactions	Employee stock options	Statutory reserves	Special reserves	undistributed earnings	Exchange differences on translation of the financial statements of foreign operations	Unrealized financial assets profit or loss measured at fair value through other comprehensive income	Total other equity	Total equity
Balance on January 1, 2021	$ 1,498,675	$ 15,002	$ 33,529	$ 6,060	$ 411,916	$ 97,018	$ 265,989	$ (97,040)	$ -	$ (97,040)	$ 2,231,149
2020 appropriation and distribution of retained earnings:											
Special reserve appropriated	-	-	-	-		22	(22)	-	-	-	-
Common share cash dividend	-	-	-	-	-	-	(29,974)	-	-	-	(29,974)
2021 net loss	-	-	-	-	-	-	(99,928)	-	-	-	(99,928)
Other comprehensive income (loss) in 2021	-	-	-	-	-	-	-	(17,313)	3,787	(13,526)	(13,526)
Total comprehensive income of 2021	-	-	-		-	-	(99,928)	(17,313)	3,787	(13,526)	(113,454)
Balance on December 31, 2021	1,498,675	15,002	33,529	6,060	411,916	97,040	136,065	(114,353)	3,787	(110,566)	2,087,721
2021 appropriation and											
Special reserve	-	-	-	-	-	13,526	(13,526)	-	-	-	-
Common share cash	-	-	-	-	-	-	(29,974)	-	-	-	(29,974)
2022 profit	-	-	-	-	-	-	43,865	-	-	-	43,865
Other comprehensive income	-	-	-	-	-	-	-	59,542	3,917	63,459	63,459
Total comprehensive income	-	-	-	-	-	-	43,865	59,542	3,917	63,459	107,324
Balance on December 31, 2022	$ 1,498,675	$ 15,002	$ 33,529	$ 6,060	$ 411,916	$ 110,566	$ 136,430	$ (54,811)	$ 7,704	$ (47,107)	$ 2,165,071

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

Plastron Precision Co., Ltd. and Subsidiaries
Consolidated Statement of Cash Flow
January 1 to December 31, 2022 and 2021

Unit: NT$ Thousand

	2022	2021
Cash flows from operating activities:		
Profit (loss) before tax	$ 48,498	$ (99,873)
Adjustments		
Income/expenses items		
depreciation expense	112,144	108,805
Amortization cost	663	455
Expected credit losses	865	157
Interest expenses	11	121
Interest revenue	(24,993)	(14,349)
Gains on disposal of property, plant and equipment	(297)	(193)
Other items - deferred government subsidy income realized	(906)	(2,029)
Other item - profit from lease modification	(2)	(753)
Decrease (increase) in financial assets at fair value through profit or loss measured at fair value	(54,513)	9,852
Increase in notes receivable	(1,957)	(1,769)
Decrease (increase) in accounts receivable	(44,032)	4,869
Increase in inventories	(5,501)	(27,748)
Decrease in prepayments	63,062	19,515
Decrease (increase) in other current assets	(21)	6,813
Increase in other current financial assets	(3)	(2)
Increase (decrease) in notes receivable	29	(30)
Increase (decrease) in accounts payable	(3,525)	89
Decrease in other payables	(13,635)	(8,002)
Increase (decrease) in other current liabilities	6,050	(2,517)
Increase (decrease) in other non-current liabilities	(17,546)	3,788
Cash inflow (outflow) generated from operations	64,391	(2,801)
Interest received	21,975	15,369
Income tax paid	(12,716)	(4,030)
Net cash flows from (used in) operating activities	73,650	8,538
Cash flows from (used in) investing activities		
Acquisition of financial assets at amortized cost	(566,208)	(690,081)
Proceeds from repayments of financial assets at amortized	690,081	730,661
Obtaining government subsidies	-	8,858
Acquisition of property, plant and equipment	(12,088)	(53,206)
Disposal of property, plant and equipment	971	1,433
Decrease in refundable deposits	85	4,964
Increase in other non-current assets	(100)	(271)
Increase in intangible assets	(788)	(1,260)
Increase in prepaid equipment amount	(1,310)	(7,965)
Net cash inflow (outflow) from investing activities	110,643	(6,867)
Cash flows from (used in) financing activities		
Increase in guarantee deposits received	189	-
Cash dividends paid	(29,974)	(29,974)
Payments of lease liabilities	(426)	(4,865)
Cash outflows from financing activities	(30,211)	(34,839)
Effect of exchange rate changes on cash and cash equivalents	58,125	(15,372)
Net increase (decrease) in cash and cash equivalents	212,207	(48,540)
Cash and cash equivalents at beginning of period	375,437	423,977
Cash and cash equivalents at end of period	$ 587,644	$ 375,437

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

Plastron Precision Co., Ltd. and Subsidiaries
Notes to consolidated financial statements
January 1 to December 31, 2022 and 2021
(unless otherwise stated, the amount is in NT$ thousand)

I. Company History

The main body of the consolidated financial statements includes Plastron Precision Co., Ltd. and the following subsidiaries (hereinafter referred to as the consolidated company). All major internal transactions between the parent company and subsidiaries and their balances have been written off in the consolidated financial statements.

(I)Parent company (the Company):

The Company is a profit-seeking enterprise established in accordance with the Company Act of the Republic of China and other relevant laws and regulations. It was approved to be established in April 1988. It became a public company with the approval of the Securities and Futures Commission of the Financial Supervisory Commission (formerly the Securities and Futures Commission of the Ministry of Finance; hereinafter referred to as the SFC) in January 2001, and was approved to be listed on the OTC market by the GreTai Securities Market in accordance with the "Criteria Governing the Review of Securities Traded on the Business Premises of Securities Firms under the GreTai Securities Market" in January 2002. It was also filed to by the SFC by letter dated May 3, 2002 referenced (91) Cheng-Gui-Shang No.16107, and received the approval dated May 9, 2002 referenced (91) Tai-Tsai-Cheng (I) No.126030 for recordation, and officially became an OTC company on August 9, 2002.

The main business of the Company is to sell electronic components.

(II) Subsidiaries:

Company name	Business nature	Direct and indirect shareholding percentage of parent company	
		December 31, 2022	December 31, 2021
K&J INTERNATIONAL INVESTMENT CO., LTD.	Investment company	100.00%	100.00%
HONOUR DECADE INC.	Trading company	100.00%	100.00%
TEAMSPHERE INDUSTRIAL LTD.	Trading company	100.00%	100.00%
GRAND EASE HOLDINGS LIMITED	Investment company	100.00%	100.00%
CHEER UP ENTERPRISES LIMITED	Investment company	100.00%	100.00%
GOLD GALAXY DEVELOPMENT LIMITED	Investment company	100.00%	100.00%

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Plastron Electronic Technology(SuzHou) Co., Ltd (hereinafter Plastron Suzhou)	R&D, design, production and sales of new instrument components, optical fiber connecting lines, heat dissipation modules, precision metal stamping dies and lighting fixtures; wholesale, import and export of electronic components and similar products produced by the Company, and lease of non-residential real estate.	100.00%	100.00%
Plastron Technology (Shenzhen) Co., Ltd. (hereinafter Plastron Shenzhen)	Sales of electronic products, technical services, technical consultation, commission agency (except auction), and import and export of goods and technologies	100.00%	100.00%
Plastron Electronic Technology (Anhui) Co., Ltd. (hereinafter Plastron Anhui)	R&D, production and sales of new instrument components, automobile connectors, computer connectors, mobile phone connectors, precision metal molds, plastic molds, precision cavity molds, electronic product accessories and hardware; non-metal and metal surface treatment; precision machining with CNC machine tools; wholesale, import and export of electronic components.	100.00%	100.00%

(III) In 2022 and 2021, the average number of employees of the Company and its subsidiaries was respectively 338 and 420.

II. Approval Date and Procedures of the Consolidated Financial Statements

The consolidated financial statements were submitted to the board meeting and approved on February 23, 2023.

III. Application of New Standards, Amendments and Interpretations

(I) Initial application of the International Financial Reporting Standards, International Accounting Standards, interpretations and interpretation announcements (collectively, "IFRSs") recognized and published by the Financial Supervisory Commission (FSC) in 2022.

The newly issued, amended and revised standards and interpretations recognized by the FSC for application in 2022 are listed below:

New, Revised or Amended Standards and Interpretations	Effective Date Announced by IASB
Amendment to IFRS 3 "Updating the Index of Conceptual Framework"	January 1, 2022
Amendment to IAS 16 "Property, Plant and Equipment: Proceeds Before Intended Use"	January 1, 2022
Amendment to IAS 37 "Onerous Contract - Costs Incurred in Fulfilling Contracts"	January 1, 2022
Annual Improvements 2018 - 2020 Cycle	January 1, 2022

(II) Not yet adopted FSC approved IFRSs applicable in 2023

The newly issued, amended and revised standards and interpretations recognized by the FSC for application in 2023 are listed below:

New, Revised or Amended Standards and Interpretations	Effective Date Announced by IASB
Amendment to IAS 1 " Disclosure of Accounting Policies"	January 1, 2023
Amendment to IAS 8“Definition of Accounting Estimates”	January 1, 2023
Amendment to IAS 12“Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023

(III) IFRSs already announced by IASB but not yet recognized and published by the FSC

As of the date of issuance of the consolidated financial statements, the consolidated company has not adopted the following IFRSs that have been issued by the IASB but have not been recognized and published by the FSC:

New, Revised or Amended Standards and Interpretations	Effective Date Announced by IASB
Amendment to IFRS 10 and IAS 28 “Asset Sales or Investment between Investors and Their Affiliates or Joint Ventures”	To be determined
Amendment to IFRS 16“Lease Liability in a Sale and Leaseback”	January 1, 2024
IFRS 17 "Insurance Contracts" and its amendment replacing IFRS 4 "Insurance Contracts"	January 1, 2023
Amendment to IAS 1 "Distinguishing Liabilities into Current or Non current"	January 1, 2024
Amendment to IAS 1 “Non-Current Liabilities with Covenants”	January 1, 2024

The consolidated company believes that the initial application of the standards above and interpretations will not cause significant changes to the accounting policies of the consolidated company. However, the consolidated company continues to evaluate the impact of the standards above and interpretations on the financial position and financial performance of the consolidated company, and any significant impact will be disclosed when the evaluation is completed.

IV. Summary of Significant Accounting Policies

The summary of significant accounting policies of the consolidated company is as follows:

(I) Declaration of Compliance

The consolidated financial statements have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Financial Reporting Standards, International Accounting Standards, interpretations and interpretation announcements recognized by the FSC.

(II) Basis of Preparation

Other than financial instruments measured at fair value, the consolidated financial statements are prepared based on historical costs. For assets, historical cost is usually based on the fair value of the consideration paid for the acquisition of assets; for liabilities, it usually refers to the amount received for assuming obligations or the amount expected to be paid for paying off debts.

(III) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e. its subsidiaries). Control means that when the Company is exposed to the variable return generated by the participation of the invested individual or has the right to such variable return, and has the ability to influence such return through the power of the invested individual. The financial statements of subsidiaries are included in the consolidated statements from the date of obtaining control until the date of no longer having control.

Adjustments have been made to the financial statements of subsidiaries to allow their accounting policies to be consistent with those used by the Group.

The major transactions, balances, gains and losses between the consolidated individuals of the Company have been completely eliminated at the time of consolidation.

(IV) Foreign currency

The financial statements of each consolidated individual are prepared and expressed in the common currency (functional currency) of the individual's main economic environment. The functional currency of the Company and TEAMSPHERE INDUSTRIAL LTD. is NT$; the functional currency of K&J INTERNATIONAL INVESTMENT CO., LTD., HONOUR DECADE INC., GRAND EAST HOLDINGS LIMITED, CHEER UP ENTERPRISES LIMITED and GOLD GALAXY DEVELOPMENT LIMITED is USD; the functional currency of Plastron Electronics Technology (Suzhou) Co., Ltd., Plastron Technology (Shenzhen) Co., Ltd. and Plastron Electronics Technology (Anhui) Co., Ltd. is RMB. When preparing the consolidated financial statements, the operating results and financial status of each consolidated individual are translated into NT$.

In preparing the financial statements of each consolidated individual, transactions in currencies other than the individual's functional currency (foreign currencies) are recognized at the exchange rates prevailing at the dates of the transactions. At the end of the reporting period, foreign currency monetary items are retranslated at the spot exchange rate on that date; foreign currency non-monetary items measured at fair value shall be re-converted at the exchange rate on the date when the fair value is determined; foreign currency non-monetary items measured at historical cost will not be re-converted. The exchange difference is recognized as profit or loss in the current period.

When preparing the consolidated financial statements, the assets and liabilities of foreign operating institutions are converted into NT$ at the spot exchange rate at the end of the reporting period; the income and expense loss items are translated at the average exchange rate of the current period, and the resulting exchange differences are recognized as other comprehensive income, and accumulated as exchange differences in the translation of the financial statements of foreign operating institutions under equity.

(V) Classification of Current and Non-current Assets and Liabilities

Current assets include those expected to be realized in the normal business cycle or intended to be sold or consumed or held for trading purposes, assets expected to be realized within 12 months after the reporting period, and cash or cash equivalents, except where the exchange or liquidation of liabilities is restricted at least 12 months after the reporting period. Assets that are not current assets are non-current assets. Current liabilities include those expected to be liquidated in the normal business cycle, held for trading purposes, expected to be repaid within 12 months after the reporting period, and those which cannot be unconditionally deferred to at least 12 months after the reporting period. Liabilities that are not current liabilities are non-current liabilities.

(VI) <u>Cash and cash equivalents</u>

Cash and cash equivalents include cash on hand, demand deposits, time deposits within three months, and short-term and highly liquid investments that can be converted into fixed cash at any time and have little change in value.

(VII) <u>Financial instruments</u>

Financial assets and financial liabilities are recognized only when the Company becomes a party to the contractual terms of financial instruments. At the time of original recognition, they shall be measured at fair value. If they are not financial assets or financial liabilities measured at fair value through profit or loss, the transaction costs directly attributable to the acquisition or issuance of the financial assets or financial liabilities shall be added or deducted. However, the accounts receivable that do not include a major financial component shall be measured at the transaction price at the time of initial recognition.

Financial assets are only derecognized under any of the following conditions: (1) the contractual rights from the cash flow of financial assets are invalid; (2) almost all the risks and rewards of ownership of the financial asset are transferred, or the control of the financial asset is not retained without transferring or retaining almost all the risks and rewards of the ownership of the financial asset.

For financial products with an active market, the fair value shall be the public quotation of the active market; for financial products with no active market, the fair value is estimated by the evaluation method.

The recognition and de-recognition of financial assets in regular transactions are subject to the accounting treatment on the transaction date.

1. Financial assets

Financial assets are based on (1) the business model of managing financial assets, and (2) the contractual cash flow characteristics of financial assets, and are classified as those subsequently measured at amortized cost, fair value through other comprehensive income, and fair value through profit or loss:

<u>Amortized cost</u>

When the financial assets satisfy the following two criteria at the same time, they are measured at amortized cost:

(1) Financial assets are held under a certain business model, the purpose of which is to hold financial assets to receive contractual cash flow; and

(2) the contractual terms of the financial asset generate cash flow on a specific date which is completely the interest of the principal amount paid and the outstanding principal amount.

The profits or losses of financial assets measured at amortized cost are recognized in profit or loss, but if they are part of the hedging relationship, they are treated based on hedging accounting.

Interest income is calculated using the effective interest method.

Measured at fair value through other comprehensive income

Financial assets shall be measured at fair value through other comprehensive income if they meet the following two conditions at the same time:

(1) Financial assets are held under a certain business model, the purpose of which is to hold financial assets to receive contractual cash flow; and

(2) the contractual terms of the financial asset generate cash flow on a specific date which is completely the interest of the principal amount paid and the outstanding principal amount.

Gains or losses are recognized in other comprehensive income, except for impairment gains or losses and foreign currency exchange gains and losses. When assets are derecognized, the accumulated profits or losses listed in other comprehensive income are reclassified from equity to profit or loss.

In addition, if the specific equity instrument investment that should be measured at fair value through profit or loss is not held for trading or the contingent consideration recognized for business merger, an irrevocable choice can be made at the time of initial recognition, and its subsequent changes in fair value shall be reported in other comprehensive income. In this case, profits or losses are recognized in other comprehensive income, but dividends that are not recovered from investment costs are included in profits and losses. When assets are derecognized, the accumulated profits or losses listed in other comprehensive income shall not be reclassified from equity to profit or loss.

Measured at fair value through profit or loss

Financial assets are measured at fair value through profit or loss, except at amortized cost or through other comprehensive income.

At the time of initial recognition, financial assets can be irrevocably designated to be measured at fair value through profit or loss to eliminate or significantly reduce the inconsistency in measurement or recognition that would result from using different basis to measure assets or liabilities or recognize their interests and losses if not designated.

The profits or losses of financial assets measured at amortized cost are recognized in profit or loss, but if they are part of the hedging relationship, they are treated based on hedging accounting.

2. Financial liabilities

Other than derivative instruments that do not comply with hedge accounting, or are designated to be measured at fair value through profit or loss or contingent consideration for business merger that should be classified as measured at fair value through profit or loss, financial liabilities should be classified as subsequently measured at amortized cost, except for financial liabilities that do not comply with derecognized transfers, or financial liabilities, financial guarantee contracts, and commitments to provide loans at a lower rate than the market rate arising from the continuous participation of the transferred assets.

3. Impairment

For financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income, contract assets and loan commitments and financial guarantee contracts subject to impairment provisions, the impairment is measured by the expected credit loss model. If the credit risk of the financial instrument has increased significantly since its initial recognition, the allowance loss shall be measured according to the expected amount of credit loss during the duration of each reporting day; if the credit risk of financial instruments has not increased significantly since the initial recognition, the allowance loss shall be measured according to the 12 month expected credit loss amount of on the reporting date. However, the Company adopts a simple method to measure the allowance loss according to the expected credit loss amount during the period of existence for accounts receivable or contract assets that do not contain significant financial components arising from transactions within the scope of IFRS 15.

(VIII) Inventories

Inventories are recorded on the basis of cost and calculated by the weighted average method. For the calculation of product cost, the variable manufacturing expenses are allocated by the actual production volume, and the fixed manufacturing expenses are allocated by the normal production capacity of the production equipment. However, if the actual production volume and the normal production capacity are not significantly different, they can also be allocated by the actual production volume; if the actual production volume is abnormally higher than the normal capacity, it will be apportioned based on the actual production volume. The subsequent measurement of inventories is based on the lower of cost and net realizable value. The net realizable value refers to the balance of the estimated selling price minus the balance of the estimated cost to be invested until completion and the estimated cost required to complete the sale. When comparing the lower of the cost and the net realizable value, the comparison is made item by item. If the net realizable value of the finished product is expected to be equal to or higher than the cost, the raw materials used for the production of the finished product will not be reduced to less than the cost. When the price of the raw materials falls and the cost of the finished product exceeds the net realizable value, the raw materials will be reduced to the net realizable value.

The amount of inventory from cost offset to net realizable value is recognized as the cost of goods sold, and the net realizable value of inventory is re-measured in each subsequent period. If the factors that previously caused the net realizable value of inventory to be lower than the cost has disappeared, or there is evidence that the net realizable value of inventory has increased due to changes in economic conditions, within the range of the original offset amount, the increase in the net realizable value of inventory is reversed and recognized as a decrease in the current cost of goods sold.

If the net realizable value of inventories is lower than the cost due to damage or obsolescence, the cost shall be written down to the net realizable value.

(IX) Property, plant and equipment

Property, plant and equipment used for product production or management purposes are recognized at cost less accumulated depreciation and accumulated impairment. Costs include the incremental costs directly attributable to the acquisition of assets.

Depreciation is the amount after deducting the residual value from the cost within the useful life of the asset using the straight-line method. Depreciation is accrued based on the following number of years of service life: 20 to 40 years for houses and buildings, 5 to 15 years for machinery and equipment, and 3 to 10 years for other equipment. When the main components of property, plant and equipment have different service lives, they shall be treated as separate items. The estimated service life, residual value and depreciation method are reviewed at the end of the reporting period. If there is any change in the estimate, the impact is deferred for adjustment.

The profits or losses arising from the disposal or scrapping of property plant and equipment are recognized as current profits and losses based on the difference between the disposal price and the book value of the assets.

(X) Investment property

If the property of the consolidated company is not for sale, nor is it used for the production or provision of goods or services, or for management purposes at the end of the reporting period, then it is classified as investment property.

The investment property of the consolidated company is recorded on the basis of the original cost, and the cost model is adopted for subsequent measurements. The houses and buildings in the investment property are depreciated by the straight-line method based on the estimated service life of 20 to 40 years. The estimated service life, residual value and depreciation method are reviewed at the end of the reporting period. If there is any change in the estimate, the impact is deferred for adjustment.

(XI) Lease

If a contract transfers control over the use of identified assets for a period of time in exchange for consideration, the contract is a lease or includes a lease.

Lessor

The lessor classifies each lease into business lease or finance lease. A lease is a financial lease if it transfers almost all the risks and rewards attached to the ownership of the underlying asset; a lease is an operating lease if it does not transfer almost all the risks and rewards attached to the ownership of the underlying asset.

If it is an operating lease, the lessor recognizes the lease payment as income on a straight-line basis, but if other systematic basis is more representative of the form of reduction in the use efficiency of the underlying asset, then this basis shall apply.

In the case of financial leasing, the lessor recognizes the financial lease payments receivable and the financial income of the financial leasing not earned on the lease start date, and allocates the financial income to the lease period on a systematic and reasonable basis, so that there is a fixed rate of return for each period of the lease period.

Lessee

The lessee recognizes the right to use assets and lease liabilities on the lease beginning date. The right-of-use assets are measured at cost, and the lease liabilities are measured at the present value of the lease payments that have not been made on that date.

Right-of-use assets shall be depreciated, and the depreciation period is from the lease beginning date to the expiration of the useful life of the right-of-use assets or the expiration of the lease term, whichever is earlier. However, if the lessee will acquire the ownership of the underlying asset at the end of the lease term, or if the cost of the asset with the right-of-use reflects the exercise of the purchase option, the depreciation period is from the lease start date to the end of the useful life of the underlying assets.

The effective interest rate method is used to calculate the interest expense of the lease liability, so that the interest rate of each period calculated by the balance of the lease liability is fixed. Lease payments are used to pay interest and reduce lease liabilities. The interest of lease liabilities is recognized in profit or loss.

(XII) Intangible assets

Individually acquired intangible assets with limited service lives are recognized at cost less accumulated amortization and accumulated impairment.

The amortization amount is accrued according to the following number of years of service life on a straight-line basis: the cost of computer software, based on economic benefits or the contract life. The estimated service life and depreciation method are reviewed at the end of the reporting period. If there is any change in the estimate, the impact is deferred for adjustment.

(XIII) Impairment of non-financial assets

At the end of the reporting period, the consolidated company reviews the book value of tangible and intangible assets to determine whether there is any sign of impairment of such assets. If there is evidence of impairment, the recoverable amount of the assets is estimated to determine the amount of impairment to be recognized. When it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is estimated. If it can be apportioned on a reasonable and consistent basis, the shared assets will also be apportioned to individual cash-generating units, otherwise, it will be apportioned to the smallest group of cash-generating units that can be apportioned on a reasonable and consistent basis.

The recoverable amount is the higher of the fair value less the cost to sell and the value in use. When assessing the value in use, the estimated future cash flow is discounted at the pre-tax discount rate, which reflects the current market's assessment of the time value of money and the specific risks of assets.

If the book value of an asset or cash-generating unit exceeds its estimated recoverable amount, the book value shall be reduced to its recoverable amount, and the impairment loss shall be recognized as the current profit and loss.

When the impairment loss is reversed in the subsequent period, the book value of the asset or cash-generating unit is adjusted to the revised estimated recoverable amount, provided that the increased book value does not exceed the book value that would have occurred if the asset or cash-generating unit had not recognized the impairment loss in the previous year. Reversed impairment losses are recognized as current profits and losses.

(XIV) Provision for liabilities

When the consolidated company has a current obligation (legal or constructive obligation) due to past events, and is likely to have to pay off the obligation, and the amount of the obligation can be reliably estimated, then the liability provision shall be recognized. The amount recognized as the liability reserve is the best estimate of the expenditure required to pay off the obligation at the end of the reporting period, taking into account the risk and uncertainty of the obligation. If the provision for liabilities is measured by the estimated cash flow of the current obligation, the book value is the present value of the cash flow.

(XV) Revenue recognition

The consolidated company recognizes revenue to describe the transfer of goods or services promised to customers, and the amount of revenue reflects the expected right to obtain the consideration for the exchange of such goods or services.

Revenue recognition shall be carried out according to the following steps: (1) Identify the customer contract, confirm that the contract has been approved and committed to perform, confirm the right to identify the goods or services, confirm the payment terms of the goods or services that can be identified, confirm that the contract has commercial substance, and confirm that it is likely to receive the consideration of the transferred goods or services. (2) Identify and distinguish the performance obligations. (3) Determine the transaction price. (4) Allocate the transaction price to each performance obligation. (5) Recognize the apportioned income when the performance obligations are met.

The consolidated company provides goods according to the contract and recognizes the revenue when the performance obligations are met, the performance obligations are usually met the when the goods are transferred. The income generated from the provision of services under the contract is recognized according to the degree of completion of the contract (output method or input method).

Rental income is recognized as income on a straight-line basis during the lease period. The dividend income generated by investment is recognized when the right to receive dividends is established, the economic benefits related to dividends are likely to flow in, and the amount of dividends can be measured reliably. Interest income is recognized on an accrual basis based on the outstanding principal and the applicable effective interest rate over time.

Before the customer pays the consideration or the payment can be collected from the customer, if the performance has been performed by transferring goods or services to the customer, then the performance amount is recognized as contract assets. However, if there is an unconditional right to the contract consideration and it can be collected from the customer only after the time passes, the amount of performance will be recognized as a receivable.

Before the transfer of goods or services, if the customer has received the consideration or has the right to receive the consideration unconditionally, the obligation to transfer the goods or services shall be recognized as a contractual liability.

(XVI) Government subsidies

A government grant is recognized only when there is reasonable assurance that the Company will comply with any conditions attached to the grant and the grant will be received. Government subsidies are recognized as profit and loss on a systematic basis during the period when the Company recognizes the relevant costs it intends to compensate. Government subsidies that are conditional on the Company's acquisition of non-current assets through purchase, construction or other means are recognized as deferred income, and are transferred to profit and loss during the useful life of the relevant assets on a reasonable and systematic basis.

(XVII) Employee benefits

1. Short-term employee benefits

Short-term employee benefits are measured by the non-discounted amount expected to be paid, and recognized as expenses when relevant services are provided.

2. Pension

Since 2012, the Company's retirement benefit plan is a defined allocation plan, which is recognized as the current expense based on the amount of pension that should be allocated during the service period of employees. The Company allocates 6% of the fixed salary to the employee's personal account of the Bureau of Labor Insurance on a monthly basis.

3. Employees' and directors’ remuneration

Employees’ and directors' remuneration are recognized as expenses and liabilities when they have legal or constructive obligations and the amount can be reasonably estimated. If there is any difference between the actual distribution amount and the estimated amount in the subsequent resolution, it shall be treated as the change of accounting estimate.

(XVIII) Share-based payment arrangement

The share-based payment transaction of the consolidated company is recognized as the cost of goods or services when it obtains goods or services, and as an expense when it is consumed or sold. There are three settlement methods for share-based payment transactions, including equity settlement, cash settlement and optional equity or cash settlement. The vested equity instruments of the Company before January 1, 2012 (the date of conversion to IFRS) are exempt from IFRS 1.

The equity-settlement share-based payment agreement refers to the employee services obtained by measuring the fair value of the equity goods given on the grant date, which are recognized as the remuneration cost during the vesting period, and the equity is adjusted relatively. The fair value of equity goods shall reflect the influence of the vested and non-vested conditions of the market price. The recognized reward cost is adjusted with the expected amount of reward that meets the service conditions and non-market vested conditions, until the final recognized amount is recognized with the vested amount on the vesting date.

(XIX) Income tax

The income tax expense includes the current and deferred income tax, and is recognized in the current profit and loss, except for the relevant income tax directly included in the equity or recognized in other comprehensive income.

The current income tax is based on the taxable income of the current year and calculated at the tax rate that has been enacted or substantively enacted at the end of the reporting period. Income tax payable for prior periods is adjusted to the current income tax.

The additional tax on the undistributed earnings shall be included in the income tax expense for the year of resolution of the shareholders' meeting.

Deferred income tax is calculated and recognized based on the temporary difference between the tax base of assets and liabilities and their book value. However, the assets or liabilities originally recognized in transactions other than business merger that do not affect the accounting and taxable profits and losses at the time of the transaction, and the temporary differences arising from the investment in subsidiaries that are likely to not be reversed in the foreseeable future shall not be recognized as deferred income tax. In addition, taxable temporary differences arising from the initial recognition of goodwill are not recognized as deferred income tax liabilities. Deferred income tax is measured at the tax rate applicable when the temporary difference is expected to be reversed, and is based on the tax rate that has been enacted or substantively enacted on the reporting date.

Deferred income tax assets and liabilities are only legally enforceable against the offset of current income tax assets and liabilities, and belong to the same tax payer and are levied by the same tax authority; or they belong to different tax payers, and can be offset only if it is intended to settle the current income tax liabilities and assets at net amount, or the income tax liabilities and assets will be realized at the same time.

The unused tax losses, income tax credits and deductible temporary differences are recognized as deferred income tax assets to the extent that it is likely that future taxable income will be available for use, and the book value of deferred income tax assets is reviewed and adjusted at the end of each reporting period.

(XX) Earnings per share

The basic earnings per share is calculated by dividing the net profit of the current period by the weighted average number of shares outstanding. However, if the earnings are converted to capital increase or capital surplus is converted to capital increase, or if it is reduced due to capital reduction to cover losses, it shall be retroactively adjusted according to the proportion of capital increase and capital reduction. The calculation method of diluted earnings per share is the same as that of basic earnings per share, but it is calculated after adjusting the impact of all potential diluted common shares.

(XXI) Report on operation departments

Operating departments are the constituent units of the consolidated company, and are engaged in the business activities that may generate income and incur expenses (including the income and expenses generated from the transactions with other constituent units of the consolidated company). The operating results of the operating departments are reviewed by operation decision-makers on a regular basis to make decisions on the allocation of resources to the departments, evaluate the performance of the departments, and provide separate financial information.

V. Major Sources of Uncertainties in Significant Accounting Judgments, Estimates and Assumptions

The consolidated financial statements of the consolidated companies are affected by accounting policies, accounting assumptions and estimates. The management must make appropriate professional judgments when preparing the consolidated financial statements.

The assumptions and estimates of the consolidated company are the best estimates made in accordance with relevant International Financial Reporting Standards. Estimates and assumptions are based on past experience and other relevant factors, but actual results may differ from estimates and assumptions.

Estimates and assumptions are continuously reviewed. If the revision of the estimate only affects the current period, it shall be recognized in the current period when the accounting estimate is revised. If the revision of the estimate affects both the current and future periods, it shall be recognized in the current and future periods of the revision of the estimate.

The following are the information about the main assumptions made in the future and other main sources of estimation uncertainties at the end of the financial report. These assumptions and estimates have the risk of causing major adjustments to the book value of assets and liabilities in the next year.

(I) Revenue recognition

The return liability related to sales revenue is estimated based on historical experience and other known reasons, and recognized as a deduction of sales revenue in the current period of product sales; the consolidated company regularly reviews the reasonableness of the estimate.

As of December 31, 2022 and 2021, the provision for return and allowance liabilities recognized by the consolidated company was bothNT$0 thousand.

(II) Inventory evaluation

Since the inventory is evaluated by the lower of cost and net realizable value, the consolidated company must use judgment and estimation to determine the net realizable value of the inventory at the end of the financial reporting period. Inventory evaluation is mainly based on the product demand and historical experience in a specific period in the future, so it may be subject to significant changes due to factors such as changes in the industrial environment.

As of December 31, 2022 and 2021, the book value of inventories of the consolidated companies was NT$126,513 thousand andNT$119,351 thousand respectively.

(III) Evaluation of financial instruments

The estimated impairment of accounts receivable, debt instrument investment and financial guarantee contracts is based on the assumption of the consolidated company on the default rate and expected loss rate. The consolidated company considers the historical experience, current market conditions and forward-looking information to make assumptions and select the input value for impairment assessment. If the actual cash flow in the future is less than expected, it may cause a significant impairment loss.

As of December 31, 2022 and 2021, the book value of accounts receivable is detailed in note 6 (4).

VI. Details on Significant Accounts

(I) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand	$ 51	$ 87
Demand deposits	265,522	296,499
Time deposit (within three months)	322,071	78,851
Total	$ 587,644	$ 375,437

(II) Current financial assets at fair value through profit or loss

	December 31, 2022	December 31, 2021
Balanced funds	$ 124,927	$ 70,414

The valuation (loss) gains recognized in the financial assets held for trading by the consolidated companies in 2022 and 2021 were NT$(29,243) thousand and NT$1,756 thousand respectively.

(III) Financial assets at amortized cost

	December 31, 2022	December 31, 2021
Time deposits with an initial maturity of more than three months	$ 566,208	$ 690,081

As of December 31, 2022 and 2021, the time deposit interest rates above range from 4.00% to 5.18% and from 0.20% to 1.28% respectively.

(IV) Receivables

Details as follows:

	December 31, 2022	December 31, 2021
Notes receivable	$ 5,648	$ 3,691
Less: Allowance for losses	-	-
Net	$ 5,648	$ 3,691

	December 31, 2022	December 31, 2021
Accounts receivable	$ 212,660	$ 158,759
Accounts receivable from related parties		10,014
Total	212,660	168,773
Less: Allowance for losses	(2,400)	(1,656)
Net	$ 210,260	$ 167,117

	December 31, 2022	December 31, 2021
Overdue loans	$ 145	$ -
Less: Allowance for losses	(145)	-
Net	$ -	$ -

The average collection period for products and service is 90~120 days, and notes and accounts receivable are not interest bearing.

The consolidated company adopts a simplified approach to estimate the expected credit loss for all receivables (including notes receivable, accounts receivable and receivables), that is, using the expected credit loss balance in the duration. The expected credit loss in the duration is based on the customer's historical default rate, and adjusted based on the forward-looking estimate. Since the historical experience of credit losses of the consolidated company shows that there is no significant difference in the loss patterns of different customer groups, no further distinction is made between customer groups, and only the expected credit loss rate is set based on the overdue days of receivables.

The aging analysis of receivables (including notes receivable and accounts receivable) of the consolidated company is as follows:

	December 31, 2022				
Aging analysis	Accounts receivable	Notes receivable	Total receivables	Expected credit loss rate in the duration	Amount of expected credit loss in the duration of allowance
Not overdue	$ 210,093	$ 5,648	$ 215,741	1.1%	$ 2,364
Less than 30 days overdue	2,484	-	2,484	1.2%	31
Overdue for 31~60 days	83	-	83	5.4%	5
Overdue for 61~90 days	-	-	-	-	-
Overdue for more than 91 days	145	-	145	100%	145
Total	$ 212,805	$ 5,648	$ 218,453		$ 2,545

	December 31, 2021				
Aging analysis	Accounts receivable	Notes receivable	Total receivables	Expected credit loss rate in the duration	Amount of expected credit loss in the duration of allowance
Not overdue	$ 168,516	$ 3,691	$ 172,207	1.0%	$ 1,651
Less than 30 days overdue	113	-	113	4.0%	4
Overdue for 31~60 days	144	-	144	1.0%	1
Overdue for 61~90 days	-	-	-	-	-
Overdue for more than 91 days	-	-	-	-	-
Total	$ 168,773	$ 3,691	$ 172,464		$ 1,656

Changes in allowance for losses are as follows:

Balance on January 1, 2021	$	1,505
Recognition of impairment in the current period		157
Exchange rate impact		(6)
Balance on December 31, 2021		1,656
Recognition of impairment in the current period		865
Exchange rate impact		24
Balance on December 31, 2022	$	2,545

(V) Net inventory

	December 31, 2022		December 31, 2021	
Raw materials	$	52,930	$	66,410
Work in progress		26,473		25,938
Finished good		64,525		49,843
Merchandise		56		138
Total		143,984		142,329
Less: Allowance for inventory stagnation and loss on falling price		(17,471)		(22,978)
Net	$	126,513	$	119,351

Details of inventory related expenses and losses recognized as cost of goods sold are as follows:

	2022		2021	
Loss for market price decline and obsolete and slow-moving inventories (gain from price recovery)	$	(5,879)	$	13,584
Inventory scrap loss		5,131		11,498
Income from sale of scrap		(17,635)		(5,791)
Inventory loss		19		16
Total (net)	$	(18,364)	$	19,307

The reason for the recovery of the net realizable value of inventories during the period above is due to the proper production or sale and the acceleration of the disposal of defective products and their scrapping.

(VI) Other financial assets

	December 31, 2022		December 31, 2021	
Restricted bank deposits	$	320	$	317

(VII) Non-current financial assets at fair value through other comprehensive income

	December 31, 2022	December 31, 2021
Equity instruments:		
Stocks of unlisted companies	$ 23,319	$ 19,402

1. The equity instrument investments held by the Company are long-term strategic investments and not held for trading purposes, so they have been designated to be measured at fair value through other comprehensive income.
2. Details of financial assets measured at fair value through other comprehensive income which are recognized in profit and loss and comprehensive income are as follows:

	2022	2021
Equity instruments measured at fair value through other comprehensive income		
Changes in fair value recognized in other comprehensive income	$ 3,917	$ 3,787
Accumulated losses transferred to retained earnings due to derecognition	$ -	$ -
Dividend income recognized in profit and loss still held at the end of the current period	$ -	$ -

(VIII) Property, plant and equipment

The details of property, plant and equipment and the adjustment between the opening balance and the closing balance are as follows:

	Land	Buildings	Machinery and equipment	Other equipment	Outstanding works and equipment to be inspected	Total
Cost						
Balance on January 1, 2021	$ 17,020	$ 884,673	$ 218,483	$ 52,852	$ 551	$ 1,173,579
Addition in the current period	-	1,215	35,823	14,644	1,524	53,206
Disposal in the current period	-	-	(7,904)	(3,557)	-	(11,461)
Transfer from prepaid equipment amount	-	-	5,396	208	-	5,604
Reclassification in the current period	-	-	-	150	(150)	-
The Effects of Changes in Foreign Exchange Rates	-	(4,671)	(1,200)	(278)	(4)	(6,153)
Balance on December 31, 2021	17,020	881,217	250,598	64,019	1,921	1,214,775
Addition in the current period (note)	-	(1,057)	5,327	7,818	-	12,088
Disposal in the current period	-	(498)	(13,272)	(14,648)	-	(28,418)
Transfer from repayments	-	4,922	-	-	-	4,922

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Transfer from prepaid equipment amount	-	-	247	2,058	5,674	7,979
Reclassification to investment property	-	(92,614)	-	-	-	(92,614)
The Effects of Changes in Foreign Exchange Rates	-	13,929	3,950	967	10	18,856
Balance on December 31, 2022	$ 17,020	$ 805,899	$ 246,850	$ 60,214	$ 7,605	$ 1,137,588
Accumulated depreciation and impairment						
Balance on January 1, 2021	$ -	$ 147,091	$ 41,627	$ 22,187	$ -	$ 210,905
Accrued depreciation in the current period	-	75,346	20,023	7,457	-	102,826
Disposal in the current period	-	-	(7,220)	(3,001)	-	(10,221)
The Effects of Changes in Foreign Exchange Rates	-	(815)	(237)	(112)	-	(1,164)
Balance on December 31, 2021	-	221,622	54,193	26,531	-	302,346
Accrued depreciation in the current period	-	75,276	24,717	8,986	-	108,979
Disposal in the current period	-	(498)	(12,583)	(14,663)	-	(27,744)
Reclassification to investment property	-	(57,398)	-	-	-	(57,398)
The Effects of Changes in Foreign Exchange Rates	-	3,302	806	404	-	4,512
Balance on December 31, 2022	$ -	$ 242,304	$ 67,133	$ 21,258	$ -	$ 330,695
Face value						
December 31, 2021	$ 17,020	$ 659,595	$ 196,405	$ 37,488	$ 1,921	$ 912,429
December 31, 2022	$ 17,020	$ 563,595	$ 179,717	$ 38,956	$ 7,605	$ 806,893

Note: The decrease of houses and buildings in the current period is the deduction of allowances.

1. The major components of the Company's buildings include the main building and improvements of the plant, and are depreciated according to their service life of 20 to 40 years.
2. Please refer to note 8 to the financial statements for the mortgage of the property, plant and equipment above.
3. There is no impairment of the property, plant and equipment above.

(IX) Lease transaction - lessee

1. The details of right-of-use assets and the adjustment between the opening balance and the closing balance are as follows:

	Land		Buildings		Total	
Cost						
Balance on January 1, 2021	$	47,521	$	73,342	$	120,863
Disposal in the current period		-		(72,044)		(72,044)
The Effects of Changes in Foreign Exchange Rates		(254)		(331)		(585)
Balance on December 31, 2021		47,267		967		48,234
Addition in the current period		-		225		225
Disposal in the current period		-		(985)		(985)
Reclassification to investment property		(10,823)		-		(10,823)
The Effects of Changes in Foreign Exchange Rates		777		17		794
Balance on December 31, 2022	$	37,221	$	224	$	37,445
Accumulated depreciation						
Balance on January 1, 2021	$	6,104	$	59,523	$	65,627
Disposal in the current period		-		(63,519)		(63,519)
Depreciation in the current period		946		4,791		5,737
The Effects of Changes in Foreign Exchange Rates		(34)		(268)		(302)
Balance on December 31, 2021		7,016		527		7,543
Disposal in the current period		-		(925)		(925)
Depreciation in the current period		891		416		1,307
Reclassification to investment property		(3,968)		-		(3,968)
The Effects of Changes in Foreign Exchange Rates		120		10		130
Balance on December 31, 2022	$	4,059	$	28	$	4,087
Face value						
December 31, 2021	$	40,251	$	440	$	40,691
December 31, 2022	$	33,162	$	196	$	33,358

2. lease liabilities

	December 31, 2022		December 31, 2021	
Carrying amount of lease liabilities				
Current	$	112	$	449
Non-current	$	85	$	-

3. The profit and loss items related to lease contracts are as follows:

	2022		2021	
Interest expense of lease liabilities	$	11	$	121
Variable lease payments not included in the measurement of lease liabilities	$	-	$	-
Sublease income of right-of-use assets	$	-	$	-
Expenses relating to short-term leases	$	-	$	-
Cost of low-value leased assets (excluding short-term low-value leases)	$	-	$	-

4. The amounts recognized in the cash flow statement are as follows:

	2022		2021	
Total cash outflow for leases	$	426	$	4,865

5. Material leases and terms
   (a) Plastron Suzhou and Plastron Anhui signed a contract with the People's Republic of China in 2006 and 2017 to acquire the land use right for the construction of factory buildings. The lease term is 50 years, and the acquisition price was fully paid at the time of lease signing. Plastron Suzhou sublets a part of the property under an operating lease, and the relevant right-of-use assets are classified as investment property. Please refer to note 6 (10).
   (2) Plastron Shenzhen leases the building as an office and warehouse for 2 years. The lease contract of the building located in the People's Republic of China has clearly stipulated the lease payment for each period. The consolidated company cancelled the contract of the plant and dormitory in advance in 2022 and 2021, thus writing off the right-of-use assets and the lease liability, and recognized the interest of the lease modification as NT$2 thousand NT$753 thousand respectively (under other gains (losses)).
   (3) At the end of the lease term, the consolidated company has no preferential right to take over the leased land and buildings, and it is agreed that the consolidated company shall not sublet all or part of the leased subject matter to others without the consent of the lessor.

6. There is no impairment of the right-of-use assets above.

(X) <u>Investment property</u>

The details of investment property and the adjustment between the opening balance and the closing balance are as follows:

	Land	Buildings	Right-of-use assets - land	Total
Cost				
Balance on January 1, 2021	$ 20,562	$ 9,430	$ -	$ 29,992
Balance on December 31, 2021	20,562	9,430	-	29,992
Reclassification (note 1)	-	92,614	10,823	103,437
The Effects of Changes in Foreign Exchange Rates	-	(319)	(37)	(356)
Balance on December 31, 2022	$ 20,562	$ 101,725	$ 10,786	$ 133,073
Accumulated depreciation				
Balance on January 1, 2021	$ -	$ 5,479	$ -	$ 5,479
Depreciation in the current period	-	242	-	242
Balance on December 31, 2021	-	5,721	-	5,721
Reclassification (note 2)	-	57,398	3,968	61,366
Depreciation in the current period	-	1,786	72	1,858
The Effects of Changes in Foreign Exchange Rates	-	(203)	(13)	(216)
Balance on December 31, 2022	$ -	$ 64,702	$ 4,027	$ 68,729
Face value				
December 31, 2021	$ 20,562	$ 3,709	$ -	$ 24,271
December 31, 2022	$ 20,562	$ 37,023	$ 6,759	$ 64,344

Note 1: The reclassification of this period is NT$ 103,437 thousand, including NT$92,614 thousand transferred from property, plant and equipment and NT$ 10,823 thousand transferred from right-of-use assets.

Note 2: The reclassification of this period is NT$61,366 thousand, including NT$57,398 thousand transferred from property, plant and equipment and NT$3,968 thousand transferred from right-of-use assets.

1. The measurement of the investment property above after recognition is based on the cost method.
2. Fair value information:
   (a) The fair value of the investment property above is based on the appraisal

results of the appraisal report issued by an independent professional appraiser on October 1 and July 1, 2022, and the direct capitalization methods of the cost method, the comparison method and the income method were adopted for the appraisal. The evaluation results of the appraisal report issued on July 1, 2021 were also used, and the direct capitalization methods of the comparison method and the income method were adopted. The important assumptions and the fair value of the evaluation are as follows:

	December 31, 2022	December 31, 2021
Fair value	$ 274,825	$ 114,894
Income capitalization rate	0.79%	1.40%

(2) The fair value above is classified in the level 3 fair value hierarchy.

3. In order to activate the assets, the consolidated company subleased the offices and workshops of Plastron Suzhou in 2022, and reclassified the real estate and right-of-use assets as investment property at the book value at the time of change of use.
4. The rental income of the investment property above in 2022 and 2021 was NT$6,533 thousand and NT$1,080 thousand respectively, and the direct operating expenses of the investment property that generated the rental income weren't NT$ 1,858 thousand and NT$242 thousand respectively (recognized as miscellaneous expenses).
5. Please refer to note 8 to the financial statements for the mortgage of the investment property above.
6. There is no impairment to the investment property above.

(XI) Computer software, net

The adjustment between the opening balance and the closing balance of computer software are as follows:

	Computer software
Cost	
Balance on January 1, 2021	$ 2,441
Addition in the current period	1,260
The Effects of Changes in Foreign Exchange Rates	(13)
Balance on December 31, 2021	3,688
Addition in the current period	788
Transfer out after full depreciation	(274)
The Effects of Changes in Foreign Exchange Rates	49
Balance on December 31, 2022	$ 4,251
Accumulated amortization	
Balance on January 1, 2021	$ 703
Amortization in the current period	455
The Effects of Changes in Foreign Exchange Rates	(3)
Balance on December 31, 2021	1,155
Amortization in the current period	663
Transfer out after full depreciation	(274)
The Effects of Changes in Foreign Exchange Rates	12
Balance on December 31, 2022	$ 1,556

Face value		
December 31, 2021	$	2,533
December 31, 2022	$	2,695

There was no impairment to the intangible assets above as of December 31, 2022 and 2021.

(XII) Other payables

	December 31, 2022		December 31, 2021	
Expenses payable				
Wages and bonuses payable	$	25,145	$	30,668
Commission payable		6,452		5,641
Service fee payable		3,169		5,968
Processing fee payable		169		2,247
Directors' remuneration payable		1,207		-
Employees' remuneration payable		906		-
Import and export fees payable		1,442		2,434
Consumables payable		2,593		5,971
Other expenses payable		8,241		4,650
Accounts payable, equipment		6,609		11,989
Total	$	55,933	$	69,568

(XIII) Employee pension

1. The Company has a retirement policy for formally employed employees in accordance with the provisions of the Labor Standards Act, but the pension of employees was fully settled in 2012 in accordance with this Act.

2. Defined contribution plan

   The Labor Pension Act came into effect on July 1, 2005, and the Company has been allocating 6% of the fixed salary to the employee account of the Bureau of Labor Insurance according to the Labor Pension Act.

   The amounts allocated according to the Company's defined allocation plan in 2022 and 2021 and recognized as current expenses were NT$709 thousand and NT$761 thousand respectively. As of December 31, 2022 and 2021, the unpaid amounts were NT$180 thousand and NT$178 thousand respectively, which were paid after the end of the reporting period.

   In addition, in order to extend the retirement benefits of the directors who perform their work, the Company, taking into account the labor pension regulations, estimated the amount of current expenses in 2022 and 2021 was both NT$372 thousand respectively. As of December 31, 2022 and 2021, the unpaid amounts were NT$2,977 thousand and NT$2,605 thousand respectively.

   The pensions listed above are only based on the information of the Company, and the subsidiaries have not formulated pension regulations, nor are they subject to the enforcement by local laws and regulations.

(XIV) Income tax

The Company's profit-seeking enterprise income tax rate in 2022 and 2021was both 20%, and the basic income tax rate was 12%. The income tax rate of Plastron Suzhou and Plastron Shenzhen is 25%, and the income tax rate of Plastron Anhui was reduced from 25% to 15% since 2021. The remaining consolidated subsidiaries have no income tax burden. The adjustments of income tax expense and income tax payable are as follows:

1. The composition and change analysis of deferred income tax assets and liabilities are as follows:

	2022				
	Beginning retained earnings	Defined benefit costs recognized in profit or loss	Defined benefit costs recognized in other comprehensive income	Exchange difference	Ending balance
Temporary difference:					
Loss for market price decline and obsolete and slow-moving inventories.	$ 168	$ -	$ -	$ -	$ 168
Unrealized foreign currency exchange loss	1,794	(1,794)	-	-	-
Unrealized gain on sales	816	(816)	-	-	-
Unrealized foreign currency exchange income		(1,878)	-	-	(1,878)
Unrealized cost of sales	(736)	736	-	-	-
Unrealized gross margin	27	(10)	-	-	17
Overseas long-term investments recognized as investment gains by equity method - side and reverse flows	264	(8)	-	-	256
Overseas long-term investments recognized as investment gains by equity method	(172,951)	8,285	-	-	(164,666)
Exchange differences on translation of the financial statements of foreign operations	28,588	-	(14,885)	-	13,703
Deferred tax income		$ 4,515	$ (14,885)	$ -	
Net deferred tax liabilities	$ (142,030)				$ (152,400)
Information expressed in the balance sheet:					
Deferred tax assets	$ 31,657				$ 14,144
Deferred tax liabilities	$ 173,687				$ 166,544

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	2021				
	Beginning retained earnings	Defined benefit costs recognized in profit or loss	Defined benefit costs recognized in other comprehensive income	Exchange difference	Ending balance
Temporary difference:					
Loss for market price decline and obsolete and slow-moving inventories.	$ 168	$ -	$ -	$ -	$ 168
Unrealized foreign currency exchange loss	501	1,293	-	-	1,794
Unrealized gain on sales	397	419	-	-	816
Unrealized cost of sales	-	(736)	-	-	(736)
Unrealized gross margin	2	25	-	-	27
Overseas long-term investments recognized as investment gains by equity method - side and reverse flows	264	-	-	-	264
Overseas long-term investments recognized as investment gains by equity method	(202,110)	29,159	-	-	(172,951)
Exchange differences on translation of the financial statements of foreign operations	24,260	-	4,328	-	28,588
Deferred tax income		$ 30,160	$ 4,328	$ -	
Net deferred tax liabilities	$ (176,518)				$ (142,030)
Information expressed in the balance sheet:					
Deferred tax assets	$ 25,592				$ 31,657
Deferred tax liabilities	$ 202,110				$ 173,687

2. Items not recognized as deferred income tax assets:

	December 31, 2022	December 31, 2021
Deferred tax assets not recognized		
Temporary difference		
Inventory falling price reserves	$ 2,522	$ 3,704
Allowance for bad debts	330	286
Investment loss	3,323	3,323
Loss carryforwards	71,166	60,438
Total	$ 77,341	$ 67,751

3. Income tax expense recognized in profit or loss

The components of current income tax expense (benefit) recognized in profit or loss are as follows:

	2022	2021
Current income tax expense	$ 29,541	$ 7,703
Deferred tax income	(4,515)	(30,160)
Current income tax adjustment for previous years	(20,393)	22,512
Income tax expense recognized in profit or loss	$ 4,633	$ 55

The adjustment between current accounting income and income tax expense recognized in profit and loss and income tax payable at the end of the period is as follows:

	2022	2021
Net profit(loss) before tax	$ 48,498	$ (99,873)
Pre-tax net profit(loss) tax amount calculated according to the tax rate	$ 9,699	(19,975)
Permanent differences	2,759	(14)
Temporary difference	15,904	4,696
Others	(448)	23,575
Impact of different tax rates on subsidiaries operating in other jurisdictions	1,627	(579)
Current income tax expense	29,541	7,703
Income tax adjustment for previous years	(20,393)	22,512
Deferred tax income	(4,515)	(30,160)
Income tax expense recognized in profit or loss	$ 4,633	$ 55

The adjustment of income tax payable at the end of the period is as follows:

	2022	2021
Current tax	$ 29,541	$ 7,703
Plus: Income tax payable (refunded) at the beginning of the period	13,820	(12,884)
Adjustment on prior years	(20,393)	22,512
Less: Withholding tax	(125)	(25)
Payment of income tax payable	(12,591)	(4,005)
The Effects of Changes in Foreign Exchange Rates	204	519
Income tax payables (refunded) at the end of the period	$ 10,456	$ 13,820

4. Income tax expense (benefit) recognized in profit or loss

	2022	2021
Exchange differences on translation of the financial statements of foreign operations	$ 14,885	$ (4,328)

5. Income tax examination
   The Company's income tax filing for profit-seeking enterprises as of the end of 2020 has been approved by the tax collection authority.

6. Plastron Anhui obtained the "High-tech Enterprise" certificate in September 2021 and enjoyed the high-tech enterprise income tax preference from 2021 to 2024. The enterprise income tax rate was reduced from 25% to 15%, and the remaining loss deduction period could be extended from 5 years to 10 years. The consolidated company has assessed the relevant income tax impact on the tax rate changes above.

7. Information about undistributed earnings

	December 31, 2022	December 31, 2021
Before 1997	$ -	$ -
After 1998	136,430	136,065
Total	$ 136,430	$ 136,065

(XV) Equity

1. Share capital

	December 31, 2022	December 31, 2021
Authorized shares (in thousands)	200,000	200,000
Number of shares issued - common shares (shares)	149,868	149,868
Number of outstanding shares at the end of the period (thousand shares)	149,868	149,868

2. Capital surplus
   According to the provisions of the Company Act, capital surplus refers to the premium generated by the share capital transaction between the company and its shareholders, including the premium on the issuance of shares, and the receipt of gifts and other items generated in accordance with Generally Accepted Accounting Principles, and shall not be used for other purposes except when the earnings are still insufficient to cover the loss, and the realized capital surplus shall be appropriated for capital or cash dividends shall be issued in accordance with the resolution of the shareholders' meeting. In addition, in accordance with the “Regulations Governing the Offering and Issuance of Securities by Securities Issuers”, the amount of capital surplus that

may be appropriated for capital shall not exceed 10% of the paid-in capital.

3. Legal reserves

According to the Company Act, when distributing earnings, the Company shall set aside 10% of the after-tax profit as the legal reserve until the total amount reaches the share capital. The legal reserve is only used to cover losses according to law. When the Company has no losses, it may, with the consent of the shareholders' meeting, issue new shares or cash from the legal reserve, only to the extent of 25% of the paid-in capital.

4. Special reserves

The special reserve shall be recognized and reversed in accordance with the letter reference Financial-Supervisory-Securities-Corporate No. 1010012865, Financial-Supervisory-Securities-Corporate No. 1010047490 and the "Question and Answer on the Application of Special Reserve after the Adoption of International Financial Reporting Standards (IFRS)". If the balance of other equity write-downs is subsequently reversed, earnings may be distributed on the reversed part. In addition, the FSC has issued the letter reference Financial-Supervisory-Securities-Corporate No. 1090150022 on March 31, 2021. After the issuance of the letter, the original letter reference Financial-Supervisory-Securities-Corporate No. 1010012865 and the letter reference Financial-Supervisory-Securities-Corporate No. 1010047490 were repealed on December 31, 2021 and March 31, 2021, respectively, and subsequent matters will be handled in accordance with the relevant letters and orders.

5. Earnings distribution

(1) If there is a profit for the year after the final accounts, taxes shall be paid first and past losses covered before setting 10% of the profit aside as the legal reserve. This does not apply when the legal reserve reaches the amount of paid-in capital and the special reserve shall be appropriated or reserved in accordance with the law and regulations of the competent authorities.

(2) Under Article 240 of the Company Act, the Board of Directors is delegated to resolve any distribution of earnings in cash and shall have it reported at the shareholders’ meeting.

(3) Where the Company issues new shares or cash from legal reserve or capital surplus by means of cash, if the payment is in cash, it shall be resolved by the board meeting pursuant to Article 241 of the Company Act, and reported at the shareholders’ meeting.

(4) The Company's earnings distribution plan for 2021 was approved by the board meeting, and a cash dividend of NT$0.20 per share will be distributed.

(5) The Company's earnings distribution plan for 2020 was approved by the board meeting, and a cash dividend of NT$0.20 per share will be

distributed.

(6) For information on the proposed earnings distribution adopted by the board meeting and the resolution of the shareholders' meeting, please visit the “MOPS” of the TWSE.

6. Dividend policy

The Company’s development in the industry is in the stage of business expansion; taking into account the Company's future capital needs and long-term financial planning, while satisfying shareholders’ needs for cash inflows, the Company shall distribute earnings pursuant to the provisions of the preceding article. Earnings shall be distributed at a rate of not less than 50% of the earnings after tax for the year, with stock dividends ranging from 0% to 50% and cash dividends ranging from 50% 100%.

7. Other equity

The relevant exchange differences arising from the conversion of the net assets of foreign operating institutions from their functional currencies to New Taiwan Dollars are directly recognized as other comprehensive income and accumulated in the exchange differences on translation of foreign financial statements under other equity. Investments in equity instruments measured at fair value through other comprehensive income are measured at fair value. Subsequently the changes in fair value are reported in other comprehensive income and accumulated in other equity.

(XVI) Earnings (Loss) per share

	2022				
	Current net profit		Shares	Earnings per share (NT$)	
Basic earnings per share	Before tax	After tax	(in thousands)	Before tax	After tax
Net loss attributable to owners of the Company	$ 48,498	$ 43,865	149,868	$ 0.32	$ 0.29

	2021				
	Current net loss		Shares	Loss per share (NT$)	
Basic loss per share	Before tax	After tax	(in thousands)	Before tax	After tax
Net loss attributable to owners of the Company	$ (99,873)	$ (99,928)	149,868	$ (0.67)	$ (0.67)

In 2022, if the remuneration of employees is calculated and the shares are issued in accordance with the provisions of the Articles of Association, the diluted earnings per share will be the same as the basic earnings per share because the number of shares that can be issued is very small and has little impact on earnings per share.

(XVII) Summary of employee welfare, depreciation, depletion and amortization expenses incurred in the current period

By function / By nature	2022			2021		
	operating costs	operating expenses	Total	operating costs	operating expenses	Total
Employee benefit expense	93,785	63,300	157,085	129,491	65,637	195,128
Salary expense	86,115	43,667	129,782	114,351	42,281	156,632
Labor and health	2,523	4,483	7,006	2,426	4,595	7,021
Pension contributions	-	1,048	1,048	-	1,100	1,100
Remuneration to	-	4,744	4,744	-	4,095	4,095
Other employee benefit	5,147	9,358	14,505	12,714	13,566	26,280
Depreciation expense	76,765	33,521	110,286	59,257	49,306	108,563
Depletion cost	-	-	-	-	-	-
Amortization cost	538	125	663	384	71	455

Note: In 2022 and 2021, the depreciation expense of investment property is NT$1,858 thousand and NT$242 thousand respectively, and the expenses are recognized as miscellaneous expenses.

1. For the year and the previous year, the Company has 338 and 420 employees respectively, including 5 non-employee directors.

2. Employees’ and directors’ remuneration
   (1) The Articles of Association of the Company stipulates that if there is any profit in the annual final accounts, the employees’ shall not be less than 1.5%, and the directors’ remuneration shall not be more than 2%. However, if the company still has a cumulative loss, the amount of compensation shall be reserved in advance. The estimated amount of employees’ and directors' remuneration in 2022 are NT$906 thousand and NT$ 1,207 thousand respectively, calculated by multiplying the net profit before tax (the amount before deducting the remuneration of employees and directors') by 1.5% and 2% respectively. In 2021, there was a net loss before tax, and the employees’ and the directors' remuneration were not estimated. If there is any difference between the actual distribution amount and the estimated amount in the subsequent resolution of the board meeting, it shall be recorded as the profit and loss in the year of the resolution of the board meeting.
   (2) The employees’ and directors' remuneration of the Company in 2021 was approved by the board meeting, and the employees’ and directors' remuneration distributed were respectively NT$0 thousand and NT$180 thousand. The difference with the original estimated amount of NT$0 thousand was adjusted in 2022.

(3) Please visit the MOPS of the TWSE for the information on the employees' and directors' remuneration determined by the board meeting.

(XVIII) Operating revenue

1. The consolidated company's operating revenue is analyzed as follows:

	2022	2021
Sales revenue	$ 593,716	$ 529,590
Less: Sales returns and discounts	(4,140)	(4,084)
Net sales	$ 589,576	$ 525,506

2. The breakdown of contract revenue by type of goods or services is as follows:

	2022	2021
Connectors	$ 565,732	$ 471,996
Others	23,844	53,510
Total	$ 589,576	$ 525,506

3. The breakdown of contract revenue by geographical region is as follows:

	2022	2021
Taiwan	$ 34,044	$ 25,037
PRC	446,000	383,007
Germany	89,458	91,721
Others	20,074	25,741
Total	$ 589,576	$ 525,506

(XIX) Interest income

The consolidated company's interest income is analyzed as follows:

	2022	2021
Bank deposit interest	$ 7,075	$ 5,225
Interest income from financial assets at fair value through profit or loss	8,943	6,290
Interest income from financial assets at amortized cost	8,895	2,834
Others	80	-
Total	$ 24,993	$ 14,349

(XX) Other income

The consolidated company's other income is analyzed as follows:

	2022	2021
Lease income	$ 6,533	$ 1,080
Miscellaneous income - government subsidies	1,638	2,713
Miscellaneous income - transfer-in from unpaid payables	20,695	9,559
Miscellaneous income - compensation	4,089	1,520
Miscellaneous income	2,456	3,716
Total	$ 35,411	$ 18,588

Some of the government subsidies above related to the compensation to the consolidated company's property, plant and equipment is recognized as profit and loss on a systematic basis during the depreciation period.

(XXI) Other gains and losses

The analysis of other interests and losses of the consolidated company is as follows:

	2022	2021
Gains on disposal of property, plant and equipment	$ 297	$ 193
Gains from disposals of investments	-	220
Gains from lease modification	2	753
Gains (losses)from financial assets at fair value through profit or loss	(29,243)	1,756
Net exchange gains (losses)	37,070	(18,241)
Miscellaneous expenses	(2,986)	(243)
Total	$ 5,140	$ (15,562)

(XXII) Financial costs

The consolidated company's financial costs are analyzed as follows:

	2022	2021
Interest expense of lease liabilities	$ 11	$ 121

The interest capitalization amounts of the consolidated company in 2022 and 2021 were both NT$0 thousand.

(XXIII) Other information on net profit(loss) after tax

The following items have been deducted from the consolidated company's net profit(loss) after tax:

	2022	2021
Impairment loss on financial assets		
Expected credit losses	$ 865	$ 157

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Depreciation and amortization expenses		
Depreciation of property, plant and equipment	$ 108,979	$ 102,826
Depreciation of investment property	1,858	242
Depreciation expense of right-of-use assets	1,307	5,737
Amortization of intangible assets	663	455
Total	$ 112,807	$ 109,260
R&D expenditures recognized as expenses when incurred	$ 76,078	$ 71,175
Employee benefit expense		
Post-employment benefits		
Defined contribution plan	$ 1,048	$ 1,100
Salary, rewards and bonuses	129,782	156,632
Total	$ 130,830	$ 157,732

(XXIV) Financial instruments

1. Categories of financial instruments

	December 31, 2022	December 31, 2021
Financial assets		
Amortized cost		
Cash and cash equivalents	$ 587,644	$ 375,437
Time deposits with an initial maturity of more than three months	566,208	690,081
Notes and accounts receivable	215,908	170,808
Other receivables	4,274	1,107
Other current financial assets	320	317
Refundable deposits	277	362
Subtotal	1,374,631	1,238,112
Measured at fair value		
Current financial assets at fair value through profit or loss	124,927	70,414
Non-current financial assets at fair value through other comprehensive income	23,319	19,402
Subtotal	148,246	89,816
Total	$ 1,522,877	$ 1,327,928

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Financial liabilities		
Amortized cost		
Notes and accounts payable	$ 41,587	$ 45,083
Other payables	55,933	69,568
Current lease liabilities	112	449
Non-current lease liabilities	85	-
Guarantee deposits received	369	180
Total	$ 98,086	$ 115,280

2. Financial risk management objectives

The financial risk management objective of the consolidated company is to manage the exchange rate risk, interest rate risk, credit risk and liquidity risk related to operating activities. In order to reduce relevant financial risks, the consolidated company is committed to identifying, evaluating and avoiding market uncertainties to reduce the potential adverse impact of market changes on its financial performance.

The consolidated company avoids the impact of exchange rate risk through derivative financial instruments. The use of derivative financial instruments is regulated by the policies adopted by the Board of Directors of the Company, and the internal auditors continue to review the compliance with the policies and various exposure limits. The consolidated company did not trade financial instruments for speculative purposes.

3. Market risk

The major financial market risks the consolidated company is exposed to are changes in foreign currency exchange rates and interest rates due to its operation. The consolidated company at any time pays attention and respond to the risks that may be caused by changes in exchange rates. In addition, the consolidated company meets the operating requirements by flexibly adjusting the demand of its own funds and maintaining the flexibility of banking facilities. Because the floating-rate net assets of the consolidated company are mostly due within one year, and the current market interest rate is at a low level, there is no significant risk of interest rate change, so derivative financial tools are not used to manage the interest rate risk.

(1) Exchange rate risk

Some of the operating activities of the consolidated company and the net investment of foreign operating institutions are mainly in foreign currencies, thus generating a foreign currency exchange rate risk.

Since the net investment of foreign operating institutions is strategic investment, the consolidated company did not conduct hedge for it.

The sensitivity analysis of foreign currency exchange rate risk (mainly calculated for foreign currency monetary items at the end of the financial reporting period) and the information of foreign currency assets and liabilities with significant exchange rate fluctuations are as follows:

	December 31, 2022					
	Currency	Foreign currency amount	Exchange rate at the end of the period	Recognized amount (NT$ thousand)	Change range	Impact on income before tax
Monetary items						
Financial assets						
Cash and cash equivalents	Euro	$ 3,176,786	32.72	$ 103,944	10%	$ 10,394
Cash and cash equivalents	USD	3,033,175	30.71	93,149	10%	9,315
Financial assets measured at amortized cost	USD	9,076,253	30.71	278,732	10%	27,873
Accounts receivable	Euro	164,061	32.72	5,368	10%	537
Accounts receivable	USD	845,262	30.71	25,958	10%	2,596
Financial liabilities						
Other payables	USD	18,677	30.71	574	10%	57

	December 31, 2021					
	Currency	Foreign currency amount	Exchange rate at the end of the period	Recognized amount (NT$ thousand)	Change range	Impact on income before tax
Monetary items						
Financial assets						
Cash and cash equivalents	Euro	$ 3,274,209	31.32	$ 102,548	10%	$ 10,255
Cash and cash equivalents	USD	1,835,226	27.68	50,799	10%	5,080
Financial assets measured at amortized cost	USD	10,660,179	27.68	295,074	10%	29,508
Accounts receivable	Euro	205,092	31.32	6,423	10%	642
Accounts receivable	USD	806,055	27.68	22,312	10%	2,231
Accounts receivable	HKD	616,742	3.549	2,189	10%	219
Financial liabilities						
Accounts payable	USD	4,225	27.68	117	10%	12
Other payables	USD	19,883	27.68	550	10%	55

Due to the wide variety of functional currencies of the consolidated company the exchange gains and losses of monetary items were disclosed after consolidation. The foreign currency exchange (loss) gains (including realized and unrealized) were NT$(37,070) thousand and NT$(18,241) thousand respectively in 2022 and 2021.

Non-monetaryitems of the consolidated company are not disclosed because there is no significant impact of exchange rate fluctuations on them.

(2) Interest rate risk

Interest rate risk refers to the risk of changes in the fair value of financial instruments and changes in cash flow caused by changes in market interest rates. The interest rate risk of the consolidated company mainly comes from floating rate loans. However, the consolidated company had no borrowings on December 31, 2022 and 2021, so there was no significant cash flow risk due to interest rate changes

(3) Other price risks

The price risk of equity instruments of the consolidated company mainly comes from financial assets classified as measured at fair value through other comprehensive income. All major equity instrument investments of the consolidated company must be approved by the board meeting of the company beforehand.

The sensitivity analysis of the price risk of equity instruments is based on the change in fair value at the end of the financial reporting period. If the price of equity instruments increases/decreases by 10%, the consolidated company's comprehensive income in 2022 and 2021 will increase/decrease by NT$ 2,332 thousand and NT$(2,332) thousand, and 1,940 thousand and NT$(1,940) thousand, respectively.

4. Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations, resulting in financial loss to the Company. The policy adopted by the consolidated company is to try to trade with reputable counterparties to reduce the risk of financial losses. In addition to the credit investigation before the transaction, the consolidated company continues to monitor the credit exposure and the credit status of the counterparty during the transaction, and continues to focus on the diversification of customer sources and the expansion of overseas markets to reduce customer concentration risk.

The credit risk of the consolidated company is mainly concentrated on customers with consolidated income of more than 10%. As of December 31, 2022 and 2021, the total accounts receivable from the aforesaid customers accounted for 74.74% and 64.89% respectively.

In addition, since the counterparties of liquidity and derivative financial instruments are several banks with high credit ratings from international credit rating agencies, the credit risk and concentration risk are limited.

5. Liquidity risk management

The liquidity risk manage objective of the consolidated company is to maintain the cash and equivalent cash, highly liquid securities and sufficient bank financing lines required for operation, so as to ensure that the consolidated company has sufficient financial flexibility.

The following table is a summary of the financial liabilities of the consolidated company during the agreed repayment period according to the maturity date and the undiscounted maturity amount:

	December 31, 2022			
	Within 6 months	6~12 months	1~2 years	Total
Non-derivative financial liabilities				
Notes payable	$ 57	$ -	$ -	$ 57
Accounts payable	41,530	-	-	41,530
Other payables	53,820	2,113	-	55,933
Other current liabilities	11,661	-	-	11,661
lease liabilities	112	-	85	197
Total	$ 107,180	$ 2,113	$ 85	$ 109,378

	December 31, 2021			
	Within 6 months	6~12 months	1~2 years	Total
Non-derivative financial liabilities				
Notes payable	$ 28	$ -	$ -	$ 28
Accounts payable	45,055	-	-	45,055
Other payables	69,568	-	-	69,568
Other current liabilities	5,611	-	-	5,611
lease liabilities	275	183	-	458
Total	$ 120,537	$ 183	$ -	$ 120,720

6. Fair value of financial instruments

The key management of the consolidated company believes that the book value of financial assets and financial liabilities measured at amortized cost in the financial statements of the consolidated company approaches its fair value.

(1) Fair value of financial instruments at amortized cost

The key management of the consolidated company believes that the book value of financial assets and financial liabilities measured at amortized cost in the financial statements of the consolidated company approaches its fair value.

(2) Evaluation techniques and assumptions used to measure fair value

The fair values of financial assets and financial liabilities are determined in the following ways:

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded in active markets are determined by reference to the market quotation.
- The fair value of derivative instruments is measured by the quoted price provided by the bank.
- The fair value of the stock without public quotation is determined

according to the generally accepted pricing model based on the market method or discounted cash flow analysis.

(3) Measurement of fair value recognized in the consolidated balance sheet
The following table provides an analysis of the fair value measurement method of financial instruments after their initial recognition. The measurement method is divided into levels 1 to 3 based on the observable degree of fair value.

- Level 1 fair value measurement refers to the publicly quoted price (unadjusted) of the same assets or liabilities from the active market.
- Level 2 fair value measurement refers to that in addition to the public quotation in level 1, the fair value is derived from the observable input value of the asset or liability either directly (i.e. price) or indirectly (i.e. derived from price).
- Level 3 fair value measurement refers to the input value of assets or liabilities based on unobservable market data (unobservable input value), and the fair value is derived by evaluation technology.

A. Financial assets and liabilities measured at fair value on a repetitive basis
The fair value hierarchy of financial assets and liabilities measured at fair value by the consolidated company on a repetitive basis is as follows:

	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Current financial assets at fair value through profit or loss				
- Balanced funds	$ 124,927	$ -	$ -	$ 124,927
Non-current financial assets at fair value through other comprehensive income				
- Equity instruments without public quotation	$ -	$ -	$ 23,319	$ 23,319

	December 31, 2021			
	Level 1	Level 2	Level 3	Total
Current financial assets at fair value through profit or loss				
- Balanced funds	$ 70,414	$ -	$ -	$ 70,414
Non-current financial assets at fair value through other comprehensive income				
- Equity instruments without public quotation	$ -	$ -	$ 19,402	$ 19,402

The consolidated company had no fair value measurements transferred between level 1 and level 2 in 2022 and 2021.
The consolidated company did not dispose of the financial assets measured at level 3 fair value in 2022 and 2021.

The details of changes in level 3 are as follows:

	2022	2021
Beginning retained earnings	$ 19,402	$ 15,615
Recognized as other comprehensive income	3,917	3,787
Ending balance	$ 23,319	$ 19,402

The Company's evaluation process of classifying the fair value into level 3 is to entrust an external appraiser to carry out independent fair value verification of financial instruments, and make the appraisal results close to the market status through independent source data, and confirm that the data source is independent, reliable and consistent with other resources to represent the executable price, so as to ensure that the appraisal results are reasonable.

Quantitative information of fair value measurement of significant unobservable input values (level 3):

	December 31, 2022 Fair value	Valuation technique	Unobservable input values	Relationship between input value and fair value
Non-derivative financial assets:				
Stocks of unlisted companies	$ 23,319	market approach	P/Eratio multiplier, lack of market liquidity discount and control premium	The higher the multiplier and control premium, the higher the fair value; the higher the lack of market liquidity discount, the lower the fair value.

	December 31, 2021 Fair value	Valuation technique	Unobservable input values	Relationship between input value and fair value
Non-derivative financial assets:				
Stocks of unlisted companies	$ 19,402	market approach	P/Eratio multiplier, lack of market liquidity discount and control premium	The higher the multiplier and control premium, the higher the fair value; the higher the lack of market liquidity discount, the lower the fair value.

The level 3 fair value measurement and the sensitivity analysis of the fair value to the reasonable and possible substitution assumption:

	Input value	Change	December 31, 2022			
			Defined benefit costs recognized in profit or loss		Defined benefit costs recognized in other comprehensive income	
			Favorable change	Unfavorable change	Favorable change	Unfavorable change
Financial assets						
Equity instrument	Depreciation	+10% -10%	$ -	$ -	$ 2,332	$ 2,332

	Input value	Change	December 31, 2021			
			Defined benefit costs recognized in profit or loss		Defined benefit costs recognized in other comprehensive income	
			Favorable change	Unfavorable change	Favorable change	Unfavorable change
Financial assets						
Equity instrument	Depreciation	+10% -10%	$ -	$ -	$ 1,940	$ 1,940

B. Financial assets and liabilities measured at fair value on a non-repetitive basis

(XXV) Capital management

The capital management objective of the Company and its subsidiaries is to provide shareholders with adequate remuneration by maintaining the optimal capital structure on the premise of continuing to operate and grow. The capital structure management strategy of the Company is based on the industrial scale, future growth of the industry, product development blueprint and changes in the external environment of the business operated by the Company and its subsidiaries, in order to plan the required capital expenditure; then the required working capital and cash are calculated according to the characteristics of the industry, and the possible product profit, operating profit rate and cash flow are estimated, with the consideration of risk factors such as the industrial cycle fluctuations and product life cycle, so as to determine the most appropriate capital structure of the Company.

The debt ratios of the consolidated company as of December 31, 2022 and 2021 are as follows:

	December 31, 2022	December 31, 2021
Total liabilities	$ 409,972	$ 449,965
Total assets	$ 2,575,043	$ 2,537,686
Debt ratio	15.92%	17.73%

VII. **Related-Party Transactions**

(I) Related party name and relationship

Related party name	Relationship with the consolidated company
SYT HOLDING LIMITED	Other related party (the chairman is a key manager of Plastron)
SYT HARDWARE & TECHNOLOGY (KUNSHAN) Co., Ltd.	Other related party (a 100% owned grandson company of SYT Holding Limited)
Suzhou SYT Technology Co., Ltd.	Other related party (the chairman is a key manager of Plastron)

(II) Major transactions with related parties

The amount and balance of transactions between the Company and its subsidiaries have been written off when preparing the consolidated financial statements and are not disclosed in this note. Details of transactions between the Company and its subsidiaries and related enterprises are disclosed as follows:

1. Sales

	2022	2021
Other related party	$ 5,317	$ 36,565

The sales price is based on the actual cost plus profit, and its price is not comparable with the general transaction. The collection period is 45~90 days from the next month, which is not significantly different from the general transaction.

2. Accounts receivable

Outstanding balance	December 31, 2022	December 31, 2021
Other related party	$	$ 10,014

(III) Remuneration of key management personnel

The current remuneration of the consolidated company to the key management personnel is as follows:

	2022	2021
Short-term benefits	$ 9,338	$ 8,506
Post-employment benefits	457	422
Other long-term employee benefits	-	-
Termination benefits	-	-
Share-based payments	-	-
Total	$ 9,795	$ 8,928

Short-term benefits include salary, bonus, employees’ and directors’ compensation, etc

VIII. Pledged Assets

As of December 31, 2022 and 2021, the following assets of the consolidated company have been provided as security for tariff guarantee and loan limits:

	December 31, 2022	December 31, 2021
Restricted bank deposits	$ 320	$ 317
Land (note)	37,582	37,582
Net houses and buildings (note)	7,272	7,794
Total	$ 45,174	$ 45,693

(Note) Recognized as property, plant and equipment and investment property.

IX. Significant Contingent Liabilities and Unrecognized Contractual Commitments

As of December 31, 2022 and 2021, the total amount of promissory notes issued by the Company through various banks and financial institutions as guarantees for short-term loans and financial transactions was both NT$110,000 thousand and USD1,000 thousand.

X. Losses Due to Major Disasters: None.

XI. Significant Subsequent Events: None.

XII. Others: None.

XIII. Other Disclosures

(I) Major transaction related information

1. Loans to others: See Attachment 1.
2. Endorsements/guarantees provided: None
3. Status of securities held at the end of the period: See Table 2 for details.
4. The amount of the same marketable securities acquired or disposed of reaches NT$300 million or 20% of the paid-in capital: None.
5. The amount of real estate acquired reaches NT$300 million or 20% of the paid-in capital: None.
6. The amount of real estate disposed of reaches NT$300 million or 20% of the paid-in capital: None.
7. The amount of goods purchased and sold with related parties reaches NT$100 million or 20% of the paid-in capital: See Table 3 for details.
8. The amount of goods purchased and sold with related parties reaches NT$100 million or 20% of the paid-in capital: None.
9. Trading in derivative instruments: None.
10. Business relationships and important transactions between parent and subsidiaries and between subsidiaries and their amounts: See Table 7 for details.

(II) Information about reinvested enterprises

1. Names and locations of investee companies and other relevant information: See Table 4.

(III) Information about investment in mainland China

1. The names of the investee companies in mainland China, the main businesses and products, paid-in capital amounts, methods of investment, information on inflow or outflow of capital, shareholding ratios, investment gains (losses),

ending book values, investment gains (losses) already repatriated and limits on investment in mainland China: See Table 5.

2. Major transactions with mainland investee companies directly or indirectly through a third region, and their prices, payment terms, and unrealized gains and losses: See Table 6.

(IV) Information on major shareholders

1. Names, numbers of shares held, and shareholding percentages of shareholders who hold 5 percent or more of the equity: See Table 8.

(XIV) Information on departments

(I) General information

Information provided to key operation decision-makers to allocate resources and evaluate department performance; focus on the types of products or services delivered or provided. The consolidated company is mainly engaged in the single industry of processing, manufacturing and trading of electronic components. According to the provisions of IFRS 8 "Operating Departments", there is only a single department subject to reporting, so there is no department profit and loss, department assets and department liabilities to be reported.

(II) Information by region

The geographical information of the consolidated company is as follows; the revenue is classified based on the geographical location of customers, while the non-current assets are classified based on the geographical location of assets.

(1) The information of the consolidated company's income from external customers in 2022 and 2021 is as follows:

Location	2022	2021
Taiwan	$ 34,044	$ 25,037
PRC	446,000	383,007
Germany	89,458	91,721
Others	20,074	25,741
Total	$ 589,576	$ 525,506

(2) The non-current assets of the consolidated company in 2022 and 2021 are as follows:

Location	2022	2021
Taiwan	$ 46,099	$ 46,841
PRC	862,950	941,410
Total	$ 909,049	$ 988,251

Non-current assets include property, plant and equipment, right-of-use assets, investment property, intangible assets and other assets, excluding financial instruments, deferred income tax assets, assets of retirement benefits and non-current assets of rights arising from insurance contracts.

(III) Important customer information

The consolidated company's income from external customers accounted for more than 10% of the consolidated net income in 2022 and 2021 is as follows:

Customer name	2022 Sales amount	2022 % of sales revenue	2021 Sales amount	2021 % of sales revenue
SN007	$ 303,430	51.47%	$ 160,411	30.53%
AD002	71,187	12.07%	73,456	13.98%
DR003	-	-	54,505	10.37%

Table 1

Plastron Precision Co., Ltd. and Subsidiaries
Details of Loans to Others
January 1 to December 31, 2022

Unit: NT thousand/RMB thousand/USD thousand

No. (note 1)	Company extending the loan	Loan object	Transaction	Whether a related party	Maximum amount of current period	Ending balance (note 4)	Amount actually drawn	Interest rate range	Loan nature (note 2)	Transaction amount	Reasons for the necessity of short-term financing	Amount of provision for loss	Collateral		Loan limit to individual objects (note 3)	Total loan limit (note 3)
													Title	Value		
1	Plastron Technology (Shenzhen) Co., Ltd.	Plastron Electronic Technology (Anhui) Co., Ltd	Other receivables	Yes	330,708 (CNY75,000)	330,708 (CNY75,000)	330,708 (CNY75,000)	1.6%	2	-	Replenishing working capital and repaying loans	-	-	-	373,865	373,865
2	Plastron Electronic Technology (SuzHou) Co., Ltd	Plastron Electronic Technology (Anhui) Co., Ltd	Other receivables	Yes	220,472 (CNY50,000)	220,472 (CNY50,000)	220,472 (CNY50,000)	1.6%	2	-	Replenishing working capital and repaying loans	-	-	-	297,180	297,180
3	K&J INTERNATIONAL INVESTMENT CO., LTD.	Plastron Electronic Technology (Anhui) Co., Ltd	Other receivables	Yes	245,680 (USD8,000)	245,680 (USD8,000)	-	1.8%	2	-	Replenishing working capital	-	-	-	1,711,668	1,711,668

Note 1: (1) The issuer fills in 0. (2) Investee companies are numbered sequentially from the Arabic numeral 1 according to the company type.

Note 2: 1 for those with business dealings; 2 for those with short-term financing needs,

Note 3: The total amount of loans from subsidiaries to others due to short-term financing needs shall not exceed 90% of the loaning company's net value in the latest financial statements certified or reviewed by a CPA.

Note 4: The limit approved by the board meeting.

Note 5: The expression of consolidated statements has been consolidated and written off.

Table 2

Plastron Precision Co., Ltd. and Subsidiaries
Marketable securities held at the end of the period
December 31, 2022

Unit: thousand shares/NT$ thousand

Holding company name	Marketable securities types and name	Relationship with the issuers	Financial statement account	End of period			
				Shares	Face value	Shareholding ratio	Fair value
	Balanced funds						
Plastron Precision Co., Ltd.	Allianz Income Growth Fund (USD)	-	Financial assets at fair value through profit or loss	98	$ 22,873	-	$ 22,873
	Allianz Income Growth Fund (Eur)	-	Financial assets at fair value through profit or loss	189	43,786	-	43,786
K&J INTERNATIONAL INVESTMENT CO., LTD.	Allianz Income Growth Fund (USD)	-	Financial assets at fair value through profit or loss	250	58,268	-	58,268
			Total		$ 124,927		$ 124,927
	Stocks						
Plastron Precision Co., Ltd.	SYT HOLDING LIMITED	-	Non-current financial assets at fair value through other comprehensive income	1,349	$ 23,319	17.04%	$ 23,319
						-	

Table 3

Plastron Precision Co., Ltd. and Subsidiaries
Receivables from related parties amounting to at least nt$100 million or 20% of the paid-in capital
January 1 to December 31, 2022

Unit: NT$ thousand

Buyer	Related Party	Relationship	ransaction status				Abnormal Transaction		Notes/Trade Receivable (Payable)		Note
			Purchase (Sales)	amount	% to Total	Payment Terms	price	Payment Terms	Ending Balance	total	
Plastron Precision Co., Ltd	Plastron Electronic Technology (Anhui) Co., Ltd	sub-subsidiary of the Company	Purchase	139,433 (Note)	93.26%	credit on 60 days.	-	-	(30,553)	(98.01%)	

Note 1The net amount of the total purchase amount NT$139,433 minus the NT$431 for purchasing raw materials on behalf of Plasma Electronics (Anhui) Co., Ltd.

Note 2 The expression of consolidated statements has been consolidated and written off.

Table 4

Plastron Precision Co., Ltd. and Subsidiaries
Information About Investees
January 1 to December 31, 2022

Unit: NT$ Thousand

Investor	Name of investee	Location	Main business	Initial investment amount		Shareholding at the end of the period			Current income (loss) of the investee	Current income (loss) recognized	Remarks
				End of the current period	End of last year	Shares	Ratio	Face value			
Plastron Precision Co., Ltd.	K&J INTERNATIONAL INVESTMENT CO., LTD.	BRITISH VIRGIN ISLANDS	Investment company	$ 1,151,569 (USD36,080,400.12)	$ 1,151,569 (USD36,080,400.12)	-	100.00%	$ 1,900,778	$ 57,705	$ 57,747 (note 1)	Subsidiary
	HONOUR DECADE INC.	SAMOA	Trading company	340 (USD10,000.00)	340 (USD10,000.00)	-	100.00%	4,986	(827)	(827)	Subsidiary
	TEAMSPHERE INDUSTRIAL LTD.	SAMOA	Trading company	340 (USD10,000.00)	340 (USD10,000.00)	-	100.00%	187	19	19	Subsidiary
K&J INTERNATIONAL INVESTMENT CO., LTD.	GRAND EASE HOLDINGS LIMITED	HONG KONG	Investment company	166,467 (USD5,010,000.00)	166,467 (USD5,010,000.00)	-	100.00%	330,366	9,366	(Note 2)	Second-tier subsidiary
	CHEER UP ENTERPRISES LIMITED	HONG KONG	Investment company	418,967 (USD12,549,400.12)	418,967 (USD12,549,400.12)	-	100.00%	415,725	35,382	(Note 2)	Second-tier subsidiary
	GOLD GALAXY DEVELOPMENT LIMITED	HONG KONG	Investment company	922,982 (USD30,000,000.00)	922,982 (USD30,000,000.00)	-	100.00%	665,847	17,049	(Note 2)	Second-tier subsidiary

Note 1: It refers to the deduction of NT$ 1,283 thousand of unrealized interests in reverse current transaction, NT$17 thousand of unrealized losses and NT$1,316thousand of unrealized interests in reverse current transactions in the group, and NT$26 thousand of unrealized interests in side current transactions in the previous year.

Note 2: The profit and loss of the investee company has been included in those of its investee companies, and will not be separately expressed here in order to avoid confusion.

Note 3: Consolidated statement expression: The investment and investment profit and loss using the equity method have been consolidated and written off.

Table 5

Plastron Precision Co., Ltd. and Subsidiaries
Information on Investment in Mainland China
January 1 to December 31, 2022

Unit: NT$ thousand/USD

Name of Investee in Mainland China	Main business	Paid-in capital	Investment method	Accumulated investment amount from Taiwan at the beginning of the period	Outward remittance or repatriation of investment amount of the period		Accumulated investment amount from Taiwan at the end of the period	Current income (loss) of the investee	Ownership percentage of direct or indirect investment	Investment gains/losses recognized in the period	Book value of investment at the end of the period	Investment gains repatriated in the period
					Outward remittance	Repatriation						
Plastron Electronics (Suzhou) Co., Ltd.	R&D, design, production and sales of new instrument components, optical fiber connecting lines, heat dissipation modules, precision metal stamping dies and lighting fixtures; wholesale, import and export of electronic components and similar products produced by the Company, and lease of non-residential real estate.	166,144 (USD5,000,000.00)	(note 1)	166,144 (USD5,000,000.00)	-	-	166,144 (USD5,000,000.00)	9,365	100.00%	9,365 (note 2)	330,202 (note 2)	-
Plastron Technology (Shenzhen) Co., Ltd.	Sales of electronic products, technical services, technical consultation, commission agency (except auction), and import and export of goods and technologies	405,488 (USD12,152,460.39)	(note 1)	346,146 （USD10,343,460.39）	-	-	346,146 （USD10,343,460.39）	35,381	100.00%	35,381 (note 2)	415,406 (note 2)	188,629

(continued on next page)

(continued from previous page)

Plastron Electronics (Anhui) Co., Ltd.	R&D, production and sales of new instrument components, automobile connectors, computer connectors, mobile phone connectors, precision metal molds, plastic molds, precision cavity molds, electronic product accessories and hardware; non-metal and metal surface treatment; precision machining with CNC machine tools; wholesale, import and export of electronic components.	922,982 (USD30,000,000.00)	(note 1)	624,478 （USD20,300,000.00）	-	-	624,478 （USD20,300,000.00）	17,049	100.00%	17,049 (note 2)	665,850 ((note 2)	-

Accumulated investment amount remitted to mainland China from Taiwan at the end of the period	Investment amount approved by the Investment Commission, MOEA	Limit on investment regulated by the Investment Commission, MOEA
NT1,154,006 (USD36,218,550.79)	NT1,275,021 (USD40,159,105.49)	NT 1,299,042

Note 1: Investment method: reinvestment in Mainland China companies through a company in a third region.
Note 2: It is calculated and recognized based on the current financial statements of the company reviewed by the parent company's CPA.
Note 3: The expression of consolidated statements has been consolidated and written off.

Table 6

Plastron Precision Co., Ltd. and Subsidiaries

Transactions with Mainland China Investee Companies Directly or Indirectly Through a Third Region

January 1 to December 31, 2022

Unit: NT$ Thousand

I. Purchases

The Company's purchases from mainland investee companies are as follows:

Counterparty	amount	Percentage of net purchase of the Company	Unrealized profit and loss at the end of the period
Plastron Electronic Technology (Suzhou) Co., Ltd	$ 6,076	4.06	$ 675
Plastron Technology (Shenzhen) Co., Ltd.	1,852	1.24	90
Plastron Electronic Technology (Anhui) Co., Ltd.	139,433	93.26	518
Total	$ 147,361	98.56	$ 1,283

The company's purchase transactions with Plastron Electronic Technology (Suzhou) Co., Ltd. and Plastron Technology (Shenzhen) Co., Ltd. are transferred through Honour Decade Inc.

The purchase prices above were discounted based on the sales order price. The payment term was 60 days from the next month, which was not significantly from those of non-related parties.

II. Accounts Payable

The details of the Company's payables to mainland investee companies are as follows:

Counterparty	amount	Percentage of accounts payable at the end of the period
Plastron Electronic Technology (Anhui) Co., Ltd.	$ 30,553	98.01%

III. Others

The amount of raw materials purchased by the Company on behalf of Plastron Electronics (Anhui) Co., Ltd. in 2022 was NT$431 thousand. Details of uncollected amounts are as follows:

Counterparty	amount	Percentage of other accounts receivable at the end of the period
Plastron Electronic Technology (Anhui) Co., Ltd.	$ 125	8.32%

Note: In the consolidated statement’s expressed, the purchase and sales transactions between the consolidated entities have been written off.

Table 7

Plastron Precision Co., Ltd. and Subsidiaries

The business relationship between the parent and the subsidiaries and significant transactions between them

January 1 to December 31, 2022

Unit: NT$ Thousand

No. (Note 1)	Name	Transaction party	Relationship with the transaction party (Note 2)	Transaction status			
				Item	amount	Transaction condition	Percentage of total consolidated revenue or total assets (note 3)
0	Plastron Precision Co., Ltd.	Plastron Electronic Technology (Anhui) Co., Ltd.	(1)	Purchase	139,433	Discount offered according to sales order price	23.65%
				Accounts payable - related parties	30,553	Same as for general transactions	1.19%

Note 1: The business transactions between the parent and subsidiaries should be indicated in the number column respectively. The number should be filled in as follows:

(1) 0 for parent.

(2) Subsidiaries are numbered sequentially from the Arabic numeral 1 according to the company type.

Note 2: There are three types of relationships with trading counterparties, and only the type needs to be indicated:

(1) Parent to subsidiary.

(2) Subsidiary to parent.

(3) Subsidiary to subsidiary.

Note 3: The ratio of the transaction amount to the consolidated total revenue or total assets, if it is an asset liability account, shall be calculated as the ending balance to the consolidated total assets; if it is a profit and loss account, it shall be calculated as the accumulated amount in the interim to the total consolidated revenue.

Note 4: The transactions above have been consolidated and written off.

Table 8

Plastron Precision Co., Ltd. and Subsidiaries
Information About Major Shareholders
December 31, 2022

Share / Name of major shareholder	Number of shares held	Shareholding
Chuntian Investment Co., Ltd	20,455,644	13.64%
Kuan-Chu Investment Co., Ltd	9,298,069	6.20%

Note: The information above was obtained by the Company from the Taiwan Depository & Clearing Corporation.

(1) The major shareholder information in this table is the information from the Taiwan Depository & Clearing Corporation about the shareholders holding more than 5% of the total number of common shares and special shares of the Company that have been settled with scripless registration (including treasury shares) on the business day after the end of each quarter. As for the share capital recorded in the Company's financial report and the number of shares actually settled with scripless registration, there may be differences due to different preparation and calculation basis.

(2) In the information above, if the shareholder delivers the shareholding to a trust, it is disclosed by the individual account of the trustee who opens the special trust account. As for shareholders who handle the shareholding filing of insiders with more than 10% of shareholding in accordance with the Securities and Exchange Act, their shareholdings include their own shareholdings plus the shares they deliver to trusts with the right-of-use of the trust property; please refer to the MOPS for information on the shareholding filing of insiders.

Attachment B：2022 Parent Company Only Financial Statement Audited by CPA

Independent Auditors' Report

To Plastron Precision Co., Ltd.

Audit opinion

We have duly audited the Parent Company Only financial statements of Plastron Precision Co., Ltd., which comprise the Parent Company Only balance sheets as of December 31, 2022 and 2021, and the Parent Company Only comprehensive income statement, Parent Company Only statement of changes in equity and Parent Company Only cash flow statement from January 1 to December 31, 2022 and 2021, and the notes to the Parent Company Only financial statements (including a summary of significant accounting policies).

In our opinion, the Parent Company Only financial statements above present fairly, in all material respects, the Parent Company Only financial position of the Plastron Precision Co., Ltd as of December 31, 2022 and 2021, and its Parent Company Only financial performance and Parent Company Only cash flows from January 1 to December 31, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), interpretations and interpretation announcements recognized and published by the Financial Supervisory Commission.

Basis for Opinion

We conducted our audits in accordance with the Regulation Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. The auditors of the firm, subject to the independence regulations, have maintained independence from the Plastron Precision Co., Ltd in accordance with the Code of Ethics, and perform other obligations of such Code. 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 Parent Company Only financial statements of the Plastron Precision Co., Ltd for the year 2022. 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, and we do not provide a separate opinion on these matters. We judge that the key audit matters to be communicated in the audit report are as follows:

I. Recognition and closing of sales revenue

Please refer to note 4(15) to the Parent Company Only financial statements for the accounting policies for revenue recognition; please refer to note 5(1) to the Parent Company Only financial statements for the accounting estimate and assumption uncertainties of revenue recognition; please refer to note 6(18) to the Parent Company

Only financial statements for details on income recognition.

1. Description of key audit matters:

The sales mode of Plastron Precision Co., Ltd. is mainly that the factory in charge of production and manufacturing directly delivers goods to customers according to the agreed trade terms, and the revenue is recognized when the performance obligations are met. However, the time point for revenue recognition may be inappropriate because the goods have not been actually delivered or the transaction terms of individual sales contracts are different, which may lead to that the ownership of inventory and loss risk have not been transferred, Therefore, we believe that the cut-off and recognition of sales revenue are areas of high concern in the audit.

2. Our main audit procedures for the key audit items above include:

(1) Ask the management for the understanding and review of the recognition procedures of sales revenue, and adopt them consistently during the comparison period of financial statements.

(2) Understand and test the effectiveness of the design and implementation of internal control over sales revenue.

(3) Select a period before and after the financial reporting to check various vouchers to ensure that the time for sales, sales returns and sales allowances have been properly ended.

(4) Check the factory's shipping documents and sales orders to confirm the correctness of transaction conditions and revenue recognition time points.

II. Inventory evaluation

Please refer to note 4(7) to the Parent Company Only financial statements for the accounting policies for inventory; please refer to note 5(2) to the Parent Company Only financial statements for the accounting estimate and assumption uncertainties of revenue recognition; please refer to note 6(5) to the Parent Company Only financial statements for details of inventory recognition.

1. Description of key audit matters:

The inventory value may be subject to the fluctuation of market demand, resulting in the loss of dead or obsolete stock. When the inventory is obsolete or the selling price drops, the inventory cost may not be recovered. Since the identification of the possibility of impairment involves the subjective judgment of the management, we believe that the reasonableness of the inventory depreciation loss assessment is an area of great concern in the audit.

2. Our main audit procedures for the key audit items above include:

(1) Ask the management for the understanding and review of the recognition procedures of sales revenue, and adopt them consistently during the comparison period of financial statements.

(2) Compare and analyze the difference between the provision of allowance for

inventory falling price loss in previous years and the actual scrapping or offsetting, and assess the reasonableness of the provision policy for allowance of inventory falling price loss.

(3) Verify the appropriateness of the inventory aging report's system logic used by the management for evaluation, so as to confirm that obsolete inventory items exceeding a certain inventory age have been included in the report.

(4) Evaluate the reasonableness of obsolete or damaged inventory items individually identified by the management and check with relevant supporting documents.

(5) Check the latest sales or purchase price of the inventory at the end of the period to confirm that the inventory has been evaluated according to the lower of cost and net realizable value.

Responsibilities of Management Level and the Governance Unit for the Parent Company Only Financial Statements

The 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, the responsibilities of the management also include assessing the Plastron Precision Co., Ltd ability to continue as a going concern, disclosing relevant matters, and adoption of accounting basis for continuing operations, unless the management intends to liquidate Plastron Precision Co., Ltd or suspend its business, or there is no practical plan other than liquidation or suspension.

The governance unit (including supervisors) of Plastron Precision Co., Ltd is responsible for supervising the financial reporting process.

Auditor’s Responsibilities for the Audit of the Parent Company Only Financial Statements

The purpose of our audit is to obtain reasonable assurance about whether the Parent Company Only financial statements taken as a whole are free from material misstatement, whether due to fraud or error, and to issue a report thereon. The term of “reasonable assurance” refers to high level of assurance. Nevertheless, the audit performed according to the standards on Auditing of the Republic of China cannot guarantee the discovery of material misstatement in the financial statements. Misstatements can arise from fraud or error. Individual amounts or aggregates that are not true are considered material if they could reasonably be expected to affect the economic decisions made by users of the Parent Company Only financial statements.

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

1. Identify and assess the risks of material misstatement of the Parent Company Only financial statements arising from fraud or error; design and implement appropriate responses to the risks assessed; and obtain sufficient and appropriate evidence to provide a basis for the audit 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 the internal control relevant to our 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 Plastron Precision Co., Ltd. ' internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management level.
4. Based on the evidence obtained, we have made a conclusion on the appropriateness of management's adoption of the going concern basis of accounting and whether there is any material uncertainty about the events or circumstances that may cast significant doubt on the ability of Plastron Precision Co., Ltd. to continue as a going concern. If we believe that there is a material uncertainty about such events or conditions, we should draw the attention of users of the Parent Company Only financial statements to the relevant disclosures in the audit report or revise our audit opinion if such disclosures are inappropriate. Our conclusions are based on the audit evidence obtained up to the date of the auditor’s report. However, future events or circumstances may cause Plastron Precision Co., Ltd. to cease to have the ability to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the Parent Company Only financial statements (including the related notes), and whether the Parent Company Only financial statements present fairly the related transactions and events.
6. Obtain sufficient and appropriate audit evidence for the financial information of individual entities of the Plastron Precision Co., Ltd, and provide an opinion on the Parent Company Only financial statements. We are responsible for the direction, supervision and execution of the Parent Company Only audits, and for forming an opinion on the Parent Company Only audits.

Our communication with the governance unit covered the scope and timing of the planned audit and significant audit findings (including significant deficiencies in internal control identified during the audit).

We also provided the governance unit with a statement that the independence-regulated personnel of the firm to which we are affiliated have complied with the Code of Ethics for Accountants with respect to independence, and communicated with the governance unit about all relationships and other matters (including related safeguards) that may be considered to affect the accountant's independence.

From the matters communicated with the governance unit, we decided on the key audit items for the audit of the annual Parent Company Only financial statements of Plastron Precision Co., Ltd. for 2022. We describe these matters in our auditor’s 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.

PKF Taiwan

Chang Jung-Chih Certified Public Accountant

Lee Tsung-Ming Certified Public Accountant

February 23, 2023

Notice to Readers

The accompanying financial statements are intended only to present the financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors’ report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors’ report and financial statements shall prevail

Plastron Precision Co., Ltd
Parent company only balance sheets
December 31, 2022 and 2021

Unit: NT$ thousand

Code	Asset	Notes	December 31, 2022 Amount	%	December 31, 2021 Amount	%
11XX	Current asset					
1100	Cash and cash equivalents	4 and 6(1)	$ 163,217	6.84	$ 150,236	6.52
1110	Current financial assets at fair value through profit or loss	4 and 6(2)	66,659	2.80	27,967	1.21
1136	Current financial assets at amortized cost	4 and 6(3)	126,183	5.29	117,685	5.10
1150	Net value of notes receivable	4 and 6(4)	5,648	0.24	3,691	0.16
1170	Net value of accounts receivable	4 and 6(4)	30,402	1.28	27,438	1.19
1210	Other receivables from related parties	4 and 7	1,100	0.05	1,402	0.06
1300	Net sale	4 and 6(5)	1,240	0.05	6,671	0.29
1410	Prepayments		347	0.01	265	0.01
1476	Other current financial assets	4、6(6)and8	320	0.01	317	0.02
1479	Other current assets-others		532	0.02	311	0.01
	Total current assets		395,648	16.59	335,983	14.57
15XX	Non-current assets					
1517	Non-current financial assets at fair value through other comprehensive income	4 and 6(7)	23,319	0.98	19,402	0.84
1550	Investment accounted for under the equity metho	4 and 6(8)	1,905,951	79.91	1,872,864	81.19
1600	Property, plant and equipment	4、6(9)and8	21,990	0.92	22,430	0.97
1760	Investment property, net	4、6(10)and8(8)	24,029	1.01	24,271	1.05
1801	Computer software, net	4 and 6(11)	80	-	140	0.01
1840	Deferred tax assets	4 and 6(14)	13,871	0.58	31,366	1.36
1920	Refundable deposits		210	0.01	210	0.01
	Total non-current assets		1,989,450	83.41	1,970,683	85.43
1XXX	Total assets		$ 2,385,098	100.00	$ 2,306,666	100.00

Code	Liabilities and Equity	Notes	December 31, 2022 Amount	%	December 31, 2021 Amount	%
21XX	Current liabilities					
2150	Notes payable		$ 57	-	$ 28	-
2170	Accounts payable		621	0.03	588	0.02
2180	Payables to related parties	4 and 7	30,553	1.28	30,707	1.33
2200	Other payables	4 and 6(12)	11,347	0.48	9,603	0.42
2230	Current income tax liabilities	4 and 6(14)	9,079	0.38	2,954	0.13
2399	Other current liabilities - other		1,457	0.06	1,198	0.05
	Total current liabilities		53,114	2.23	45,078	1.95
25XX	Non-current liabilities					
2572	Deferred tax liabilities, income t	4 and 6(14)	166,544	6.98	173,687	7.53
2645	Guarantee deposits received		369	0.02	180	0.01
	Total non-current liabilities		166,913	7.00	173,867	7.54
2XXX	Total liabilities		220,027	9.23	218,945	9.49
3100	Share capital	6(14) and 6(15)				
3110	Common share capital		1,498,675	62.83	1,498,675	64.97
3200	Capital surplus					
3210	Capital surplus, additional paid-in capital		15,002	0.63	15,002	0.65
3220	Capital surplus, treasury share transactions		33,529	1.41	33,529	1.45
3271	Capital surplus, employee share options		6,060	0.25	6,060	0.26
3300	Retained earnings					
3310	Statutory reserves		411,916	17.27	411,916	17.86
3320	Special reserves		110,566	4.64	97,040	4.21
3350	undistributed earnings		136,430	5.72	136,065	5.90
3400	Other equity		(47,107)	(1.98)	(110,566)	(4.79)
3XXX	Total equity		2,165,071	90.77	2,087,721	90.51
1XXX	Total liabilities and equity		$ 2,385,098	100.00	$ 2,306,666	100.00

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

Plastron Precision Co., Ltd.
Parent Company Only Statement of Comprehensive Income
January 1 to December 31, 2022 and 2021

Unit: NT$ thousand (earnings per share in NT$)

Code	Accounting item	Notes	2022 Amount	2022 %	2021 Amount	2021 %
4100	Net sales	4, 6(18) and 7	$ 175,832	100.00	$ 198,667	100.00
5110	Cost of sales		154,940	88.12	158,248	79.66
5900	Gross profit		20,892	11.88	40,419	20.34
5910	Unrealized gain on sales		-	-	(103)	(0.05)
5920	Realized gain on sales		42	0.02	-	-
5950	Gross profit		20,934	11.90	40,316	20.29
6000	Operating expenses		40,562	23.06	35,531	17.88
6100	Selling expenses		11,677	6.64	10,360	5.21
6200	Administrative expenses		28,282	16.08	25,384	12.78
6300	R&D expenses		324	0.18	316	0.16
6450	Expected credit losses (gains)		279	0.16	(529)	(0.27)
6900	Net operating income (loss)		(19,628)	(11.16)	4,785	2.41
7000	Non-operating income and expenses					
7100	Interest revenue	4 and 6(19)	6,263	3.56	3,949	1.99
7010	Other income	4 and 6(20) and 7	9,096	5.17	5,016	2.52
7020	Other gains and losses	4 and 6(21)	5,586	3.18	(11,982)	(6.03)
7375	Share of profits and losses of subsidiaries , associates and joint ventures accounted for under the equity method	4 and 6(8)	56,939	32.38	(129,184)	(65.03)
	Total non-operating income and expenses		77,884	44.29	(132,201)	(66.55)
7900	Profit (loss) before tax		58,256	33.13	(127,416)	(64.14)
7950	Tax expense (income)	4 and 6(14)	14,391	8.18	(27,488)	(13.84)
8200	Profit (loss)		43,865	24.95	(99,928)	(50.30)
8300	Other comprehensive profit and loss (net)					
8310	Items not reclassified subsequently to profit or loss					
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	4 and 6(7)	3,917	2.23	3,787	1.91
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		-	-	-	-
	Total other comprehensive income that will not be reclassified to profit or loss		3,917	2.23	3,787	1.91
8360	Items that may be reclassified subsequently to profit or loss					
8381	Translation differences on the financial of subsidiaries, associates and foreign joint ventures accounted for under the equity		74,427	42.33	(21,641)	(10.90)
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	4 and 6(14)	14,885	8.47	(4,328)	(2.18)
	Components of other comprehensive income that will be reclassified to profit or loss,		59,542	33.86	(17,313)	(8.72)
	Other comprehensive income (net)		63,459	36.09	(13,526)	(6.81)
8500	Total comprehensive income		$ 107,324	61.04	$ (113,454)	(57.11)
9750	Basic earnings per share (NT$)	4 and 6(16)	$ 0.29		$ (0.67)	
9850	Diluted earnings per share	4 and 6(16)	$ 0.29		$ (0.67)	

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

Plastron Precision Co., Ltd.
Parent Company Only Statement of Changes in Equity
January 1 to December 31, 2022 and 2021

Other comprehensive income (loss), net of income tax

Unit: NT$ thousand

		Capital surplus			Retained earnings			Other items of equity			
	Share capital	Additional paid-in capital	Treasury stock transactions	Employee stock options	Statutory reserves	Special reserves	undistributed earnings	Exchange differences on translation of the financial statements of foreign operations	Unrealized financial assets profit or loss measured at fair value through other comprehensive income	Total other equity	Total equity
Balance on January 1, 2021	$ 1,498,675	$ 15,002	$ 33,529	$ 6,060	$ 411,916	$ 97,018	$ 265,989	$ (97,040)	$ -	$ (97,040)	$ 2,231,149
2020 appropriation and distribution of retained earnings:											
Special reserve appropriated	-	-	-	-	-	22	(22)	-	-	-	-
Common share cash dividend	-	-	-	-	-	-	(29,974)	-	-	-	(29,974)
2021 net loss	-	-	-	-	-	-	(99,928)	-	-	-	(99,928)
Other comprehensive income (loss) in 2021(net of income tax)	-	-	-	-	-	-	-	(17,313)	3,787	(13,526)	(13,526)
Total comprehensive income of 2021	-	-	-	-	-	-	(99,928)	(17,313)	3,787	(13,526)	(113,454)
Balance on December 31, 2021	1,498,675	15,002	33,529	6,060	411,916	97,040	136,065	(114,353)	3,787	(110,566)	2,087,721
2021 appropriation and distribution of											
Special reserve appropriated	-	-	-	-	-	13,526	(13,526)	-	-	-	-
Common share cash dividend	-	-	-	-	-		(29,974)	-	-	-	(29,974)
2022 profit	-	-	-	-	-	-	43,865	-	-	-	43,865
Other comprehensive income (loss) in 2022(net of income tax)	-	-	-	-	-	-	-	59,542	3,917	63,459	63,459
Total comprehensive income (loss) in 2022	-	-	-	-	-	-	43,865	59,542	3,917	63,459	107,324
Balance on December 31, 2022	$ 1,498,675	$ 15,002	$ 33,529	$ 6,060	$ 411,916	$ 110,566	$ 136,430	$ (54,811)	$ 7,704	$ (47,107)	$ 2,165,071

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

Plastron Precision Co., Ltd.
Parent Company Only Statement of Cash Flow
January 1 to December 31, 2022 and 2021

Unit: NT$ Thousand

	2022	2021
Cash flows from operating activities:		
Profit (loss) before tax	$ 58,256	$ (127,416)
Adjustments		
Income/expenses items		
depreciation expense	744	745
Amortization cost	60	71
Expected credit losses(gain)	279	(529)
Interest revenue	(6,263)	(3,949)
Share of profits and losses of subsidiaries, associates and joint ventures accounted for under the equity method	(56,939)	129,184
Realized gain on sales	(42)	-
Unrealized gain on sales	-	103
Changes in assets/debts having to do with business activities		
Decrease (increase) in financial assets at fair value through profit or loss measured at fair value	(38,692)	17,479
Increase in notes receivable	(1,957)	(1,769)
Decrease (increase) in accounts receivable	(3,243)	33,264
Decrease in Other receivables from related parties	302	129
Decrease (Increase) in inventories	5,431	(3,436)
Increase in prepayments	(82)	(3)
Increase in other current financial assets-Current asset	(3)	(2)
Decrease (increase) in other current assets	57	(64)
Increase (decrease) in notes receivable	29	(30)
Increase (decrease) in accounts payable	33	(135)
Decrease in Payables to related parties	(154)	(4,939)
Increase in other payables	1,744	613
Increase (decrease) in other current assets	259	(213)
Cash inflow (outflow) generated from operations	(40,181)	39,103
Interest received	5,985	3,934
Income tax paid	(12,799)	(10,880)
Net cash flows from (used in) operating activities	(46,995)	32,157
Cash flows from (used in) investing activities		
Acquisition of financial assets at amortized cost	(126,183)	(117,685)
Proceeds from repayments of financial assets at amortized cost	117,685	163,040
Acquisition of property, plant and equipment	(62)	(799)
Disposal of property, plant and equipment	-	50
Acquisition of intangible assets	-	(180)
Dividends received	98,321	16,553
Net cash outflow from investing activities	89,761	60,979
Cash flows from (used in) financing activities		
Increase in guarantee deposits received	189	-
Cash dividends paid	(29,974)	(29,974)
Cash outflows from financing activities	(29,785)	(29,974)
Net increase in cash and cash equivalents	12,981	63,162
Cash and cash equivalents at beginning of period	150,236	87,074
Cash and cash equivalents at end of period	$ 163,217	$ 150,236

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

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Plastron Precision Co., Ltd.
Notes to Parent Company Only financial statements
January 1 to December 31, 2022 and 2021
(unless otherwise stated, the amount is in NT$ thousand)

I. Company History

The Company is a profit-seeking enterprise established in accordance with the Company Act of the Republic of China and other relevant laws and regulations. It was approved to be established in April 1988. It became a public company with the approval of the Securities and Futures Commission of the Financial Supervisory Commission (formerly the Securities and Futures Commission of the Ministry of Finance; hereinafter referred to as the SFC) in January 2001, and was approved to be listed on the OTC market by the GreTai Securities Market in accordance with the "Criteria Governing the Review of Securities Traded on the Business Premises of Securities Firms under the GreTai Securities Market" in January 2002. It was also filed to by the SFC by letter dated May 3, 2002 referenced (91) Cheng-Gui-Shang No.16107, and received the approval dated May 9, 2002 referenced (91) Tai-Tsai-Cheng (I) No.126030 for recordation, and officially became an OTC company on August 9, 2002.

The main business of the Company is to sell electronic components. In 2022 and 2021, the average numbers of employees of the Company were 29 and 31

II. Approval Date and Procedures of the Parent Company Only Financial Statements

The Parent Company Only financial statements were submitted to the board meeting and approved on February 23, 2023.

III. Application of New Standards, Amendments and Interpretations

(I) Initial application of the International Financial Reporting Standards, International Accounting Standards, interpretations and interpretation announcements (collectively, "IFRSs") recognized and published by the Financial Supervisory Commission (FSC) in 2022.

The newly issued, amended and revised standards and interpretations recognized by the FSC for application in 2022 are listed below:

New, Revised or Amended Standards and Interpretations	Effective Date Announced by IASB
Amendment to IFRS 3 "Updating the Index of Conceptual Framework"	January 1, 2022
Amendment to IAS 16 "Property, Plant and Equipment: Proceeds Before Intended Use"	January 1, 2022
Amendment to IAS 37 "Onerous Contract - Costs Incurred in Fulfilling Contracts"	January 1, 2022
Annual Improvements 2018 - 2020 Cycle	January 1, 2022

(II) Not yet adopted FSC approved IFRSs applicable in 2023

The newly issued, amended and revised standards and interpretations recognized by the FSC for application in 2023 are listed below:

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New, Revised or Amended Standards and Interpretations	Effective Date Announced by IASB
Amendment to IAS 1 " Disclosure of Accounting Policies"	January 1, 2023
Amendment to IAS 8"Definition of Accounting Estimates"	January 1, 2023
Amendment to IAS 12"Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023

(III) IFRSs already announced by IASB but not yet recognized and published by the FSC

As of the date of issuance of the Parent Company Only financial statements, the Parent Company Only has not adopted the following IFRSs that have been issued by the IASB but have not been recognized and published by the FSC:

New, Revised or Amended Standards and Interpretations	Effective Date Announced by IASB
Amendment to IFRS 10 and IAS 28 "Asset Sales or Investment between Investors and Their Affiliates or Joint Ventures"	To be determined
Amendment to IFRS 16"Lease Liability in a Sale and Leaseback"	January 1, 2024
IFRS 17 "Insurance Contracts" and its amendment replacing IFRS 4 "Insurance Contracts"	January 1, 2023
Amendment to IAS 1 "Distinguishing Liabilities into Current or Non current"	January 1, 2024
Amendment to IAS 1 "Non-Current Liabilities with Covenants"	January 1, 2024

The Parent Company Only believes that the initial application of the standards above and interpretations will not cause significant changes to the accounting policies of the Parent Company Only. However, the Parent Company Only continues to evaluate the impact of the standards above and interpretations on the financial position and financial performance of the Parent Company Only, and any significant impact will be disclosed when the evaluation is completed.

IV. Summary of Significant Accounting Policies

The summary of significant accounting policies of the Parent Company Only is as follows:

(I) Declaration of Compliance

The Parent Company Only financial statements have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and International Financial Reporting Standards, International Accounting Standards, interpretations and interpretation announcements recognized by the FSC.

(II) Basis of Preparation

Other than financial instruments measured at fair value, the Parent Company Only financial statements are prepared based on historical costs. For assets, historical cost is usually based on the fair value of the consideration paid for the acquisition of assets; for liabilities, it usually refers to the amount received for assuming obligations or the amount expected to be paid for paying off debts.

In preparing the parent company only financial statements, the equity method is adopted to the investments in subsidiaries. For the purpose of making the profit and loss, other comprehensive income and equity in the parent company only

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financial statements for the current period identical to those in the Company's owner, several accounting treatment differences under individual and this basis are adjusted into "Investments Accounted for Using Equity Method", "Share of the Profit or Loss of Subsidiaries Accounted for Under the Equity Method", "Share of Other Comprehensive Income of Subsidiaries Accounted for Using Equity Method" and related items.

(III) Foreign currency

In preparing the financial statements of each parent company only individual, transactions in currencies other than the individual's functional currency (foreign currencies) are recognized at the exchange rates prevailing at the dates of the transactions. At the end of the reporting period, foreign currency monetary items are retranslated at the spot exchange rate on that date; foreign currency non-monetary items measured at fair value shall be re-converted at the exchange rate on the date when the fair value is determined; foreign currency non-monetary items measured at historical cost will not be re-converted. The exchange difference is recognized as profit or loss in the current period.

(IV) Classification of Current and Non-current Assets and Liabilities

Current assets include those expected to be realized in the normal business cycle or intended to be sold or consumed or held for trading purposes, assets expected to be realized within 12 months after the reporting period, and cash or cash equivalents, except where the exchange or liquidation of liabilities is restricted at least 12 months after the reporting period. Assets that are not current assets are non-current assets. Current liabilities include those expected to be liquidated in the normal business cycle, held for trading purposes, expected to be repaid within 12 months after the reporting period, and those which cannot be unconditionally deferred to at least 12 months after the reporting period. Liabilities that are not current liabilities are non-current liabilities.

(V) Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits, time deposits within three months, and short-term and highly liquid investments that can be converted into fixed cash at any time and have little change in value.

(VI) Financial instruments

Financial assets and financial liabilities are recognized only when the Company becomes a party to the contractual terms of financial instruments. At the time of original recognition, they shall be measured at fair value. If they are not financial assets or financial liabilities measured at fair value through profit or loss, the transaction costs directly attributable to the acquisition or issuance of the financial assets or financial liabilities shall be added or deducted. However, the accounts receivable that do not include a major financial component shall be measured at the transaction price at the time of initial recognition.

Financial assets are only derecognized under any of the following conditions: (1) the contractual rights from the cash flow of financial assets are invalid; (2) almost all the risks and rewards of ownership of the financial asset are transferred, or the control of the financial asset is not retained without transferring or retaining almost all the risks and rewards of the ownership of the financial asset.

For financial products with an active market, the fair value shall be the public quotation of the active market; for financial products with no active market, the fair value is estimated by the evaluation method.

The recognition and de-recognition of financial assets in regular transactions are subject to the accounting treatment on the transaction date.

1. Financial assets

Financial assets are based on (1) the business model of managing financial assets, and (2) the contractual cash flow characteristics of financial assets, and are classified as those subsequently measured at amortized cost, fair value through other comprehensive income, and fair value through profit or loss:

<u>Amortized cost</u>

When the financial assets satisfy the following two criteria at the same time, they are measured at amortized cost:

(1) Financial assets are held under a certain business model, the purpose of which is to hold financial assets to receive contractual cash flow; and

(2) the contractual terms of the financial asset generate cash flow on a specific date which is completely the interest of the principal amount paid and the outstanding principal amount.

The profits or losses of financial assets measured at amortized cost are recognized in profit or loss, but if they are part of the hedging relationship, they are treated based on hedging accounting.

Interest income is calculated using the effective interest method.

<u>Measured at fair value through other comprehensive income</u>

Financial assets shall be measured at fair value through other comprehensive income if they meet the following two conditions at the same time:

(1) Financial assets are held under a certain business model, the purpose of which is to hold financial assets to receive contractual cash flow; and

(2) the contractual terms of the financial asset generate cash flow on a specific date which is completely the interest of the principal amount paid and the outstanding principal amount.

Gains or losses are recognized in other comprehensive income, except for impairment gains or losses and foreign currency exchange gains and losses. When assets are derecognized, the accumulated profits or losses listed in other comprehensive income are reclassified from equity to profit or loss.

In addition, if the specific equity instrument investment that should be measured at fair value through profit or loss is not held for trading or the contingent consideration recognized for business merger, an irrevocable choice can be made at the time of initial recognition, and its subsequent changes in fair value shall be reported in other comprehensive income. In this case, profits or losses are recognized in other comprehensive income, but dividends that are not recovered from investment costs are included in profits and losses. When assets are derecognized, the accumulated profits or losses

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listed in other comprehensive income shall not be reclassified from equity to profit or loss.

Measured at fair value through profit or loss

Financial assets are measured at fair value through profit or loss, except at amortized cost or through other comprehensive income.

At the time of initial recognition, financial assets can be irrevocably designated to be measured at fair value through profit or loss to eliminate or significantly reduce the inconsistency in measurement or recognition that would result from using different basis to measure assets or liabilities or recognize their interests and losses if not designated.

The profits or losses of financial assets measured at amortized cost are recognized in profit or loss, but if they are part of the hedging relationship, they are treated based on hedging accounting.

2. Financial liabilities

Other than derivative instruments that do not comply with hedge accounting, or are designated to be measured at fair value through profit or loss or contingent consideration for business merger that should be classified as measured at fair value through profit or loss, financial liabilities should be classified as subsequently measured at amortized cost, except for financial liabilities that do not comply with derecognized transfers, or financial liabilities, financial guarantee contracts, and commitments to provide loans at a lower rate than the market rate arising from the continuous participation of the transferred assets.

3. Impairment

For financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income, contract assets and loan commitments and financial guarantee contracts subject to impairment provisions, the impairment is measured by the expected credit loss model. If the credit risk of the financial instrument has increased significantly since its initial recognition, the allowance loss shall be measured according to the expected amount of credit loss during the duration of each reporting day; if the credit risk of financial instruments has not increased significantly since the initial recognition, the allowance loss shall be measured according to the 12 month expected credit loss amount of on the reporting date. However, the Company adopts a simple method to measure the allowance loss according to the expected credit loss amount during the period of existence for accounts receivable or contract assets that do not contain significant financial components arising from transactions within the scope of IFRS 15.

(VII) Inventories

Inventories are recorded on the basis of cost and calculated by the weighted average method.The lower of cost or net realizable value is used at the end of the period. When comparing the lower of the cost and the net realizable value, the comparison is made item by item.The amount of inventory from cost offset to net realizable value is recognized as the cost of goods sold, and the net realizable value of inventory is re-measured in each subsequent period. If the factors that

previously caused the net realizable value of inventory to be lower than the cost has disappeared, or there is evidence that the net realizable value of inventory has increased due to changes in economic conditions, within the range of the original offset amount, the increase in the net realizable value of inventory is reversed and recognized as a decrease in the current cost of goods sold.
If the net realizable value of inventories is lower than the cost due to damage or obsolescence, the cost shall be written down to the net realizable value.

(VIII) Investment accounted for under the equity method

The Company's investments in the subsidiaries are accounted for under the equity method.

Subsidiaries are entities (including entities with special purposes) which the Company has control over.

Under the equity method, an investment is initially recognized in the statements of financial positional cost and adjusted thereafter to recognize the Company's share of profit or loss and other comprehensive income of the subsidiaries as well as the distribution received. In addition, the Company also recognizes its share in the changes in equities of subsidiaries.

Changes in equity in the ownership of subsidiaries which do not result in loss of control are disposed as equity transaction. The difference between carrying amount invested and the fair value paid and payable or received and receivable is directly recognized as equity.

The loss of shares of the subsidiary equals or exceeds the Company's interest in that subsidiary, including the carrying amount of that subsidiary under equity method and other long-term equity as the Company's net investment in that subsidiary, is recognized as loss according to proportion of shareholding.

The amount of acquisition cost in excess of the Company's share of the net fair value of identifiable assets and liabilities of the subsidiary at the date of acquisition is recorded as goodwill, which is included in the carrying amount of the investment and is not amortized. The amount of the Company's share of the net fair value of identifiable assets and liabilities of the subsidiary in excess of the cost of acquisition at the date of acquisition is recorded as current income.

If the Company loses the control of its subsidiary, it remeasures the retained investments in its former subsidiary as the fair value on initial recognition of a financial asset. The difference between the fair value of the retained investments and any disposal proceeds and the carrying amount of investment at the date is recognized in the profit or loss for the period. All amount related to that subsidiary is also recognized in other comprehensive income. The accounting treatment is compliance with the basis of rules that Company needs to follow for its direct disposal of assets or liabilities.

Unrealized profit and loss from downstream transactions with a subsidiary are eliminated in the parent company only financial statements. Profit and loss from upstream and sidestream transactions between subsidiaries are recognized in the Company's parent company only financial statements only to the extent that interests in the subsidiary are not related to the Company.

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(IX) Property, plant and equipment

Property, plant and equipment used for product production or management purposes are recognized at cost less accumulated depreciation and accumulated impairment. Costs include the incremental costs directly attributable to the acquisition of assets.

Depreciation of property, plant and equipment is the amount after deducting the residual value from the cost within the useful life of the asset using the straight-line method. Depreciation is accrued based on the following number of years of service life: 33 to 40 years for houses and buildings, 5 years for transportation equipment, and 5 to 10 years for other equipment. When the main components of property, plant and equipment have different service lives, they shall be treated as separate items. The estimated service life, residual value and depreciation method are reviewed at the end of the reporting period. If there is any change in the estimate, the impact is deferred for adjustment.

The profits or losses arising from the disposal or scrapping of property plant and equipment are recognized as current profits and losses based on the difference between the disposal price and the book value of the assets.

(X) Investment property

If the property of the company is not for sale, nor is it used for the production or provision of goods or services, or for management purposes at the end of the reporting period, then it is classified as investment property.

The investment property of the consolidated company is recorded on the basis of the original cost, and the cost model is adopted for subsequent measurements. The houses and buildings in the investment property are depreciated by the straight-line method based on the estimated service life of 39 to 40 years. The estimated service life, residual value and depreciation method are reviewed at the end of the reporting period. If there is any change in the estimate, the impact is deferred for adjustment.

(XI) Lease

If a contract transfers control over the use of identified assets for a period of time in exchange for consideration, the contract is a lease or includes a lease.

Lessor

The lessor classifies each lease into business lease or finance lease. A lease is a financial lease if it transfers almost all the risks and rewards attached to the ownership of the underlying asset; a lease is an operating lease if it does not transfer almost all the risks and rewards attached to the ownership of the underlying asset.

If it is an operating lease, the lessor recognizes the lease payment as income on a straight-line basis, but if other systematic basis is more representative of the form of reduction in the use efficiency of the underlying asset, then this basis shall apply.

In the case of financial leasing, the lessor recognizes the financial lease payments receivable and the financial income of the financial leasing not earned on the lease start date, and allocates the financial income to the lease period on a systematic and reasonable basis, so that there is a fixed rate of return for each period of the lease period.

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Lessee

The lessee recognizes the right to use assets and lease liabilities on the lease beginning date. The right-of-use assets are measured at cost, and the lease liabilities are measured at the present value of the lease payments that have not been made on that date.

Right-of-use assets shall be depreciated, and the depreciation period is from the lease beginning date to the expiration of the useful life of the right-of-use assets or the expiration of the lease term, whichever is earlier. However, if the lessee will acquire the ownership of the underlying asset at the end of the lease term, or if the cost of the asset with the right-of-use reflects the exercise of the purchase option, the depreciation period is from the lease start date to the end of the useful life of the underlying assets.

The effective interest rate method is used to calculate the interest expense of the lease liability, so that the interest rate of each period calculated by the balance of the lease liability is fixed. Lease payments are used to pay interest and reduce lease liabilities. The interest of lease liabilities is recognized in profit or loss.

(XII) Intangible assets

Individually acquired intangible assets with limited service lives are recognized at cost less accumulated amortization and accumulated impairment. The amortization amount is accrued according to the following number of years of service life on a straight-line basis: the cost of computer software, based on economic benefits or the contract life. The estimated service life and depreciation method are reviewed at the end of the reporting period. If there is any change in the estimate, the impact is deferred for adjustment.

(XIII) Impairment of non-financial assets

At the end of the reporting period, the company reviews the book value of tangible and intangible assets to determine whether there is any sign of impairment of such assets. If there is evidence of impairment, the recoverable amount of the assets is estimated to determine the amount of impairment to be recognized. When it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is estimated. If it can be apportioned on a reasonable and consistent basis, the shared assets will also be apportioned to individual cash-generating units, otherwise, it will be apportioned to the smallest group of cash-generating units that can be apportioned on a reasonable and consistent basis.

The recoverable amount is the higher of the fair value less the cost to sell and the value in use. When assessing the value in use, the estimated future cash flow is discounted at the pre-tax discount rate, which reflects the current market's assessment of the time value of money and the specific risks of assets.

If the book value of an asset or cash-generating unit exceeds its estimated recoverable amount, the book value shall be reduced to its recoverable amount, and the impairment loss shall be recognized as the current profit and loss.

When the impairment loss is reversed in the subsequent period, the book value of

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the asset or cash-generating unit is adjusted to the revised estimated recoverable amount, provided that the increased book value does not exceed the book value that would have occurred if the asset or cash-generating unit had not recognized the impairment loss in the previous year. Reversed impairment losses are recognized as current profits and losses.

(XIV) Provision for liabilities

When the company has a current obligation (legal or constructive obligation) due to past events, and is likely to have to pay off the obligation, and the amount of the obligation can be reliably estimated, then the liability provision shall be recognized. The amount recognized as the liability reserve is the best estimate of the expenditure required to pay off the obligation at the end of the reporting period, taking into account the risk and uncertainty of the obligation. If the provision for liabilities is measured by the estimated cash flow of the current obligation, the book value is the present value of the cash flow.

(XV) Revenue recognition

The company recognizes revenue to describe the transfer of goods or services promised to customers, and the amount of revenue reflects the expected right to obtain the consideration for the exchange of such goods or services.

Revenue recognition shall be carried out according to the following steps: (1) Identify the customer contract, confirm that the contract has been approved and committed to perform, confirm the right to identify the goods or services, confirm the payment terms of the goods or services that can be identified, confirm that the contract has commercial substance, and confirm that it is likely to receive the consideration of the transferred goods or services. (2) Identify and distinguish the performance obligations. (3) Determine the transaction price. (4) Allocate the transaction price to each performance obligation. (5) Recognize the apportioned income when the performance obligations are met.

The company provides goods according to the contract and recognizes the revenue when the performance obligations are met, the performance obligations are usually met the when the goods are transferred. The income generated from the provision of services under the contract is recognized according to the degree of completion of the contract (output method or input method).

Rental income is recognized as income on a straight-line basis during the lease period. The dividend income generated by investment is recognized when the right to receive dividends is established, the economic benefits related to dividends are likely to flow in, and the amount of dividends can be measured reliably. Interest income is recognized on an accrual basis based on the outstanding principal and the applicable effective interest rate over time.

Before the customer pays the consideration or the payment can be collected from the customer, if the performance has been performed by transferring goods or services to the customer, then the performance amount is recognized as contract assets. However, if there is an unconditional right to the contract consideration and it can be collected from the customer only after the time passes, the amount of performance will be recognized as a receivable.

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Before the transfer of goods or services, if the customer has received the consideration or has the right to receive the consideration unconditionally, the obligation to transfer the goods or services shall be recognized as a contractual liability.

(XVI) Employee benefits

1. Short-term employee benefits

Short-term employee benefits are measured by the non-discounted amount expected to be paid, and recognized as expenses when relevant services are provided.

2. Pension

Since 2012, the Company retirement benefit plan is a defined allocation plan, which is recognized as the current expense based on the amount of pension that should be allocated during the service period of employees. The Company allocates 6% of the fixed salary to the employee's personal account of the Bureau of Labor Insurance on a monthly basis.

3. Employees' and directors’ remuneration

Employees’ and directors' remuneration are recognized as expenses and liabilities when they have legal or constructive obligations and the amount can be reasonably estimated. If there is any difference between the actual distribution amount and the estimated amount in the subsequent resolution, it shall be treated as the change of accounting estimate.

(XVII) Share-based payment arrangement

The share-based payment transaction of the company is recognized as the cost of goods or services when it obtains goods or services, and as an expense when it is consumed or sold. There are three settlement methods for share-based payment transactions, including equity settlement, cash settlement and optional equity or cash settlement. The vested equity instruments of the Company before January 1, 2012 (the date of conversion to IFRS) are exempt from IFRS 1.

The equity-settlement share-based payment agreement refers to the employee services obtained by measuring the fair value of the equity goods given on the grant date, which are recognized as the remuneration cost during the vesting period, and the equity is adjusted relatively. The fair value of equity goods shall reflect the influence of the vested and non-vested conditions of the market price. The recognized reward cost is adjusted with the expected amount of reward that meets the service conditions and non-market vested conditions, until the final recognized amount is recognized with the vested amount on the vesting date.

(XVIII) Income tax

The income tax expense includes the current and deferred income tax, and is recognized in the current profit and loss, except for the relevant income tax directly included in the equity or recognized in other comprehensive income.

The current income tax is based on the taxable income of the current year and calculated at the tax rate that has been enacted or substantively enacted at the end of the reporting period. Income tax payable for prior periods is adjusted to the current income tax.

The additional tax on the undistributed earnings shall be included in the income tax expense for the year of resolution of the shareholders' meeting.

Deferred income tax is calculated and recognized based on the temporary difference between the tax base of assets and liabilities and their book value. However, the assets or liabilities originally recognized in transactions other than business merger that do not affect the accounting and taxable profits and losses at the time of the transaction, and the temporary differences arising from the investment in subsidiaries that are likely to not be reversed in the foreseeable future shall not be recognized as deferred income tax. In addition, taxable temporary differences arising from the initial recognition of goodwill are not recognized as deferred income tax liabilities. Deferred income tax is measured at the tax rate applicable when the temporary difference is expected to be reversed, and is based on the tax rate that has been enacted or substantively enacted on the reporting date.

Deferred income tax assets and liabilities are only legally enforceable against the offset of current income tax assets and liabilities, and belong to the same tax payer and are levied by the same tax authority; or they belong to different tax payers, and can be offset only if it is intended to settle the current income tax liabilities and assets at net amount, or the income tax liabilities and assets will be realized at the same time.

The unused tax losses, income tax credits and deductible temporary differences are recognized as deferred income tax assets to the extent that it is likely that future taxable income will be available for use, and the book value of deferred income tax assets is reviewed and adjusted at the end of each reporting period.

(XIX) Earnings per share

The basic earnings per share is calculated by dividing the net profit of the current period by the weighted average number of shares outstanding. However, if the earnings are converted to capital increase or capital surplus is converted to capital increase, or if it is reduced due to capital reduction to cover losses, it shall be retroactively adjusted according to the proportion of capital increase and capital reduction. The calculation method of diluted earnings per share is the same as that of basic earnings per share, but it is calculated after adjusting the impact of all potential diluted common shares.

(XX) Report on operation departments

Operating departments are the constituent units of the company, and are engaged in the business activities that may generate income and incur expenses (including the income and expenses generated from the transactions with other constituent units of the company). The operating results of the operating departments are reviewed by operation decision-makers on a regular basis to make decisions on the allocation of resources to the departments, evaluate the performance of the departments, and provide separate financial information.

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V. Major Sources of Uncertainties in Significant Accounting Judgments, Estimates and Assumptions

The Parent Company Only financial statements of the company are affected by accounting policies, accounting assumptions and estimates. The management must make appropriate professional judgments when preparing the Parent Company Only financial statements.

The assumptions and estimates of the company are the best estimates made in accordance with relevant International Financial Reporting Standards. Estimates and assumptions are based on past experience and other relevant factors, but actual results may differ from estimates and assumptions.

Estimates and assumptions are continuously reviewed. If the revision of the estimate only affects the current period, it shall be recognized in the current period when the accounting estimate is revised. If the revision of the estimate affects both the current and future periods, it shall be recognized in the current and future periods of the revision of the estimate.

The following are the information about the main assumptions made in the future and other main sources of estimation uncertainties at the end of the financial report. These assumptions and estimates have the risk of causing major adjustments to the book value of assets and liabilities in the next year.

(I) Revenue recognition

The return liability related to sales revenue is estimated based on historical experience and other known reasons, and recognized as a deduction of sales revenue in the current period of product sales; the company regularly reviews the reasonableness of the estimate.

As of December 31, 2022 and 2021, the provision for return and allowance liabilities recognized by the company was bothNT$0 thousand.

(II) Inventory evaluation

Since the inventory is evaluated by the lower of cost and net realizable value, the company must use judgment and estimation to determine the net realizable value of the inventory at the end of the financial reporting period. Inventory evaluation is mainly based on the product demand and historical experience in a specific period in the future, so it may be subject to significant changes due to factors such as changes in the industrial environment.

As of December 31, 2022 and 2021, the book value of inventories of the company was NT$1,240 thousand andNT$6,671 thousand respectively.

(III) Evaluation of financial instruments

The estimated impairment of accounts receivable, debt instrument investment and financial guarantee contracts is based on the assumption of the company on the default rate and expected loss rate. The company considers the historical experience, current market conditions and forward-looking information to make assumptions and select the input value for impairment assessment. If the actual cash flow in the future is less than expected, it may cause a significant impairment loss.

As of December 31, 2022 and 2021, the book value of accounts receivable is detailed in note 6 (4).

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VI. Details on Significant Accounts

(I) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand	$ 49	$ 48
Demand deposits	113,346	122,051
Time deposit (within three months)	49,822	28,137
Total	$ 163,217	$ 150,236

(II) Current financial assets at fair value through profit or loss

	December 31, 2022	December 31, 2021
Balanced funds	$ 66,659	$ 27,967

The valuation (loss) gains recognized in the financial assets held for trading by the Company in 2022 and 2021 were NT$(13,796) thousand and NT$72 thousand respectively.

(III) Financial assets at amortized cost

	December 31, 2022	December 31, 2021
Time deposits with an initial maturity of more than three months	$ 126,183	$ 117,685

As of December 31, 2022 and 2021, the time deposit interest rates above range from 4.45% to5.11% and from 0.26% to 0.67% respectively.

(IV) Receivables

Details as follows:

	December 31, 2022	December 31, 2021
Notes receivable	$ 5,648	$ 3,691
Less: Allowance for losses	-	-
Net	$ 5,648	$ 3,691

	December 31, 2022	December 31, 2021
Accounts receivable	$ 30,611	$ 27,513
Less: Allowance for losses	(209)	(75)
Net	$ 30,402	$ 27,438

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	December 31, 2022	December 31, 2021
Overdue loans	$ 145	$ -
Less: Allowance for losses	(145)	-
Net	$ -	$ -

The average collection period for products and service is 90~120 days, and notes and accounts receivable are not interest bearing.

The company adopts a simplified approach to estimate the expected credit loss for all receivables (including notes receivable, accounts receivable and receivables), that is, using the expected credit loss balance in the duration. The expected credit loss in the duration is based on the customer's historical default rate, and adjusted based on the forward-looking estimate. Since the historical experience of credit losses of the company shows that there is no significant difference in the loss patterns of different customer groups, no further distinction is made between customer groups, and only the expected credit loss rate is set based on the overdue days of receivables.

The aging analysis of receivables (including notes receivable and accounts receivable) of the company is as follows:

	December 31, 2022				
Aging analysis	Accounts receivable	Notes receivable	Total receivables	Expected credit loss rate in the duration	Amount of expected credit loss in the duration of allowance
Not overdue	$ 28,130	$ 5,648	$ 33,778	0.53%	$ 178
Less than 30 days overdue	2,481	-	2,481	1.25%	31
Overdue for 31~60 days	-	-	-	-	-
Overdue for 61~90 days	-	-	-	-	-
Overdue for more than 91 days	145	-	145	100%	145
Total	$ 30,756	$ 5,648	$ 36,404		$ 354

	December 31, 2021				
Aging analysis	Accounts receivable	Notes receivable	Total receivables	Expected credit loss rate in the duration	Amount of expected credit loss in the duration of allowance
Not overdue	$ 27,256	$ 3,691	$ 30,947	0.22%	$ 70
Less than 30 days overdue	113	-	113	4.0%	4
Overdue for 31~60 days	144	-	144	1.0%	1
Overdue for 61~90 days	-	-	-	-	-
Overdue for more than 91 days	-	-	-	-	-
Total	$ 27,513	$ 3,691	$ 31,204		$ 75

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Changes in allowance for losses are as follows:

Balance on January 1, 2021	$	604
Reversed of impairment in the current period		(529)
Balance on December 31, 2021		75
Loss of impairment in the current period		279
Balance on December 31, 2022	$	354

(V) Net inventory

	December 31, 2022		December 31, 2021	
Merchandise	$	2,080	$	7,511
Less: Allowance for inventory stagnation and loss on falling price		(840)		(840)
Net	$	1,240	$	6,671

Details of inventory related expenses and losses recognized as cost of goods sold are as follows:

	2022		2021	
Inventory scrap loss	$	81	$	-

(VI)Other financial assets

	December 31, 2022		December 31, 2021	
Restricted bank deposits	$	320	$	317

(VII) Non-current financial assets at fair value through other comprehensive income

	December 31, 2022		December 31, 2021	
Equity instruments:				
Stocks of unlisted companies	$	23,319	$	19,402

1. The equity instrument investments held by the Company are long-term strategic investments and not held for trading purposes, so they have been designated to be measured at fair value through other comprehensive income.
2. Details of financial assets measured at fair value through other comprehensive income which are recognized in profit and loss and comprehensive income are as follows:

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	2022		2021	
Equity instruments measured at fair value through other comprehensive income				
Changes in fair value recognized in other comprehensive income	$	3,917	$	3,787
Accumulated losses transferred to retained earnings due to derecognition	$	-	$	-
Dividend income recognized in profit and loss still held at the end of the current period	$	-	$	-

(VIII) Investment accounted for under the equity method

names of investee	December 31, 2022			December 31, 2021		
	Face value		shareholding ratios	Face value		shareholding ratios
Investment accounted for under the equity method:						
-No public quotes						
K&J INTERNATIONAL INVESTMENT CO., LTD.	$	1,900,778	100.00%	$	1,867,433	100.00%
HONOUR DECADE INC.		4,986	100.00%		5,263	100.00%
TEAMSPHERE INDUSTRIAL LTD.		187	100.00%		168	100.00%
Total	$	1,905,951		$	1,872,864	

(1) When an investor has control over an investee company, it constitutes a parent-subsidiary relationship. All subsidiaries were included in the Company's preparation of the 2022 and 2021 consolidated financial statements. The investment gains or losses, except for TEAMSPHERE INDUSTRIAL LTD., which did not have material effect on the fair presentation of the Company's financial statements, are recognized on the basis of the Company's self-settled financial statements for the same period. The rest of investment gains and losses are based on the valuation of the financial statements of investee companies attested and certified by CPAs for the same period.

(2) For the nature of business, principal place of business and information on the countries in where the above companies are registered, please see Table 4 "related information on investees".

(3) As of December 31, 2022 and 2021, the long-term equity investments accounted for under the equity method had no indication of impairment.

(IX) Property, plant and equipment

The details of property, plant and equipment and the adjustment between the opening balance and the closing balance are as follows:

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	Land	Buildings	transportation equipment	Other equipment	Total
Cost					
Balance on January 1, 2021	$ 17,020	$ 11,043	$ 855	$ 1,824	$ 30,742
Addition in the current period	-	-	-	799	799
Disposal in the current period	-	-	(103)	-	(103)
Balance on December 31, 2021	17,020	11,043	752	2,623	31,438
Addition in the current period	-	-	-	62	62
Balance on December 31, 2022	$ 17,020	$ 11,043	$ 752	$ 2,685	$ 31,500
Accumulated depreciation and impairment					
Balance on January 1, 2021	$ -	$ 6,677	$ 796	$ 1,085	$ 8,558
Accrued depreciation in the current period	-	281	9	213	503
Disposal in the current period	-	-	(53)	-	(53)
Balance on December 31, 2021	-	6,958	752	1,298	9,008
Accrued depreciation in the current period	-	280	-	222	502
Balance on December 31, 2022	$ -	$ 7,238	$ 752	$ 1,520	$ 9,510
Face value					
December 31, 2021	$ 17,020	$ 4,085	$ -	$ 1,325	$ 22,430
December 31, 2022	$ 17,020	$ 3,805	$ -	$ 1,165	$ 21,990

1. The major components of the Company's buildings include the main building and improvements of the plant, and are depreciated according to their service life of 40and 33 to 40 years.
2. Please refer to note 8 to the financial statements for the mortgage of the property, plant and equipment above.
3. There is no impairment of the property, plant and equipment above.

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(X) Investment property

The details of investment property and the adjustment between the opening balance and the closing balance are as follows:

	Land		Buildings		Total		Accumulated depreciation and impairment		Face value	
Balance on January 1, 2021	$	20,562	$	9,430	$	29,992	$	5,479	$	24,513
Depreciation in the current period		-		-		-		242		(242)
Balance on December 31, 2021		20,562		9,430		29,992		5,721		24,271
Depreciation in the current period		-		-		-		242		(242)
Balance on December 31, 2022	$	20,562	$	9,430	$	29,992	$	5,963	$	24,029

1. The measurement of the investment property above after recognition is based on the cost method
2. Fair value information:
   (1) The fair values of the above investment properties were determined based on valuation report issued on July 1, 2022 and 2021 by an independent property valuation firm that was not a related party. However, as there were no significant changes in the economic environment and market transaction prices, the above valuation reports were used as a basis by management for calculating the fair value as at December 31, 2022 and 2021. The valuation approach is the direct capitalization method of the comparative method and the income method. The significant assumptions and the fair value assessed are as follows:

	December 31, 2022		December 31, 2021	
Fair value	$	120,835	$	114,894
Income capitalization rate		0.79%		1.40%

   (2)The fair value above is classified in the level 3 fair value hierarchy.

3. The rental income of the investment property above in 2022 and 2021 was NT$1,616 thousand and NT$1,080 thousand respectively, and the direct operating expenses of the investment property that generated the rental income weren't was both NT$242 thousand respectively (recognized as miscellaneous expenses).

4. Please refer to note 8 to the financial statements for the mortgage of the investment property above.
5. There is no impairment to the investment property above.

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(XI) Computer software, net

The adjustment between the opening balance and the closing balance of computer software are as follows:

		Computer software
Cost		
Balance on January 1, 2021	$	266
Addition in the current period		180
Balance on December 31, 2021		446
Transfer out after full depreciation		(198)
Balance on December 31, 2022	$	248
Accumulated amortization		
Balance on January 1, 2021	$	235
Amortization in the current period		71
Balance on December 31, 2021		306
Amortization in the current period		60
Transfer out after full depreciation		(198)
Balance on December 31, 2022	$	168
Face value		
December 31, 2021	$	140
December 31, 2022	$	80

There was no impairment to the intangible assets above as of December 31, 2022 and 2021.

(XII) Other payables

		December 31, 2022		December 31, 2021
Expenses payable				
Wages and bonuses payable	$	3,013	$	2,221
Commission payable		304		396
Directors' remuneration payable		1,207		-
Employees' remuneration		906		-
Service fee payable		1,430		1,882
Import and export fees payable		763		1,550
Other expenses payable		3,724		3,554
Total	$	11,347	$	9,603

(XIII) Employee pension

1. The Company has a retirement policy for formally employed employees in accordance with the provisions of the Labor Pension Act, but the pension of employees was fully settled in 2012 in accordance with this Act.

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2. Defined contribution plan

The Labor Pension Act came into effect on July 1, 2005, and the Company has been allocating 6% of the fixed salary to the employee account of the Bureau of Labor Insurance according to the Labor Pension Act.

The amounts allocated according to the Company's defined allocation plan in 2022 and 2021 and recognized as current expenses were NT$709 thousand and NT$761 thousand respectively. As of December 31, 2022 and 2021, the unpaid amounts were NT$180 thousand and NT$178 thousand respectively, which were paid after the end of the reporting period.

In addition, in order to extend the retirement benefits of the directors who perform their work, the Company, taking into account the labor pension regulations, estimated the amount of current expenses in 2022 and 2021 was both NT$372 thousand respectively. As of December 31, 2022 and 2021, the unpaid amounts were NT$2,977 thousand and NT$2,605 thousand respectively.

The pensions listed above are only based on the information of the Company, and the subsidiaries have not formulated pension regulations, nor are they subject to the enforcement by local laws and regulations.

(XIV) Income tax

The Company's profit-seeking enterprise income tax rate in 2022 and 2021was both 20%, and the basic income tax rate was 12%. The income tax rate on undistributed earnings for 2021 and 2020 was 5%. Information on deferred income tax assets and reconciliation of liabilities to income tax expenses and income tax payable is as follows:

1. The composition and change analysis of deferred income tax assets and liabilities are as follows:

	2022				
	Beginning retained earnings	Defined benefit costs recognized in profit or loss	Defined benefit costs recognized in other comprehensive income	Exchange difference	Ending balance
Temporary difference:					
Loss for market price decline and obsolete and slow-moving inventories.	$ 168	$ -	$ -	$ -	$ 168
Unrealized foreign currency exchange loss	1,794	(1,794)	-	-	-
Unrealized gain on sales	816	(816)	-	-	-
Unrealized foreign currency exchange income	-	(1,878)	-	-	(1,878)
Unrealized cost of sales	(736)	736	-	-	-

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Overseas long-term investments recognized as investment gains by equity method	(172,951)	8,285	-	-	(164,666)
Exchange differences on translation of the financial statements of foreign operations	28,588	-	(14,885)	-	13,703
Deferred tax income		$ 4,533	$ (14,885)	$ -	
Net deferred tax liabilities	$ (142,321)				$ (152,673)
Information expressed in the balance sheet:					
Deferred tax assets	$ 31,366				$ 13,871
Deferred tax liabilities	$ 173,687				$ 166,544

	2021				
	Beginning retained earnings	Defined benefit costs recognized in profit or loss	Defined benefit costs recognized in other comprehensive income	Exchange difference	Ending balance
Temporary difference:					
Loss for market price decline and obsolete and slow-moving inventories.	$ 168	$ -	$ -	$ -	$ 168
Unrealized foreign currency exchange loss	501	1,293	-	-	1,794
Unrealized gain on sales	397	419	-	-	816
Unrealized cost of sales	-	(736)	-	-	(736)
Overseas long-term investments recognized as investment gains by equity method	(202,110)	29,159	-	-	(172,951)
Exchange differences on translation of the financial statements of foreign operations	24,260	-	4,328	-	28,588
Deferred tax income		$ 30,135	$ 4,328	$ -	
Net deferred tax liabilities	$ (176,784)				$ (142,321)
Information expressed in the balance sheet:					
Deferred tax assets	$ 25,326				$ 31,366
Deferred tax liabilities	$ 202,110				$ 173,687

2. Items not recognized as deferred income tax assets:

1.

	December 31, 2022	December 31, 2021
Temporary difference (effect of current profit and loss)	$ 3,323	$ 3,323

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3. Income tax expense recognized in profit or loss

The components of current income tax expense (benefit) recognized in profit or loss are as follows:

	December 31, 2022	December 31, 2021
Current income tax expense	$ 18,926	$ 4,978
Current income tax adjustment for previous years	(2)	(2,331)
Deferred tax income	(4,533)	(30,135)
Income tax expense recognized in profit or loss	$ 14,391	$ (27,488)

The adjustment between current accounting income and income tax expense recognized in profit and loss and income tax payable at the end of the period is as follows:

	2022	2021
Net profit(loss) before tax	$ 58,256	$ (127,416)
Pre-tax net profit(loss) tax amount calculated according to the tax rate	$ 11,651	$ (25,483)
Permanent differences	2,763	(20)
Temporary difference — profits and losses of using equity method	8,273	29,152
Others	(3,761)	1,329
Current income tax expense	18,926	4,978
Income tax adjustment for previous years	(2)	(2,331)
Deferred tax income	(4,533)	(30,135)
Income tax expense (benefit) recognized in profit or loss	$ 14,391	$ (27,488)

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The adjustment of income tax payable at the end of the period is as follows:

	2022	2021
Current tax	$ 18,926	$ 4,978
Plus: Income tax payable (refunded) at the beginning of the period	2,954	11,187
Less: Withholding tax	(9,847)	(25)
Payment of income tax payable	(2,952)	(10,855)
Adjustment on prior years	(2)	(2,331)
Income tax payables (refunded) at the end of the period	$ 9,079	$ 2,954

4. ncome tax expense (benefit) recognized in profit or loss

	2022	2021
Exchange differences on translation of the financial statements of foreign operations	$ 14,885	$ (4,328)

5. Income tax examination

The Company's income tax filing for profit-seeking enterprises as of the end of 2020 has been approved by the tax collection authority.

6. Information about undistributed earnings

	December 31, 2022	December 31, 2021
Before 1997	$ -	$ -
After 1998	136,430	136,065
Total	$ 136,430	$ 136,065

(XV) Equity

1. Share capital

	December 31, 2022	December 31, 2021
Authorized shares (in thousands)	200,000	200,000
Number of shares issued - common shares (shares)	149,868	149,868
Number of outstanding shares at the end of the period (thousand shares)	149,868	149,868

2. Capital surplus

According to the provisions of the Company Act, capital surplus refers to the premium generated by the share capital transaction between the company and its shareholders, including the premium on the issuance of shares, and the receipt of gifts and other items generated in accordance with Generally Accepted Accounting Principles, and shall not be used for other purposes except when the earnings are still insufficient to cover the loss, and the realized capital surplus shall be appropriated for capital or cash dividends shall be issued in accordance with the resolution of the shareholders' meeting. In addition, in accordance with the "Regulations Governing the Offering and Issuance of Securities by Securities Issuers", the amount of capital surplus that may be appropriated for capital shall not exceed 10% of the paid-in capital.

3. Legal reserves

According to the Company Act, when distributing earnings, the Company shall set aside 10% of the after-tax profit as the legal reserve until the total amount reaches the share capital. The legal reserve is only used to cover losses according to law. When the Company has no losses, it may, with the consent of the shareholders' meeting, issue new shares or cash from the legal reserve, only to the extent of 25% of the paid-in capital.

4. Special reserves

The special reserve shall be recognized and reversed in accordance with the letter reference Financial-Supervisory-Securities-Corporate No. 1010012865, Financial-Supervisory-Securities-Corporate No. 1010047490 and the "Question and Answer on the Application of Special Reserve after the Adoption of International Financial Reporting Standards (IFRS)". If the balance of other equity write-downs is subsequently reversed, earnings may be distributed on the reversed part. In addition, the FSC has issued the letter reference Financial-Supervisory-Securities-Corporate No. 1090150022 on March 31, 2021. After the issuance of the letter, the original letter reference Financial-Supervisory-Securities-Corporate No. 1010012865 and the letter reference Financial-Supervisory-Securities-Corporate No. 1010047490 were repealed on December 31, 2021 and March 31, 2021, respectively, and subsequent matters will be handled in accordance with the relevant letters and orders.

5. Earnings distribution

(1) If there is a profit for the year after the final accounts, taxes shall be paid first and past losses covered before setting 10% of the profit aside as the legal reserve. This does not apply when the legal reserve reaches the amount of paid-in capital and the special reserve shall be appropriated or reserved in accordance with the law and regulations of the competent authorities.

(2) Under Article 240 of the Company Act, the Board of Directors is delegated to resolve any distribution of earnings in cash and shall have it reported at the shareholders' meeting.

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(3) Where the Company issues new shares or cash from legal reserve or capital surplus by means of cash, if the payment is in cash, it shall be resolved by the board meeting pursuant to Article 241 of the Company Act, and reported at the shareholders' meeting.

(4) The Company's earnings distribution plan for 2021 was approved by the board meeting, and a cash dividend of NT$0.20 per share will be distributed.

(5) The Company's earnings distribution plan for 2020 was approved by the board meeting, and a cash dividend of NT$0.20 per share will be distributed.

(6) For information on the proposed earnings distribution adopted by the board meeting and the resolution of the shareholders' meeting, please visit the "MOPS" of the TWSE.

6. Dividend policy

The Company's development in the industry is in the stage of business expansion; taking into account the Company's future capital needs and long-term financial planning, while satisfying shareholders' needs for cash inflows, the Company shall distribute earnings pursuant to the provisions of the preceding article. Earnings shall be distributed at a rate of not less than 50% of the earnings after tax for the year, with stock dividends ranging from 0% to 50% and cash dividends ranging from 50% 100%.

7. Other equity

The relevant exchange differences arising from the conversion of the net assets of foreign operating institutions from their functional currencies to New Taiwan Dollars are directly recognized as other comprehensive income and accumulated in the exchange differences on translation of foreign financial statements under other equity. Investments in equity instruments measured at fair value through other comprehensive income are measured at fair value. Subsequently the changes in fair value are reported in other comprehensive income and accumulated in other equity.

(XVI) Earnings (Loss) per share

	2022				
	Current net profit		Shares	Earnings per share (NT$)	
Basic earnings per share	Before tax	After tax	(in thousands)	Before tax	After tax
Net loss attributable to owners of the Company	$ 58,256	$ 43,865	149,868	$ 0.39	$ 0.29

	2021				
	Current net profit		Shares	Earnings per share (NT$)	
Basic earnings per share	Before tax	After tax	(in thousands)	Before tax	After tax
Net loss attributable to owners of the Company	$ (127,416)	$ (99,928)	149,868	$ (0.85)	$ (0.67)

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In 2022, if the remuneration of employees is calculated and the shares are issued in accordance with the provisions of the Articles of Association, the diluted earnings per share will be the same as the basic earnings per share because the number of shares that can be issued is very small and has little impact on earnings per share.

(XVII) Summary of employee welfare, depreciation, depletion and amortization expenses incurred in the current period

By function / By nature	2022			2021		
	operating costs	operating expenses	Total	operating costs	operating expenses	Total
Employee benefit expense	-	28,825	28,825	-	20,474	20,474
Salary expense	-	20,869	20,869	-	12,875	12,875
Labor and health	-	1,570	1,570	-	1,809	1,809
Pension contributions	-	1,048	1,048	-	1,100	1,100
Remuneration to	-	4,744	4,744	-	4,052	4,052
Other employee benefit	-	594	594	-	638	638
Depreciation expense	-	502	502	-	503	503
Depletion cost	-	-	-	-	-	-
Amortization cost	-	60	60	-	71	71

Note: In 2022 and 2021, the depreciation expense of investment property is was both NT$242 thousand respectively, and the expenses are recognized as miscellaneous expenses.

1. For the year and the previous year, the Company has 29 and 31 employees respectively, including 5 non-employee directors.

2. Companies whose shares are listed on TWSE and TPEx shall disclose the following additional information:
   (1) Average employee benefit expenses for the year NT$1,003 thousand ("total employee welfare expenses for the year - total amount of director remuneration" / "number of employees for the year - number of directors who are not also employees"
   Average employee benefit expenses for the previous year NT$632 thousand ("total employee benefit expenses for the previous year - total amount of director remuneration" / "number of employees for the previous year - number of directors who are not also employees"

   (2) Average employee salary expenses for the year NT$870 thousand ("total employee welfare expenses for the year - "number of employees for the year - number of directors who are not also employees"
   Average employee salary expenses for the previous year NT$495

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thousand ("total employee welfare expenses for the previous year - "number of employees for the previous year - number of directors who are not also employees"

(3) Change in average employee salary cost adjustments 75.76%("average employee salary cost for the year - average employee salary cost for the previous year" / average employee salary cost for the previous year).

(4) The Company had no supervisors in 2022 and 2021

(5) Please describe the Company's remuneration policy (including directors, supervisors, company officers and employees)

.As stipulated in the Company's Article of Incorporation: if the Company makes a profit for the year, the Company shall set aside no less than 1.5% of the profit as remuneration to employees and no more than 2% of the profit as remuneration to directors/supervisors.

.Remuneration to directors and supervisors can be divided into two categories: remuneration to directors and supervisors from earnings and expenses for carrying out business. The content and amount of remuneration are determined based on the typical payment levels adopted by peer companies, performance of the individual, and the association between business performance and future risks:

.Remuneration paid to the company officers can be divided into three categories: salary, bonus, and employee remuneration from earnings. The content and amount of remuneration are determined based on the typical payment levels adopted by peer companies, while also taking into consideration the academic and work experience, years of work experience, business responsibilities, contribution and performance targets of the officer.

.The Company's remuneration and bonus of employees are handled in accordance with the Company's Salary Management Rules, Salary Table, Rules for Performance Evaluation, and Employee Remuneration Distribution Rules.

3. Employees’ and directors’ remuneration

(1) The Articles of Association of the Company stipulates that if there is any profit in the annual final accounts, the employees’ shall not be less than 1.5%, and the directors’ remuneration shall not be more than 2%. However, if the company still has a cumulative loss, the amount of compensation shall be reserved in advance. The estimated amount of employees’ and directors' remuneration in 2022 are NT$906 thousand and NT$ 1,207 thousand respectively, calculated by multiplying the net profit before tax (the amount before deducting the remuneration of employees and directors') by 1.5% and 2% respectively. In 2021, there was a net loss before tax, and the employees’ and the directors' remuneration were not estimated. If there is any difference between the actual distribution amount and the estimated amount in the subsequent resolution of the board meeting, it shall be recorded as the profit and loss in the year of the resolution of the board

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meeting.

(2) The employees' and directors' remuneration of the Company in 2021 was approved by the board meeting, and the employees' and directors' remuneration distributed were respectively NT$0 thousand and NT$180 thousand. The difference with the original estimated amount of NT$0 thousand was adjusted in 2022.

(3) Please visit the MOPS of the TWSE for the information on the employees' and directors' remuneration determined by the board meeting.

(XVIII) Operating revenue

1. The company operating revenue is analyzed as follows:

	2022	2021
Sales revenue	$ 178,677	$ 200,638
Less: Sales returns and discounts	(2,845)	(1,971)
Net sales	$ 175,832	$ 198,667

2. The breakdown of contract revenue by type of goods or services is as follows:

	2022	2021
Connectors	$ 169,391	$ 196,606
Others	6,441	2,061
Total	$ 175,832	$ 198,667

3. The breakdown of contract revenue by geographical region is as follows:

	2022	2021
Taiwan	$ 34,044	$ 25,037
PRC	37,280	67,692
Germany	89,458	87,649
Others	15,050	18,289
Total	$ 175,832	$ 198,667

(XIX) Interest income

The company interest income is analyzed as follows:

	2022	2021
Bank deposit interest	$ 662	$ 97
financial assets at fair value through profit or loss	4,499	3,460
Interest income from financial assets at amortized cost	1,022	392
Others	80	-
Total	$ 6,263	$ 3,949

(XX) Other income

The company other income is analyzed as follows:

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	2022	2021
Lease income	$ 1,616	$ 1,080
Service income (table7)	970	1,048
Miscellaneous income - compensation	4,089	1,520
Miscellaneous income	2,421	1,368
Total	$ 9,096	$ 5,016

(XXI) Other gains and losses

The analysis of other interests and losses of the company is as follows:

	2022	2021
Gains (losses)from financial assets at fair value through profit or loss	$ (13,796)	$ 72
Net exchange gains (losses)	19,624	(12,032)
Gains from disposals of investments	-	220
Miscellaneous expenses	(242)	(242)
Total	$ 5,586	$ (11,982)

(XXII) Other information on net profit(loss) after tax

The following items have been deducted from the company net profit(loss) after tax:

	2022	2021
Impairment loss on financial assets		
Expected credit losses(profits)	$ 279	$ (529)
Depreciation and amortization expenses		
Depreciation of property, plant and equipment	$ 502	$ 503
Depreciation of investment property	242	242
Depreciation expense of right-of-use assets	60	71
Amortization of intangible assets	$ 804	$ 816
R&D expenditures recognized as expenses when incurred	$ 324	$ 316
Employee benefit expense		
Post-employment benefits		
Defined contribution plan	$ 1,048	$ 1,100
Salary, rewards and bonuses	20,869	12,875
Total	$ 21,917	$ 13,975

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(XXIII) Financial instruments

1. Categories of financial instruments

	December 31, 2022	December 31, 2021
Financial assets		
Amortized cost		
Cash and cash equivalents	$ 163,217	$ 150,236
Time deposits with an initial maturity of more than three months	126,183	117,685
Notes and accounts receivable	36,050	31,129
Other receivables	1,503	1,527
Other current financial assets	320	317
Refundable deposits	210	210
Subtotal	327,483	301,104
Measured at fair value		
Current financial assets at fair value through profit or loss	66,659	27,967
Non-current financial assets at fair value through other comprehensive income	23,319	19,402
Subtotal	89,978	47,369
Total	$ 417,461	$ 348,473
Financial liabilities		
Amortized cost		
Notes and accounts payable	$ 31,231	$ 31,323
Other payables	11,347	9,603
Guarantee deposits received	369	180
Total	$ 42,947	$ 41,106

2. Financial risk management objectives

The financial risk management objective of the company is to manage the exchange rate risk, interest rate risk, credit risk and liquidity risk related to operating activities. In order to reduce relevant financial risks, the company is committed to identifying, evaluating and avoiding market uncertainties to reduce the potential adverse impact of market changes on its financial performance.

The company avoids the impact of exchange rate risk through derivative financial instruments. The use of derivative financial instruments is regulated by the policies adopted by the Board of Directors of the Company, and the internal auditors continue to review the compliance with the policies and various exposure limits. The company did not trade financial instruments for speculative purposes.

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3. Market risk

The major financial market risks the company is exposed to are changes in foreign currency exchange rates and interest rates due to its operation. The company at any time pays attention and respond to the risks that may be caused by changes in exchange rates. In addition, the company meets the operating requirements by flexibly adjusting the demand of its own funds and maintaining the flexibility of banking facilities. Because the floating-rate net assets of the company are mostly due within one year, and the current market interest rate is at a low level, there is no significant risk of interest rate change, so derivative financial tools are not used to manage the interest rate risk.

(1) Exchange rate risk

Some of the operating activities of the company and the net investment of foreign operating institutions are mainly in foreign currencies, thus generating a foreign currency exchange rate risk.

Since the net investment of foreign operating institutions is strategic investment, the company did not conduct hedge for it.

The sensitivity analysis of foreign currency exchange rate risk (mainly calculated for foreign currency monetary items at the end of the financial reporting period) and the information of foreign currency assets and liabilities with significant exchange rate fluctuations are as follows:

	December 31, 2022					
	Currency	Foreign currency amount	Exchange rate at the end of the period	Recognized amount (NT$ thousand)	Change range	Impact on income before tax
Monetary items						
Financial assets						
Cash and cash equivalents	Euro	$ 3,176,786	32.72	$ 103,944	10%	$ 10,394
Cash and cash equivalents	USD	1,617,782	30.71	49,682	10%	4,968
Financial assets measured at amortized cost	USD	4,108,857	30.71	126,183	10%	12,618
Accounts receivable	Euro	164,061	32.72	5,368	10%	537
Accounts receivable	USD	632,638	30.71	19,428	10%	1,943
Other receivable	USD	35,818	30.71	1,100	10%	110
Financial liabilities						
Accounts payable	USD	994,906	30.71	30,554	10%	3,055
Other payable	USD	18,677	30.71	574	10%	57

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	December 31, 2021								
	Currency	Foreign currency amount		Exchange rate at the end of the period	Recognized amount (NT$ thousand)		Change range	Impact on income before tax	
Monetary items									
Financial assets									
Cash and cash equivalents	Euro	$	3,274,193	31.32	$	102,548	10%	$	10,255
Cash and cash equivalents	USD		1,518,061	27.68		42,020	10%		4,202
Financial assets measured at amortized cost	USD		3,872,314	27.68		107,186	10%		10,719
Accounts receivable	Euro		205,092	31.32		6,423	10%		642
Accounts receivable	USD		666,865	27.68		18,459	10%		1,846
Other receivable	USD		50,634	27.68		1,402	10%		140
Financial liabilities									
Accounts payable	USD		1,113,583	27.68		30,824	10%		3,082
Other payable	USD		19,883	27.68		550	10%		55

Due to the wide variety of functional currencies of the company the exchange gains and losses of monetary items were disclosed after consolidation. The foreign currency exchange (loss) gains (including realized and unrealized) were NT$(19,624) thousand and NT$(12,032) thousand respectively in 2022 and 2021.

Non-monetaryitems of the company are not disclosed because there is no significant impact of exchange rate fluctuations on them.

(2) Interest rate risk

Interest rate risk refers to the risk of changes in the fair value of financial instruments and changes in cash flow caused by changes in market interest rates. The interest rate risk of the company mainly comes from floating rate loans. However, the company had no borrowings on December 31, 2022 and 2021, so there was no significant cash flow risk due to interest rate changes

(3) Other price risks

The price risk of equity instruments of the company mainly comes from financial assets classified as measured at fair value through other comprehensive income. All major equity instrument investments of the company must be approved by the board meeting of the company beforehand.

The sensitivity analysis of the price risk of equity instruments is based on the change in fair value at the end of the financial reporting period. If the price of equity instruments increases/decreases by 10%, the company comprehensive

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income in 2022 and 2021 will increase/decrease by NT$ 2,332 thousand and NT$(2,332) thousand, and 1,940 thousand and NT$(1,940) thousand, respectively.

4. Credit risk management:
Credit risk refers to the risk that counterparty will default on its contractual obligations, resulting in financial loss to the Company. The policy adopted by the company is to try to trade with reputable counterparties to reduce the risk of financial losses. In addition to the credit investigation before the transaction, the company continues to monitor the credit exposure and the credit status of the counterparty during the transaction, and continues to focus on the diversification of customer sources and the expansion of overseas markets to reduce customer concentration risk.
The credit risk of the company is mainly concentrated on customers with consolidated income of more than 10%. As of December 31, 2022 and 2021, the total accounts receivable from the aforesaid customers accounted for 40.66% and 57.79% respectively.
In addition, since the counterparties of liquidity and derivative financial instruments are several banks with high credit ratings from international credit rating agencies, the credit risk and concentration risk are limited

5. Liquidity risk management
The liquidity risk manage objective of the company is to maintain the cash and equivalent cash, highly liquid securities and sufficient bank financing lines required for operation, so as to ensure that the company has sufficient financial flexibility.
The following table is a summary of the financial liabilities of the company during the agreed repayment period according to the maturity date and the undiscounted maturity amount:

	December 31, 2022			
	Within 6 months	6~12 months	1~2 years	Total
Non-derivative financial liabilities				
Notes payable	$ 57	$ -	$ -	$ 57
Accounts payable	31,174	-	-	31,174
Other payables	9,234	2,113	-	11,347
Other current	1,457	-	-	1,457
Total	$ 41,922	$ 2,113	$ -	$ 44,035

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	December 31, 2021			
	Within 6 months	6~12 months	1~2 years	Total
Non-derivative financial liabilities				
Notes payable	$ 28	$ -	$ -	$ 28
Accounts payable	31,295	-	-	31,295
Other payables	9,603	-	-	9,603
Other current	1,198	-	-	1,198
Total	$ 42,124	$ -	$ -	$ 42,124

6. Fair value of financial instruments

(1) Fair value of financial instruments at amortized cost

The key management of the company believes that the book value of financial assets and financial liabilities measured at amortized cost in the financial statements of the company approaches its fair value.

(2) Evaluation techniques and assumptions used to measure fair value The fair values of financial assets and financial liabilities are determined in the following ways:

- . The fair values of financial assets and financial liabilities with standard terms and conditions and traded in active markets are determined by reference to the market quotation.
- .The fair value of derivative instruments is measured by the quoted price provided by the bank.
- .The fair value of the stock without public quotation is determined according to the generally accepted pricing model based on the market method or discounted cash flow analysis.

(3) Measurement of fair value recognized in the Parent Company Only balance sheet The following table provides an analysis of the fair value measurement method of financial instruments after their initial recognition. The measurement method is divided into levels 1 to 3 based on the observable degree of fair value.

- .Level 1 fair value measurement refers to the publicly quoted price (unadjusted) of the same assets or liabilities from the active market.
- Level 2 fair value measurement refers to that in addition to the public quotation in level 1, the fair value is derived from the observable input value of the asset or liability either directly (i.e. price) or indirectly (i.e. derived from price).
- Level 3 fair value measurement refers to the input value of assets or liabilities based on unobservable market data (unobservable input value), and the fair value is derived by evaluation technology.

A. Financial assets and liabilities measured at fair value on a repetitive basis

The fair value hierarchy of financial assets and liabilities measured at fair value by the consolidated company on a repetitive basis is as follows:

	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Current financial assets at fair value through profit or loss				
- Balanced funds	$ 66,659	$ -	$ -	$ 66,659
Non-current financial assets at fair value through other comprehensive income				
- Equity instruments without public quotation	-	-	23,319	23,319
Total	$ 66,659	$ -	$ 23,319	$ 89,978

	December 31, 2021			
	Level 1	Level 2	Level 3	Total
Current financial assets at fair value through profit or loss				
- Balanced funds	$ 27,967	$ -	$ -	$ 27,967
Non-current financial assets at fair value through other comprehensive income				
- Equity instruments without public quotation	-	-	19,402	19,402
Total	$ 27,967	$ -	$ 19,402	$ 47,369

The company had no fair value measurements transferred between level 1 and level 2 in 2022 and 2021.
The company did not dispose of the financial assets measured at level 3 fair value in 2022 and 2021.

The details of changes in level 3 are as follows:

	2022	2021
Beginning retained earnings	$ 19,402	$ 15,615
Recognized as other comprehensive income	3,917	3,787
Ending balance	$ 23,319	$ 19,402

The Company evaluation process of classifying the fair value into level 3 is to entrust an external appraiser to carry out independent fair value verification of financial instruments, and make the appraisal results close to the market status through independent source data, and confirm that the data source is independent, reliable and consistent with other resources to

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represent the executable price, so as to ensure that the appraisal results are reasonable.

Quantitative information of fair value measurement of significant unobservable input values (level 3):

	December 31, 2022 Fair value	Valuation technique	Unobservable input values	Relationship between input value and fair value
Non-derivative financial assets:				
Stocks of unlisted companies	$ 23,319	market approach	P/Eratio multiplier, lack of market liquidity discount and control premium	The higher the multiplier and control premium, the higher the fair value; the higher the lack of market liquidity discount, the lower the fair value.

	December 31, 2021 Fair value	Valuation technique	Unobservable input values	Relationship between input value and fair value
Non-derivative financial assets:				
Stocks of unlisted companies	$ 19,402	market approach	P/Eratio multiplier, lack of market liquidity discount and control premium	The higher the multiplier and control premium, the higher the fair value; the higher the lack of market liquidity discount, the lower the fair value.

The level 3 fair value measurement and the sensitivity analysis of the fair value to the reasonable and possible substitution assumption:

			December 31, 2022			
			Defined benefit costs recognized in profit or loss		Defined benefit costs recognized in other comprehensive income	
	Input value	Change	Favorable change	Unfavorable change	Favorable change	Unfavorable change
Financial assets						
Equity instrument	Depreciation	+10% -10%	$ -	$ -	$ 2,332	$ 2,332

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			December 31, 2021			
			Defined benefit costs recognized in profit or loss		Defined benefit costs recognized in other comprehensive income	
	Input value	Change	Favorable change	Unfavorable change	Favorable change	Unfavorable change
Financial assets						
Equity instrument	Depreciation	+10% -10%	$ -	$ -	$ 1,940	$ 1,940

B. Financial assets and liabilities measured at fair value on a non-repetitive basis

(XXV) Capital management

The capital management objective of the Company is to provide shareholders with adequate remuneration by maintaining the optimal capital structure on the premise of continuing to operate and grow. The capital structure management strategy of the Company is based on the industrial scale, future growth of the industry, product development blueprint and changes in the external environment of the business operated by the Company and its subsidiaries, in order to plan the required capital expenditure; then the required working capital and cash are calculated according to the characteristics of the industry, and the possible product profit, operating profit rate and cash flow are estimated, with the consideration of risk factors such as the industrial cycle fluctuations and product life cycle, so as to determine the most appropriate capital structure of the Company.
The debt ratios of the consolidated company as of December 31, 2022 and 2021 are as follows:

	December 31, 2022	December 31, 2021
Total liabilities	$ 220,027	$ 218,945
Total assets	$ 2,385,098	$ 2,306,666
Debt ratio	9.23%	9.49%

VII. Related-Party Transactions

(I) Related party name and relationship

Related party name	Relationship with the company
K&J INTERNATIONAL INVESTMENT CO.,LTD. (hereinafter K&J)	subsidiary of the Company
HONOUR DECADE INC. (hereinafter HONOUR)	subsidiary of the Company

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TEAMSPHERE INDUSTRIAL LTD. (hereinafter TEAMSPHERE)	subsidiary of the Company
Plastron Electronic Technology (Suzhou) Co., Ltd. (hereinafter Plastron Suzhou)	sub-subsidiary of the Company
Plastron Technology (Shenzhen) Co., Ltd. (hereinafter Plastron Shenzhen)	sub-subsidiary of the Company
Plastron Electronic Technology (Anhui) Co., Ltd.(hereinafter Plastron Anhui)	sub-subsidiary of the Company
SYT HOLDING LIMITED	Other related party (the chairman is a key manager of Plastron)
SYT HARDWARE & TECHNOLOGY (KUNSHAN) Co., Ltd.	Other related party (a 100% owned grandson company of SYT Holding Limited)
Suzhou SYT Technology Co., Ltd.	Other related party (the chairman is a key manager of Plastron)

(II) Major transactions with related parties

1.Purchase

The details of the company purchases from related parties are as follows:

Related Party Categories	2022 Amount	2022 Percentage of net purchase	2021 Amount	2021 Percentage of net purchase
Plastron Anhui	$ 139,433	93.26%	$ 51,023	31.56%
HONOUR	7,928	5.30%	108,014	66.80%
Total	$ 147,361	98.56%	$ 159,037	98.36%

In 2022, NT$6,076 thousand and NT$ 1,852 thousand of the Company purchase from HONOUR were transferred by Plastron Suzhou and Plastron Shenzhen, respectively. In 2021, NT$22,073 thousand and NT$85,941 thousand were transferred by Plastron Suzhou and Plastron Shenzhen, respectively.
The above purchase prices were discounted based on the sales order price. The payment term was 60 days from the next month, which was not significantly from those of non-related parties.

2. Other receivables from related parties

The following is a breakdown of other receivables from related parties:

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Related Party Categories	December 31, 2022 Amount	Percentage of other accounts receivable at the end of the period	December 31, 2021 Amount	Percentage of other accounts receivable at the end of the period
HONOUR	$ 975	64.87%	$ 1,046	68.50%
Plastron Anhui	125	8.32%	356	23.31%
Total	$ 1,100	73.19%	$ 1,402	91.81%

This includes payments for raw materials purchased on their behalf and technical services.

3.accounts payable

The following is a breakdown of the accounts payable to related parties:

Related Party Categories	December 31, 2022 Amount	Percentage of accounts payable at the end of the period	December 31, 2021 Amount	Percentage of accounts payable at the end of the period
HONOUR	$ -	-	$ 10,674	34.11%
Plastron Anhui	30,553	98.01%	20,033	64.01%
Total	$ 30,553	98.01%	$ 30,707	98.12%

4. Othe

(1)Raw materials purchased on behalf of Plastron Shenzhen in 2021 amounted to NT$167 thousand, respectively.

(2) Raw materials purchased on behalf of Plastron Suzhou in 2021 amounted to NT$478 thousand, respectively. ◦

(3)Raw materials purchased on behalf of Plastron Anhui in 2022 and 2021 amounted to NT$431 and NT$623 thousand, respectively.

(4) The service revenue for providing HR technology to HONOUR in 2022 and 2021 amounted to NT$970 and NT$1,048 thousand, recorded under miscellaneous income.

5.Remuneration of key management personnel

The current remuneration of the company to the key management personnel is as follows:

	2022	2021
Short-term benefits	$ 6,328	$ 6,496
Post-employment benefits	339	339
Other long-term employee benefits	-	-
Termination benefits	-	-
Share-based payments	-	-
Total	$ 6,667	$ 6,835

Short-term benefits include salary, bonus, employees’ and directors’ compensation, etc

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VIII. Pledged Assets

As of December 31, 2022 and 2021, the following assets of the company have been provided as security for tariff guarantee and loan limits:

	December 31, 2022	December 31, 2021
Restricted bank deposits	$ 320	$ 317
Land (note)	37,582	37,582
Net houses and buildings (note)	7,272	7,794
Total	$ 45,174	$ 45,693

(Note) Recognized as property, plant and equipment and investment property.

IX. Significant Contingent Liabilities and Unrecognized Contractual Commitments

As of December 31, 2022 and 2021, the total amount of promissory notes issued by the Company through various banks and financial institutions as guarantees for short-term loans and financial transactions was both NT$110,000 thousand and USD1,000 thousand.

X. Losses Due to Major Disasters: None.

XI. Significant Subsequent Events: None.

XII. Others: None.

XIII. Other Disclosures

(I) Major transaction related information

1. Loans to others: See Attachment 1.
2. Endorsements/guarantees provided: None
3. Status of securities held at the end of the period: See Table 2 for details.
4. The amount of the same marketable securities acquired or disposed of reaches NT$300 million or 20% of the paid-in capital: None.
5. The amount of real estate acquired reaches NT$300 million or 20% of the paid-in capital: None.
6. The amount of real estate disposed of reaches NT$300 million or 20% of the paid-in capital: None.
7. The amount of goods purchased and sold with related parties reaches NT$100 million or 20% of the paid-in capital: See Table 3.
8. The amount of goods purchased and sold with related parties reaches NT$100 million or 20% of the paid-in capital: None.
9. Trading in derivative instruments: None.

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(II) Information about reinvested enterprises

1. Names and locations of investee companies and other relevant information: See Table 4.

(III) Information about investment in mainland China

1. The names of the investee companies in mainland China, the main businesses and products, paid-in capital amounts, methods of investment, information on inflow or outflow of capital, shareholding ratios, investment gains (losses), ending book values, investment gains (losses) already repatriated and limits on investment in mainland China: See Table 5.
2. Major transactions with mainland investee companies directly or indirectly through a third region, and their prices, payment terms, and unrealized gains and losses: See Table 6.

(IV) Information on major shareholders

1. Names, numbers of shares held, and shareholding percentages of shareholders who hold 5 percent or more of the equity: See Table 8.

(XIV) Information on departments

The Company has disclosed information on operating segments in the consolidated financial statements as required by the regulations.

Table 1

Plastron Precision Co., Ltd.
Details of Loans to Others
January 1 to December 31, 2022

Unit: NT thousand/RMB thousand/USD thousand

No. (note 1)	Company extending the loan	Loan object	Transaction	Whether a related party	Maximum amount of current period	Ending balance (note 4)	Amount actually drawn	Interest rate range	Loan nature (note 2)	Transaction amount	Reasons for the necessity of short-term financing	Amount of provision for loss	Collateral		Loan limit to individual objects (note 3)	Total loan limit (note 3)
													Title	Value		
1	Plastron Technology (Shenzhen) Co., Ltd.	Plastron Electronic Technology (Anhui) Co., Ltd.	Other receivables	Yes	330,708 (CNY75,000)	330,708 (CNY75,000)	330,708 (CNY75,000)	1.6%	2	-	Replenishing working capital and repaying loans	-	-	-	373,865	373,865
2	Plastron Electronic Technology (Suzhou) Co., Ltd..	Plastron Electronic Technology (Anhui) Co., Ltd.	Other receivables	Yes	220,472 (CNY50,000)	220,472 (CNY50,000)	220,472 (CNY50,000)	1.6%	2	-	Replenishing working capital and repaying loans	-	-	-	297,180	297,180
3	K&J INTERNATIONAL INVESTMENT CO., LTD.	Plastron Electronic Technology (Anhui) Co., Ltd.	Other receivables	Yes	245,680 (USD8,000)	245,680 (USD8,000)	-	1.8%	2	-	Replenishing working capital	-	-	-	1,711,668	1,711,668

Note 1: (1) The issuer fills in 0. (2) Investee companies are numbered sequentially from the Arabic numeral 1 according to the company type.

Note 2: 1 for those with business dealings; 2 for those with short-term financing needs,

Note 3: The total amount of loans from subsidiaries to others due to short-term financing needs shall not exceed 90% of the loaning company’s net value in the latest financial statements certified or reviewed by a CPA.

Note 4: The limit approved by the board meeting.

Table 2

Plastron Precision Co., Ltd.
Marketable securities held at the end of the period
December 31, 2022

Unit: thousand shares/NT$ thousand

Holding company name	Marketable securities types and name	Relationship with the issuers	Financial statement account	End of period			
				Shares	Face value	Shareholding ratio	Fair value
Plastron Precision Co., Ltd.	Balanced funds Allianz Income Growth Fund (USD)	-	Financial assets at fair value through profit or loss	98	$ 22,873	-	$ 22,873
	Allianz Income Growth Fund (Eur)	-	Financial assets at fair value through profit or loss	189	43,786	-	43,786
			Total		$ 66,659		$ 66,659
	Stocks SYT HOLDING LIMITED	-	Non-current financial assets at fair value through other comprehensive income	1,349	$ 23,319	17.04%	$ 23,319

Table 3

Plastron Precision Co., Ltd.

Receivables from related parties amounting to at least nt$100 million or 20% of the paid-in capital

January 1 to December 31, 2022

Unit: NT$ thousand

Buyer	Related Party	Relationship	ransaction status				Abnormal Transaction		Notes/Trade Receivable (Payable)		Note
			Purchase (Sales)	amount	% to Total	Payment Terms	price	Payment Terms	Ending Balance	total	
Plastron Precision Co., Ltd	Plastron Electronic Technology (Anhui) Co., Ltd.	sub-subsidiary of the Company	Purchase	139,433 (Note)	93.26%	credit on 60 days.	-	-	(30,553)	(98.01%)	

Note: The net amount of the total purchase amount NT$139,864 minus the NT$431 for purchasing raw materials on behalf of Plastron Electronic Technology (Anhui) Co., Ltd.

Table 4

Plastron Precision Co., Ltd.
Information About Investees
January 1 to December 31, 2022

Unit: NT$ Thousand

Investor	Name of investee	Location	Main business	Initial investment amount		Shareholding at the end of the period			Current income (loss) of the investee	Current income (loss) recognized	Remarks
				End of the current period	End of last year	Shares	Ratio	Face value			
Plastron Precision Co., Ltd.	K&J INTERNATIONAL INVESTMENT CO., LTD.	BRITISH VIRGIN ISLANDS	Investment company	$ 1,151,569 (USD36,080,400.12)	$ 1,151,569 (USD36,080,400.12)	-	100.00%	$ 1,900,778	$ 57,705	$ 57,747 (note 1)	Subsidiary
	HONOUR DECADE INC.	SAMOA	Trading company	340 (USD10,000.00)	340 (USD10,000.00)	-	100.00%	4,986	(827)	(827)	Subsidiary
	TEAMSPHERE INDUSTRIAL LTD.	SAMOA	Trading company	340 (USD10,000.00)	340 (USD10,000.00)	-	100.00%	187	19	19	Subsidiary
K&J INTERNATIONAL INVESTMENT CO., LTD.	GRAND EASE HOLDINGS LIMITED	HONG KONG	Investment company	166,467 (USD5,010,000.00)	166,467 (USD5,010,000.00)	-	100.00%	330,366	9,366	(Note 2)	Second-tier subsidiary
	CHEER UP ENTERPRISES LIMITED	HONG KONG	Investment company	418,967 (USD12,549,400.12)	418,967 (USD12,549,400.12)	-	100.00%	415,725	35,382	(Note 2)	Second-tier subsidiary
	GOLDGALAXY DEVELOPMENT LIMITED	HONG KONG	Investment company	922,982 (USD30,000,000.00)	922,982 (USD30,000,000.00)	-	100.00%	665,847	17,049	(Note 2)	Second-tier subsidiary

Note 1: It refers to the deduction of NT$ 1,283 thousand of unrealized interests in reverse current transaction, NT$17 thousand of unrealized losses and NT$1,316thousand of unrealized interests in reverse current transactions in the group, and NT$26 thousand of unrealized interests in side current transactions in the previous year.

Note 2: The profit and loss of the investee company has been included in those of its investee companies, and will not be separately expressed here in order to avoid confusion.

Table 5

Plastron Precision Co., Ltd.
Information on Investment in Mainland China
January 1 to December 31, 2022

Unit: NT$ thousand/USD

Name of Investee in Mainland China	Main business	Paid-in capital	Investment method	Accumulated investment amount from Taiwan at the beginning of the period	Outward remittance or repatriation of investment amount of the period		Accumulated investment amount from Taiwan at the end of the period	Current income (loss) of the investee	Ownership percentage of direct or indirect investment	Investment gains/losses recognized in the period	Book value of investment at the end of the period	Investment gains repatriated in the period
					Outward remittance	Repatriation						
Plastron Electronics (Suzhou) Co., Ltd.	R&D, design, production and sales of new instrument components, optical fiber connecting lines, heat dissipation modules, precision metal stamping dies and lighting fixtures; wholesale, import and export of electronic components and similar products produced by the Company, and lease of non-residential real estate.	166,144 (USD5,000,000.00)	(note 1)	166,144 (USD5,000,000.00)	-	-	166,144 (USD5,000,000.00)	9,365	100.00%	9,365 (note 2)	330,202 (note 2)	-
Plastron Technology (Shenzhen) Co., Ltd.	Sales of electronic products, technical services, technical consultation, commission agency (except auction), and import and export of goods and technologies	405,488 (USD12,152,460.39)	(note 1)	346,146 (USD10,343,460.39)	-	-	346,146 (USD10,343,460.39)	35,381	100.00%	35,381 (note 2)	415,406 (note 2)	188,629

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Plastron Electronics (Anhui) Co., Ltd.	R&D, production and sales of new instrument components, automobile connectors, computer connectors, mobile phone connectors, precision metal molds, plastic molds, precision cavity molds, electronic product accessories and hardware; non-metal and metal surface treatment; precision machining with CNC machine tools; wholesale, import and export of electronic components.	922,982 (USD30,000,000.00)	(note 1)	624,478 （USD20,300,000.00）	-	-	624,478 （USD20,300,000.00）	17,049	100.00%	17,049 (note 2)	665,850 ((note 2)	-

Accumulated investment amount remitted to mainland China from Taiwan at the end of the period	Investment amount approved by the Investment Commission, MOEA	Limit on investment regulated by the Investment Commission, MOEA
NT1,154,006 (USD36,218,550.79)	NT1,275,021 (USD40,159,105.49)	NT 1,299,042

Note 1: Investment method: reinvestment in Mainland China companies through a company in a third region.
Note 2: It is calculated and recognized based on the current financial statements of the company reviewed by the parent company's CPA.

Table 6

Plastron Precision Co., Ltd.

Transactions with Mainland China Investee Companies Directly or Indirectly Through a Third Region

January 1 to December 31, 2022

Unit: NT$ Thousand

I. Purchases

The Company purchases from mainland investee companies are as follows:

Counterparty	amount	Percentage of net purchase of the Company	Unrealized profit and loss at the end of the period
Plastron Electronic Technology (Suzhou) Co., Ltd.	$ 6,076	4.06	$ 675
Plastron Technology (Shenzhen) Co., Ltd.	1,852	1.24	90
Plastron Electronic Technology (Anhui) Co., Ltd.	139,433	93.26	518
Total	$ 147,361	98.56	$ 1,283

The company's purchase transactions with Plastron Electronic Technology (Suzhou) Co., Ltd. and Plastron Technology (Shenzhen) Co., Ltd.. are transferred through Honour Decade Inc.

The purchase prices above were discounted based on the sales order price. The payment term was 60 days from the next month, which was not significantly from those of non-related parties.

II. Accounts Payable

The details of the Company payables to mainland investee companies are as follows:

Counterparty	amount	Percentage of accounts payable at the end of the period
Plastron Electronic Technology (Anhui) Co., Ltd.	$ 30,553	98.01%

III. Others

The amount of raw materials purchased by the Company on behalf of Plastron Electronics (Anhui) Co., Ltd. in 2022 was NT$431 thousand. Details of uncollected amounts are as follows:

Counterparty	amount	Percentage of other accounts receivable at the end of the period
Plastron Electronic Technology (Anhui) Co., Ltd.	$ 125	8.32%

Table 7

Plastron Precision Co., Ltd.
Information About Major Shareholders
December 31, 2022

Share / Name of major shareholder	Number of shares held	Shareholding
Chuntian Investment Co., Ltd	20,455,644	13.64%
Kuan-Chu Investment Co., Ltd	9,298,069	6.20%

Note: The information above was obtained by the Company from the Taiwan Depository & Clearing Corporation.

(1) The major shareholder information in this table is the information from the Taiwan Depository & Clearing Corporation about the shareholders holding more than 5% of the total number of common shares and special shares of the Company that have been settled with scripless registration (including treasury shares) on the business day after the end of each quarter. As for the share capital recorded in the Company's financial report and the number of shares actually settled with scripless registration, there may be differences due to different preparation and calculation basis.

(2) In the information above, if the shareholder delivers the shareholding to a trust, it is disclosed by the individual account of the trustee who opens the special trust account. As for shareholders who handle the shareholding filing of insiders with more than 10% of shareholding in accordance with the Securities and Exchange Act, their shareholdings include their own shareholdings plus the shares they deliver to trusts with the right-of-use of the trust property; please refer to the MOPS for information on the shareholding filing of insiders.

Plastron Precision Co., Ltd.

Chairman：Chen Wen-Chien