Stock Code
6185

Plastron Precision Co., Ltd

Parent Company Only Financial Statements and Independent Auditor's Report

2022 and 2021

Address: 3F., No.1, Ln. 11, Ziqiang St., Tucheng Dist., New Taipei City, 23678, Taiwan(R.O.C.)
Tel: +886-2-2267-2346

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.

..

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. <u>Company History</u>

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. <u>Approval Date and Procedures of the Parent Company Only Financial Statements</u>

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

III. <u>Application of New Standards, Amendments and Interpretations</u>

(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 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

..

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 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.

..

(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.

..

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

..

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.

..

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.

..

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).

..

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

(continued on next page)

..

(continued from previous page)

	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

..

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:

..

	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 Face value	December 31, 2022 shareholding ratios	December 31, 2021 Face value	December 31, 2021 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:

..

	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.

..

(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.

..

(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.

..

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	-	-	-

(continued on next page)

..

(continued from previous page)

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

..

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)

..

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.

..

(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)

..

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

..

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

..

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:

..

	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

..

(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.

..

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

(continued on next page)

..

(continued from previous page)

	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

..

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

(continued on next page)

..
(continued from previous page)

	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. <u>Financial assets and liabilities measured at fair value on a repetitive basis</u>

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

..

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

(continued on next page)

..

(continued from previous page)

	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 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

(continued on next page)

..

(continued from previous page)

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:

..

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

..

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.

..

(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: End of the current period	Initial investment amount: End of last year	Shareholding at the end of the period: Shares	Shareholding at the end of the period: Ratio	Shareholding at the end of the period: Face value	Current income (loss) of the investee	Current income (loss) recognized	Remarks
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

(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.

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. <u>Purchases</u>

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. <u>Accounts Payable</u>

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. <u>Others</u>

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.