TSE:：3652

Unitech Electronics Co., Ltd.

2022 Annual Report

精聯電子

Annual Report URL：

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Corporate's Website: http://www.ute.com

Printed on May 10, 2023

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CPA Firm: Ernst & Young
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IX. The occurrence of any events listed in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the company's securities, has occurred during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report 349

I. Letter to Shareholders

Dear Shareholders,

First, I would like to thank you for your continuing support throughout the year. Our company places innovation as a core value, and specializes in the research and development, as well as the manufacturing of Automatic Identification Data Capture (AIDC) products. We also offer devices management platform software, related application software, and system integration necessary for the data collection industry. Our brand 'unitech', coupled with our domestic and international sales channels, enable us to provide customers with application planning, hardware and software technical support, and services. With over 30 years of experience in global product marketing, we have earned our customers' trust and sustained welcome.

In 2022, there were significant changes in the global economy, technological advancements, and political developments. The global supply chain crisis caused by the Russia-Ukraine conflict, US Federal Reserve interest rate hikes, high inflation, and the struggle for influence between the US and China, have led to complex challenges for companies. Despite these challenges, our company has continued to develop new hardware products and software platforms, such as the new generation of industrial-grade mobile computers, RFID readers, barcode scanners, 3D recognition applications, and other related products. In addition to developing products using the Android operating system, we have also developed new products certified by Apple's MFi program. We have also increased our software development capabilities year by year, focusing on data collection, AI applications, IoT system modules, and some vertical industry solutions. By integrating hardware and software applications, we aim to increase our total value to customers, improve our global market position, and increase market share under the Unitech brand.

We present the operating results of the company's collective efforts in 2022, as well as the outlook for 2023

1. Operating Performance in 2022

1) Implemented Business plan result

Total consolidated revenue for 2022 was NT$2,350 million, a 0.25% decrease when compare with the year before, the gross profit was NT$763 million, a 1.65% increase. Compared to the targeted budget in 2022, the revenue achieved was lower than the target, but the profit gained was way higher

than the budget target. The team has dedicated themselves to product line integration to enhance gross profit rate. With appropriate personnel organization adjustments and effective operating expense control, the overall operational performance has improved, resulting in profit reaching a new high in nearly a decade, creating an earnings per share of NT$1.22. All financial operating indicators are healthy, and relevant financial safety indicators are also stable. Furthermore, to meet the long-term development needs, the company's stock was successfully transferred from the Taipei Exchange to the Taiwan Stock Exchange on September 21, 2022.

2）Profitability analysis

A. Analysis of Receipts and Expenditures

Unit: NT$ thousands

Item \ Year	2021 Amount	2021 %	2022 Amount	2022 %	Variable proportion
Operating revenue	2,356,165	100.00%	2,350,259	100.00%	(0.25%)
Gross profit	750,521	31.85%	762,872	32.46%	1.65%
Operating income	84,116	3.57%	100,981	4.30%	20.05%
Non-operating income and expenses	(5,493)	(0.23%)	13,146	0.56%	(339.32%)
Income before income tax	78,623	3.34%	114,127	4.86%	45.16%
Income tax expense	26,768	1.14%	22,690	0.97%	(15.23%)
Net income	51,855	2.20%	91,437	3.89%	76.33%
Other comprehensive income(loss),net of income tax	(15,482)	(0.66%)	18,493	0.79%	(219.45%)
Total comprehensive income for the year	36,373	1.54%	109,930	4.68%	202.23%

B. Analysis of Financial Structure and profitability

Item \ Year	2021	2022
Debt Ratio: (Total Liabilities/Total Assets)	24.80%	27.15%
Long Term Fund to Property, Plant and Equipment Ratio: (Total Equity+Non-Current Liabilities)/ Net Property, Plant and Equipment	514.69%	540.00%

Current Ratio: (Current assets/Current Liabilities)	363.81%	354.77%
Quick Ratio: (Current assets-Inventories-Prepaid Expenses)/ Current Liabilities	254.61%	257.77%
Return on Equity: (Net Income/Average Shareholders' Equity)	3.64%	5.13%
Net Margin: (Net Income/Net Sales)	2.20%	3.89%
Earnings per Share: (Net Income Attributable to Owners of the Parent Company – Preferred Stock Dividend)/Weighted Average Number of Shares Outstanding	NT$1.03	NT$1.22

C.2022 Research and development status

Our company's R&D expenses for in Year 2022 amounted to NT$ 138 million, with a team of over 60 personnel dedicated to software and hardware R&D. Our main areas of focus included automated data collection products, RFID-related products and technologies, and software development. In addition, we collaborated with external strategic partners to acquire technology more rapidly and efficiently leverage R&D resources.
The following are the major new products developed during Year 2022:

PA768: A rugged industrial-grade smart handheld mobile device running on Android 12.

EA630Plus: A rugged smartphone running on Android 11.

HT330: A rugged handheld computer running on Android 11.

MS852DP: A wireless handheld barcode scanner that supports DPM barcodes.

RP902 MFi: A pocket-sized UHF RFID reader that Apple MFi certified for iOS devices.

Enterprise Keyboard software: Software that supports barcode scanning, RFID reading, and character recognition.

Showcase software: Enterprise software guide.

Logger software: Enterprise equipment log tool that records equipment status to facilitate troubleshooting.

TagAccess iOS software: Software used in conjunction with iOS devices for RFID tag reading and various operations.

2. Business Plan for 2023

It will continue to introduce new software and hardware products to expand our business, including the use of AI technology in data collection, various types of auto recognition, and big data analysis. We will focus on selected industries, gain a deep understanding of their application needs, and develop complete software and hardware solutions required by the industry to provide customers with more comprehensive value. We will also parallelly expand successful cases to other global markets, leveraging our synergistic advantages as our customers are globally dispersed and we have a good understanding of industry applications.

We expect to sell around seventy-thousands units of various industrial-grade mobile computers and hundred-thousands units of various barcode scanning devices for our main products in Year 2023. In terms of sales regions, we anticipate higher growth in South America and Asia-Pacific.

Additionally, we have expanded our market coverage by developing data collection products certified by Apple's MFi program, which were previously primarily based on the Android platform.

To meet the demand for MIT-manufactured products, we have also increased our manufacturing capacity in Taiwan to ensure sufficient supply of goods for our business.

3. Future Development Strategy

Our company has established itself as a leading brand in the global market for small industrial-grade mobile devices, ranking among the top 10. We are committed to strengthening our brand's local presence in different regions worldwide, while also closely monitoring the technology trend and anticipating changes in various industry applications across different regions.

To achieve this, we have established closer partnerships with our upstream and downstream partners, enabling us to respond more flexibly and promptly to the dynamic and unpredictable business environment. Our goal is to seize opportunities and navigate challenges, ultimately propelling our company to new heights and enhancing the competitiveness of the Unitech brand.

4. Impact of the External Competitive Environment, Regulatory Environment, and Macroeconomic Conditions

Since the global economy has rebounded from the bottom and the COVID-19 pandemic has entered a normalized phase, we can see that commercial activities,

entertainment, and daily commuting have all returned to normal. It is expected that corporate investment and personal consumption will both experience significant recovery, leading to a considerable growth in demand for the information and communication products and services provided by our company.

However, under the economic recovery, the recruitment and retention of company talents, the planning for sustainable development in response to environmental changes, and compliance with TAA regulations for exports to the US are all issues that need to be faced. We are confident that we can overcome these challenges and actively embrace these great opportunities.

We would like to express our gratitude to all shareholders for your long-term recognition and support. In the coming year, we will continue to uphold the business philosophy of "integrity, excellence, cooperation, and sharing", and strive to achieve greater success based on stability. We are committed to creating fruitful profits for shareholders and fulfilling our corporate social responsibilities.

Sincerely yours,

President Yeh Chia Wen

II. Company Profile

2.1 Company Profile

2.1.1 Date of Incorporation:

Jan 1, 2008

2.1.2 Company History

Before spinoff from Unitech Computer Co., Ltd, the「Automatic Data Capture (ADC) Business」is one of Unitech Company’ s business unit.

October 1985	Design and developed barcode readers.
October 1986	Developed A750, a handheld data collector
November 1991	Lunched the 2^{nd} generation of the handheld data collector PW-815
December 1992	Lunched bilingual language of English and Chinese of the handheld data collector PT- 860
November 1994	Unitech America Inc.(UTA) was established in Los Angeles to provide product marketing, customers’ service and built up a product development team.
November 1998	Xiamen Unitech Computer Co., Ltd.(UTC) was established in Xiamen to provide product marketing, customers’ service.
December 1998	Unitech's handheld data collector, Hornet/PT-600 was awarded the Taiwan Excellence Award.
January 1999	Unique Technology Europe B.V. (UTI) was established in Netherlands to provide product marketing, customers’ service in Europe.
January 2000	Unitech's on-line terminal, MR350MK II was awarded the Taiwan Excellence Award.
December 2000	Unitech's rugged handheld computer, PT-900 was awarded both the Taiwan Excellence Award and the Good Design Product Mark.
August 2001	Unitech Japan Co., Ltd (UTJ) was established in Tokyo, Japan to provide product marketing, customers’ service.
April 2002	UTC Shanghai branch was established.
May 2002	Unitech handheld data collector, PT-930-1D was awarded the National Product Image Gold Award at the 10th National Product Image Awards.
November 2002	UTC Beijing branch was established.

October 2003	**UTC Guangzhou branch was established.**
July 2004	**UTA established a branch in Mexico.**
November 2004	**Unitech industrial handheld computer, PA950 which adopts the MS Pocket PC operating system, was awarded the iF Design Award in Germany.**
September 2006	**Unitech PA600 industrial VoIP PDA was awarded the Taiwan Excellence Gold Award at the 14th National Product Image Awards.**
December 2006	**Unitech PA600 industrial VoIP PDA was awarded the iF Design Award in Germany.**
May 2007	**Unitech RFID handheld data collector, RH767 was awarded the Taiwan Excellence Award at the 15th National Product Image Awards.**
June 2007	**Unitech Computer Co., Ltd. decided to separate"Automatic Data Collection Product Business unit " as a new company at the shareholder meeting.**

History of UNITECH ELECTRONICS CO., LTD

January 2008	**Unitech Electronics Co., Ltd. was formally established by spin-off from its parent company, "Unitech Computers Co., Ltd."**
June 2008	**The company joined hands with affiliated enterprises to donate NTD 2.1 million to assist in the "Sichuan China earthquake relief".**
August 2008	**The Product Lifecycle Management System (PLM) was officially launched.**
October 2008	**Unitech was honored with the "Top 10 Brands in China's Automatic Identification Industry"**
December 2008	**Unitech PA600 wireless Radio Frequency Identification (RFID) medical dedicated PDA-style mobile computer won the 17th Taiwan Excellence Award.**
December 2008	**Unitech PA968 industrial-grade fingerprint recognition PDA-style mobile computer won the 17th Taiwan Excellence Award.**
August 2009	**The company's stock was officially listed on TPEx market(stock code:3652) with a paid-in capital of NTD 476,000 thousands.**

November 2009	**The PA550 enterprise-grade rugged mobile computer won the German iF Design Award.**
December 2009	**The PA550 enterprise-grade rugged mobile computer won the 18th Taiwan Excellence Award.**
March 2010	**Unitech's global multilingual website was launched.**
January 2011	**The unitech home security product, the intercom access control machine "MT200", won the 19th Taiwan Excellence Award.**
April 2011	**The company joined hands with affiliated enterprises to donate more than NTD 1.7 million to assist in the "2011 Japan earthquake relief".**
June 2012	**The company got the "CG6007 General Version Corporate Governance System Evaluation Certification" by the Taiwan Corporate Governance Association.**
January 2013	**The company's medical-grade industrial mobile computer PA690MCA won the 21st Taiwan Excellence Award.**
January 2014	**Unitech MT800, the smart control intercom host won the 22nd Taiwan Excellence Award.**
June 2014	**Unitech PA700, the industrial-grade mobile computer won the COMPUTEX d&i Innovation Design Award.**
June 2014	**Unitech MT880, the smart home multifunction terminal won the COMPUTEX BC Award Best Recommendation Award.**
December 2014	**Unitech PA520MCA, the medical-grade industrial mobile computer and smart gateway MT90 won the 23rd Taiwan Excellence Award.**
March 2015	**Unitech PA700MCA, the medical-grade industrial mobile computer won the German iF Design Award.**
June 2015	**Unitech TB120, the industrial-grade mobile tablet computer won the COMPUTEX d&i Innovation Design Award.**
December 2017	**Unitech TB128, the industrial-grade tablet computer won the German National Design Award (German Design Award).**
March 2018	**Unitech HT1, the handheld industrial mobile computer won the 26th Taiwan Excellence Award.**
March 2019	**Unitech PA726 , the industrial-grade mobile computer and wearable barcode scanner MS652 won the 27th Taiwan Excellence Award.**
May 2019	**The company was ranked 28th in the "Computer System Industry category” in the 2018 Taiwan Top 2,000 Survey by**

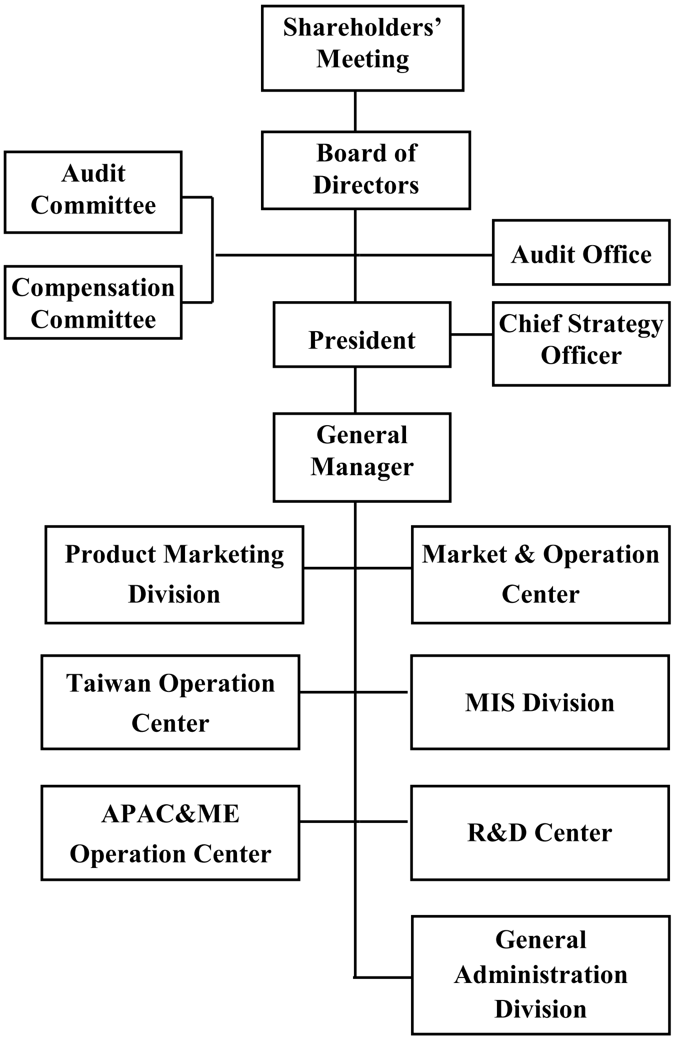
CommonWealth Magazine.

June 2019	**Unitech flagship rugged mobile computer PA760 was awarded the Best Product Recommendation Award at the COMPUTEX BC Award.**
December 2019	**Unitech PA760, the rugged mobile computer was awarded the 28th Taiwan Excellence Award.**
May 2020	**The company ranked 28th in the "Computer Systems Industry category" in the 2019 Taiwan Top 2000 Survey by CommonWealth Magazine.**
May 2021	**The company ranked 27th in the "Computer Systems Industry category" in the 2020 Taiwan Top 2000 Survey by CommonWealth Magazine.**
May 2022	**The company ranked 28th in the "Computer Systems Industry category" in the 2021 Taiwan Top 2000 Survey by CommonWealth Magazine.**
September 2022	**The company's stock was listed and traded on the Taiwan Stock Exchange(TWSE) with a paid-in capital of NTD 750,975 thousands. (stock code: 3652).**

III. Corporate Governance Report

3.1 Organizational System

3.1.1 Organizational Chart



3.1.2 Major Corporate Functions

Department	Functions
Product Marketing Division	Responsible for the management, marketing promotion, and technical services of the company's products
Taiwan Operation Center	Responsible for the sales and related technical support services of the company's products in the Domestic (Taiwan) market
APAC&ME Operation Center	Responsible for the sales and related technical support services of the company's products in the Asia-Pacific market
Market & Operation Center	Responsible for the company's product manufacturing, testing, engineering verification, and quality control

Department	Functions
MIS Division	**Responsible for the planning, design, operation, and maintenance management of the company's various information application software and hardware**
General Administration Division	**Responsible for the financial, accounting, human resources, general affairs, corporate governance, and logistical support management of the company**
R&D Center	**Responsible for the research and development and design of various types of software and hardware products for the company**
Audit Office	**Responsible for the internal control operation audit and reporting of the company.**

3.2 Information on the company's directors, supervisors, general manager, assistant general managers, deputy vice general managers, and the chiefs of all the company's divisions and branch units:

3.2.1 Directors

Director's Information (1)

April 18, 2023；Unit：Shares

Title	Nationality	Name	Gender Age	Date Elected	Term	Date first elected	Shareholding when elected		Current Shareholding		Spouse& Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degree of Kinship			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
President	R.O.C.	COTEK PHARMACEUTICAL INDUSTRY CO., LTD	-	2020.6.23	3 Years	2008.11.12	85,766	0.18%	85,766	0.11%	0	0	0	0	N/A	N/A	N/A	N/A	N/A	N/A
	R.O.C.	Representative: YEH CHIA WEN	Male 61~70	2020.6.23	3 Years	2020.6.23	0	0	0	0	0	0	0	0	Tulane University MBA NCCU Department of Business Administration Department of Resource Engineering from National Cheng Kong University	Chairman of DE JIE INC Director of BIOFITY PHARMACEUTICALS INC. Chairman of SHITEH ORGANIC PHARMACEUTICALCO., LTD Chairman of HI-JET INCORPORATION Chairman of HENG XUAN CO., LTD Chairman of GLOBAL MOBILE INTERNETCO., LTD Chairman of COTEK PHARMACEUTICAL INDUSTRY CO., LTD CSO ofUNITECH ELECTRONICS CO., LTD Chairman of G.M.I TECHONOLOGY INC Chairman of DE TAO INC	Director Director	YEH MING HAN YEH BO CHUN	Father-son Father-daughter	N/A

Title	Nationality	Name	Gender Age	Date Elected	Term	Date first elected	Shareholding when elected		Current Shareholding		Spouse& Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degree of Kinship			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
																Legal Representative Director of ZHU YUEN INDUSTRIAL CO., LTD Director of SmartBee Intelligence Chairman of RAY-ANN MEDICAL SUPPLY CO., LTD GW Electronics Company Limited Director Director of UAV、UEV、UJH、UCV、UAH、UEH、UIH (Legal reresentative of the companies above) Director of UTA、UTI				
Vice President	R.O.C.	UNITECH COMPUTER CO., LTD.	-	2020.6.23	3 Years	2008.10.8	27,386,739	58.15%	30,039,000	40.00%	0	0	0	0	N/A	N/A	N/A	N/A	N/A	N/A
	R.O.C.	Representative: CHEN RONG HUEI	Male 71~80	2020.6.23	3 Years	2008.10.8	218,077	0.46%	76,000	0.10%	187,000	0.25%	0	0	Institute of Communication Engineering National Yang Ming Chiao Tung University Master Degree of Communication Engineering National Yang Ming Chiao Tung University Host of the Ministry of Communication Project in Telecommunications Research General Manager of business group UNITECH COMPUTER CO., LTD	Director of UNITECH COMPUTER CO., LTD Director of UTA、UTI UTJ、Director (Legal representative) of XIAMEN JINGRUI COMPUTERCO., LTD.	N/A	N/A	N/A	N/A
Director	R.O.C.	UNITECH COMPUTER CO., LTD.	-	2020.6.23	3 Years	2008.10.8	27,386,739	58.15%	30,039,000	40.00%	0	0	0	0	N/A	N/A	N/A	N/A	N/A	N/A

Title	Nationality	Name	Gender Age	Date Elected	Term	Date first elected	Shareholding when elected		Current Shareholding		Spouse& Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degree of Kinship			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director	R.O.C.	Representative: YEH KUO CHUAN	Male 71~80	2020.6.23	3 Years	2008.10.8	97,126	0.21%	1,097,126	1.46%	126,709	0.17%	0	0	Department of Electrical Engineering from Da Tong University Master Degree of Business Administration from Da-Yeh University NCCU department of Business Administration Business Engineer of High Tien Co., Ltd	Chairman and Genreal Manager of Unitech Computer Co., Ltd Chairman (Legal Representative) of Jingho Computer Co., Ltd and Jingyong Computer Co., Ltd Director (Legal Representative) of XIAMEN JINGRUI COMPUTERCO., LTDChairman of FortuneJasper Corporation Director of ORLANDO Supervisors of ENGINEERING CO., LTD BCMCo., Ltd	N/A	N/A	N/A	N/A
Director	R.O.C.	UNITECH COMPUTER CO., LTD.	-	2020.6.23	3 Years	2008.10.8	27,386,739	58.15%	30,039,000	40.00%	0	0	0	0	N/A	N/A	N/A	N/A	N/A	N/A
	R.O.C.	Representative: LEE YING SIN	Male 71~80	2020.6.23	3 Years	2008.10.8	405,147	0.86%	405,147	0.54%	36,526	0.05%	0	0	Institute of Communication Engineering National Yang Ming Chiao Tung University Master Degree of Business Management from Oklahoma City University NCCU department of Business Administration Telecommunications bureau engineer	General Manager and Deputy Chairman Unitech Computer Co., Ltd	N/A	N/A	N/A	N/A
Director	R.O.C.	COTEK PHARMACEUTICAL INDUSTRY CO., LTD	-	2020.6.23	3 Years	2008.11.12	85,766	0.18%	85,766	0.11%	0	0	0	0	N/A	N/A	N/A	N/A	N/A	N/A

Title	Nationality	Name	Gender Age	Date Elected	Term	Date first elected	Shareholding when elected		Current Shareholding		Spouse& Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degree of Kinship			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director	R.O.C	Representative: YEH MING HAN	Male 31~40	2020.6.23	3 Years	2016.6.20	234	0.00%	234	0.00%	0	0	0	0	Department of Industrial Design from Da Tong University Business Engineer of G.M.I Tech Inc	Business Specialist of Realtek Semiconductor Corp. Director (Legal Representative) of Unitech Computer Co., Ltd Director (Legal Representative) of PIC/S GMP Chairman of DEJIA CO., LTD Director of HENG XUAN Co., Ltd	Director Director Director	YEH CHIA WEN YEH BO CHUN	Father-son Siblings	N/A
Director	R.O.C.	COTEK PHARMACEUTICAL INDUSTRY CO., LTD	-	2020.6.23	3 Years	2008.11.12	85,766	0.18%	85,766	0.11%	0	0	0	0	N/A	N/A	N/A	N/A	N/A	N/A
	R.O.C	Representative: YEH BO CHUN	Male 31~40	2020.6.23	3 Years	2020.6.23	0	0	0	0	0	0	0	0	Master degree of Science in Advanced Infrastructure Systems from Columbia University Department of Transportation and Communication of National Cheng Kung University Deputy Mnager of Research Department of KGI INC Chief of Staff of G.M.I Tech Co.LTD	Director (Legal Representative), Executive Assistant to CEO, Compensation Manager, and Acting Spokesperson of G.M.I Tech INC Director (Legal Representative) Unitech Computer Co., Ltd Supervisor of PIC/S GMP	Director Director	YEH CHIA WEN YEH MING HAN	Father-daughter siblings	N/A
Independent Director	R.O.C	CHEN CHI JEN (Note 1)	Male 51~60	2020.6.23	3 Years	2008.11.12	0	0	0	0	0	0	0	0	Tamkang University Dept. of Electrical & Computer Engineering Stern School of Business, NYU MBA ioNetworks INC General Manager	Director of ioNetworksINC Chairman of YOUHOLDER CO., LTD	N/A	N/A	N/A	N/A

Title	Nationality	Name	Gender Age	Date Elected	Term	Date first elected	Shareholding when elected		Current Shareholding		Spouse& Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degree of Kinship			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Independent Director	R.O.C	SU LIANG	Male 71~80	2020.6.23	3 Years	2020.6.23	0	0	0	0	0	0	0	0	Master Degree of Information Management from TamKang University Bachelor of Electrical and Control Engineering of National Yang Ming Chiao Tung University NCCU department of Business Administration Vice President of Ritek Tech Chairman of Taiwan Smart City Solutions	Deputy Chairman and General Manager of MiTAC Co., LTD Director of EasyCard Co., LTD Supervisor of EasyCard INC Director of ETC Director of FETC INTERNATIONAL CO., LTD Director of CECI Engineering Consulting Inc. Independent Director of Mao Bao Executive Director of the Industry Information Association Director of MiTAC Holding Corp Director of Mitac Hikari Corp. Director of MITAC(Shanghai) Enterprise CO., Ltd Chairman HO LEE INC Director of Harbinger III Venture Capital Corp Director of Harbinger VI Venture Capital Corp Director of Harbinger VIII Venture Capital Corp Supervisors of LAN JAN YI INC Chairman of General Resource Company Chairman of MITAC INVESTMENT CHINA CO., LTD. Chairman of Aidixun Investment Co., Ltd. Chairman of MITAC INFORMATION HOLDINGS LIMITED Chairman of MITAC INFORMATION TECHNOLOGY (SINGAPORE) PTE. LTD.	N/A	N/A	N/A	N/A

Title	Nationality	Name	Gender Age	Date Elected	Term	Date first elected	Shareholding when elected		Current Shareholding		Spouse& Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degree of Kinship			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Independent Director	R.O.C	CHING, HU-SHIH	Male 71~80	2021.8.26	2 Years	2021.8.26	0	0	0	0	0	0	0	0	Institute of Chemical Engineering from National Tsing Hua University Associates of UPC Group General Manager of Lien Hwa Industrial Corp. Supervisors of MiTAC Holdings Corp Supervisor of Getac Director of Synnex Technology Intl Director of Paolung International Director of MiTAC INC	Director of ioNetworksINC Chairman of YOUHOLDER CO., LTD	N/A	N/A	N/A	N/A
Independent Director	R.O.C	Liu You-Kuo (Note 2)	Male 41~50	2022.6.8	1 Years	2022.6.8	0	0	0	0	0	0	0	0	Advanced Infrastructure Systems from National Yang Ming Chiao Tung University Lecturer of Digital Education Institute Vice Chairman of the Mobile Device Programmer Competency Appraisal Committee of the Ministry of Economic Affairs External Lecturer of Department of Electronic Enginnering from MING CHI UNIVERSITY External Lecturer of department of Special Education from National Dong Hwa University Supervisors of .M.I Tech Inc	Technical Director and Director of SoftArts INC	N/A	N/A	N/A	N/A

Note 1：Resigned on March 9, 2022

Note 2：Elected on June 8, 2022

Chart 1：Major shareholders of the institutional shareholders

April 23, 2023

Name of Institutional Shareholders	Major Shareholders
UNITECH COMPUTER CO., LTD	HI-JET INCORPORATION(26.41%).SHIHTEH ORGANIC PHARMACEUTICAL CO., LTD(4.64%).FU RONG INVESTMENT CO., LTD(4.33%).YEH, KUO-CHUAN(3.42%).LEE, YING-SIN(2.69%).TAOTECH CO., LTD(1.61%).TAIWAN SHIN KONG INTERNATIONAL COMMERCIAL BANK HOLDS IN TRUST THE CUSTODY OF YISHENG CO., LTD (1.55%).CHUO MEE YU(1.33%).JIA YUN INVESTMENT CO., LTD(0.93%).CHEN, RONG-HUEI(0.78%)
COTEK PHARMACEUTICAL INDUSTRY CO., LTD	DE TAO INVESTMENT CO., LTD (20.00%) .HENG XUAN INVESTMENT CO., LTD (26.67%) .HENG HUEI GLOBAL INVESTMENT CO., LTD(26.67%).YI HONG INVESTMENT CO., LTD (26.67%)

Chart 2：Chart 1 of Major shareholders of the Company’s major institutional shareholders

April 23, 2023

Name of Institutional Shareholders	Major Shareholders
HI-JET INCORPORATION	YEH JIA WEN(0.02%).YEH, MING-HAN(12.45%).YEH, BO-CHUN(14.44%).DE JIA INVESTMENT CO., LTD (73.09%)
SHIHTEH ORGANIC PHARMACEUTICAL CO., LTD	TAOTECH CO., LTD (9.95%) .HI-JET INCORPORATION (89.90%)
FU RONG INVESTMENT CO., LTD	YEH KUO-CHUAN(72.76%).ZHANG MEE YUN(27.24%)
TAOTECH CO., LTD	LE HUEI GLOBAL INVESTMENT CO., LTD (50%) .SHENG HUEI PROPERTY AGENCY LTD.(50%)
JIA YUN INVESTMENT CO., LTD	YEH WEI TING (99.99%)
DE TAO INVESTMENT CO., LTD	HENG XUAN INVESTMENT CO., LTD (33.33%) .HENG HUEI GLOBAL INVESTMENT CO., LTD (33.33%).YI HONG INVESTMENT CO., LTD (33.33%)
HENG XUAN INVESTMENT CO., LTD	LEICESTER INTERNATIONAL CORPORATION LIMITED, BRITISH VIRGIN ISLANDS (81.20%)
HENG HUEI GLOBAL INVESTMENT CO., LTD	LEICESTER INTERNATIONAL CORPORATION LIMITED, BRITISH VIRGIN ISLANDS (78.39%)
YI HONG INVESTMENT CO., LTD	YE NAN HONG (15.99%). LI CUEI LIAN (8.58%). PERFECTECH INT'L LTD., A BUSINESS BASED ON MAURITIUS. (75.43%)

Director's Information (2)

1.Professional qualifications and independence analysis of directors and supervisors:

Criteria / Name	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
President YEH CHIA WEN	1.Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company. 2.The Chairman and Chief Strategy Officer of the Company, Chairman of De Jie Investments Co., Ltd., Chairman of BIOFITY PHARMARCEUTICALS INC, Chairman of SHIHTEH Organic Pharmaceuticals Co., Ltd., Chairman of HI-JET INCORPORATION ,Chairman of HENGXUAN Co., Ltd., Chairman of GLOBAL MOBILE INTERNET Co., Ltd., Chairman of COTEK PHARMACEUTICALS Industry Co., Ltd., Chairman of Unitech Electronics Co., Ltd., Director of Detao Venture Capital Co., Ltd., Director of ZHU YUEN Industrial Co., Ltd., Chairman of G.M.I Tech Co., Ltd., Director of GW	Not Applicable	0
	Electronics Company Limited, Director of SmartBee Technology Co., Ltd., and Chairman of RUI YIN Biomedical & Medical Equipment Co., Ltd. 3.Not been a person of any conditions defined in Article 30 of the Company Law.		

Vice Chairman CHEN RONG HUEI	**1.Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company. 2. Currently serving as Vice Chairman of the Company and Director of Unitech Technology 3. Not been a person of any conditions defined in Article 30 of the Company Law.**	**Not Applicable**	**0**
Director YEH KUO CHUAN	**1.Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company. 2.Director and General Manager of UNITECH COMPUTER CO., LTD, Director of JINGHO COMPUTER CO., LTD, Director of JINGYONG COMPUTER CO., LTD 3. Not been a person of any conditions defined in Article 30 of the Company Law.**	**Not Applicable**	**0**
Director LEE YING SIN	**1.Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company. 2.Deputy General Manager and Vice Chairman of UNITECH COMPUTER CO., LTD 3. Not been a person of any conditions defined in Article 30 of the Company Law.**	**Not Applicable**	**0**
Director YEH MING HAN	**1.Possess work experience in business and company operations that is required for the job. 2.Director of Unitech Computer Co., Ltd. Chairman DE JIA Investment Co., Ltd, Director of COTEK PHARMACEUTICALS Industry Co., Ltd., Director of HENG XUAN Co., Ltd. 3. Not been a person of any conditions defined in Article 30 of the Company Law.**	**Not Applicable**	**0**

Director YEH BO CHUN	**1.Possess work experience in business and company operations that is required for the job. 2.Director of G.M.I Tech. INC, Director of Unitech Computer Co., Ltd, Supervisors of SHIHTEH CO., LTD 3. Not been a person of any conditions defined in Article 30 of the Company Law.**	**Not Applicable**	**0**
Independent Director SU LIANG	**1.Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company. 2. Chairman and General Director MiTAC Information Technology Co., Ltd., Vice Chairman and General Manager MiTAC Information Tech Co., Ltd, Director of EasyCard Co., Ltd, Supervisors of EasyCard Investment Co., Ltd, Director of MiTAC Investment Co., Ltd, Director of FETC INTERNATIONAL CO., LTD, Director CECI Engineering Consultants, INC., Independent Director Mao Bao INC, Managing DirectorAssociation for the Advancement of Information Industry, Director of MiTAC Holdings Corp., Director of MiTAC Hikari Corporation, Director SHEN TON(Shanghai) Business Management Co., Ltd, Chairman Ho Lee Investment Co.,**	**Independence Criteria as follows: 1.Neither the individual, spouse, nor relatives within the second degree of kinship have served as a director, supervisor, or employee of the Company or any related enterprise. 2.The individual, spouse, or relatives within the second degree of kinship (or by another person's name) do not hold any shares in the Company. 3.The individual has not served as a director, supervisor, or employee of any specific related company of the Company (referring to the provisions of Article 3, Paragraph 1, Subparagraphs 5 to 8 of the Regulations Governing the Appointment of Independent Directors of Public Companies).**	**1**
	Ltd, Director Harbinger Venture Capital, Director Harbinger VI Venture Capital Corp., Superivosrs of LIAN JIE 2 Investment Corp.. Chairman General Resources Company 3. Not been a person of any conditions defined in Article 30 of the Company Law.	**4.The individual has not received any remuneration for providing the Company or any related enterprise with business, legal, financial, accounting, or other services in the past two years.**	

Independent Director CHING, HU-SHIH	1.Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company. 2. Chairman of China Grain Product Research& Development Institute, Chairman of Yi Feng Investment Co., Ltd, Director of Yi Yuen Investments Co., Ltd, Associates of UPC Technology Corporation, General Manager of Lien Hwa Industrial Holdings Corp, Supervisors of MiTAC Holdings Corp., Supervisors of Getac Holdings Corp, Director of Synnex Tech International Corp, Director of Baolong International Corp., Director of SHEN TONG Holdings Corp. 3. Not been a person of any conditions defined in Article 30 of the Company Law.	Independence Criteria as follows: 1.Neither the individual, spouse, nor relatives within the second degree of kinship have served as a director, supervisor, or employee of the Company or any related enterprise 2.The following are the shareholdings of the shareholders, spouse, and relatives within the second degree of kinship (or those who hold shares in their names) in the company: Shareholder: 3,779 shares/0.01% Spouse: No shares held Relatives within the second degree of kinship: No Shares held 3.The individual has not served as a director, supervisor, or employee of any specific related company of the Company (referring to the provisions of Article 3, Paragraph 1, Subparagraphs 5 to 8 of the Regulations Governing the Appointment of Independent Directors of Public Companies). 4.The individual has not received any remuneration for providing the Company or any related enterprise with business, legal, financial, accounting, or other services in the past two years.	0

Independent Director Liu You-Kuo (Note 2)	**1.Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company. 2.Director, Techinical Director of SoftArts Inc., Once served as the Supervisors of G.M.I Tech Inc. 3. Not been a person of any conditions defined in Article 30 of the Company Law.**	**Independence Criteria as follows: 1.Neither the individual, spouse, nor relatives within the second degree of kinship have served as a director, supervisor, or employee of the Company or any related enterprise. 2.The individual, spouse, or relatives within the second degree of kinship (or by another person's name) do not hold any shares in the Company. 3.The individual has not served as a director, supervisor, or employee of any specific related company of the Company (referring to the provisions of Article 3, Paragraph 1, Subparagraphs 5 to 8 of the Regulations Governing the Appointment of Independent Directors of Public Companies). 4.The individual has not received any remuneration for providing the Company or any related enterprise with business, legal, financial, accounting, or other services in the past two years.**	**0**

Note 1：Resigned on March 9, 2022
Note 2：Incumbent on June 8, 2022

2. Diversification and Independence of the Board of Directors:

(1) Diversification of the Board of Directors

The company places great importance on the diversity of the composition of the board of directors. In order to strengthen corporate governance and promote the sound development of the composition and structure of the board of directors, the "Corporate Governance Practices Guidelines" of the company stipulate that the overall abilities that directors should possess are as follows:

A. Able to make operational judgments professionally.
B. Ability in accounting and financial analysis.
C. The ability to operate the management.
D. Crisis management.
E. Industrial knowledge.
F. Global market outlook.
G. Leadership
H. Decision-making ability.

The directors have professional backgrounds covering industries, law, finance, management, and other areas of expertise to implement a diversified composition of the board. The members of our board of directors each possess industry expertise as well as professional skills in finance and accounting, marketing, research and development, technology, and business management. For their academic and professional backgrounds, please refer to pages 8-11 of our annual report under the section for board member information.

Our company places great emphasis on the diversity of our board of directors, which is essential for strengthening corporate governance and promoting sound development in the composition and structure of the board. Our "Corporate Governance Best Practice Guidelines" clearly outline the capabilities that our directors should possess.
The company values the composition of the board of directors, with the target of having 3 independent directors accounts to 33%, 1 female director accounts to 11%, and 3 directors with accounting or financial expertise sums to 33%. Currently, the composition of the board of directors consists of 1 female director (11%), 3 independent directors (33%), 9 directors with accounting or financial expertise (100%), and 2 directors who are also employees of the parent company (22%).

Age Distribution of the Board of directors:

31-40 years old：2 directors

41~50 years old：1 directors

61~70 years old：1 directors

71~80 years old：5 directors

(2) Independence of the Directors:

A. The current Board of Directors of the Company has a total of nine members, including three independent directors, with an independence ratio of 33%.

B. The independent directors all comply with the regulations for independent directors of the Securities and Futures Bureau of the Financial Supervisory Commission, and there are no circumstances specified in Subparagraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act.

3.2.2 Information of General Manager, Vice General Manager, Associates, Departments and Branches Officers.

April 18, 2022 Unit：shares；%

Position	Nationality	Name	Gender	Date first elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remark
					Shares	%	Shares	%	Shares	%			Position	Name	Relationship	
General Manager / Company's General Manager	R.O.C	HSU CHIH TA	Male	2008.10.8	0	0	4,114	0.01%	0	0	Department of Electrical Engineering of FuJen University NCCU Department of Business Administration Deputy General Manager of Unitech Computer Co., Ltd	General Manager (Legal Representative) Jing Rui Computer (Xiamen) Co., Ltd	None	None	None	None
Senior Vice General Manager	R.O.C	CHEN MENG YU	Female	2016.1.1	0	0	0	0	0	0	Sociology of NTU EMBA of NTU Deputy General Manager of HannStar Market Development Manager of HP Taiwan	None	None	None	None	None
Vice General Manager	R.O.C	LU KUANG HUNG	Male	2008.10.8	0	0	0	0	0	0	Master of Business Management in Tulane University Assistant Engineer of TECO Electric & Machinery Co., Ltd Associates of Unitech Computer Co., Ltd	None	None	None	None	None
Associates	R.O.C	LIN YU YANG	Male	2013.1.21	53,998	0.07%	0	0	0	0	Senior Consultant of ABeam Consulting Senior Consultant of Deloitte Taiwan Master of the Management of Mangers in NCCU	Associates of Unitech Computer Co., Ltd	None	None	None	None
Associates	R.O.C	TSAO KUO CHENG	Male	2013.3.20	12,305	0.02%	0	0	0	0	Institute of Management in FuJen University Manager of Unitech Computer Co., Ltd	None	None	None	None	None

Associates	R.O.C	CHOU SHENG YANG	Male	2017.3.1	51,397	0.07%	0	0	0	0	EMBA of NTU of Technology Department of Electronic Engineering of Chung Yuan Christian University Manager of Unitech Computer Co., Ltd	None	None	None	None	None
Associates	R.O.C	LI MING HSUEH	Male	2018.3.9	15,135	0.02%	0	0	0	0	Institute of Information Management of DaTong University Department of Business Management of NTU of Technology Manager of Unitech Computer Co., Ltd	None	None	None	None	None
Associates	R.O.C	YEH CHIH HAO	Male	2020.2.5	850,000	1.13%	0	0	0	0	NCCU Master of Department of Business Administration Department of electrical engineering of National Taiwan Ocean University	None	None	None	None	None
Associates	R.O.C	LIU CHIA YI	Male	2020.3.5	20,000	0.03%	0	0	0	0	College of Manager of National Chung-Hsing University Senior Manager Level of Financial Finance Department of Electrical Engineering of Southern Taiwan University	None	None	None	None	None
R&D Division Director	R.O.C	HSU YUAN YING	Female	2021.5.6	43,000	0.06%	0	0	0	0	PhD of Computer Science and Engineering Telcordia Technologies of National Yang Ming Chiao Tung University Senior Scientist	None	None	None	None	None
Finance and Accounts Supervisor	R.O.C	CHANG CHIA LIN	Female	2017.5.12	0	0	0	0	0	0	Department of Accounting of Feng Chia University Assistant Manager of Ernst & Young of Auditing Service	None	None	None	None	None

Finance and Accounts Supervisor (Note 1)	R.O.C	YU HSING CHU	Male	2017.8.10	0	0	0	0	0	0	Graduate Institute of East Asian Studies, NCCU Department of Econmic of NCCU Commisioner of Hulane Associates Inc. Manager of Finance Department of Topco Scientific CO., LTD	None	None	None	None	None

Note 1：Resigned on November 11, 2022

3.3 Remuneration paid during the most recent fiscal year to to Directors , the General Manager, and Vice General Managers

3.3.1 Remuneration to Ordinary Directors and Independent Directors (Individual Disclosure of Names and Remuneration Items)

Unit: NT$ thousands

Job Title	Name	Remuneration to directors								Sum of A+B+C+D and ratio to net income (%)		Remuneration received by directors for concurrent service as an employee								Sum of A+B+C+D+E+F+G and ratio to net income (%)		Remuneration received from investee enterprises other than subsidiaries or from the parent company
		Base Compensation (A)		Retirement pays and pension (B)		Director profit-sharing compensation (C)		Expenses and perquisites (D)				Salary, rewards, and special disbursements (E)		Retirement pays and pension (F)		Employee profit-sharing compensation (G)						
																The Company		All consildated entities				
		The Company	All consildated entities	The Company	All consildated entities	The Company	All consildated entities	The Company	All consildated entities	The Company	All consildated entities	The Company	All consildated entities	The Company	All consildated entities	Amount In cash	Amount in stock	Amount In cash	Amount in stock	The Company	All consildated entities	
Director	COTEK PHARMACEUTICAL INDUSTRY CO., LTD Representative: YEH CHIA WEN UNITECH COMPUTER CO., LTD. Representative: YEH KUO CHUAN UNITECH COMPUTER CO., LTD. Representative: LEE YING SIN UNITECH COMPUTER CO., LTD. Representative: CHEN RONG HUEI	6,337	6,337	0	0	1,625	1,625	225	225	8,187 8.96%	8,187 8.96%	600	600	108	108	0	0	0	0	8,895 9.74%	8,895 9.74%	18,758

	COTEK PHARMACEUTICAL INDUSTRY CO., LTD. Representative: YEH MING HAN																					
	COTEK PHARMACEUTICAL INDUSTRY CO., LTD. Representative: YEH BO CHUN																					
Independent directors	**CHEN CHI JEN(Note 1)**	**675**	**675**	**0**	**0**	**746**	**746**	**235**	**235**	**1,656 1.81%**	**1,656 1.81%**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**1,656 1.81%**	**1,656 1.81%**	**None**
	SU LIANG																					
	CHING, HU-SHIH																					
	LIU YOU-KUO																					

1. Please describe the policy, system, standards and structure in place for paying remuneration to directors and describe the relationship of factors such as the duties and risks underta and time invested by the directors to the amount of remuneration paid.

2. In addition to what is disclosed in the above table, please specify the amount of remuneration received by directors in the most recent fiscal year for providing services (e.g., for servin a non-employee consultant to the parent company /any consolidated entities / invested enterprises): None

Remuneration Range Table

<table>
<tr><th rowspan="3">Ranges of remuneration paid to each of the Company's directors</th><th colspan="4">Names of Directors</th></tr>
<tr><th colspan="2">Sum of (A+B+C+D)</th><th colspan="2">Sum of (A+B+C+D+E+F+G)</th></tr>
<tr><th>The Company</th><th>All consolidated entities H</th><th>The Company</th><th>All consolidated entities I</th></tr>
<tr><td>Less than NT$1,000,000</td><td colspan="2">UNITECH COMPUTER CO., LTD. Representative: YEH KUO CHUAN, UNITECH COMPUTER CO., LTD. Representative: LEE YING SIN, UNITECH COMPUTER CO., LTD. Representative: CHEN RONG HUEI, COTEK PHARMACEUTICAL INDUSTRY CO., LTD Representative: YEH MING HAN, COTEK PHARMACEUTICAL INDUSTRY CO., LTD. Representative: YEH BO CHUN, CHEN CHI JEN, SU LIANG, CHING, HU-SHIH, LIU YOU-KUO</td><td colspan="2">UNITECH COMPUTER CO., LTD. Representative: YEH KUO CHUAN, UNITECH COMPUTER CO., LTD. Representative: LEE YING SIN, COTEK PHARMACEUTICAL INDUSTRY CO., LTD Representative: YEH MING HAN, COTEK PHARMACEUTICAL INDUSTRY CO., LTD . Representative: YEH BO CHUN, CHEN CHI JEN, SU LIANG, CHING, HU-SHIH, LIU YOU-KUO</td></tr>
<tr><td>NT$1,000,000 (incl.)~NT$2,000,000 (excl.)</td><td>0</td><td>0</td><td colspan="2">UNITECH COMPUTER CO., LTD. Representative: CHEN RONG HUEI</td></tr>
<tr><td>NT$2,000,000 (incl.)~NT$3,500,000 (excl.)</td><td>0</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td>NT$3,500,000 (incl.)~NT$5,000,000 (excl.)</td><td colspan="2">COTEK PHARMACEUTICAL INDUSTRY CO., LTD Representative: YEH CHIA WEN</td><td colspan="2">COTEK PHARMACEUTICAL INDUSTRY CO., LTD Representative: YEH CHIA WEN</td></tr>
<tr><td>NT$5,000,000 (incl.)~NT$10,000,000 (excl.)</td><td>0</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td>NT$10,000,000 (incl.)~NT$15,000,000 (excl.)</td><td>0</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td>NT$15,000,000 (incl.)~NT$30,000,000 (excl.)</td><td>0</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td>NT$30,000,000 (incl.)~NT$50,000,000 (excl.)</td><td>0</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td>NT$50,000,000 (incl.)~NT$100,000,000 (excl.)</td><td>0</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td>NT$100,000,000 or above</td><td>0</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td>Total</td><td>10</td><td>10</td><td>10</td><td>10</td></tr>
</table>

Note 1：Resigned on March 9, 2022

3.3.2 Remuneration to General Manager and Vice General Managers (Individual Disclosure of Names and Remuneration Items)

Unit: NT$ thousands

Job title	Name	Base compensation(A)		Profit-sharing compensation (B)		Expenses and perquisites (C)		Remuneration Amount for employee (D)				Sum of A+B+C+D and ratio to net income（%）		Remuneration received from investee enterprises other than subsidiaries or from the parent company
								The company		All consolidated entities				
		The company	All consolidated entities	The company	All consolidated entities	The company	All consolidated entities	Cash Bonus	Share bonue	Cash Bonus	Share bonue	The company	All consolidated entities	
General Manager	HSU CHIH TA	9,801	9,801	432	432	1,138	1,138	618	0	618	0	11,989 13.13%	11,989 13.13%	None
Chief Strategy Officer	YEH CHIA WEN													
Senior vice General Manager	CHEN MENG YU													
Vice General Manager	LU KUANG HUNG													
Director of R&D Department	HSU YUAN YING													

Remuneration Range Table

Ranges of remuneration paid to each of the Company's supervisors	Names of Supervisors	
	The Company	All consolidated entities E
Less than NT$1,000,000	0	0
NT$1,000,000 (incl.)~NT$2,000,000 (excl.)	0	0
NT$2,000,000 (incl.)~NT$3,500,000 (excl.)	CHEN MENG YU LU KUANG HUNG HSU YUAN YING	CHEN MENG YU LU KUANG HUNG HSU YUAN YING
NT$3,500,000 (incl.)~NT$5,000,000 (excl.)	HSU CHIH TA	HSU CHIH TA
NT$5,000,000 (incl.)~NT$10,000,000 (excl.)	0	0
NT$10,000,000 (incl.)~NT$15,000,000 (excl.)	0	0
NT$15,000,000 (incl.)~NT$30,000,000 (excl.)	0	0
NT$30,000,000 (incl.)~NT$50,000,000 (excl.)	0	0
NT$50,000,000 (incl.)~NT$100,000,000 (excl.)	0	0
NT$100,000,000 or above	0	0
Total	4	4

3.3.3 Name of the General Manager that distributes the bonuses of the employees :

March 18, 2022 Unit: NT$ thousands

Title	Job Title	Name	Amount of Stock	Amount of Cash	Total	Proportion of total amount to net profit after tax (%)
Manager	General Manager	HSU CHIH TA	0 (Note 1)	797	797	0.87%
	Chief Strategy Officer	YEH CHIA WEN				
	Senior Vice General Manager	CHEN MENG YU				
	Vice General Manager	LU KUANG HUNG				
	Associates	LIN YU YANG				
	Associates	TSAO KUO CHENG				
	Associates	CHOU SHENG YANG				
	Associates	LI MING HSUEH				
	Associates	YEH CHIH HAO				
	Associates	LIU CHIA YI				
	Director of R&D Department	HSU YUAN YING				
	Director of Finance and Accounting Department	CHANG CHIA LIN				
	Director of Finance Department(Note 2)	YU HSING CHU				

Note 1: The proposed distribution of earnings for the most recent year is to fully distribute cash bonuses to employees, and no stock dividends will be issued to employees.

Note 2: Resigned on November 11, 2022

3.3.4 Comparison and analysis should be provided to explain the total amount of remuneration paid to the directors, supervisors, general managers, and deputy general managers of the Company and its consolidated subsidiaries in the past two years as a percentage of the individual or separate financial reports' after-tax net income. The analysis should also include an explanation of the policies, standards, and composition of remuneration, the procedures for determining remuneration, and the relationship between remuneration and the Company's operating performance and future risks:

1. **Analysis of the total remuneration and net profit after tax ratio paid to the directors, supervisors, general manager and deputy general manager of the company and its consolidated subsidiaries in the past two fiscal years.**

Job Title	Total amount of remuneration for 2021 as a percentage of post-tax net income		Total amount of remuneration for 2022 as a percentage of post-tax net income	
	The Company	Consolidated Company	The Company	Consolidated Company
Director	22.52%	22.52%	11.55%	11.55%
General Manager and Vice General Manager	20.72%	20.72%	13.13%	13.13%

2. **The policy, standards, and composition of remuneration, the procedure for setting remuneration, and the relationship between business performance and future risks with regard to remuneration paid by the Company are as follows:**
   The remuneration paid to directors of the Company includes attendance transportation fees, which are given based on the actual transportation expenses incurred by the attending director. The remuneration for directors' compensation from profit distribution is determined according to the Company's articles of incorporation and is highly correlated with the Company's operating performance as approved by the shareholders' meeting. The Chairman and independent directors receive a reasonable fixed amount of compensation each month.
   The remuneration paid to the general manager and deputy general managers of the Company includes three categories: fixed monthly salary, performance bonus, and employee compensation. Salaries are determined based on the human resources market salary survey report obtained by the Company, taking into account the salary level of the position in the peer market, and considering the scope of responsibilities within the Company for the position. The performance bonus and employee compensation are both related to the Company's operating performance and are paid at a fixed ratio of the Company's profits for that year.

3.4 Implementation of Corporate Governance

3.4.1 The State of Operations of the Board of Directors

In 2022, the board of directors held 7 meetings(A), the attendance is shown below:

Job Title	Name	Attendance in person [B]	By proxy	Actual Attendance (%) [B/A]	Remarks
President	COTEK PHARMACEUTICAL INDUSTRY CO., LTD YEH CHIA WEN	7	0	100%	
Director	UNITECH COMPUTER CO., LTD. CHEN RONG HUEI	7	0	100%	
Director	UNITECH COMPUTER CO., LTD. YEH KUO CHUAN	7	0	100%	
Director	UNITECH COMPUTER CO., LTD. LEE YING SIN	7	0	100%	
Director	COTEK PHARMACEUTICAL INDUSTRY CO., LTD YEH MING HAN	6	1	85.71%	
Director	COTEK PHARMACEUTICAL INDUSTRY CO., LTD .YEH BO CHUN	7	0	100%	
Independent Director	CHEN CHI JEN	1	0	100%	Resigned at March 9,2022
Independent Director	SU LIANG	7	0	100%	
Independent Director	CHING, HU-SHIH	7	0	100%	
Independent Director	LIU YOU-KUO	4	0	100%	Elected at June 8, 2022

Other matters to be recorded：

1.In accordance with Article 14-3 of the Securities and Exchange Act, any resolutions passed by the Board of Directors that fall under the scope of Article 14-3 or any other matters where independent directors have expressed opposition or reservation and such opinions are recorded or provided in writing, shall be disclosed with the date, period, content of the proposal, all independent directors' opinions, and the company's handling of such opinions：

Board Date	Period	Proposal Content	All Independent Directors Opinion	Handling the opinion of the Independent Directors
January 18, 2022	12th meeting of 5th term	2022 Operational Plan of the Company.	Independent Director SU LIANG: Based on last year's government subsidies related to the overseas pandemic, the company's projected profits and losses for this year should be carefully considered. It is important to define the scope and direction of investment in platform software development and integrate it with the company's hardware. Utilizing AI to assist customers in their digital transformation should also be considered. Independent Director CHING HU-SHIH: The projected revenue and expenses for the year 2022 show an increase. As overseas revenue accounts for a significant portion, the impact of exchange rates on profit and loss should be carefully monitored.	The President and General Manager both provided explanations and revealed the company's long-term research and development vision, among other things.
March 18, 2022	13th meeting of 5th term	The proposed performance bonuses for the company's management team in 2021,	Complementary of Independent Director SU LIANG: Considering that the company's average salary is at the market level, hence, it's recommended to	Upon the consultation, all directors agreed and passed without objection.

Board Date	Period	Proposal Content	All Independent Directors Opinion	Handling the opinion of the Independent Directors
		as well as the proposed salary adjustments for the year, 2022.	distribute more performance bonuses this year if they perform well.	
May 5, 2022	14th meeting of 5th term	The company reinvest to company Unitech America Inc. Access to the Non-current Asset.	Independent Director SU LIANG: Supplementary description of the opinions agreed by the audit committee members.	The President instructed the management department to understand the market price of the subject property and similar properties in the local area.
August 3, 2022	17th meeting of 5th term	The audited consolidated financial report for the second quarter of 2022 by the company's accountant	Independent Director SU LIANG: The selling and transfer price to subsidiaries must be reasonable.	The management department: All will be in routine and reasonable arrangements.
November 3, 2022	18th meeting of 5th term	Proposal for the general policies for non-assurance services to be agreed upon in advance by Ernst & Young and its affiliated companies.	Independent Director SU LIANG: This case is the financial statement signing auditor firm, positively listing its ability to provide other service items to our company, in advance through the relevant norms passed by the Audit Committee/this Board of Directors. Service items. Independent Director CHING HU-SHIH: The attached document also includes negative listings that the auditing firm cannot provide services to the company under any circumstances.	Upon the consultation, all directors agreed and passed without objection.

2.The implementation status of directors' abstention from related-party transactions shall be disclosed, including the name of the director, the content of the agenda, the reason for abstention from benefiting, and the voting status of the director:

Director Name	Board Date	Content of the agenda	The reason for abstention from benefiting	Voting status of the director
YEH CHIA WEN	January 18, 2022	Appointment of Chief Strategy Officer in the our company	The self-interest related to the President .	Abstention from discussion and voting was observed, and Independent Director Su Liang acted as a proxy to consult with the other attending directors, and it was unanimously approved without objection.
CHING HU-SHIH LIU YOU-KUO	June 8, 2022	Appointment and retrospective appointment of members of the Compensation Committee of our company.	The self-interest related to the Independent Director CHING HU-SHIH and LIU YOU-KUO.	Abstention from discussion and voting was observed, and Independent Director Su Liang acted as a proxy to consult with the other attending directors, and it was unanimously approved without objection.
YEH CHIA WEN	August 3, 2022	Resolution on Disbursement of Employee Compensation for Year 2021.	The self-interest related to the President and the Chief Strategy Officer .	Abstention from discussion and voting was observed, and Independent Director Su Liang acted as a

Director Name	Board Date	Content of the agenda	The reason for abstention from benefiting	Voting status of the director
				proxy to consult with the other attending directors, and it was unanimously approved without objection.
YEH CHIA WEN	November 3, 2022	Proposal for the Distribution of Performance Bonus for the President of the Board of Directors in Recognition of Achievement of Goals	The self-interest related to the President .	Abstention from discussion and voting was observed, and Independent Director Su Liang acted as a proxy to consult with the other attending directors, and it was unanimously approved without objection.
YEH CHIA WEN	111.11.03	The salary adjustment proposal for our company's President and General Manager.	The self-interest related to the President.	Abstention from discussion and voting was observed, and Independent Director Su Liang acted as a proxy to consult with the other attending directors, and it was unanimously approved without objection. It was followed

Director Name	Board Date	Content of the agenda	The reason for abstention from benefiting	Voting status of the director
				according to the proposal of the Remuneration Committee.

3.Implementation status of the board of directors' evaluation:

Evaluation Week	Evaluation Period	Evaluation Scope	Evaluation Method	Evaluation content
Once every year	January 1, 2022~ December 31, 2022	Board of Director	Member self-evaluation	A. Level of participation in the company operations. B. Improving the quality of the board of directors' decisions. C. Composition and structure of the board of directors. D. Appointment and continuous education of directors. E. Internal control.
Once every year	January 1, 2022~ December 31, 2022	Individual Director	Member self-evaluation	A. Understanding the company's goals and mission. B. Aware of the director's responsibilities. C. The level of participation in company operations. D. Internal relationship management and communication. E. Professionalism and continuous education of directors. F. Internal Control.
Once every year	January 1, 2022~ December 31, 2022	Functional Committee	Member self-evaluation	A. Level of participation in the company operations B. Improving the quality of the board of directors' decisions C. Composition and structure of the board of directors

Evaluation Week	Evaluation Period	Evaluation Scope	Evaluation Method	Evaluation content
				D. Appointment and continuous education of directors. E. Internal control.

(1) Pursuant to the "Board of Directors' Performance Evaluation Operating Procedures" of this Company, the Board of Directors conducted a self-assessment and the evaluation was carried out by the General Manager's Office. The results were reported to the 20th Board of Directors meeting held on March 22, 2023.

(2) The performance evaluation results of the Board of Directors and directors of this Company for the year 2022 were between 4 (excellent) and 5 (outstanding) in all aspects, demonstrating the overall effectiveness of the Board of Directors and directors in good corporate governance.

(3) The performance evaluation results of the compensation committees of this Company for the year 2022 were between 4 (excellent) and 5 (outstanding) in all aspects, demonstrating the overall effectiveness of the compensation committee in good corporate governance.

(4) The performance evaluation results of the audit committees of this Company for the year 2022 were between 4 (excellent) and 5 (outstanding) in all aspects, demonstrating the overall effectiveness of the audit committee in good corporate governance.

4.Evaluation of the goals and execution of strengthening the functions of the board of directors in recent years (such as the establishment of the audit committee, enhancing information transparency, etc.):

(1) The Company has established communication channels between the independent directors and the certified public accountants, with meetings held prior to the issuance of financial reports, and the certified public accountants provide the independent directors with the results of their audits, differences between the unaudited and audited financial statements, as well as the latest legal and tax information and their impact on the Company's operations, for reference. Two meetings were held in 2022 and 2023 up until the date of the annual report's publication.

(2) The Company's management reports to the Board of Directors at every meeting on the progress of the implementation of the previous meeting's resolutions and the current operating status, to facilitate the Board of Directors in fully understanding the progress of implementation and the fulfillment of management decisions. Ten meetings were held in 2022 and 2023 up until the date of the annual report's publication.

(3) The Board of Directors revised the Company's relevant regulations in response to the Company's actual operational needs in 2022, including the "Internal Control System", "Internal Audit System", "Articles of Incorporation", "Shareholders' Meeting Rules of Procedure", "Acquisition or Disposal of Assets Procedures" ,"Board of Directors Meeting

Rules of Procedure", "Sustainability Best Practice Guidelines","Internal Major Information Processing Procedures","Accounting System" and "Corporate Governance Best Practice Guidelines" to achieve compliance with legal requirements.

3.4.2 The State of Operations of the Audit Committee：

Following the fifth board of director election (June 23, 2020), our company established the first Audit Committee to replace the supervisor system. The members of the committee are three independent directors, and one of them is elected as the convener and chairman of the meetings. The term of the committee is from June 23, 2020, to June 22, 2023, and the operation follows the "Audit Committee Organization Regulations" of our company."

The Audit Committee held 6 meetings during the year (A), the attendance of independent directors is as follows:

Title	Name	Attendance in person(B)	By proxy	Actual Attendance (B/A) (%)	Remarks
Independent Director	CHEN CHI JEN	1	0	100%	The convener of the meetings resigned at March 9, 2022
Independent Director	SU LIANG	6	0	100%	Elected as the convener of the meeting at March 18,2022
Independent Director	CHING HU-SHIH	6	0	100%	
Independent Director	LIU YOU-KUO	3	0	100%	Elected at June 8, 2022

Other matters to be recorded:

1. If any of the following circumstances occur in the operation of the Audit Committee, the date of the board of directors, the term, the content of the agenda, the decision of the Audit Committee, and the company's handling of the Audit Committee's opinions shall be described:

(1) Matters listed in Article 14-5 of the Securities Exchange Act ：

Date of meeting	Meeting Content	Independent Director's obejections	Meeting's Result	Handling of the audits committee's opinion
January 18, 2022 9th term of the 1st meeting	1.Resolved to extend the endorsement guarantee of Unitech America Inc. by the Company.	The independent director has no objections	All attending committee members unanimously agreed and the decision will be submitted to the board of directors for	The Board of Directors has passed the proposal without objection based on the recommendation of the Audit Committee.

			approval.	
March 18, 2022 10th term of the 1st meeting	**1.The resolution to approve the operating report, individual financial statements, and consolidated financial statements of the Company for the year 2021. 2.The resolution to approve the "Evaluation of the Effectiveness of the Company's Internal Control System" and the "Statement of the Company's Internal Control System" for the year 2021 3.The resolution to approve the profit distribution plan for the year 2021 of the Company. 4.The resolution to amend certain articles of the "Regulations Governing the Acquisition or Disposal of Assets" of the Company 5.The resolution to approve the change and appointment of the audit firm and the remuneration proposal for the audit firm of the Company.**	**The independent director has no objections。**	**All attending committee members unanimously agreed and the decision will be submitted to the board of directors for approval.**	**The Board of Directors has passed the proposal without objection based on the recommendation of the Audit Committee.**
June 8, 2022 12th term of the 1st meeting	**1.Resolved that the company applies for stock transfer to the stock exchange. 2.Resolved that the**	**The independent director has no objections。**	**All attending committee members unanimously agreed and**	**The Board of Directors has passed the proposal without**

	company prepares "Assessment of the Effectiveness of Internal Control System" and "Internal Control System Statement" during the period of special review for listing. 3.Resolved that the company prepares abbreviated financial forecast information for the second to fourth quarters of the 111th fiscal year to meet the requirements for stock exchange listing. 4.Resolved to revise the "Accounting System" of the company.		the decision will be submitted to the board of directors for approval.	objection based on the recommendation of the Audit Committee.
August 3, 2022 13th term of the 1st meeting	1.Approval of the Audited Consolidated Financial Statements for the Second Quarter of 2022 by the Company's Accountant.	The independent director has no objections。	All attending committee members unanimously agreed and the decision will be submitted to the board of directors for approval.	The Board of Directors has passed the proposal without objection based on the recommendation of the Audit Committee.
November 3, 2022 14th term of the 1st meeting	1.Approval of the Consolidated Financial Statements for the 3rd Semester of 2022 by the Company. 2.Approval of the annual transfer pricing report and group master file report service fee	The independent director has no objections。	All attending committee members unanimously agreed and the decision will be submitted to the board of directors for approval.	The Board of Directors has passed the proposal without objection based on the recommendation of the Audit Committee.

	case of UTA and UTI, subsidiaries of the Company, for the years 2021 to 2022. 3.It is resolved to alter the remuneration for the auditor of the Company for the year 2022 4.It is resolved to appoint the financial manager of the Company.			

(2) Other resolutions that were not approved by the Audit Committee but were passed by more than two-thirds of all directors present at the meeting, excluding the aforementioned matters: None

2. The execution status of independent directors' recusal from voting on matters related to conflicts of interest shall be described, including the name of the independent director, the content of the matter, the reason for recusal, and whether the director participated in the voting: None

3. The communication between the independent directors and the internal audit director and accountant of the company:

The communication was smooth, and it achieved consistent conclusions.

(1) Communication between independent directors and accountants:

The independent directors of the company communicate with the accountants at least once a year through face-to-face meetings (without other directors and management present). The accountants report to the independent directors on the financial condition, overall operation, and internal control audit of the company and its subsidiaries and explain and communicate fully on the major adjusting entries and recent regulatory revisions, if any. If necessary, additional meetings can be convened for communication.

When there is major investment, financing matters, or before the issuance of financial reports, the independent directors will communicate with the accountants first, and the communication is good. The summary is as follows:

Date of meeting	Nature of the Content	Meeting Content	Independent Director's result	Handling of the Independent Director
March 18, 2022	Individual face-to-face communicat ion meeting.	1.Communication with Corporate Governance Unit. (1) Independence of the CPA. (2) Content of the Client.	The independent directors have understood the content of the	None

		Representation Letter. (3) Audit Scope of the Group. (4) Significant Risks. (5) Execution and Results of Internal Control Testing. (6) Transactions and Relationships with Related Parties. (7) Key Audit Matters. (8) Audit Differences. (9) Expected Audit Opinion for 2021. 2. Updates on Regulatory Laws and Regulations 3. Update on Tax Laws and Regulation 4. Introduction of the Revision of the Ninth Corporate Governance Evaluation System	explanations provided by the auditors and did not make any other suggestions.	

(2) The communication between the independent directors and the internal audit director of the Company is primarily carried out through the following three methods:

A.The independent directors and the internal audit director arrange face-to-face communication at least once every quarter, with the audit director reporting on the internal audit operation. If necessary, meetings may be convened at any time to discuss.

B.Perform various project audits or further analyze the content of previous audit reports in accordance with the instructions of the independent directors.

C.Directly communicate through phone or email.

The key points of communication between the independent directors and the internal audit director and the subsequent execution and handling are summarized as follows：

Date	Communication Key Point	Execution Results
January 18, 2022	Audit Business Execution Report for October-December 2021	The independent directors have no objection on the Audit Manager’s Report.
March 18, 2022	Audit Business Execution Report for January-February 2022 Execution Results Report of Internal Control Self-Assessment for 2021	The independent directors have no objection on the Audit Manager’s Report.
May 5 2022	Audit Business Execution Report for March 2022	The independent directors have no objection on the Audit Manager’s Report.

Date	Communication Key Point	Execution Results
June 8, 2022	Audit Business Execution Report for April 2022	The independent directors have no objection on the Audit Manager’s Report.
August 3, 2022	Audit Business Execution Report for May-June 2022	The independent directors have no objection on the Audit Manager’s Report.
Novemeber 3, 2022	Audit Business Execution Report for July-September 2022 Audit Plan for 2023	The independent directors have no objection on the Audit Manager’s Report.

4.Key Points Work of the Audit Committee :

The Audit Committee composed of 3 independent directors, is responsible for ensuring appropriate expression of the company's financial reports, selecting (removing) auditors and evaluating their independence and performance, effective implementation of internal control, compliance with relevant laws and regulations, and risk management of the company's existing or potential risks. Its main responsibilities are as follows:

(1) Establishing or revising internal control systems in accordance with Article 14-1 of the Securities and Exchange Act.

(2) Assessing the effectiveness of internal control systems.

(3) Establishing or revising processing procedures for significant financial transactions involving acquisition or disposal of assets, derivative transactions, fund lending, endorsement or guarantee for others, in accordance with Article 36-1 of the Securities and Exchange Act.

(4) Matters involving self-interest of directors.

(5) Significant asset or derivative transactions.

(6) Significant fund lending, endorsement, or guarantee.

(7) Offering or privately placing equity securities.

(8) Appointment, removal, or compensation of auditors.

(9) Appointment or removal of financial, accounting, or internal audit managers.

(10) Annual and semi-annual financial reports.

(11) Other significant matters as stipulated by the company or competent authorities.

3.4.3 Corporate Governance-Implementation Status and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the Reasons

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary Description	
1. Has the company establish and disclosed its Corporate Governance Best-Practice Principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies?	V		The Company has established the Corporate Governance Best-Practice Principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and the information has been disclosed on the Company's website and the Public Information Observation System.	The company is currently following the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies without any discrepancies.
2. Shareholding Structure and Shareholders' Rights				
(1) Does the Company have Internal Operation Procedures for handling shareholders' suggestions, concerns, disputes and litigation matters. If yes, have these procedures been implemented accordingly?	V		(1) The Company has established the " Corporate Governance Best-Practice Principles" which require designated personnel to handle shareholders' suggestions, inquiries, and disputes in a proper manner. Currently, the spokesperson, deputy spokesperson, and shareholder services unit are responsible for handling shareholders' suggestions and shareholder-related matters. Additionally, the Company's website provides an independent director mailbox to allow shareholders to express their suggestions fully.	The company is currently following the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies without any discrepancies.
(2) Does the Company know the identity of its major shareholders and the parties with ultimate control of the major shareholders?	V		(2) The Company obtains the ultimate controller's list through the shareholder registry provided by the shareholder services agent and maintains close communication with major shareholders.	
(3) Has the Company built and implemented a risk management system and a firewall between the Company and its affiliates?	V		(3) The Company has established regulations regarding subsidiary management and maintains an understanding of their operational status. Additionally, subsidiaries have their own internal control operation guidelines according to operational needs, and the parent company conducts periodic audits.	
(4) Has the Company established internal rules prohibiting insider trading of securities based on undisclosed information?	V		(4) The Company has established the " Internal Major Information Processing Procedures" and conducts promotion activities to prevent insiders from violating laws and regulations.	

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary Description</th></tr>
<tr><td>3. Composition and responsibilities of the Board of Directors
(1) Have a diversity policy and specific management objective been adopted for the Board of Directors and have they been fully implemented?</td><td>V</td><td></td><td>(1) The company has formulated a policy on board diversity in the " Corporate Governance Best-Practice Principles " and has publicly disclosed and implemented it on the company's website and on the Market Observation Post System. The board members have different areas of expertise and are all accomplished in their respective fields. There are also 3 independent directors, as shown in the following table：
<table>
<tr><th>Diversified Core Projects / Job Title</th><th>Name</th><th>Gender</th><th>Operation management</th><th>Leadership</th><th>Industry knowledge</th><th>Financial Accounting</th></tr>
<tr><td>President and Legal Representative of Director</td><td>YEH CHIA WEN</td><td>Male</td><td>V</td><td>V</td><td>V</td><td>V</td></tr>
<tr><td>Deputy Chairman and Legal Representative of Director</td><td>CHEN RONG HUEI</td><td>Male</td><td>V</td><td>V</td><td>V</td><td>V</td></tr>
<tr><td>Legal Representative of Director</td><td>YEH KUO CHUAN</td><td>Male</td><td>V</td><td>V</td><td>V</td><td>V</td></tr>
</table></td><td>The company is currently following the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies without any discrepancies.</td></tr>
</table>

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary Description	
			(see table below)	

Diversified Core Projects / Job Title	Name	Gender	Operation management	Leadership	Industry knowledge	Financial Accounting
Legal Representative of Director	LEE YING SIN	Male	V	V	V	V
Legal Representative of Director	YEH MING HAN	Male	V	-	V	V
Legal Representative of Director	YEH BO CHUN	Female	V	-	V	V
Independent Director. Resigned on March 9, 2022	CHEN CHI JEN	Male	V	V	V	V
Independent Director	SU LIANG	Male	V	V	V	V
Independent Director	CHING, HU-SHIH	Male	V	V	V	V
Independent Director	LIU YOU KUO	Male	V	V	V	V

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary Description	
			The members of the Board of Directors has taken into account diversity in various aspects and developed appropriate diversity policies based on the operations, business models, and development needs, including but not limited to the following two major criteria: A. Basic conditions and values: gender, age, nationality, and culture, etc B. Professional knowledge and skills: professional backgrounds (such as law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience, etc. The overall capabilities that the Board of Directors should possess include: A. Operational judgment ability B. Accounting and financial analysis ability C. Management ability D. Crisis management ability E. Industry knowledge F. International market perspective G. Leadership ability H. Decision-making ability In the current fifth term of the bBoard of Directors, there is only one employee director, one female director, and three independent directors (accounting for 33.3% of the total number of directors). The age distribution is as follows: 5 directors are between 71-80 years old, 1 directors are between 61-70 years old, 1 director is between 41-50 years old, and 2 directors are between 31-40 years old, with an even distribution.	
(2) Has the Company voluntarily established other functional committees in addition to the Remuneration Committee and the Audit Committee?		V	(2) According to the "Corporate Governance Best Practice Principles," the company has set up a Remuneration Committee and an Audit Committee based on the size of the board and the number of independent directors.	
(3) Hss the Company established rules and methodology for evaluating the performance evaluations on an annual basis,and submitted the results of performance	V		(3) The company's board of directors operates smoothly and effectively. In 2022, the board conducted an internal self-evaluation according to the company's "Board of Directors Performance Evaluation Regulations."	

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary Description	
evaluations to the Board of Directors and used them as reference in determining salary/compensation for individual directors and their nomination and additional office terms? (4) Does the Company regularly evaluate its external auditors' independence?	 V		The evaluation was conducted by the General Manager's Office and the results were reported to the 20th meeting of the fifth board of directors on March 22, 2023. (4) The company conducts an annual evaluation of the independence of its accountants. The accounting supervisor lists the accountant's education and experience, professional qualifications, and evaluation items, including financial interests, financing and guarantees, business relationships, personal and family relationships, employment relationships, gifts and special offers, rotation of signing accountants, non-audit services, accountant independence statements, and Audit Quality Indicators (AQIs). The accountant and independent directors had a face-to-face meeting arranged on March 22, 2023, to explain each of the five dimensions of the AQIs (professionalism, quality control, independence, supervision, and innovation) and report to the board for discussion. The independence evaluation of the accountants for 2022 was submitted to and approved by the 13th meeting of the fifth board of directors on March 18, 2022.	
4. Does the TWSE/TPEx listed company have in place an adequate number of qualified corporate governance officers and has it appointed a chief corporate governance officer with responsibility corporate governance pratices(including but not limited to providing information necessary for directors and supervisors to perform their duties, aiding directors and supervisors in complying with laws and regulations,organizing board meetings and annual general meetings of shareholders as required by laws,and compiling minutes of board meetings and annual general meetings)?	V		(1) The company has appointed a dedicated person to handle corporate governance-related matters, and will work with the General Manager's Office and the Finance Department to complete the following corporate governance-related matters in accordance with legal procedures and statutory deadlines. (2) On March 22, 2023, the Board of Directors approved the appointment of Ms. Jialing Zhang, Director of the Finance Department, as the "Corporate Governance Supervisor" of the Company. Her qualifications meet the requirements of Article 21 of the " Taiwan Stock Exchange Corporation Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers " and she has served as the head of the company's governance-related unit for more than three years.	The company is currently following the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies without any discrepancies.
5. Has the Company established channels for communicatiing with its stakeholders (including but not limited to	V		Our company has a spokesperson and a deputy spokesperson who serve as communication channels for the company's external communication. The	The company is currently following the

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary Description	
shareholders, employees, customers, suppliers,etc.) and created a stakeholders section on its company website? Does the Company appropriately respond to stakeholders' questions and concerns on important corporate social responsibility issues?			company website also has a stakeholder section that provides email addresses and phone numbers for the spokesperson, deputy spokesperson, and independent directors, ensuring that communication channels between stakeholders and the company are unobstructed. The company also issues regular business status press releases each month and publishes them on the website. In 2022, we issued 25 important announcements onthe Market Observation Post System.	Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies without any discrepancies.
6. Has the Company appointed a professional shareholder service agent to handle matters related to its shareholder meetings?	V		The company has appointed the Shareholder Services Department of Taishin International Bank to assist with the arrangements for shareholder meetings.	The company is currently following the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies without any discrepancies.
7. Information Disclosure (1) Has the Company established a corporate website to disclose information regarding its financials, business, and corporate governance status?	V		(1) Information related to financial operations and corporate governance is entered into designated websites as required by regulations. In addition, the company has set up a website to regularly disclose this information.	The company is currently following the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies without any discrepancies.
(2) Does the company use other information disclosure channels (e.g. maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokesmans, webcasting investors conference etc.)?	V		(2) The company has set up Chinese and English websites, with dedicated personnel responsible for collecting and disclosing company information and has implemented a spokesperson system effectively.	
(3) Does the company publish and report its annual financial report within two months after the end of the fiscal year, and publish and report its financial report s for the first,second,and third quarters as well as operating statements for each month before the specified deadlines?	V		(3) The company's financial reports are submitted to the Board of Directors and announced in accordance with regulations at least 7 days before the deadline.	

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary Description	
8. Has the Company disclosedother information to facilitate a better understanding of its corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' continuing education, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing liability insurance for directors and supervisors)?	V		(1) Employee Rights: The company treats employees with integrity and protects their rights in accordance with relevant laws and regulations such as the Labor Standards Act. A. We value employee welfare and have established a Employee Welfare Committee. B. We hold regular on-the-job training sessions and study groups to enhance employee skills and management knowledge. C. We respect gender equality in the workplace and have established a comprehensive "Sexual Harassment Prevention, Complaint and Punishment Regulations," as well as a complaint handling mechanism. D. We strictly comply with the "Occupational Safety and Health Act" regulations, providing colleagues with fire and emergency safety training, regulating equipment maintenance, and ensuring employee workplace safety (2) Employee Care: In addition to comply with legal regulations, the company has implemented good welfare measures and systems to build a relationship of mutual trust and reliance between the company and employees. The colleagues maintain physical and mental health and achieve work-life balance. For example, we provide all colleagues with group accident, medical, and life insurance, annual comprehensive health checks, flexible working hours, various social club activities, spiritual lectures, marriage allowances, funeral condolences, and retirement systems. (3) Investor Relations: The company has a spokesperson, proxy spokesperson, and shareholder services unit, and has set up an investor service area on the company's external website to provide investors with financial and corporate governance information and a question-and-answer mechanism to address shareholder proposals. In addition, this section also has an independent director mailbox to provide a communication channel for investors and the company. (4) Supplier Relations: Our company has always maintained good relations	The company is currently following the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies without any discrepancies.

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary Description</th></tr>
<tr><td></td><td></td><td></td><td>with suppliers, and our business execution has been excellent. We communicate and review product policies, quality targets, and cooperation progress through meetings, phone calls, and emails. To ensure that our products comply with environmental protection and energy conservation regulations, we hope to minimize the impact on the environment from raw materials to finished products. The company and suppliers work together to make products production and sales meet RoHS and WEEE regulations, and implement green environmental protection.

(5) Rights of Stakeholders: Our company has a spokesperson and proxy spokesperson as communication channels for external stakeholders. Stakeholders can communicate with the company to safeguard their legitimate rights and interests. The company has also established the "Internal Handling Procedures for Material Non-Public Information" and regularly conducts training and education for managers and directors via email. This procedure is also available on our company website to prevent insider trading and safeguard the interests of investors.

(6) The training records of directors:
<table>
<tr><th>Job Title</th><th>Name</th><th>Course Date</th><th>Course</th><th>Training hours</th></tr>
<tr><td rowspan="2">Legal Representative of Director</td><td rowspan="2">YEH CHIA WEN</td><td>November 18, 2022</td><td>Financial Crisis Early Warning and Analysis of Types</td><td>3</td></tr>
<tr><td>November 24, 2022</td><td>Introduction to Corporate Management Rights Disputes and Commercial Case Trials Act</td><td>3</td></tr>
<tr><td rowspan="2">Legal Representative of Director</td><td rowspan="2">YEH KUO CHUAN</td><td>October 7, 2022</td><td>Global net zero carbon emissions trend and corporate response</td><td>3</td></tr>
<tr><td>November 4, 2022</td><td>ESG development trends and digital adaptation strategies</td><td>3</td></tr>
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</td><td></td></tr>
</table>

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary Description	

Job Title	Name	Course Date	Course	Training hours
Legal Representative of Director	CHEN RONG HUEI	October 7, 2022	Global net zero carbon emissions trend and corporate response	3
		November 4, 2022	ESG development trends and digital adaptation strategies	3
Legal Representative of Director	LEE YING SIN	October 7, 2022	Global net zero carbon emissions trend and corporate response	3
		November 4, 2022	ESG development trends and digital adaptation strategies	3
Legal Representative of Director	YEH MING HAN	October 7, 2022	Global net zero carbon emissions trend and corporate response	3
		November 4, 2022	ESG development trends and digital adaptation strategies	3
Legal Representative of Director	YEH BO CHUN	June 16, 2022	Introduction and Analysis of Insider Trading Cases	3
		November 22, 2022	Corporate Social Responsibility-Talking about Corporate Governance from Human Rights Policy	3
Independent Director	SU LIANG	April 22, 2022	Taishin 30 Net Zero Summit - Serious, Quiet, and Achieving Sustainability 2030	3
		April 29, 2022	The Hidden Force Behind Corporate Governance: Practical Operation of Corporate Governance Personnel	3

<table>
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<tr><td></td><td></td><td></td><td>
<table>
<tr><th>Job Title</th><th>Name</th><th>Course Date</th><th>Course</th><th>Training hours</th></tr>
<tr><td></td><td></td><td>September 2, 2022</td><td>Establishment and Operation of Audit Committee</td><td>3</td></tr>
<tr><td rowspan="2">Independent Director</td><td rowspan="2">CHING, HU-SHIH</td><td>October 7, 2022</td><td>Global net zero carbon emissions trend and corporate response</td><td>3</td></tr>
<tr><td>November 4, 2022</td><td>ESG development trends and digital adaptation strategies</td><td>3</td></tr>
<tr><td rowspan="2">Independent Director</td><td rowspan="2">LIU YOU KUO</td><td>June 20, 2022</td><td>From Securities and Exchange Act Responsibility to the Proper Exercise of Independent Directors - with a Focus on Audit Committee</td><td>3</td></tr>
<tr><td>October 12, 2022</td><td>2022 Internal Trading Compliance Seminar</td><td>3</td></tr>
</table>
(7) The implementation of risk management policies and risk measurement standards：
The revision of the "Internal Control System" and "Internal Audit Implementation Rules" of the Company requires approval by the Board of Directors. The Audit Department also follows the annual audit plan to ensure the implementation of the supervision mechanism and control of various risk management measures. The Company has also established a "Risk Management Policy" which has been approved by the Board of Directors, in order to reduce operational risks.
(8) Implementation of Customer Policies:
</td><td></td></tr>
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<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary Description</th></tr>
<tr><td></td><td></td><td></td><td>A. Customer Credit Limit Management: The company has a complete "Customer Credit Limit Management Policy" to effectively control risks, ensure payment collection while exploring potential quality customers, and promoting sales to expand the business.
B. Customer Service and Technical Consultation: Our company provides products that require complete technical support services, therefore we have set up an "0800". Customer service hotline and a customer maintenance, repair, feedback, and suggestion channel on the company website. In addition, we also arrange product education and training for customers when launching new products.
(9) The company has purchased a liability insurance policy of 1 million US dollars for its directors and key personnel.</td><td></td></tr>
<tr><td colspan="5">9. Please describe improvements that have already been made based on the Corporate Governance Evaluation results released for the most recent fiscal year by the Corporate Governance Center , Taiwan Stock Exchange, and specify the priority enhancement objectives and measures planned for any matters still awaiting improvement.(If the Company was not included among the companies evaluated for the given recent year,this item does not need to be completed.)
(1) According to the Corporate Governance Evaluation results in 2022, the company has reviewed the reasons for the previous year's failure to score, continuously strengthened corporate governance and information disclosure, and the evaluation indicators for this year are as follows：
A. Is the number of independent directors in the company more than one-third of the total number of directors? [If the number of independent directors in the company is more than half of the total number of directors, then one point will be added to the total score.]
B. Does the company's website or annual report disclose the identities of identified stakeholders, concerned issues, communication channels, and response methods? [If regular communication reports to the board of directors are provided on the communication with stakeholders, then one point will be added to the total score.
C. Does the company disclose the separate communication situations (such as methods, matters, and results of communication regarding financial reports and financial operations) between independent directors and the internal audit director, CPA on the company's website?
(2) Prioritized items and measures to strengthen:
A. The prioritized items that were not scored in this year's evaluation and the measures to strengthen them are as follows:
a. Has the company obtained verification of environmental or energy management systems such as ISO 14001 or ISO 50001?
b. Does the company upload the English version of the agenda and supplementary materials for the shareholder meeting 30 days prior to the meeting?
c. Does the company upload the English version of the annual report 7 days prior to the shareholder meeting? [If the English version of the annual report is uploaded 16 days prior to the shareholder meeting, one point will be added to the total score.]
d. Has the company formulated succession plans for board members and important management personnel, and disclosed their operation on the company's website or annual report?
e. Has the company established a specialized unit to promote sustainable development, conducted risk assessments on environmental, social, or corporate governance issues</td></tr>
</table>

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons</th></tr>
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<tr><td colspan="5">related to the company's operations based on the major principles, formulated related risk management policies or strategies, and supervised sustainable development promotion by the board of directors, and disclosed this on the company's website and annual report?
f. Does the company regularly disclose specific ESG (Environmental, Social, and Governance) promotion plans and implementation effectiveness on the company's website, annual report, or sustainability report?
g. Does the company refer to the International Covenant on Civil and Political Rights to formulate policies to protect human rights and specific management plans, and disclose them on the company's website or annual report?
B. Strengthening measures:
The company plans to obtain ISO 14001, issue an English version of the annual report and agenda, and strengthen the disclosure of content on the company's website and annual report within 2023</td></tr>
</table>

3.4.4 The company has disclosed the composition, responsibilities, and operation of its remuneration committee, as follows：

1.On October 28, 2011, the Board of Directors of the company passed the "Organization Regulations of Remuneration Committee." On June 23, 2020, in conjunction with the election of new directors, the fourth term of the remuneration committee members was approved.

2.The information of the members of the remuneration committee is as follows：

<table>
<tr><th colspan="2">Criteria
Identity Type
Name</th><th>Professional Qualification Requirement and Working Experience</th><th>Independence Criteria</th><th>The number of family members serving as members of the remuneration committee of other publicly listed companies.</th></tr>
<tr><td>Independent Director Convener</td><td>SU LIANG</td><td colspan="2" rowspan="4">Please refer to pages 14-15 of this annual report for disclosure of director's professional qualifications and independence information of independent directors.</td><td>1</td></tr>
<tr><td>Independent Director Convener (Note 1)</td><td>CHEN CHI JEN</td><td>0</td></tr>
<tr><td>Independent Director</td><td>CHING HU SHIH</td><td>0</td></tr>
<tr><td>Independent Director (Note 2)</td><td>LIU YOU KUO</td><td>0</td></tr>
</table>

Note 1：Resigned March 9, 2022

Note 2：Elected June 8, 2022

3. Responsibilities of the Remuneration Committee：

The Committee shall faithfully perform the following duties with the care of a good administrator and submit its recommendations to the Board of Directors for discussion:：

(1) Regularly review the "Remuneration Committee Organizational Rules" and make revision proposals.

(2) Formulate and regularly review the performance evaluation standards and objectives for the directors and managers of the Company, as well as the policies, systems, standards, and structure of remuneration.

(3) Regularly evaluate the achievement of performance targets by the Company's directors and managers, and determine the content and amount of remuneration based on the results of performance

evaluation e.

4. **Information on the Operation of Remuneration of the Cmmittee：**

   (1) **There are a total of three members of the Remuneration Committee of the Company.**

   (2) **The term of office for this current (fourth) committee is from June 23, 2020, to June 22, 2023，The Remuneration Committee held a total of three meetings [A] during the latest fiscal year, and the qualifications and attendance of the committee members are as follows:**

Job Title	Name	Attend in person (B)	By proxy	Actual Attendance (%) (B/A)	Remarks
Convener	SU LIANG	4	0	100%	By the resolution of the Compensation Committee on March 18th, 2022, it was recommended to elect [person's name] as the convener and chairman of the committee meetings
Committee	CHING HU-SHIH	4	0	100%	
Committee	LIU YOU-KUO	3	0	100%	Elected June 8, 2022

Other matters to be recorded：

1. **If the Board of Directors does not adopt or amend the recommendations of the compensation committee, the board shall specify the date, session, agenda, resolution results, and the handling of the company's opinions on the compensation committee's opinions (if the compensation and benefits approved by the board are better than the recommendations of the compensation committee, the differences and reasons should be explained): None**

2. **If there are objections or reservations from members of the compensation committee on the decisions made, and there are records or written statements, the date, session, agenda, opinions of all members, and the handling of member opinions shall be stated: None**

3.4.5 Promotion of Sustainable Development – Implementation Status and Deviations from the Sustainable Development Best Practice Principlesfor TWSE/TPEx Listed Companies and the Reasons

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons.
	Yes	No	Summary Description	
1. Has the Company established a governance framework for promoting sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of promotingsustainable development? Has the board of directors authorized senior management to handlerelated matters under the supervision of the board?	V		The company has established the " Sustainable Development Best Practice Principles " to ensure the integrity of operations, good corporate governance, sustainable environmental development, social welfare, protection of stakeholders' rights, and employees' health and safety, as well as career planning for colleagues. These guidelines serve as the basis for our company's operations. After the guidelines have been implemented by various departments and units, the General Manager's Office consolidates the results. The execution status for 2022 and the plan for 2023 were reported to the board of directors on November 3, 2022.	The company has been implementing Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and there are no deviations at present.
2. Does the company conduct risk assessments of environmental, social and corporate governance (ESG) issues related to the company's operations inaccordance with the materiality principle, and formulate relevant risk management policies or strategies?	V		(1) Environmental Protection Policy: The company is an electronic product assembly manufacturer, and the assembly process does not involve the generation of wastewater, air pollution, noise, or toxic substances. However, we require upstream raw material suppliers to provide components that comply with international environmental regulations. (2) Social Responsibility Risk Policy： A. The products comply with safety, environmental, and other regulations worldwide, including CE, FCC, NCC, and other relevant standards, and we purchase product liability insurance to ensure risk management and control. B. Risk policy with external stakeholders: We respect the rights and interests of stakeholders and strengthen information disclosure by	The company has been implementing Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and there are no deviations at present.

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons.
	Yes	No	Summary Description	
			establishing "Internal Major Information Processing Procedures" and " Ethical Corporate Management Best Practice Principles." C. Encouraging social welfare: The company initiate activities such as blood donation and donating to the Chung Yi Social Welfare Foundation for participation in charity fairs. (3) Company Environmental Issue- Related Risk Policy: The Company have established relevant regulations, such as "Typhoon Prevention Operation Regulations," "Fire Prevention Regulations," and "Environmental Epidemic Prevention Management Regulations." (4) Company Information Security-Related Risk Policy: The Company have established over ten computer software and hardware, communication equipment usage safety management regulations, and are currently implementing ISO-27001 Information Security Management System certification. (5) Company Governance-Related Risk Policy： We focus on the relationships between the company and employees, suppliers, customers, shareholders, and the community in the business process. We aim to maintain fair transactions, mutual benefit, information disclosure, protection of privacy and trade secrets, and avoid possible pitfalls. The company emphasizes integrity and fulfilling social responsibilities in regulations such as the "Corporate Governance Best-Practice Principles", "Employee Management Regulations", "Code of Ethics", "Employee Code of	

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons.
	Yes	No	Summary Description	
			Conduct" and "Sexual Harassment Prevention Measures, Complaints, and Disciplinary Regulations." We publish these guidelines on the internal website for all employees to follow and evaluate the risks and adjust regulations in a timely manner for effective implementation. Additionally, we also have Directors and Officers liability insurance to reduce risks.	
3. Environmental Issues (1) Has the Company set an environmental management system designed to industry characteristics?	V		The company is engaged in electronic assembly operations in production, and our products comply with RoHS, WEEE, and REACH regulations. We have obtained IECQ QC080000 certification. We have established environmental and occupational safety and health regulations in accordance with relevant international standards, ensuring environmental safety, and the health and safety of our personnel. We take responsibility for environmental management.	The company has been implementing Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and there are no deviations at present.
(2) Does the Company endeavor to use energy more efficiently and to use renewable materials with low environmental impact?	V		(1) We have implemented electronic invoicing and adopted an electronic document exchange system, and our offices practice waste classification and encourage double-sided printing to improve resource efficiency. (2) All components used in our company's products comply with green environmental standards, but we do not currently use recycled materials.	The company has been implementing Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and there are no deviations at present.
(3) Has the Company evaluated the potential risks and opportunities posed by climate change for its business now and in the future and adopted relevant measures to address them?	V		(1) We have implemented electronic invoicing and adopted an electronic document exchange system, and our offices practice waste classification and encourage double-sided printing to improve resource efficiency. (2) All components used in our company's products comply with green environmental standards, but we do	The company has been implementing Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and there are no deviations at present.

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons.
	Yes	No	Summary Description	
			not currently use recycled materials.	

Type of Risk	Risk Identification of the Climate Change	Opportunity Recognition of the Climate Change	Countermeasures
Flood and Typhoon	Damage of the personnel , the offices, the engine room, the warehouses, and the goods.	We can prevent the lost by conducting disaster prevention drills, this would enhance the ability to withstand natural disasters and ensure the sustainable operation capacity	The "Typhoon Prevention Regulations" have been formulated to strengthen personnel disaster prevention training.
conflagration			By implementing insurance, formulating "fire prevention regulations", establishing and promoting safe use of electricity among colleagues, and conducting biannual fire and evacuation (comprehensive) drills in accordance with government regulations every

<table>
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<tr><td></td><td></td><td></td><td>

Type of Risk	Risk Identification of the Climate Change	Opportunity Recognition of the Climate Change	Countermeasures
			year, we aim to enhance our ability to prevent fires and ensure sustainable business operations.
Global warming	Due to the increase of the usage in electricity, the costof the emission has relatively increased	Promote energy conservation and carbon reduction measures also apply for the relevant energy conservation subsidies.	Installs the heat-insulating film on external windows of the office, identifies energy-consuming equipment, and continuously replaces them with energy-saving devices
Unstable water and electricity supply	The operation was disrupted due to the outage of the power	Upgrade the uninterruptible power system and generator equipment in the factory to reduce risks	Develop "System Host Management Regulations" to control risks and reduce losses.

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Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons.
	Yes	No	Summary Description	
(4) Did the company collect data for the past two years on greenhouse gas emissions, volume of water consumption, and the total weight of waste, and establish policies for greenhouse gas reduction, reduction of water consumption, or management of other wastes?	V		1. In Year 2021, the company (only the parent company, excluding subsidiaries) had operating revenues of 1740.539 million and in Year 2022, operating revenues of 1872.860 million. The greenhouse gas emissions, water consumption, and total waste generated by our operations are as follows： (1) Greenhouse Gas Emissions： As an electronic product assembly and manufacturing industry, our company does not have fixed combustion sources or transportation equipment that directly emit significant quantities of greenhouse gases. Therefore, we only list the indirect emissions (Category 2) of greenhouse gases resulting from the following energy consumption： 2021：667,074 kWh of electricity consumed with a CO2 emission factor of 0.554, resulting in emissions of 370 metric tons of CO2. 2022：721,659 kWh of electricity consumed with a CO2 emission factor of 0.554, resulting in emissions of 400 metric tons of CO2. (2) Water consumption： 2021 : 4,627 cubic meters of water consumed. 2022 : 5,037 cubic meters of water consumed. (3) Total waste generated： The company did not generate hazardous waste in both 2021 and 2022. Therefore, we only list the total weight of non-hazardous waste generated as follows： 2021：Approximately 3.2 metric tons. 2022：Approximately 5.35 metric tons. In 2022, due to the growth in operating revenues, there was a slight increase of 8% in electricity consumption.	The company has been implementing Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and there are no deviations at present.

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons.
	Yes	No	Summary Description	
			We have partnered with a recycling company to recycle and reuse some of our waste (e.g., plastic trays) to reduce waste disposal, and we continue to promote paperless operations. 2. Future quantified management goals for greenhouse gas emissions, water management, and waste management： (1) Greenhouse gas emissions management Due to the growth in business volume, the company has increased electricity consumption. However, we continue to seek possible energy-saving solutions. Based on Year 2019 as the baseline year, we aim to reduce overall electricity consumption by 1% and greenhouse gas emissions by 1% by the year 2024. (2) Water management In response to the global water resource shortage, based on year 2019 as the baseline year, we aim to reduce overall water consumption by 5% by the year 2024. (3) Wastage management Although our company's revenue continues to grow, which may result in an increase in waste, we continue to promote digitization of operations. Based on Year 2019 as the baseline year, we aim to reduce overall waste disposal by 1% by the year 2024. 3.Implementation to achieve the goals (1) Greenhouse gas emissions management A. Monitor monthly electricity usage and review it regularly.	

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons.
	Yes	No	Summary Description	
			B. Promote energy-saving programs for air conditioning systems, electrical lighting, and other electrical equipment. Regularly inspect energy-consuming devices and replace them as needed. C. Install energy-saving devices on air conditioning systems and establish related usage regulations. D. Replace lighting fixtures in the factory/office area with LED energy-saving lamps, ensuring that the illuminance meets standards. Use automatic sensing lamps in appropriate places and introduce a smart home environmental control system for intelligent lighting control, air conditioning control, etc. E. Gradually consolidate information servers and replace them with new energy-efficient models. (2) Water management A. Monitor monthly water usage and review it regularly. B. Use water-saving devices. (3) Wastage Management Digitize and paperless work processes as much as possible, and continue to promote electronic operations to reduce paper usage.	

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons.
	Yes	No	Summary Description	
4. Social Issues **(1) Has the company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?**	V		**In order to fulfill the social responsibilities, promote sustainable development, and protect the basic human rights of all employees and stakeholders, the company has established a policy to safeguard human rights and specific management plans in accordance with the "Universal Declaration of Human Rights", the " international human rights conventions" and the "Labor Standards Act." With employees from various nationalities across the United States, Europe, Japan, and China, about 80 foreign employees are provided with employee handbooks based on the laws of their respective countries to ensure compliance with relevant labor laws and regulations and protect the rights and interests of employees. The company also implemented various humane and employee satisfaction-related systems. At the same time, we have a Code of Conduct that is announced and disseminated to our global employees.** **(1) Human Rights Assessment:** **The company is committed to provide a safe working environment, respecting employees, and operating with ethics. Therefore, we have established relevant regulations, such as the "Employee Management Regulations," "Prevention and Punishment Regulations for Sexual Harassment and Complaints," "Personal Information Protection Regulations," and various public safety/environmental management regulations, and ethical codes, etc.** **(2) The company has established regulations related to human rights policies, emphasizing the following:** **A. Ethics and Integrity: We uphold business ethics and**	**The company has been implementing Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and there are no deviations at present.**

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons.
	Yes	No	Summary Description	
			insist on operating with integrity. B. Labor Rights: We comply with local labor laws and regulations and establish regulations for working hours and vacation policies. C. Employment Principles: We strive for equal opportunities and the principle of hiring based on ability. All those who possess the required skills and knowledge may participate in job selection. D. Compensation and Benefits: Employee wages comply with labor law regulations. E. Prevention of Sexual Harassment: We provide complaint channels and set up a Sexual Harassment Complaint Evaluation Committee to effectively handle sexual harassment complaints. F. Privacy Protection: We establish personal data protection regulations in accordance with the Personal Information Protection Act. The procedures for collecting, processing, utilizing, storing, and destroying personal information are clearly stated to safeguard the rights and interests of stakeholders. (3) Education training: A. Relevant regulations are announced on the internal website for employees to access and follow at any time. B. The company conveys these policies to new	

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons.
	Yes	No	Summary Description	
			employees during orientation training, which was conducted twice in the year 2022. (4) Implementation Status： The company has implemented the above regulations in year 2022, and no violations of human rights have occurred.	
(2) Has the Company established and implemented reasonable employee welfare measures (include salary/compensation, leave, and other benefits), and are business performance or results appropriately reflected in employee salary/compensation?	V		(1) The company has established a comprehensive system for personnel job grades, salaries, performance evaluations, and performance rewards. All welfare benefits comply with relevant laws and regulations, and some benefits (such as insurance and health checkups) exceed legal standards. (2) The company participates in industry salary surveys every year to obtain market salary data for reference in adjusting employee salaries and benefits. (3) The company's job design adopts a job grading system, with equal pay for equal work regardless of gender, and rewards/promotions based on achievement of goals. As of 2021, the male-to-female ratio among all employees was 65:35, and among managers it was76:24. (4) The articles of incorporation stipulate that if profits are made in a year, 5% to 15% shall be allocated for employee compensation first.	The company has been implementing Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and there are no deviations at present.
(3) Does the Company provide employees with a safe and healthy working environment, and implement regular safety and health education for employees?	V		(1) The company has established safety and health-related regulations and provides safety training to newly hired employees upon their arrival. These regulations are continually implemented through internal website. announcements, email promotions, and other methods.	The company has been implementing Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and there are no deviations at present.

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons.
	Yes	No	Summary Description	
			(2) All office locations are equipped with card swiping and photo-taking access control, video surveillance, and security devices to ensure personnel safety. (3) The company conducts two self-defense and firefighting training sessions annually. (4) There were a total of 5 work-related accidents (involving 5 individuals) in the current year. The incidents were mainly traffic accidents that occurred during the commute to and from work. The number of incidents accounted for 1% of the total number of employees. We have enhanced preventive measures through awareness campaigns, such as the Defensive Driving Handbook and guidelines for car and motorcycle drivers to ensure their safety.	
(4) Has the Company established effective career development training programs for employees?	V		The company provides a two-day training course for new employees. We have relevant training programs for the development of outstanding talents, which are carried out through supervisor OJT, internal training/external training, and exchanges with colleges and universities, as well as sending employees for external training.	The company has been implementing Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and there are no deviations at present.
(5) Does the company comply with the relevant laws and international standards with regards to customer health and safety, customer privacy, and marketing and labeling of products and services, and implement consumer protection and grievance policies?	V		The production of the company's products complies with the RoHS and WEEE regulations and has obtained IECQ QC080000 certification. The products are marketed worldwide, and their labeling and safety standards comply with the relevant electromagnetic communication and safety certifications in each country. The services also comply with local laws and regulations. To protect the customers' privacy, we have regulations in the "Employee Management Regulations" and "Code of Conduct for Colleagues," in addition to the contractual terms agreed upon by both parties, and we provide education and training on this topic. The company has a dedicated customer service unit and a "0800" telephone hotline, and	The company has been implementing Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and there are no deviations at present.

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons.
	Yes	No	Summary Description	
			we have a webpage on our website that provides direct customer service, consultation, and complaint handling.	
(6) Has the company formulated supplier management relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and what is the status of their implementation?	V		(1) The company evaluates the past negative records of environmental and occupational health and safety impact of potential suppliers before selecting them. According to the "New Supplier Development and Evaluation Regulations" of the company, the supplier must be evaluated item by item to become a qualified supplier, and thereafter, the supplier will be regularly assessed to determine whether to continue to cooperate with them. (2) The company has established a supplier management policy that requires suppliers to comply with the relevant policies of Corporate Social Responsibility, including but not limited to compliance with labor rights and human rights, occupational health and safety, environmental protection, and ethical corporate management principles practices, etc., in order to promote economic development, the balance of social and ecological environment and a sustainable future. The specific requirements are summarized as follows: A. Environmental Protection a. Foster a corporate culture of environmental sustainability by cherishing resources, promoting environmental protection and energy conservation policies and measures. b. Reduce emissions of pollutants, toxic substances, and waste, control noise, and properly handle waste in compliance with relevant laws and regulations to reduce the impact or harm to the	The company has been implementing Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and there are no deviations at present.

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons.
	Yes	No	Summary Description	
			natural environment. c. Reduce or eliminate waste in various forms in the manufacturing process, including but not limited to water and energy resources. Use energy-saving equipment, implement energy-saving measures, or achieve carbon reduction through recycling, reuse, and substitution measure. d. Manage the energy consumed by operational activities, adopt resource efficiency reduction andemission reduction measures, and reduce greenhouse gas emissions and energy consumption. e. Commit to complying with all applicable laws, international environmental regulations, and customer requirements regarding the prohibition or restriction of specific substances. B. Occupational health and safety Provide employees with a safe and healthy working environment, comply with and meet relevant laws and regulations regarding occupational health and safety, reduce hazards and potential hazards in the work environment, and prevent occupational accidents from occurring. C. Labor Rights a. Prevention of Underage Labor (only workers who are at least 16 years of age) b. We commit that all workers must be voluntary	

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons.
	Yes	No	Summary Description	
			and not use any form of forced, promise salary policy must be complied with local laws. We provide remuneration according to national legal standard on minimum wage, provided all legally mandated benefits, protect working hours and reasonable time off. Workers' overtime hours are also paid in accordance with relevant laws and regulations. c. Stamping out the workplace sexual harassment, bullying and any form of discrimination. d. There is no discrimination in employment policies such as gender, race, age, marital and family status, etc. Fulfill labor rights protection and the equality of salary, hiring condition, training and promotion opportunity. e. We strictly abide by and ensure the policy and procedure of human rights in our operation and supply chain, we won't traffic persons or use any form of slave, forced, bonded, indentured, or prison labor, including forced labor, child labor, sex trafficking and workplace abuse. f. We respect that employees freely to associate with others, and negotiate, value labor relations and balance. (3) Implementation Status: A. The company has established the "Supplier Evaluation Operating Procedure", which evaluates suppliers every six months based on their delivery	

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons.</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary Description</th></tr>
<tr><td></td><td></td><td></td><td>time, yield rate, price, engineering, and environmental protection.

B. In 2022, the Company evaluated the suppliers according to the above policy, and a total of three suppliers scored below satisfactory (60-79 points). After reviewing the reasons for the unsatisfactory scores, we provided guidance for improvement and tracked their progress.</td><td></td></tr>
<tr><td>5. Does the company refer to international reporting standards or guidelines when preparing its sustainability report and other reports disclosing non-financial information? Does the company obtain third party assurance or certification for the reports above?</td><td></td><td>V</td><td>Currently, the company's policies regarding social responsibility are outlined in the "Employee Management Regulations", "Code of Ethics" and "Code of Conduct" and are actively implemented. However, the company has not yet prepared a sustainability report.</td><td>Difference as below:
The company is not required by law to prepare a sustainability report.</td></tr>
<tr><td colspan="5">6. If the Company has adopted its own sustainable development best practice principles based on the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, please describe any deviation from the principles in the Company’s operations:
1. The company currently outlines its social responsibility and sustainable development policies in the "Employee Management Regulations," "Code of Ethics," and "Code of Conduct," and implements them. In Year 2022, there were no violations of these regulations.</td></tr>
<tr><td colspan="5">7. Other important information to facilitate better understanding of the company’s promotion of sustainable development:

1. The company strives to create a sustainable development environment, and has obtained the environmental certification of IECQ QC 080000 Hazardous Substance Process Management System. The latest certificate is valid from 2022/2/9~2025/2/8.

2. The company will officially launch the implementation of the ISO-14001 environmental management system in the Year 2023.</td></tr>
</table>

3.4.6 Ethical Corporate Management – Implementation Status and Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons.
	Yes	No	Summary Description	
1. Establishment of ethical corporate management policies and programs				
(1) Does the company have an ethical corporate management policy approved by its Board of Directors, and bylaws and publiclyavailable documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?	V		(1) The company has established the" Ethical Corporate Management Best Practice Principles " and has revised it multiple times to implement it. The code and related regulations have been disclosed in internal regulations and the investor service section of the external website for the board of directors, management, and all employees to implement together.	The company has been implementing the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and there are no deviations at present.
(2) Whether the company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates, within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in Article 7, paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPE Listed Companies?	V		(2) The company has established regulations for employees in "Employee Management Regulations," "Employee Code of Conduct," "Code of Ethics," and "Gift-giving Regulations for Suppliers, Customers, and Partner Companies." The related regulations have also been published on the company's internal website for employees to consult. New employees are reminded of the company's business philosophy: upholding integrity, pursuing excellence, co-management, and sharing achievements through training. New employees also sign an agreement regarding the related rights, obligations, and intellectual property usage precautions to prevent any misconduct. Daily operations are monitored and enforced by managers and internal audit mechanisms.	

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons.
	Yes	No	Summary Description	
(3) Does the company clearly set out the operating procedures, behavior guidelines, and punishment and appeal system for violations in the unethical conduct prevention program, implement it, and regularly review and revise the plan?	V		(3) The company has established regulations for "Employee Rewards and Disciplinary Review Procedures" and "Employee Feedback Handling Regulations" and regularly reviews their necessity. The company promotes and explains these regulations during new employee training sessions, requiring managers to implement them and lead by example. The related regulations are also posted on the internal website, and a complaint/reporting mailbox is available.	
2. Ethical Management Practice (1) Does the company assess the ethics records of those it has business relationships with and include ethical conduct related clauses in the business contracts?	V		(1) The company assesses the integrity of business, environmental protection, labor safety, and other aspects of our suppliers, and individually requires the signing of a "Supplier Social Responsibility Commitment".	The company has been implementing the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and there are no deviations at present.
(2) Has the company set up a dedicated unit to promote ethical corporate management under the board of directors, and does it regularly (at least once a year) report to the board of directors on its ethical corporate management policy and program to prevent unethical conduct and monitor their implementation?	V		(2) The responsible unit for promoting corporate integrity in our company is the General Manager's Office, and the Audit Unit and Human Resources Unit are responsible for supervising and implementing it. A report was presented during the November 3 board meeting of 2022, and no major violations of business integrity were found in the current year.	
(3) Has the company established policies to prevent conflict of interests, provided appropriate communication and complaint channels, and properly implemented such policies?	V		(3) The company has implemented relevant regulations such as the "Code of Conduct for Colleagues", "Code of Ethics", and "Regulations on Holiday Gifts for Suppliers, Customers, and Collaborating Manufacturers".	

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons.
	Yes	No	Summary Description	
(4) Does the company have effective accounting and internal control systems in place to enforce ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit compliance with the systems to prevent unethical conduct or hire outside accountants to perform the audits? (5) Does the company provide internal and external ethical corporate management training programs on a regular basis?	V V		(4) The company has established effective accounting and internal control systems, which are regularly audited by the internal audit unit. No major violations were found in the year 2022. (5) The company promotes its business philosophy of integrity in the new employee training program, which is a 2-hour course that all new employees are required to attend. Supervisors are also expected to lead by example and reinforce this philosophy at annual meetings and other relevant gatherings. Additionally, the company sends representatives to attend external seminars and conferences to ensure they stay up to date with relevant practices and procedures.	
3. Implementation of Complaint Procedures (1) Has the company established specific whistle-blowing and reward procedures, set up conveniently accessible whistle-blowing channels, and appointed appropriate personnel specifically responsible for handling complaints received from whistleblowers? (2) Has the company established standard operation procedures for investigating the complaints received, follow-up measures taken after investigation, and mechanisms ensuring such complaints are handled in a confidential manner?	V V		(1) The company has established a reporting system and convenient reporting channels on both internal and external websites, with a designated person responsible for receiving and tracking reports. When an investigation is completed or a judicial judgment is determined, rewards will be given based on the severity and contributions made. (2) The company has established a reporting system, "Employee Feedback Handling Procedures," and "Employee Reward and Punishment Review Operating Procedures," which outlines the investigation and review process for handling	The company has been implementing the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and there are no deviations at present.

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons.
	Yes	No	Summary Description	
(3) Has the company adopted proper measures to protect whistleblowers from retaliation for filing complaints?	V		**reports. The Human Resources Department is responsible for receiving reports and has a duty to keep any related information confidential. (3) The company has established relevant confidentiality regulations and a recusal mechanism for personnel involved.**	
4. Strengthening Information Disclosure Does the company disclose its ethical corporate management policies and the results of their implementation on its website and the Market Observation Post System (MOPS)?	V		**Our company has disclosed our integrity management related policies and procedures on our website, in the corporate governance section and on the Public Information Observation System. The access paths are as follows： (1) Company website\ Investor services\ Corporate governance\ Articles of association and important internal control procedures\ Code of conduct for integrity management. (2) Public Information Observation System\ Corporate governance\ Regulations and rules for establishing corporate governance. You can search using our stock code 3652: The effectiveness of our efforts are as follows: We promote integrity management in our new employee training program, which is a 2-hour course that all new employees are required to attend. We also require our supervisors to lead by example and strengthen reminders during annual meetings and other relevant gatherings. We also send representatives to attend external advocacy and briefing meetings to ensure that we are aware of what we should do.**	**The company has been implementing the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and there are no deviations at present.**

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons.</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary Description</th></tr>
<tr><td colspan="5">5. If the company has adopted its own ethical corporate management best practice principles based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, please describe any deviations between the principles and their implementation:None.</td></tr>
<tr><td colspan="5">6. Other important information to facilitate a better understanding of the status of operation of the company's ethical corporate management policies (e.g., the company's reviewing and amending of its ethical corporate management best practice principles): None.</td></tr>
</table>

3.4.7 Corporate Governance Guidelines and Regulations :

The Company has established various governance guidelines, such as the " Corporate Governance Best-Practice Principles", " Ethical Corporate Management Best Practice Principles", " Rules of Procedure for Board of Directors Meetings", " Rules of Procedure for Shareholders' Meetings", " Rules Governing the Scope of Powers of Independent Directors "," Complaint Procedures ". The above relevant regulations have been disclosed on the Company's website and they can be inquired under the "Corporate Governance" item of the Market Observation Post System.

3.4.8 Other Important Information Regarding Corporate Governance:

1. **The company has established an "Internal Handling Procedure for Material Non-public Information" and announced it on the internal website for the reference and compliance of directors, executives, and employees.**
2. **The company has established a "Code of Conduct for Employees" as a basic standard for employees' behaviors towards the company, colleagues, customers, and suppliers, and announced it on the internal website for employees to consult and comply with.**
3. **Personnel related to financial transparency have obtained relevant licenses designated by the competent authority：**

Department	Relevant Training Education
Two from Accounting Department	Professional certification for accounting and finance executives of publicly listed companies issued by the Accounting Research and Development Foundation Certified Public Accountant (CPA) license in the Republic of China (Taiwan)
One from Audit Office	Certified Internal Auditor (CIA) issued by The Institute of Internal Auditors (IIA) International Internal Auditor (IIA) issued by The Institute of Internal Auditors in Taiwan (IIA Taiwan)

4. **Succession planning and operation of the board of directors:**

The company currently has 9 board members (including 3 independent directors), and the election of directors adopts a comprehensive nomination system. The selection of directors depends on the company's future development needs and the consideration of diverse policies. As for independent directors, they must have work experience in business, law, finance, accounting or company operations in accordance with the law, which can help strengthen corporate governance. To enhance the functions of the board of directors, the company not only arranges appropriate continuing education courses for their

required abilities but also establishes a method for evaluating the performance of the board of directors to measure the efficiency of board operations and the performance of individual board members, as a reference for future independent director planning.

5. Succession planning and operation of important management levels:
The company's managers are crucial to business operations. They must possess excellent professional skills and personal integrity, and they must also identify with the company's management philosophy of "integrity, excellence, cooperation, and sharing." The company provides internal and external education and training programs and implements a job rotation mechanism to promote the passing down of skills. The company also has a regular performance evaluation system in place to identify outstanding talent at each level, and these individuals are considered as potential successors.

6. The independent directors of our company oversee the execution of various operational plans and the expression of financial statements:

(1) The company notifies all directors of the meeting seven days in advance and provides sufficient information for the independent directors to review. If there are objections or reservations from the independent directors, they will be recorded in the minutes of the board meeting. In accordance with the "Rules Governing the Scope of Powers of Independent Directors" of our company, article 5.2.6 states that "the company or other members of the board shall not obstruct, refuse or evade the duties of independent directors. When independent directors consider it necessary to perform their duties, they may request the board to appoint relevant personnel or hire experts to assist. The necessary expenses incurred by hiring experts and other independent directors to exercise their powers shall be borne by the company." Our company fully assists independent directors in obtaining relevant information and resources necessary to perform their duties.

(2) our company highly respects and values the recommendations of independent directors. The management regularly presents operational reports and internal audit reports to the board of directors, and independent directors can gain in-depth understanding of recent financial and operational performance and make recommendations at any time. The annual financial report is also submitted to all directors for review prior to the board meeting, and the interim financial report is submitted to all directors for review after being audited by the accountant.

(3) The directors and management of our company, accountants and internal auditors hold regular meetings with smooth communication channels and

frequent interactions. When directors have questions, they first inquire by phone. When necessary or important issues arise, separate meetings are held to discuss and minutes are taken.

3.4.9 Other Important Information Regarding Corporate Governance:

1. The Statemnet of the Internal Control System:

UNITECH ELECTRONICS CO., LTD

Statemnet of the Internal Control System

Date：March 22, 2023

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

1. **The company is aware that establishing, implementing, and maintaining an internal control system is the responsibility of the board of directors and management of our company, and we have already established such a system. Its purpose is to provide reasonable assurance for achieving the objectives of operational effectiveness and efficiency (including profitability, performance, and asset protection), reliable reporting, timely and transparent compliance with relevant regulations and laws, and following relevant regulations and laws.**
2. **Internal control systems have inherent limitations, and no matter how well-designed they are, they can only provide reasonable assurance for achieving the above three objectives. Moreover, the effectiveness of the internal control system may change due to changes in the environment and circumstances. However, our company's internal control system has a self-supervision mechanism, and if any deficiencies are identified, we take corrective action.**
3. **The company assesses the effectiveness of the internal control system based on the "Guidelines for Establishing the Internal Control System of Public Companies" (hereinafter referred to as the "Guidelines"). The Guidelines classify the internal control system into five components based on the management control process: 1. Control the Environment, 2. Risk Evaluation 3. Control Activities, 4. Information and Communication, and 5. Monitoring. Each component includes several items. Please refer to the Guidelines for the specific items.**
4. **The company has used the above internal control system assessment items to evaluate the effectiveness of the design and implementation of our internal control system.**
5. **Based on the above evaluation results, our company believes that our internal control system (including the supervision and management of subsidiaries) as of December 31, 2022, which includes understanding the degree of achieving operational effectiveness and efficiency objectives, reliable and timely reporting, and compliance with relevant regulations and laws, is designed and implemented effectively and can reasonably ensure the achievement of the above objectives opposing view, and all agreed with the content of this statement.**
6. **This statement will become the main content of our company's annual report and public disclosure, and will be made public. Any false, concealed, or illegal information in the public disclosure will involve legal liabilities**

under the Securities and Exchange Act, Articles 20, 32, 171, and 174.

7. **This statement was approved by the board of directors of our company on March 22, 2023. Among the nine directors present, no one held an opposing view, and all agreed with the content of this statement.**

UNITECH ELECTRONICS CO., LTD

President: YEH JIA WEN

General Manager: HSU CHIH TA

2. **Disclosure of the auditor's review report:**

As our company does not require the engagement of an accountant for the review of the internal control system, this provision is not applicable.

3.4.10 The penalties imposed on the company or its internal personnel in the most recent year and the printing date of the annual report for violating the internal control system regulations: None.

3.4.11 Important resolutions of the shareholders' meeting and the board of directors as of the date of the annual report printing for the Recent year：

1. **Important Resolutions of the Shareholders' Meeting**

<table>
<tr><th>Date</th><th>Major Resolutions</th><th>Review of Implementation Situation</th></tr>
<tr><td rowspan="7">2022.06.08</td><td>1. Approve 2021 annual operating report, individual financial statements, and consolidated financial statements</td><td>1. The proposal was approved with 99.91% of the voting rights present at the shareholders' meeting.</td></tr>
<tr><td>2. Approve 2021 profit distribution plan.</td><td>2. The cash dividend was approved and distributed on July 27, 111, with a record date of July 6, 111, at a rate of NT$0.41490168 per share. Employee compensation of NT$3,435,744 and director compensation of NT$1,374,297 were also distributed.</td></tr>
<tr><td>3. Adopt the proposed amendments to certain articles of the company's "Articles of Incorporation".</td><td>3. The proposal was approved with 99.80% of the voting rights present at the shareholders' meeting and will be implemented accordingly.</td></tr>
<tr><td>4. Adopt the proposed amendments to certain articles of the company's "Rules for the Acquisition or Disposition of Assets."</td><td>4. The proposal was approved with 99.80% of the voting rights present at the shareholders' meeting and will be implemented accordingly.</td></tr>
<tr><td>5. Adopt the proposed amendments to certain articles of the company's "Rules of Shareholders' Meetings."</td><td>5. The proposal was approved with 99.80% of the voting rights present at the shareholders' meeting and will be implemented accordingly.</td></tr>
<tr><td>6. Complete the election of one independent director by supplementary election.</td><td>6. The following individual was elected：
Independent Director：LIU YOU KUO,
Votes Received：54,325,170 votes</td></tr>
<tr><td>7. Approve the lifting of restrictions on the new director's competition</td><td>7. The proposal was approved with 99.80% of the voting rights present at the shareholders' meeting and will be implemented accordingly<table><tr><th>Director</th><th>Currently holding positions and engaging in activities related to the same industry as follows</th></tr><tr><td>LIU YOU KUO</td><td>Director and Technical Director of Chengyi Consulting Co., Ltd
Member of the Compensation Committee of Honyar International Co., Ltd</td></tr></table></td></tr>
</table>

2. Important Resolutions of the Board of Directors

Date	Major Resolutions	Implementation Situation
2022.01.18	1. Passed the resolution on the company's operating plan for the year 2022. 2. Passed the resolution on extending the endorsement guarantee for Unitech America Inc. by the company. 3. Resolution on the establishment and appointment of Chief Strategy Officer of the Company.	This has been processed in accordance with the resolution.
2022.03.18	1. Resolution on the distribution and payment method of employee and director compensation for Year 2021. 2. Resolution on the financial reports for Year 2021, including the individual financial statements and consolidated financial statements. 3. Resolution on the assessment of the effectiveness of the internal control system and the internal control statement for Year 2021. 4. Resolution on the distribution of earnings for Year 2021 5. Resolution to amend certain articles of the company's bylaws. 6. Resolution to amend certain articles of the company's rules for acquiring or disposing of assets. 7. Resolution to amend certain articles of the company's rules for shareholder meetings. 8. Resolution on the appointment, compensation, and replacement of the auditing certified public accountant 9. Resolution on the establishment of a branch office in Singapore. 10. Resolution on the proposed performance bonuses for managers for Year 2021 and annual salary adjustments for the Year 2022. 11. Resolution on the election of an independent director to fill a vacant seat. 12. Resolution on lifting the restriction on the new director's non-compete agreement. 13. Resolution on matters related to the annual shareholder meeting for the fiscal year 2022.	This has been processed in accordance with the resolution.
2022.05.05	1. Resolution on the audited consolidated financial statements for the first quarter of the year 2022 by the company's certified public accountant. 2. Resolution to apply for a renewal of financing limit to meet business needs. 3. Resolution to amend the company's internal control system and internal audit system to ensure its effectiveness. 4. Resolution to amend certain provisions of the company's corporate governance best practice guidelines.	This has been processed in accordance with the resolution.
2022.06.08	1. Resolved to apply for stock listing of the Company 2. Resolved to carry out "Internal Control System Effectiveness Assessment" and "Internal Control System Statement" during the special examination period for stock listing. 3. Resolved to prepare simplified financial forecasts for the second to fourth quarters of 2022 to meet the requirements for stock listing application.	This has been processed in accordance with the resolution.

Date	Major Resolutions	Implementation Situation
	4. Resolved to amend the "Accounting System" of the Company. 5. Resolved to appoint and retroactively approve the appointment of members of the Company's Compensation Committee.	
2022.06.17	1. Resolution to retrospectively approve the proposals made during the 5th and 6th meetings of the 4th compensation committee.	This has been processed in accordance with the resolution.
2022.08.03	1. Resolution on the approval of the audited consolidated financial statements for the second quarter of year 2021 2. Resolution on the distribution of employee compensation for fiscal year 2020 for the Company's management. 3. Resolution on the renewal of financing facilities to meet business needs. 4. Resolution on the renewal of derivative trading facilities to meet business needs. 5. Resolution on the establishment of "Sustainable Development Best Practice Principles" for the Company.	This has been processed in accordance with the resolution.
2022.11.03	1. Resolved to draft the consolidated financial statements for the third quarter of the company's Year 2022. 2. Resolved on the service fees for transfer pricing reports and group master file reports for the fiscal year 2021~2022 of the company and its subsidiaries UTA and UTI. 3. Resolved to adjust the auditor's fees for the signing of the company's financial statements for year 2022. 4. Resolved on the procedures and general policies for obtaining the prior consent of Ernst & Young LLP and its affiliated companies for non-assurance services provided to the company. 5. Resolved on the appointment of the company's financial executive. 6. Resolved to approve the bonus payment for the achievement of the Chairman's goals in the current year. 7. Resolved to adjust the salary of the Chairman and CEO of the Company. 8. Resolved to apply for the renewal of financing facilities to meet the Company's business needs. 9. Resolved to apply for the renewal of derivative trading limits to meet the Company's business needs. 10 .Resolved to establish the audit plan for the Company and its subsidiaries for the year 2023 11. Resolved to amend certain articles of the "Rules of Procedure for Board Meetings" of the Company. 12.Resolved to open a bank account for the Company's Singapore office. 13.Resolved to change the authorized personnel responsible for derivative trading and reassign senior executives to oversee and control the risk of derivative trading. 14.Resolved to amend certain articles of the "Regulations for the Processing	This has been processed in accordance with the resolution.

Date	Major Resolutions	Implementation Situation
	of Significant Internal Information" of the Company.	
2023.01.17	1. Resolution to approve the audited consolidated financial statements for the third quarter of 2021, as reviewed by the auditors. 2. Resolution to approve the auditor's remuneration for the year 2021. 3. Resolution to establish the audit plan for the Company and its subsidiaries for the year 2022. 4. Resolution to apply for the renewal of financing facilities to meet business needs. 5. Resolution to apply for the renewal of derivative trading facilities to meet business needs.	This has been processed in accordance with the resolution.
2023.03.22	1. Resolution on the operational plan of the Company for the year 2022. 2. Resolution on the extension of endorsement and guarantee for Unitech America Inc. by the Company. 3. Resolution on the establishment and appointment of the Chief Strategy Officer for the Company.	This has been processed in accordance with the resolution.
2023.05.05	1. Resolution to apply for a renewal of financing limit to meet business needs. 2. Resolution to approve the audited consolidated financial report for the first quarter of 2023 by the certified public accountant. 3. Resolution to approve the salary and compensation package for the "Corporate Governance Officer" of the company. 4. Resolution to amend certain articles of the "Company Bylaws" of the company. 5. Resolution to amend the agenda of the 2023 annual shareholder meeting of the company.	This has been processed in accordance with the resolution.

3.4.12 Major Issues of Record or Written Statements Made by Any Director or Supervisor Dissenting to Important Resolutions Passed by the Board of Directors: None.

3.4.13 Resignation or Dismissal of the Company’s Key Individuals, Including the Chairman, CEO, and Heads of Accounting, Finance, Internal Audit, Corporate Governance and R&D:

Summary of the resignation of the Company’s Key Individual

May 10, 2023

JOB TITLE	NAME	Date of Appointment	Date of Termination	Reasons for Resignation or Dismissal
Financial Officer	YU-HSING CHU	August 10, 2017	November 11, 2022	Personal Career Planning

3.5 Information on CPA (External Auditor) Professional Fees

Unit: NT$ thousands

Name of accounting firm	Names of CPAs	Period covered by the CPA audit	Audit fees	Non-audit fees	Total	Remarks
Ernst & Young	KUO SHAO PIN	Jan 1, 2022 ~Dec 31, 2022	4,215	2,342	6,557	Business registration, group master file, transfer pricing report, tax related consultation and compliance, and listing internal control audit fees.
	YANG CHIH HUEI	Jan 1, 2022 ~Dec 31, 2022				

(1) The non-audit fee paid to the auditor, the auditor's firm, and its affiliated companies :

It includes services such as business registration, group master file, transfer pricing report, tax related consultation and compliance, and internal control audit for listing.

(2) The company changes its accounting firm and the audit fees paid for the current year decrease compared to the previous year's audit fees: None.

(3) The audit fees have decreased by more than 10% compared to the previous year: None.

3.6 Information on Replacement of CPAs

If there has been a change of CPA in the last two years and thereafter, the following matters shall be disclosed：

3.6.1 Information regarding the former CPAs

<table>
<tr><td>Date of replacement</td><td colspan="5">March 18, 2022</td></tr>
<tr><td>Reason for replacement and explanation</td><td colspan="5">The company replaced the CPA in the first quarter of the year 2022 due to the internal rotation required by relevant laws and regulations of the accounting firm.</td></tr>
<tr><td rowspan="3">Describe whether the Company terminated or the CPAs terminated or did not accept the engagement</td><td colspan="3">Parties
Circumstances</td><td>CPAs</td><td>The Company</td></tr>
<tr><td colspan="3">Terminated the engagement</td><td>N/A</td><td>N/A</td></tr>
<tr><td colspan="3">No longer accepted (discontinued) the engagement</td><td>N/A</td><td>N/A</td></tr>
<tr><td>If the CPAs issued an audit report expressing any opinion other than an unqualified opinion during the 2 most recent years, specify the opinion and the reasons</td><td colspan="5">N/A</td></tr>
<tr><td rowspan="7">Disagreement with the Company</td><td rowspan="5">Yes</td><td>—</td><td colspan="3">Accounting principles or practices</td></tr>
<tr><td>—</td><td colspan="3">Disclosure of financial reports</td></tr>
<tr><td>—</td><td colspan="3">Audit scope or steps</td></tr>
<tr><td>—</td><td colspan="3">Other</td></tr>
<tr><td>—</td><td colspan="3"></td></tr>
<tr><td>No</td><td colspan="4">V</td></tr>
<tr><td colspan="5">Specify details —</td></tr>
<tr><td>Other disclosures (Any matters required to be disclosed under sub-items d to g of Article 10.6.A)</td><td colspan="5">None</td></tr>
</table>

3.6.2 Information Regarding the Successor CPAs

Name of accounting firm	Ernst & Young
Names of CPAs	KUO SHAO PIN, YANG CHIH HUEI
Date of engagement	March 18, 2022
Subjects discussed and results of any consultation with the CPAs prior to the engagement, regarding the accounting treatment of or application of accounting principles to any specified transaction, or the type of audit opinion that might be issued on the company's financial report	N/A
Successor CPAs' written opinion regarding the matters of disagreement between the Company and the former CPAs	N/A

3.6.3 The reply letter from the former CPA regarding the Company's disclosures regarding the matters under Article 10.6.A and 10.6.B(c) of the Regulations.

3.7 The Company's President, General managers, and Finance or Accounting Officer have held a position in the independent auditing firm or its affiliates over the past year: None

3.8 Changes in the transfer of share ownership and stock pledge by directors, supervisors, managers, and shareholders who own more than 10% of shares during the most recent year and up to the publication date of the annual report：

3.8.1 Changes in Shareholding of Directors, Supervisors, Managers and Major Shareholders

Job Title	Name	2022		Current fiscal year as of April 18, 2023	
		Shareholding increase (or decrease)	Pledged shareholding increase (or decrease)	Shareholding increase (or decrease)	Pledged shareholding increase (or decrease)
Director	COTEK PHARMACEUTICAL INDUSTRY CO., LTD	0	0	0	0

Job Title	Name	2022		Current fiscal year as of April 18, 2023	
		Shareholding increase (or decrease)	Pledged shareholding increase (or decrease)	Shareholding increase (or decrease)	Pledged shareholding increase (or decrease)
Director Representative /Strategy Chief Officer	YEH JIA WEN	0	0	0	0
Director Representative	YEH MING HAN	0	0	0	0
Director Representative	YEH BO CHUN	0	0	0	0
Director/ Major Shareholder	UNITECH COMPUTER CO., LTD.	0	0	0	0
Director Representative	YEH KUO CHUAN	0	0	1,000,000	0
Director Representative	LEE YING SIN	0	0	0	0
Director Representative	CHEN RONG HUEI	0	0	(160,000)	0
Independent Director	SU LIANG	0	0	0	0
Independent Director	CHING HU SHIH	0	0	0	0
Independent Director	LIU YOU KUO	0	0	0	0
Independent Director (Note 1)	CHEN JI REN	0	0	N/A	N/A
Company's General Manager	HSU CHIH TA	0	0	0	0
Senior Deputy General Manager	CHEN MENG YU	(18,000)	0	0	0
Deputy General Manager	LU KUANG HUNG	0	0	(85,363)	0
Associates	LIN YU YANG	0	0	0	0
Associates	TSAO KUO CHENG	(37,000)	0	(10,000)	0
Associates	CHOU SHENG YANG	0	0	(5,000)	0
Associates	LI MING HSUEH	(24,000)	0	(17,000)	0
Associates	YEH CHIH HAO	(30,000)	0	(115,430)	0
Associates	LIU CHIA YI	0	0	0	0
R&D Manager	HSU YUAN YING	0	0	(18,000)	0
Accounting Manager	CHANG CHIA LIN	0	0	(45,000)	0
Finance Manager (Note 2)	YU HSING CHU	0	0	N/A	N/A
Major Shareholder	G.M.I Technology Inc	0	0	0	0

Note 1：Resigned on March 9, 2022
Note 2：Resigned on November 11, 2022

3.8.2 Information on Transfers of Shareholding

April 18, 2023

Name	Reason for transfer	Date of transaction	Counterparty	Relationship between the counterparty and the Company, directors, supervisors, managerial officers, and major shareholders	No. of shares	Transaction price
CHEN RONG HUEI	Gift Disposition	March 30, 2022	CHUO MEE YU	Spouse	160,000	28.25

3.8.3 Information on Pledges of Shareholding：None.

3.9 Relationships Among the Top 10 Shareholders

April 18, 2023 Unit：Shares

Name	Shareholding		Shareholding of spouse and minor children		Total shareholding by nominee arrangement		Specify the name of the entity or person and their relationship to any of the other top 10 shareholders with which the person is a related party or has a relationship of spouse or relative within the 2nd degree		Remarks
	Shares	%	Shares	%	Shares	%	Name of entity or individual	Relationship	
UNITECH COMPUTER CO., LTD	30,039,000	40.00%	0	0	0	0	FU RONG Investment Co. LTD	Same person in charge	N/A
Representative of UNITECH COMPUTER CO., LTD:YEH KUO CHUAN	1,097,126	1.46%	126,709	0.17%	0	0	YEH ZHI HAO	Father-son	N/A
Representative of UNITECH COMPUTER CO., LTD:LEE YING SIN	405,147	0.54%	36,526	0.05%	0	0	N/A	N/A	N/A
Representative of UNITECH COMPUTER CO., LTD: CHEN RONG HUEI	76,000	0.10%	187,000	0.25%	0	0	N/A	N/A	N/A
G.M.I TECHNOLOGY	9,559,000	12.73%	0	0	0	0	HI-JET INCORPORATION	Same person in charge	N/A
Representative of G.M.I TECHNOLOGY：YEH JIA WEN	0	0	0	0	0	0	YEH WEI TING	Father-son	N/A
HI-JET INCORPORATION	3,657,726	4.87%	0	0	0	0	G.M.I TECHNOLOGY	Same person in charge	N/A
Representative of HI-JET INCORPORATION：YEH JIA WEN	0	0	0	0	0	0	YEH WEI TING	Father-son	N/A
JIA YUN Investment CO., LTD	2,950,017	3.93%	0	0	0	0	YEH WEI TING	Person in charge	N/A
Representative of JIA YUN Investment CO., LTD：YEH WEI TING	180,000	0.24%	0	0	0	0	YEH JIA WEN	Father-son	N/A
FAN ZHE RUEI	1,449,704	1.93%	0	0	0	0	N/A	N/A	N/A
YEH KUO CHUAN	1,097,126	1.46%	126,709	0.17%	0	0	YEH ZHI HAO	Father-son	N/A

Name	Shareholding		Shareholding of spouse and minor children		Total shareholding by nominee arrangement		Specify the name of the entity or person and their relationship to any of the other top 10 shareholders with which the person is a related party or has a relationship of spouse or relative within the 2nd degree		Remarks
	Shares	%	Shares	%	Shares	%	Name of entity or individual	Relationship	
YEH ZHI HAO	850,000	1.13%	0	0	0	0	YEH KUO CHUAN	Father-son	N/A
PHANG CHIN	719,000	0.96%	0	0	0	0	N/A	N/A	N/A
FU RONG Investment Co. LTD	679,000	0.90%	0	0	0	0	UNITECH COMPUTER CO., LTD	Same person in charge	N/A
Representative of FU RONG Investment Co. LTD：YEH KUO CHUAN	1,097,126	1.46%	126,709	0.17%	0	0	YEH ZHI HAO	Father-son	N/A
LEE YING SIN	405,147	0.54%	36,526	0.05%	0	0	N/A	N/A	N/A

3.10 The Combined Shareholdings and Percentage held by the Company, its Directors, Managers, and Directly or Indirectly Controlled Businesses in the same Invested Company

December 31, 2022 Unit: Shares: NT$

Investee Enterprise	Investment by the Company		Investment by the Directors, Supervisors, Managerial Officers and Directly or Indirectly Controlled Entities of the Company		Total Investment	
	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio
Unitech America Ventures Inc.	10,000	100%	0	0	10,000	100%
Unitech America Holding Inc.	0	0	10,000	100%	10,000	100%
Unitech America Inc.	0	0	100,000	100%	100,000	100%
Unitech Europe Ventures Inc.	10,000	100%	0	0	10,000	100%
Unitech Europe Holding Inc.	0	0	10,000	100%	10,000	100%
Unique Technology Europe B.V.	0	0	135,948	100%	135,948	100%
Unitech Japan Holding Inc.	10,000	100%	0	0	10,000	100%
Unitech Japan Co., Ltd.	152	10.86%	1,198	85.57%	1,350	96.43%
Unitech Asia Ventures Inc.	16,056.83	100%	0	0	16,056.83	100%
Unitech Industries Holding Inc.	0	0	13,785.52	100%	13,785.52	100%
Xiamen Unitech Computer Co., Ltd.	-	0	USD3,419,200	100%	USD3,419,200	100%

IV. Capital Overview

4.1 Capital and Shares

4.1.1 Sources of Capital：

1. Capital formation process:

Unit: Shares；NT$

Year / Month	Issued price	Authorized capital		Paid-in capital		Remarks		
		Shares	Amount (NT$)	Shares	Amount (NT$)	Sources of capital	Capital paid in by assets other than cash	Other
2008/01	10	60,000,000	600,000,000	40,000,000	400,000,000	Capital division and establishment of NT$400 thousands	N/A	January 15, 2008 Letter of Authorization No.09731572980
2009/08	32.5	60,000,000	600,000,000	47,600,000	476,000,000	Capital Increases by NT$76,000 thousands	N/A	September 16, 2009 Letter of Authorization No.09833070430
2013/03	10	60,000,000	600,000,000	46,629,000	466,290,000	Retirement of Treasury Stock NT$9,710 thousands	N/A	March 8, 2013 Letter No. 1025014032 issued by the Economic Department of the Northern Regional Administration.
2014/04	21.45	60,000,000	600,000,000	46,711,000	467,110,000	Conversion of subscription rights into shares by NT$820 thousands	N/A	April 18, 2014 Letter No. 1035142301 issued by the Economic Department of the Northern Regional Administration.
2014/08	21.45	60,000,000	600,000,000	46,735,000	467,350,000	Conversion of subscription rights into shares by NT$240 thousands	N/A	August 25, 2014 Letter No. 1035174343 issued by the Economic Department of the Northern Regional Administration.
2014/12	17.83	60,000,000	600,000,000	46,748,000	467,480,000	Conversion of subscription rights into shares by NT$130 thousands	N/A	December 2, 2014 Letter No. 1035198369 issued by the Economic Department of the Northern Regional Administration.
2015/02	21.07 17.83	60,000,000	600,000,000	46,766,500	467,665,000	Conversion of subscription rights into shares by NT$185 thousands	N/A	Febraury 11, 2015 Letter No. 1045128935 issued by the Economic Department of New Taipei City Government.
2015/04	17.83	60,000,000	600,000,000	46,769,000	467,690,000	Conversion of subscription rights into shares by NT$25 thousands	N/A	April 20, 2015 Letter No. 1045142616 issued by the Economic Department of New Taipei City Government.
2015/09	17.83	60,000,000	600,000,000	46,796,000	467,960,000	Conversion of subscription rights into shares by NT$270 thousands	N/A	September 8, 2015 Letter No. 1045178438 issued by the Economic Department of New Taipei City Government.

2016/11	19.38 16.39	60,000,000	600,000,000	46,871,500	468,715,000	Conversion of subscription rights into shares by NT$755 thousands	N/A	November 25, 2016 Letter No. 1055327080 issued by the Economic Department of New Taipei City Government.
2017/02	19.38 16.39	60,000,000	600,000,000	47,052,000	470,520,000	Conversion of subscription rights into shares by NT$1,805 thousands	N/A	Febraury 9, 2017 Letter No. 1068007324 號 issued by the Economic Department of New Taipei City Government.
2017/04	16.39	60,000,000	600,000,000	47,075,000	470,750,000	Conversion of subscription rights into shares by NT$230 thousands	N/A	April 12, 2017 Letter No. 1068022048 issued by the Economic Department of New Taipei City Government.
2017/12	15.83	60,000,000	600,000,000	47,097,500	470,975,000	Conversion of subscription rights into shares by NT$225 thousands	N/A	December 1, 2017 Letter No. 1068076405 issued by the Economic Department of New Taipei City Government.
2021/12	21.00	90,000,000	900,000,000	75,097,500	750,975,000	Capital Increases by NT$280 thousands	N/A	December 16, 2021 Letter of Authorization No.11001230420

2. Type of Shares:

Unit: Shares

Type of stock	Authorized Capital			Remarks
	Outstanding shares (Note: listed stocks)	Unissued shares	Total	
Ordinary Shares	75,097,500	14,902,500	90,000,000	Including 10,000,000 shares of stock options for employees

3. Summary declaration system related information: The Company has no such situation.

4.1.2 Shareholder Composition：

April 18, 2023 ; Unit :Person ; Shares

Shareholder composition / Quantity	Government agencies	Financial institutions	Other legal entities	Individuals	Foreign institutions and foreign individuals	Total
No. of shareholders	0	4	11	4,180	11	4,206
No. of shares held	0	30,000	47,083,646	26,390,058	1,593,796	75,097,500
Shareholding ratio	0.00%	0.04%	62.70%	35.14%	2.12%	100.00%

4.1.3 Distribution of Shareholding：

April 18, 2023 ; Unit：Person；Shares

Range of no. of shares held	No. of shareholders	Shareholding (shares)	Shareholding (%)
1 to 999	458	70,525	0.09%
1,000 to 5,000	3,008	5,740,174	7.64%
5,001 to 10,000	376	3,089,632	4.11%
10,001 to 15,000	102	1,319,690	1.76%
15,001 to 20,000	78	1,436,790	1.91%
20,001 to 30,000	51	1,312,035	1.75%
30,001 to 40,000	38	1,371,919	1.83%
40,001 to 50,000	13	593,450	0.79%
50,001 to 100,000	45	3,267,396	4.35%
100,001 to 200,000	14	1,955,170	2.60%
200,001 to 400,000	13	3,534,999	4.71%
400,001 to 600,000	1	405,147	0.54%
600,001 to 800,000	2	1,398,000	1.86%
800,001 to 1,000,000	1	850,000	1.13%
1,000,001 or over	6	48,752,573	64.92%
Total	4,206	75,097,500	100.00%

4.1.4 List of Major Shareholders:

Shareholders whose equity stake exceeds 5% or who are among the top ten shareholders in terms of equity stake: ：

April 18, 2023 Unit : Shares

Shares / Names of major shareholders	Shareholding (shares)	Shareholding (%)
UNITECH COMPUTER CO., LTD	30,039,000	40.00%
G.M.I TECHNOLOGY CO., LTD	9,559,000	12.73%
HI-JET INCORPORATION	3,657,726	4.87%
JIA YUN INVESTMENT CO., LTD	2,950,017	3.93%
FAN ZHE WEI	1,449,704	1.93%
YEH KUO CHUAN	1,097,126	1.46%
YEH ZHI HAO	850,000	1.13%
PHANG JIN	719,000	0.96%
FU RONG Investment Co. LTD	679,000	0.90%
LEE YING SIN	405,147	0.54%

4.1.5 Market Price, Net Worth, Earnings, and Dividends per Share：

Item \ Fiscal year			2021	2022	Current year to April 30, 2023 (Note 4)
Market price per share	Highest		33.00	26.50	36.95
	Lowest		18.55	20.00	22.20
	Average		25.46	21.72	27.80
Net worth per share (Note 1)	Before distribution		23.19	24.24	24.28
	After distribution		22.77	(Note 5)	(Note 6)
Earnings per share	Weighted average shares		50,012,568	75,097,500	75,097,500
	Earnings per share	Before Adjustments	1.03	1.22	0.06
		After Adjustments	1.03	1.22	0.06
Dividends per share (Note 2)	Cash dividends		0.41490618	0.67037265	—
	Stock dividends	Dividends from retained earnings	0.00	0.00	—
		Dividends from capital reserve	0.00	0.00	—
	Accumulated undistributed dividends		0.00	0.00	—
Return on investment analysis (Note 3)	Price/earnings ratio		24.72	17.80	—
	Price/dividend ratio		61.36	32.40	—
	Cash dividend yield		1.63%	3.09%	—

Note 1：We use the number of shares issued as of the year-end, and fill in according to the distribution resolution of the board of directors or the next year's shareholders' meeting"..

Note 2：Dividends per share for the year 2022 have not yet been approved by the shareholders' meeting.

Note 3：The calculationare as follows：

(1)Price/ Earnings Ratio= Average closing price per share for the year / Earnings per Share

(2)Price/ Dividend Ratio = Average closing price per share for the year / Cash Dividends per Share

(3)Cash Dividend Yield = Cash Dividends per Share / Average closing price per share for the year

Note 4：Fill in the latest audited data for the most recent quarter as of the date of publication of the annual report for net worth per share and earnings per share.

Note 5：The earnings distribution for the year 2022 has not yet been approved by the shareholders' meeting, and therefore has not been disclosed.

Note 6：No relevant data available as the current fiscal year has not yet ended.

4.1.6 Dividend Policy and Implementation Status：

1. Dividend Policy stipulated in the Articles of Association：

In the event of the company making a profit for the year, the company should first allocate 5-15% of the profit for employee remuneration, and no more than 2% for director remuneration. When the employee remuneration is to be distributed in cash or stock, the recipients may include employees of subsidiary companies who meet certain criteria as authorized by the board of directors. However, when the company has accumulated losses, a reserve should be set aside to offset the losses before allocating the employee and director

remuneration according to the above proportion.

When there is a surplus in the annual closing of accounts, the company should first pay taxes and offset past losses, then set aside 10% as a statutory surplus reserve, and if necessary, set aside or reverse a special surplus reserve in accordance with the law. The remaining surplus, together with the undistributed profits from previous years, will be proposed by the board of directors as a profit distribution proposal for approval by the shareholders' meeting.

The company will consider the company's environment and growth stage, respond to future capital needs and long-term financial planning, and meet the shareholders' demand for cash inflows. The actual distributed profit shall not be less than 50% of the distributable profit. The annual distribution of shareholder profits shall be in the form of stock dividends or cash dividends, and the cash dividends shall be no less than 10% of the total dividends (cash and stock dividends) distributed in the current year. However, if the total dividend distributed per share is less than NT$3, the entire dividend may be distributed in the form of stock dividends.

2. Situation of the proposed dividend distribution at the shareholders' meeting:

(1)The Company's net profit after-tax after appropriating employees' compensation (5%) and Directors' compensation (2%) is NT$ 91,331,138, and adding 2022 re-measurement on defined benefit plan, setting aside the legal reserve (10%), and then adding reversal special reserve, distributable retained earnings is NT$ 100,686,620 and the proposed cash dividends to Shareholder's cash is NT$ 50,343,310, at NT$ 0.67037265 per share. Upon the approval of the Annual Meeting of Shareholders, it is proposed that the Board of Directors be authorized to resolve the ex-dividend date, ex-rights date, and other relevant issues. (Please refer to the earnings distribution table).

(2) In the event of any changes in the number of outstanding shares resulting from the buyback of the Company's shares, transferring treasury stocks to employee, conversion of convertible bonds, the exercise of employee stock option or other reasons, the dividend ratio must be adjusted. It is proposed that the Board of Directors be authorized to adjust the dividend ratio and to proceed on the relevant matters.

(3) The cash dividends calculation shall be rounded down to the nearest one NTD (any amount below one NTD will be discarded), and the remaining

fraction shall be adjusted and agree to distributed cash dividends.

Note: This proposal was approved by the board of directors on March 22, 2023, and is subject to approval by the shareholders' meeting.

Unitech Electronics Co., LTD.
Earnings Distribution Statement
2022

Unit: NT$

Item	Amount
Beginning retained earnings Add: 2022 net profit after tax Add: 2022 re-measurement on defined benefit plan Less: 10% legal reserve Add: reversal special reserve	$ 0 91,331,138 673,568 (9,200,471) 17,882,385
Distributable earnings	100,686,620
Distributable items: Shareholder's dividends - cash dividends (at NT$ 0.67037265 per share)	50,343,310
Unappropriated retained earnings	50,343,310

4.1.7 The impact of the proposed stock dividend on the Company's business performance and earnings per share:

As the Company distributed cash dividends in full this year, this does not apply.

4.1.8 Compensation of Employees, Directors and Supervisors:

1. The percentage or range of employee and director remuneration as stipulated in the company's articles of association：
   According to Article 17 of the company's articles of association: "If the Company earns a profit in any fiscal year, it shall allocate between 5% to 15% of the profit for employee remuneration and no more than 2% for director remuneration, as determined by the Board of Directors. When the employee remuneration is distributed in cash or stock, the recipients may include employees of subsidiary companies who meet certain criteria authorized by the Board of Directors. However, when the Company has accumulated losses, it shall first reserve the amount for compensation and then allocate the employee and director remuneration according to the above proportions. In the annual final settlement, if there is a profit, it shall first pay the taxes, make up for the previous losses, allocate 10% for the statutory surplus reserve, and when necessary, set aside or reverse the special surplus reserve in accordance with the law. The rest, together with the accumulated undistributed profits from the previous fiscal year, shall be proposed by the Board of Directors in a profit distribution resolution and distributed after approval by the shareholders' meeting."

2. The accounting treatment for differences between the estimated and actual amounts of employee and director remuneration expenses for the current period, including the basis for estimating the amount of employee and director remuneration, the calculation basis for the number of shares of employee remuneration distributed in stock, and the accounting treatment when the actual distribution amount differs from the estimated amount：
   The Company estimates employee and director remuneration in accordance with the regulations in the articles of association and based on past experience. If the actual distribution amount differs from the estimated amount, the adjustment will be accounted for in the year when approved by the shareholders' meeting.

3. The board of directors approved the distribution of remuneration as follows:
   (1)The amount of remuneration for employees and directors distributed in cash or stock. If there is a difference between the estimated amount of expenses recognized for the year and the actual amount of distribution, the difference, reasons and handling methods should be disclosed：
   On March 22, 2023, the board of directors resolved to distribute employee cash remuneration of NTD 5,926,217 (without stock-based remuneration) and director remuneration of NTD 2,370,487. The above distribution amounts are the same as the expenses recognized by the audited financial statements for the year 2022.

(2)The amount of employee remuneration distributed by stock and its proportion to the total after-tax net profit and total employee remuneration of individual or individual financial reports in the current period:
Since no decision has been made to distribute employee stock-based remuneration, this does not apply.

4. The actual distribution of remuneration to employees, directors, and supervisors in the previous year, including the number of shares, amount, and stock price, and any differences between the actual distribution and the recognized employee, director, and supervisor remuneration should be disclosed, along with the difference, reasons, and handling methods:
The actual distribution of employee and director remuneration in the year 111 is the same as the amount recognized.

4.1.9 Share repurchases by the company: The company have no such situation.

4.2 Issuances of Corporate Bonds.：The company have no such situation.

4.3 Issuances of Preferred Shares: The company have no such situation

4.4 Issuance of Global Depositary Receipts: The company have no such situation.

4.5 Issuance of Employee Stock Warrants：

4.5.1 Employee stock option certificate processing situation: The company does not have this situation.

4.5.2 As of the date of printing the annual report, the names of the top ten employees, who are managers and have acquired employee stock option certificates, and their acquisition and subscription status for the eligible number of shares: The company does not have this situation.

4.6 Issuance of New Restricted Employee Shares: The company have no such situation.

4.7 Issuance of any Merger and Acquisition Activities (including mergers, acquisitions, and demergers):The company have no such situation.

4.8 The Status of Implementation of Capital Allocation Plans：

As of March 31, 2023, the Company has not issued any securities that are incomplete or have not yet shown the expected benefits in the past three years.

V. Operational Highlights

5.1 Business Content

5.1.1 Scope of Business

1. Major areas of business operations

The company's main business is the research and development, design, and manufacturing of " Automatic Identification Data Capture Products" (AIDC products) which are marketed globally under our own brand, Unitech.

2. Reveneue Breakdown

Major Division	2022	
	Amount(thousands)	Proportion of revenue
Industrial-grade rugged mobile computer	887,379	37.76%
Barcode Scanners	349,748	14.88%
Other	1,113,132	47.36%
Total	2,350,259	100.00%

3. Major products(service) at present

The company's major business is the research and development, design and manufacturing of "automatic data capture hardware and software products." It markets its own brand, Unitech, globally through overseas branches and local distributors. The products include industrial-grade mobile computers, barcode scanners, RFID readers, access control/smart home security terminals, and related software. The company also acts as an agent for barcode printers, electronic tags, intelligent logistics solutions, and related accessories and supplies in the Taiwan market.

4. New products(service) under development

The company continues to develop new generations of industrial-grade mobile computers, tablets, various RFID, iOS-compatible, DPM barcode readers and related hardware products using the latest technology. These products include wearable and long-distance data readers, hardware products with 3D recognition for data collection and software applications. The company has been increasing its software development capabilities every year and developing data collection AI applications, IoT system modules and vertical industry-specific solutions, integrating software and hardware applications.

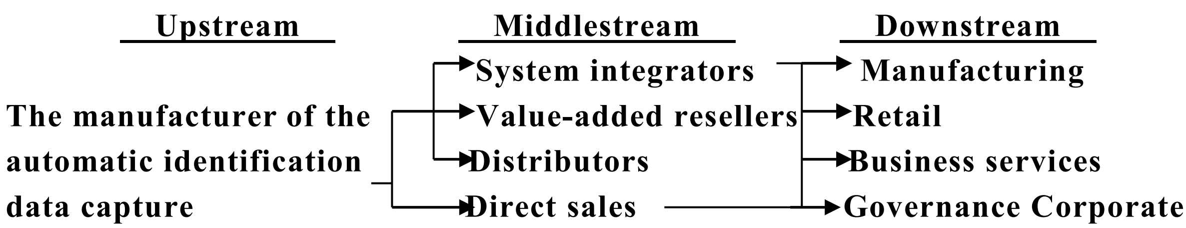
5.1.2 Industry Overview

1. Current Status and Future Development of the Industry

The AIDC industry, due to the widespread use of the Internet and the availability of various wireless applications, has made automated data collection a tool for reducing costs, improving efficiency, refining business operations, and ensuring timely/effective supervision and control. There are various applications in this industry, such as smart logistics, smart manufacturing, smart retail, smart warehouse management, data collection for sea/land/air transportation and distribution, water/electricity/gas/parking management, meter reading, store checkout, order inventory, mobile business management, identity recognition, medical management, postal services, police administration, access control for home security, and more. The development potential of this industry is broad.

2. Relationship with Up-, Middle- and Downstream Companies

The company plays the role of an upstream brand and manufacturer in the automatic identification data capture industry. The midstream mainly consists of system integrators, value-added resellers, distributors, and direct sales departments of some manufacturers. The midstream further provides downstream industries with application system development, system integration, technical support, maintenance services, storage and transportation, and other added value services to expand the market and reduce operational risks. In summary, through the professional cooperations among upstream, midstream, and downstream players, the overall efficiency of the information industry can be effectively improved. The industry's upstream, midstream, and downstream relationship diagram is shown below：



3. Product Trends

Automatic Identification Data Capture Products have the characteristics of ruggedness, portability, wireless internet connectivity, and real-time data transmission. With the development of new-generation transmission and communication components and the maturity of applications such as speech and image recognition and artificial intelligence, there are various new application possibilities in different industries. These related products are still

in a stage of continuous evolution.

4. Product Competition

The company, "unitech," is among the top ten global brands in the Automatic Identification Data Capture industry. It compete with major manufacturers in Europe, the United States, and Japan with excellent product design, flexible manufacturing capabilities, competitive costs, and comprehensive technical services. In recent years, our mid-to-low-end products have faced low-priced competition from emerging countries.

5.1.3 Research and Development

1. The technological level of Research and Development of the business activities

Unit: NT$ thousands

Year	2022	Q1 of 2023
R&D expenses	137,650	20,357
% of Revenue	5.86%	4.10%

2. Successful R&D technologies or products

(1) PA768: 5G ruggedized industrial-grade smart handheld mobile computer with Android 12

(2) EA630Plus: ruggedized smartphone with Android 11

(3) HT330: ruggedized handheld computer with Android 11

(4) MS852DP: wireless handheld barcode scanner, supporting DPM barcodes

(5) RP902 MFi: A pocket-sized UHF RFID reader that Apple MFi certified and for iOS devices

(6) Enterprise Keyboard software: supporting barcode scanning, RFID reading, and character recognition

(7) Showcase software: enterprise software guide

(8) Logger software: enterprise equipment log tool, recording equipment status for easy troubleshooting

(9) TagAccess iOS software: used on iOS devices for RFID tag reading and various operations

5.1.4 Long-term and Short-term Development

1. Short term Development

(1) Through strategic alliances and technical collaborations, we aim to understand the needs of customers for high/mid/low-end products in different regions.

(2) Increase investment in market resources in South America and Asia-Pacific regions.

(3) Enhance software development to integrate with hardware products, creating a competitive advantage.

(4) Expand solutions such as smart manufacturing management.

(5) Seize the opportunity of Taiwanese businesses returning to invest and set up factories, and expand our market share in Taiwan.

2. Long term Development

(1) In addition to existing end-user products, the company is actively investing in end-to-cloud connectivity technology to embrace the cloud and IoT industries, connecting them into an ecosystem.

(2) The company aims to increase customer value by offering software, hardware products, and technical services, and acquiring more large-scale customers in different regions and industries to improve its global market position and market share of its own brand products.

5.2 Market and Sales Overview

5.2.1 Market Analysis

1. Major products(service) Sales Region

Area \ Year		2021 Amount	2021 %	2022 Amount	2022 %
Domestic		997,032	42.32	1,215,498	51.72
Export	Asia	277,306	11.77	174,439	7.42
	America	576,667	24.47	548,822	23.35
	Europe	502,546	21.33	408,777	17.39
	Middle East and Near East	2,614	0.11	2,723	0.12
	Total	1,359,133	57.68	1,134,761	48.28
Total		2,356,165	100.00	2,350,259	100.00

2. Market Share Analysis

According to the latest data from Venture Development Corp. (VDC), a leading industry research firm in automatic data collection, unitech ranks 9th globally in handheld barcode scanners and rugged mobile computers, with a market share of approximately 1.5%. In the North American market alone, we rank 5th. Although there is no objective statistical data on Taiwan domestic market share, we are likely the top-ranking company in the market.

3. Market Supply Demand and Growth Outlook

According to research data from VDC Research, the sales of small handheld computers are projected to reach $3.7 billion by 2025, with a compound annual growth rate of 6.6%. Geographically, the European and American regions remain the largest market, with the APAC market experiencing higher growth rates. The average unit price of the products is expected to decrease slightly each year.

4. Competitive Advantages

(1) The marketing channels cover the world, fully grasping market trends.

The company has established a complete global marketing network, with subsidiaries operating the "unitech" brand in major regions such as the United States, Europe, Japan, and China. Through local distributors to expand business, we can not only collect the latest local market and technology dynamics nearby but also provide customers with the timeliest technical and after-sales consulting services. Through a high degree of understanding of the market, we strengthen our competitive advantage to compete with international giants.

(2) The product line is complete, and the brand has global recognition.

After more than 30 years of operation, the "unitech" brand has gained considerable global recognition and fully grasped market demand. With a complete product line, the company have gained recognition from major markets worldwide and have been adopted by many well-known multinational corporations, which has become a driving force for our company's operations.

(3) Professional software/hardware R&D team and complete product line development.

The company has accumulated years of experience in the research and development of automatic data collection products, fully grasping key technologies and establishing independent research and development capabilities. The hardware products we have launched can meet market needs, and we also have a full understanding of the application requirements and industry situations in various industries. The combination of relevant software and hardware developed by the company can accurately meet customer needs, thus establishing our company's position in the global data collection field. Therefore, our professional and experienced R&D team and complete product line are the biggest advantages that help our company maintain its competitive edge in the industry.

(4) Abundant and excellent human resources.

The company has long valued talent cultivation and harmonious labor relations, and the number of professional and senior managers we have

trained is much more abundant than other peers. As the automatic data collection industry belongs to a niche market, professional and sensitive managers are needed to grasp market opportunities. The company's management and R&D personnel have long been committed to the field of industrial handheld computers and barcode scanners and have a deep understanding of the trends and environment of our business, especially through overseas subsidiaries. The Company has established a solid team in major global markets. Through abundant and highly stable professional managers, we have a considerable advantage in market expansion and competition.

5. Favorable and Unfavorable Factors in the Long Term

(1) Favorable Factors

(A) The application areas of the product service offered by the company are constantly expanding.

The company's product service can greatly enhance productivity in various industries, and effectively improve the level of customer service. With the rise of new types of smart manufacturing, various types of automation and unmanned services, online consumption, and precise logistics and distribution needs, the product service provided by the company is crucial. With the maturity of wireless communication technology, entering the 5G era, mature technologies such as voice recognition, 3D recognition, text recognition, biometric recognition, RFID, digital photography, etc. have made the application of product services increasingly diverse. Therefore, the application scenarios and functions of automatic data collection products continue to expand, and it is estimated that it will bring positive benefits to the company's future business expansion.

(B) The automatic data collection industry is a kind of niche market, and new entrants need to have a certain level of high threshold. Due to the characteristics of the product being relatively small and diverse, and can be customized according to customer needs, it is necessary to fully understand user needs and pay full attention to industry development trends in this industry to design products that meet market requirements in terms of functionality and specifications. In addition, the products need to be durable and reliable, the price is not the most important factor in industry competition, but rather depends on product quality and the ability to provide technical services to customers, making it difficult for short-term competitors to enter.

(C) The company has the advantage of R&D and production in Taiwan, and can grasp and respond to market demand changes, global trade wars, and supply chain block shifts in real-time.

(2) Unfavorable Factors

(A) The small and diverse product line and the shorter product life cycle have increased operational risks.

Strategies:

(a) The R&D department of the company will strengthen the compatibility and substitutability with the specifications of existing products in the design of new products, thereby increasing the commonality of maintenance parts and reducing the reserve of future parts.

(b) The company will cautiously estimate the sales volume and adopt flexible production management combining order production and planned production through regular production and sales meetings to shorten the production and sales time and increase inventory turnover.

(c) Maintain good relationships with multiple suppliers to ensure the stability of the supply source and effectively control inventory idle situations by increasing the order frequency and reducing inventory levels.

(B) Some scenarios are used in indoor environments or have low frequency of use, and such markets are being eroded by consumer smartphones and tablets.

Strategies:

(a) The company will continue to reduce costs by expanding the scale and increasing the commonality of parts.

(b) Develop software that can increase the added value of products and bring more benefits to customers in application software and maintenance management, not just excellent hardware.

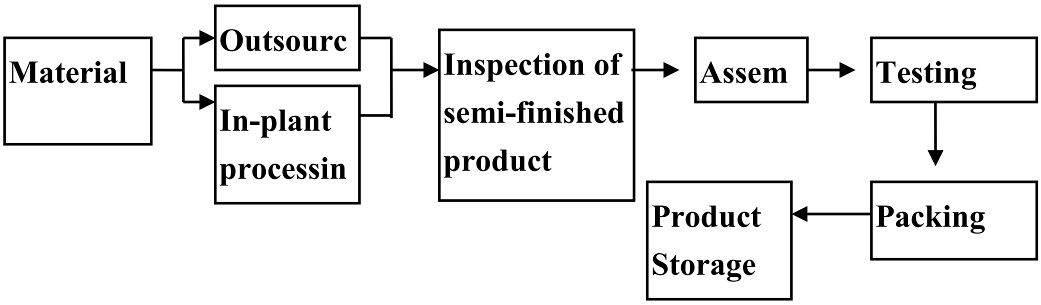
5.2.2 Important Uses and Production Procedures of Main Products:

1. Important applications of main products

Major Product / Service	Applications
Automatic Identification Data Capture Products mainly include automatic Identification data collection devices, barcode scanning devices, barcode printing devices, etc.	The Company provide products and services for data collection across various industries, such as warehouse inventory management, order picking, production line data collection, access control, courier/transportation management, meter reading, healthcare, security, and other applications. We also offer various barcode printing products.

2. The Production Processes

Production process of automatic identification data collection products



5.2.3 Supply Status of the Main Materials

Type of material	Supplier	Status
Barcode Scan Engine	Zebra, Honeywell, NewLand	Well
LCD Module	Co-True,BITLAND	Well
Camera Module	TS-PRECISION, Jin Sheng Xin	Well
CPU	Trendinno,Avent	Well
IC,etc.	ECS,FULLWIN,PCT, Arrow, WT Microelectronics	Well
Battery	Atemitech,HELIX	Well
ME parts	Netvox), KINGBRAND, Liming	Well

All types of raw materials required by the company are market-standard products or parts made from the own molds. We have long-term and stable cooperative relationships with all suppliers.

5.2.4 Major Clients in the Last Two Years

1. List of major suppliers whose purchase amount and proportion accounted for more than 10% of the net purchase amount in any of the past two years:

Unit:NT$ thousands;%

Item	2021				2022				As of Q1 of 2023			
	Company Name	Amount	Percentage of the annual net purchase (%)	Relationship with the issuer	Company Name	Amount	Percentage of the annual net purchase (%)	Relationship with the issuer	Company Name	Amount	Percentage of the annual net purchase (%)	Relationship with the issuer
1	Company A	211,536	14.99	None	-	-	-	-	Company A	25,684	10.56	None
2	Company B	150,959	10.69	None	-	-	-	-	Company B	25,398	10.44	None
	Others	1,049,141	74,32	None	Others	1,453,335	100.00	None	Others	192,199	79.00	None
	Net Purchase	**1,411,636**	**100.00**	**-**	**Net Purchase**	**1,453,335**	**100.00**	**-**	**Net Purchase**	**243,281**	**100.00**	**-**

Reasons in changes of increase and decrease：

The main reason for changes is the purchase of components and outsourced products needed for production. There were no significant changes in the year 2022.

2. List of customers who accounted for more than 10% of net sales in any of the past two years, along with their sales amounts and percentages:

Unit : NT$ thousands;%

Item	2021				2022				As of Q1 of 2023			
	Company Name	Amount	Percentage of the annual net sales (%)	Relationship with the issuer	Company Name	Amount	Percentage of the annual net sales (%)	Relationship with the issuer	Company Name	Amount	Percentage of the annual net sales (%)	Relationship with the issuer
1	Company A	265,774	11.28	None	-	-	-	-	-	-	-	-
	Others	2,090,391	88.72	None	Others	2,350,259	100.00	None	Others	496,424	100.00	None
	Net Sales	**2,356,165**	**100.00**	**-**	**Net Sales**	**2,350,259**	**100.00**	**-**	**Net Sales**	**496,424**	**100.00**	**-**

Reasons in changes of increase and decrease：

It is mainly attributed to the sales of automatic identification data capture products, and there were no significant changes in 2022.

5.2.5 Production in the Last Two Years:

Unit：PCS,NT$ thousands

Year / Output / Major Products	2021			2022		
	Capacity	Quantity	Amount	Capacity	Quantity	Amount
Military-grade ruggedized mobile computers	51,550	47,201	595,252	70,860	66,689	622,718
Barcode Scanner	42,900	32,483	123,337	39,900	40,390	119,242
Others	4,200	2,194	79,785	4,500	3,728	81,219
Total	98,650	81,878	798,374	115,260	110,807	823,179

Note: The above production capacity is the quantity that can be produced under normal operation using existing production equipment, after deducting necessary shutdowns, holidays and other factors. The production capacity of each product line is interchangeable and can be outsourced when necessary.

5.2.6 Sales Volume and Value in the Last Two Years

Unit：PCS,NT$ thousands

Year / Sales output / Major products	2021				2022			
	Local		Export		Local		Export	
	Volume	Amount	Volume	Amount	Volume	Amount	Volume	Amount
Military-grade ruggedized mobile computers	9,815	176,985	69,238	801,426	18,847	243,076	51,718	644,303
Barcode Scanner	31,242	123,186	99,538	218,519	30,196	117,111	93,133	232,637
Others	-	696,861	-	339,188	-	855,311	-	257,821
Total	-	997,032	-	1,359,133	-	1,215,498	-	1,134,761

Note: The sales volume of the main products is mainly based on the mainframe.

5.3 The number of employees, average service years, average age, and educational distribution ratio of employees in the past two years and up to the publication date of the annual report

	Year	2021	2022	As of annual report
Number of Employees	Direct	28	28	25
	Indirect	362	373	375
	Total	390	401	400
Average Age		40.4	39.94	40.47
Average Years of Service		10.2	9.9	10.1
Education distribution percentage (%)	Ph.D.	0.34%	0.31%	0.32%
	Masters	20.95%	20.69%	19.56%
	Bachelor’s Degree	70.26%	68.03%	69.72%
	Senior High School	8.45%	10.97%	10.40%
	Below Senior High School	0.00%	0.00%	0.00%

5.4 Environmental Protection Expenditure

Regarding losses suffered due to environmental pollution and disclosure of estimated amounts and response measures that may occur currently and in the future for the most recent fiscal year and up to the date of printing of the annual report：
As our manufacturing process involves assembly, there have been no incidents of environmental pollution. Additionally, we have obtained certification for IECQ QC080000 (Process Management for Electronics and Electrical Components and Products) certification.

5.5 Labour Relations

5.5.1 The employee's welfare includes, continuing education and training, retirement system, and their execution status, as well as the agreements and measures to protect the rights and interests of employees between labor and management:

1. Benefits Package

The company has always upheld the philosophy of respecting humanity and caring for our employees. In order to fully take care of our colleagues and protect their livelihoods, so that they can serve the company without worries, our current benefits package includes labor insurance and national health insurance, group insurance (including accident insurance (5-15 million), life insurance (1-3.5 million), disease and medical care, accident medical care, cancer prevention medical care, vaccine insurance, etc.), annual health checks for all employees, marriage subsidies for employees, and funeral expenses (for themselves and immediate family members). The Company also have an Employee Welfare Committee that provides subsidies for employee travel expenses, departmental activities, various clubs, and activities that promote physical and mental health. Currently, there are 10 clubs (such as hiking, cycling, basketball, etc.) within the company (group enterprise) that employees can freely choose to participate in.

2. Education and Training

The company has established a comprehensive training system, equipped with training venues, and established an e-learning website. We have planned professional training courses for new employees, various business and functional personnel, and have arranged for internal senior lecturers, external consultants, domestic and foreign business partners, or universities and colleges to conduct classified and tiered training. Course content includes: business training courses, project management courses, pre-launch training for new

products, new product testing training, quality management courses, and external EMBA courses at universities. We hope to have professional and excellent employees, develop excellent products, and provide the best service to customers. Due to the restrictions imposed by the COVID-19 pandemic this year, the company has adjusted the methods and courses of various types of training. Only about 171 training sessions were conducted, with training costs of approximately NTD 450 thousands.

3. Retirement System

The company's retirement benefits are based on the Labor Pension Act and adopt the defined contribution system, with 6% of employees' salaries being contributed each month. In addition, in accordance with the Labor Standards Act and relevant regulations, an actuary is commissioned to conduct an actuarial evaluation. After being approved by the New Taipei City Government, 2% of the total salary that should be paid each month is deposited into the Taiwan Bank Retirement Fund account in the name of the Labor Retirement Pension Supervisory Committee. The retirement conditions for colleagues are in accordance with the Labor Standards Act.

4. Agreement between labor and management

The achievement of the company's business objectives relies on the commitment and dedication of employees, and employees can only fully utilize their expertise with the support of management. Therefore, the harmony of labor-management relations has always been highly valued by the company. The company has always adopted a candid and open attitude towards employees, and all policies related to salary, bonuses, benefits, training, etc. are designed to help employees achieve their personal goals. The company also holds regular labor-management meetings, widely collects employee opinions, fully communicates, and consolidates consensus between labor and management to improve labor-management relations. As a result, there have been no labor disputes or other similar incidents at the company.

5. Measures to protects employee's right

The company treats employees with integrity and protects their rights in accordance with relevant laws and regulations such as the Labor Standards Act. The company values employee welfare and has established an employee welfare committee. In order to enhance the professional skills and management knowledge of employees, the company regularly organizes on-the-job training, reading clubs, etc. The company respects gender equality in the workplace and has formulated comprehensive "Sexual Harassment Prevention Measures,

Complaints, and Disciplinary Regulations," as well as established channels for handling complaints. The company strictly complies with the "Occupational Safety and Health Act," providing employees with fire, emergency, and safety training, and standardizing equipment maintenance to ensure workplace safety. The company has also established an online platform for employee complaints, with dedicated personnel to handle employee complaints and protect employee rights. At the same time, the company has hired a full-time nurse to provide employees with health consultations, environmental safety guidance, improvement, and tracking of employees' health status, in order to reduce the risk of occupational accidents or diseases.

6. Working environment and personal safety

The company places great emphasis on safety and is generally not in a highly hazardous industry. The company has implemented a labor safety and health management system, established regulations, and provided education and training to employees. The company has dedicated personnel to regularly inspect the fire, alarm, and emergency power systems in offices and factories, and conducts explanation and disaster prevention drills for all employees in batches and regularly. All offices and factories are also covered by public accident insurance for personnel. The company has video surveillance systems for personnel entering and leaving all offices and factories, and adopts access control using swipe cards, as well as a security system to protect employee personal safety. There were no related accidents during the current year.

7. Employee Code of Conduct

The company has established various regulations related to employee behavior and ethics, and has communicated the relevant codes of conduct, rights, and obligations to all employees. The "Employee Code of Conduct," "Code of Ethics," "Integrity Management Guidelines," "Gift-Giving Guidelines for Suppliers, Customers, and Collaborators during Holidays," and "Personal Information Protection Management Regulations" can be found on the company's governance section of the website. Through the implementation by responsible units, there have been no major violations of the regulations by employees this year.

(1) Employee Code of Conduct: to illustrate the company's core values and principles, and provide employees with behavioral norms for interactions with colleagues, customers, and partners.

(2) Employee Management Regulations: to regulate employee attendance, rewards and punishments, leave, overtime, etc.

(3) New Employee Counseling Regulations.

(4) Regulations for Acting on Behalf of Colleagues.

(5) Document Signature Authority Management Regulations.

(6) Performance Evaluation Regulations.

(7) Regulations for Selecting Outstanding Employees.

(8) Measures for Preventing and Dealing with Sexual Harassment, Complaints, and Disciplinary Actions.

(9) Code of Ethics.

(10) Ethical Corporate Management Best Practice Principles.

(11) Gift-Giving Guidelines for Suppliers, Customers, and Collaborators during Holidays.

(12) Personal Information Protection Management Regulations.

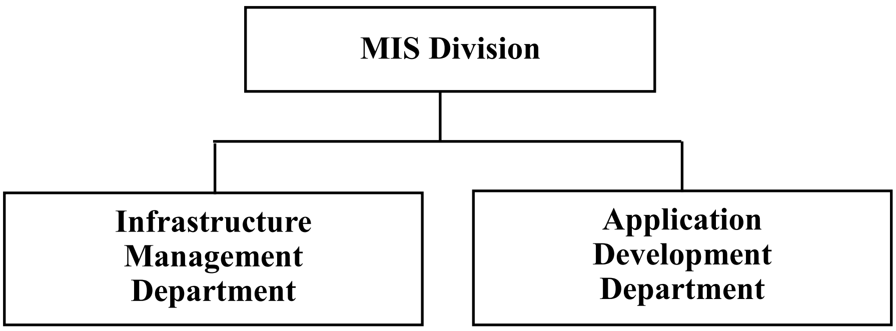
(13) Complaint Procedures.

5.5.2 The latest annual report up until the date of printing, the company has disclosed any losses incurred due to labor disputes and has provided an estimate of the current and potential future losses along with measures taken to address the issue. If an estimate cannot be reasonably determined, the report should explain the reasons for the inability to provide an estimate:None.

5.6 Cyber Security Management

5.6.1 Cyber Security Risk Management Framework, Cyber Security Policy, Specific Management Plans, and Resources Invested in Cyber Security Management:

1. Structure of Cyber Security Risk Management:



Main Duty：
Integrated planning of information infrastructure and information security maintenance

Main Duty：
Responsible for the planning, introduction, maintenance, development and promotion of ERP-related applications, applying new technologies to continuously improve the efficiency of information assets

2. Cyber Security Policy

To effectively implement the information security management system and ensure the security of data, systems, equipment, and networks, the company has established computer software and hardware management regulations, system host management regulations, and information security-related evaluation methods for information application. These regulations serve as guidelines for the execution, evaluation, and auditing of information security management work to ensure the sustainable operation, integrity, validity, availability, and security of the information systems of this company, and to ensure compliance with relevant laws and regulations related to information security.

3. Cyber Security Management Measures

The following are explanations of various information security policies and specific management plans:

(1) Cyber Security Management Policy

To ensure the information security of the company, an assessment is conducted annually based on the Information Security Audit Checklist, which covers topics such as information security policies, organizational security, asset classification and control, personnel security, physical and environmental security, communication and operation management, access control, system development and maintenance, operational continuity management, and compliance with relevant laws and regulations. The audit unit will also conduct random checks.

(2) Cyber Security Management Measures

A. Data Center and Power Management: Access to the data center is controlled, environmental monitoring is conducted, and the uninterrupted power supply system is regularly tested.

B. Host Management: A backup structure that incorporates virtualization, fault tolerance, and migration is implemented to prevent the impact of failures. Full data backups are performed regularly, and off-site storage is implemented. Clear management standards are established, and recovery drills are conducted regularly in accordance with the standards.

C. Network Management: Internal protective mechanisms are established, VPN control and usage notifications are implemented, and corresponding backup devices are planned for all major equipment to reduce the impact of failures. Additionally, certified network attack protection, spam filtering, and email virus filtering protection services are rented (provided by Chunghwa Telecom's Cyber Security Fleet) for dual protection.

D. Computer Control: A computer asset management system is implemented

to control all computers in the company in real-time, monitor computer changes, ensure the legal use of computer software, enforce the use of protective software, and dispose of retired computers properly.

E. Account Control: Permission to use all systems requires application and approval, and the permissions of personnel who leave or change positions are reviewed. Personnel permissions are reviewed annually.

F. System Development: Clear operational procedures and standards are established for operation permissions, access management, functional changes, problem resolution, etc/

G. Education and Promotion: Information security awareness is promoted during normal operations, and new employee training on information security awareness is conducted regularly. Additionally, high-risk information is periodically announced to remind employees to strengthen their information security awareness.

H. Organizational Management: A dedicated information management department and personnel are established, and the highest executive officer is regularly reported on the implementation and operation status.

5.6.2 Losses, potential impacts and measures taken in response to significant cybersecurity incidents suffered during the current and previous years up to the date of publication of the report:

The company has not suffered any losses due to significant cybersecurity incidents.

5.7 Important Contract

Agreement	Counterparty	Contract Period	Major Content	Restrictions
Product Technical Standards	Google	October 2019 ~ End of product life cycle	Android Enterprise Recommended Device Program Terms	--
Product Strategy Cooperation	Apple	Begin from April 2021	MFi License	--
Product Strategy Cooperation	Google	November 2022~ October 2023	ENTERPRISE DEVICES LICENSE AGREEMENT (EDLA)	--

VI. Financial Information

6. 1 Condensed Balance Sheet and Statement of Comprehensive Income within the last 5 years

6.1.1 Condensed Balance Sheet and Statement of Comprehensive Income - Based on IFRS

1. Condensed Balance Sheet and Statement of Comprehensive Income -Consolidated Financial Statement

Condensed Balance Sheet

Unit: NT$ thousands

Item \ Fiscal year		Financial Information for Most Recent 5 Fiscal Years (Note 1)					As of March 31, 2023, of the current year (Note 3)
		2018	2019	2020	2021	2022	
Current Assets		1,079,605	1,164,866	1,111,842	1,778,816	1,920,808	1,740,224
Property, Plant and Equipment		352,166	357,381	349,125	355,394	362,863	359,735
Intangible Assets		32,811	41,065	38,338	32,396	23,503	22,218
Other Assets		109,367	164,785	182,290	151,527	193,694	205,276
Total Assets		1,573,949	1,728,097	1,681,595	2,318,133	2,500,868	2,327,453
Current Liabilitiy	Before Distribution	382,917	540,293	499,634	488,944	541,418	376,139
	After Distribution	415,885	546,889	506,842	520,102	(Note 2)	(Note 2)
Non-Current Liability		65,095	86,510	78,206	86,029	137,518	125,723
Total Liability	Before Distribution	448,012	626,803	577,840	574,973	678,936	501,862
	After Distribution	480,980	633,399	585,048	606,131	(Note 2)	(Note 2)
Equity attributable to owners of the parent		1,124,544	1,099,779	1,102,031	1,741,285	1,820,014	1,823,612
Capital Stock		470,975	470,975	470,975	750,975	750,975	750,975
Capital Surplus	Before Distribution	621,382	604,986	604,986	935,226	935,226	935,226
	After Distribution	604,986	604,986	604,986	935,226	(Note 2)	(Note 2)

Retained Earnings	**Before Distribution**	**43,374**	**42,874**	**52,676**	**96,109**	**156,955**	**161,566**
	After Distribution	**26,802**	**36,278**	**45,468**	**64,951**	**(Note 2)**	**(Note 2)**
Other Equity		**(11,187)**	**(19,056)**	**(26,606)**	**(41,025)**	**(23,142)**	**(24,155)**
Treasury shares			**-**	**-**	**-**	**-**	**-**
Non-controlling interests		**1,393**	**1,515**	**1,724**	**1,875**	**1,918**	**1,979**
Total equity	**Before Distribution**	**1,125,937**	**1,101,294**	**1,103,755**	**1,743,160**	**1,821,932**	**1,825,591**
	After Distribution	**1,092,969**	**1,094,698**	**1,096,547**	**1,712,002**	**(Note 2)**	**(Note 2)**

Note 1: The financial information for the most recent 5 year has been audited by independent auditors.

Note 2: The distribution of earnings has not yet been approved by the shareholders' meeting, therefore it is omitted.

Note 3: The financial information of the Company as of March 31, 2023 has been reviewed by independent auditors.

Condensed Statement of Comprehensive Income

Unit: NT$ thousands

Item \ Fiscal year	Financial Information for Most Recent 5 Fiscal Years (Note 1)					As of March 31, 2023, of the current year (Note 2)
	2018	2019	2020	2021	2022	
Operating Revenue	2,034,712	2,078,229	1,997,606	2,356,165	2,350,259	496,424
Gross Profit	661,849	664,857	641,728	750,521	762,872	163,818
Operating Income	2,046	5,395	19,000	84,116	100,981	3,018
Non-operating income and expenses	(1,088)	11,290	672	(5,493)	13,146	158
Income Before Income Tax	958	16,685	19,672	78,623	114,127	3,176
Net income for the period from continuing operations	12,282	16,837	17,056	51,855	91,437	4,703
Loss from discontinued operations	-	-	-	-	-	-
Net income	12,282	16,837	17,056	51,855	91,437	4,703
Other comprehensive income (loss), net of Income Tax	7,438	(8,512)	(7,999)	(15,482)	18,493	(1,044)
Total comprehensive income	19,720	8,325	9,057	36,373	109,930	3,659
Net income attributable to owners of parent	12,150	16,706	16,844	51,444	91,331	4,611
Net income attributable to non-controlling interests	132	131	212	411	106	92
Total comprehensive income attributable to owners of parent	19,472	8,203	8,848	36,222	109,887	3,598
Total comprehensive income, attributable to non-controlling interests	248	122	209	151	43	61
Earnings per share	0.26	0.35	0.36	1.03	1.22	0.06

Note 1: The financial information for the most recent 5 year has been audited by independent auditors.

Note 2: The financial information of the Company as of March 31, 2023 has been reviewed by independent auditors.

2. Condensed Balance Sheet and Statement of Comprehensive Income - Parent Company Only Financial Statement

Condensed Balance Sheet

Unit: NT$ thousands

Item \ Fiscal year		Financial Information for Most Recent 5 Fiscal Years (Note 1)					As of March 31, 2023, of the current year
		2018	2019	2020	2021	2022	
Current Assets		715,380	812,174	759,420	1,368,993	1,395,109	N/A
Property, Plant and Equipment		341,052	348,784	346,512	353,940	360,483	
Intangible Assets		30,971	39,436	37,839	32,173	23,457	
Other Assets		406,523	388,831	386,987	394,319	431,674	
Total Assets		1,493,926	1,589,225	1,530,758	2,149,425	2,210,723	
Current Liabilitiy	Before Distribution	328,759	456,530	389,686	374,232	365,507	
	After Distribution	361,727	463,126	396,894	405,390	(Note 2)	
Non-Current Liability		40,623	32,916	39,041	33,908	25,202	
Total Liability	Before Distribution	369,382	489,446	428,727	408,140	390,709	
	After Distribution	402,350	496,042	435,935	439,298	(Note 2)	
Equity attributable to owners of the parent		1,124,544	1,099,779	1,102,031	1,741,285	1,820,014	
Capital Stock		470,975	470,975	470,975	750,975	750,975	
Capital Surplus	Before Distribution	621,382	604,986	604,986	935,226	935,226	
	After Distribution	604,986	604,986	604,986	935,226	(Note 2)	
Retained Earnings	Before Distribution	43,374	42,874	52,676	96,109	156,955	
	After Distribution	26,802	36,278	45,468	64,951	(Note 2)	
Other Equity interests		(11,187)	(19,056)	(26,606)	(41,025)	(23,142)	
Treasury shares		-	-	-	-	-	
Total equity	Before Distribution	1,124,544	1,099,779	1,102,031	1,741,285	1,820,014	
	After Distribution	1,091,576	1,093,183	1,094,823	1,710,127	(Note 2)	

Note 1: The financial information for the most recent 5 year has been audited by independent auditors.

Note 2: The distribution of earnings has not yet been approved by the shareholders' meeting, therefore it is omitted.

Condensed Statement of Comprehensive Income

Unit: NT$ thousands

Item \ Fiscal year	Financial Information for Most Recent 5 Fiscal Years (Note 1)					As of March 31, 2023, of the current year
	2018	2019	2020	2021	2022	
Operating Revenue	1,630,489	1,665,190	1,605,918	1,740,539	1,872,860	N/A
Gross Profit	389,697	388,272	401,220	452,735	482,495	
Operating Income	35,255	30,896	35,479	23,775	67,571	
Non-operating income and expenses	(23,674)	(10,267)	(21,094)	40,130	42,657	
Income Before Income Tax	11,581	20,629	14,385	63,905	110,228	
Net income for the period from continuing operations	12,150	16,706	16,844	51,444	91,331	
Loss from discontinued operations	-	-	-	-	-	
Net income	12,150	16,706	16,844	51,444	91,331	
Other comprehensive income (loss), net of Income Tax	7,322	(8,503)	(7,996)	(15,222)	18,556	
Total comprehensive income	19,472	8,203	8,848	36,222	109,887	
Net income attributable to owners of parent	12,150	16,706	16,844	51,444	91,331	
Total comprehensive income attributable to owners of parent	19,472	8,203	8,848	36,222	109,887	
Earnings per share	0.26	0.35	0.36	1.03	1.22	

Note 1: The financial information for the most recent 5 year has been audited by independent auditors.

6.1.2 Auditors' Informations and Opinions for the Last Five Years

Year	CPA Firm	Name of CPA	Audit Opinion
2018	Ernst & Young CPA	CHIU WAN JU, YANG CHIH HUEI	Unqualified Opinon
2019	Ernst & Young CPA	KUO SHAO PIN , CHIU WAN JU	Unqualified Opinon
2020	Ernst & Young CPA	KUO SHAO PIN , CHIU WAN JU	Unqualified Opinon
2021	Ernst & Young CPA	KUO SHAO PIN , CHIU WAN JU	Unqualified Opinon
2022	Ernst & Young CPA	KUO SHAO PIN , YANG CHIH HUEI	Unqualified Opinon

6.2 Financial Analysis for the most recent 5 years

6.2.1 Financial Analysis -- Based on IFRS - Consolidated Financial Statements

Item / Fiscal year		Financial Analysis for the Most Recent 5 Years					As of March 31, 2023, of the current year (Note)
		2018	2019	2020	2021	2022	
Financial Structure (%)	Debt to assets ratio	28.46	36.27	34.36	24.80	27.15	21.56
	Ratio of long-term capital to property, plant and equipment	338.20	332.36	338.55	514.69	540.00	542.43
Solvency (%)	Current ratio	281.94	215.60	222.53	363.81	354.77	462.65
	Quick ratio	171.70	130.08	143.58	254.61	257.77	329.76
	Times interest earned	4.02	13.79	10.29	39.48	75.35	6.97
Operating performance	Accounts receivable turnover (times)	4.40	4.24	4.19	4.99	4.78	4.34
	Average collection days	83	86	87	73	76	84
	Inventory turnover (times)	3.39	3.35	3.36	3.97	3.45	2.97
	Average payable turnover (times)	5.55	5.56	5.33	6.71	6.46	6.58
	Average days in sales	108	109	109	92	106	123
	Property, plant and equipment turnover (times)	5.77	5.86	5.65	6.69	6.54	5.50
	Total asset turnover (times)	1.27	1.26	1.17	1.18	0.98	0.82
Profitability	Return on total assets (%)	0.78	1.08	1.10	2.67	3.85	0.85
	Return on equity (%)	1.08	1.51	1.55	3.64	5.13	1.03
	Ratio of income before tax to paid-in capital (%)	0.20	3.54	4.18	10.47	15.20	1.69
	Net profit margin (%)	0.60	0.81	0.85	2.20	3.89	0.95
	Earnings per share (NT$)	0.26	0.35	0.36	1.03	1.22	0.06
Cash flow	Cash flow ratio (%)	(17.57)	20.30	28.02	18.83	36.78	(10.06)
	Cash flow adequacy ratio (%)	163.76	138.70	131.27	109.12	126.13	151.19
	Cash reinvestment ratio (%)	(6.64)	4.94	8.58	3.92	7.23	(1.64)

Leverage	Operating leverage	353.53	133.75	37.20	10.61	7.96	50.92
	Financial leverage	1.18	1.32	1.13	1.02	1.02	1.21

Please explain the causes of changes in the financial ratios in the most recent 2 fiscal years. (Analysis is not required if the increase or decrease is less than 20%.)

1. **Times interest earned: Times interest earned increased mainly due to increase in income before income tax.**
2. **Return on total assets, Return on equity, Pre-tax income to paid-in capital ratio, and Net profit margin: Increased mainly due to increase in gross profit and effective control of operating expenses.**
3. **Cash flow ratio: Cash flow ratio increased mainly increase in net income.**
4. **Cash reinvestment ratio: Cash flow ratio increased mainly due to increase in cash generated by operating activities.**
5. **Operating leverage: Operating leverage decreased mainly due to increase in operating income.**

Note: The ratio analysis of operating profitability as of March 31, 2023, for current year was calculated on an annualized basis using the first quarter financial statements of the year 2023.

6.2.2 Financial Analysis -- Based on IFRS - Parent Company Only Financial Statement

Item	Fiscal year	Financial Analysis for the Most Recent 5 Years					As of March 31, 2023, of the current year
		2018	2019	2020	2021	2022	
Financial Structure (%)	Debt to assets ratio	24.73	30.80	28.01	18.99	17.67	N/A
	Ratio of long-term capital to property, plant and equipment	341.64	324.76	329.30	501.55	511.87	
Solvency (%)	Current ratio	217.60	177.90	194.88	365.81	381.69	
	Quick ratio	135.31	112.42	126.49	254.43	277.61	
	Times interest earned	37.53	44.07	14.71	46.13	426.59	
Operating performance	Accounts receivable turnover (times)	4.49	4.01	3.98	4.70	5.14	
	Average collection days	81	91	92	78	71	
	Inventory turnover (times)	4.66	4.64	4.51	4.48	4.10	
	Average payable turnover (times)	5.15	5.07	4.83	5.47	6.11	
	Average days in sales	78	79	81	81	89	
	Property, plant and equipment turnover (times)	4.75	4.83	4.62	4.97	5.24	
	Total asset turnover (times)	1.08	1.08	1.03	0.95	0.86	
Profitability	Return on total assets (%)	0.82	1.11	1.13	2.86	4.20	
	Return on equity (%)	1.07	1.50	1.53	3.62	5.13	

	Ratio of income before tax to paid-in capital (%)	2.46	4.38	3.05	8.51	14.68	
	Net profit margin (%)	1.00	1.00	1.00	3.00	4.88	
	Earnings per share (NT$)	0.26	0.35	0.36	1.03	1.22	
Cash flow	Cash flow ratio (%)	(8.98)	17.88	23.57	5.29	37.58	
	Cash flow adequacy ratio (%)	158.47	136.58	104.92	86.46	85.05	
	Cash reinvestment ratio (%)	(4.23)	3.30	5.71	0.61	4.93	
Leverage	Operating leverage	14.53	15.98	14.05	26.41	8.48	
	Financial leverage	1.01	1.02	1.03	1.06	1.00	

Please explain the causes of changes in the financial ratios in the most recent 2 fiscal years. (Analysis is not required if the increase or decrease is less than 20%.)

1. **Times interest earned: Times interest earned increased mainly due to increase in income before income tax.**
2. **Return on total assets, Return on equity, Ratio of income before tax topaid-in capital, and Net profit margin: Increased mainly due to increase in operating revenue and gross profit.**
3. **Cash flow ratio: Cash flow ratio increased mainly increase in net income.**
4. **Cash reinvestment ratio: Cash flow ratio increased mainly due to increase in cash generated by operating activities.**
5. **Operating leverage: Operating leverage decreased mainly due to increase in operating revenue and operating income.**

The following formulas for the calculation of the financial ratios shall be listed below this table in the annual report:

1. **Financial structure**
   (1) **Debt to assets ratio = total liabilities / total assets.**
   (2) **Ratio of long-term capital to property, plant and equipment = (total equity + non-current liabilities) / net property, plant and equipment.**
2. **Solvency**
   (1) **Current ratio = current assets / current liabilities.**
   (2) **Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities.**
   (3) **Times interest earned = earnings before tax and interest expenses / current interest expenses.**
3. **Operating performance**
   (1) **Accounts receivable (including accounts receivable and notes receivable arising from business activities) turnover = net sales / average accounts receivable balance (including accounts receivable and notes receivable arising from business activities).**
   (2) **Average collection days = 365 / accounts receivable turnover.**
   (3) **Inventory turnover = cost of goods sold / average inventory.**
   (4) **Accounts payable (including accounts payable and notes payable arising from business activities)**

turnover = cost of goods sold / average accounts payable balance (including accounts payable and notes payable arising from business activities).

(5) Average days in sales = 365 / inventory turnover.

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

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

4. Profitability

(1) Return on total assets = (net income + interest expenses * (1 - effective tax rate)) / average total assets.

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

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

(4) Earnings per share = (income attributable to owners of parent - preferred stock dividends) / weighted average number of shares outstanding.

5. Cash flow

(1) Cash flow ratio = net cash flows from operating activities / current liabilities.

(2) Net cash flow adequacy ratio = 5-year sum of net cash flow from operating activities / 5-year sum of (capital expenditures + increases in inventory + cash dividends).

(3) Cash reinvestment ratio = (cash from operating activities - cash dividends) / (gross property, plant and equipment + long-term investments + other non-current assets + working capital).

6. Leverage

(1) Operating leverage = (net operating revenue – variable operating costs and expenses) / operating income.

(2) Financial leverage = operating income / (operating income – interest expenses).

6.3 Audit Committee's Report for the most recent year's Financial Statement

AUDIT COMMITTEE REPORT

To: Shareholders' Annual General Meeting for Year 2023, Unitech Electronics Co., LTD.

The Board of Directors has prepared and submitted to the undersigned, Audit Committee of Unitech Electronics Co., LTD. the 2022 Business Report, Financial Reports and the proposal of distribution of earnings. The Financial Statements have been duly audited by Certified Public Accountants Kuo, Chao-Pin and Yang, Chi-Hueh of Ernst & Young Global Limited. The above Business Report, Financial Statements and the proposal of distribution of earnings have been examined and determined to be correct by the audit committee. This Report is duly submitted in accordance with Article 14-4 of Securities and Exchange Law and Article 219 of the Company Law.

The Audit Committee, Chairman:：Su, Liang

March 22, 2023

6.4 Financial Statement for the most recent fiscal year

REPRESENTATION LETTER

The entities included in the consolidated financial statements as of December 31, 2022 and for the year then ended prepared under the International Financial Reporting Standards, No.10 are the same as the entities to be included in the combined financial statements of the
Company, if any to be prepared, pursuant to the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises (referred to as “Combined Financial Statements”). Also, the footnotes disclosed in the Consolidated Financial Statements have fully covered the required information in such Combined Financial Statements. Accordingly, the Company did not prepare any other set of Combined Financial Statements than the Consolidated Financial Statements.

Very truly yours,

Unitech Electronics Co., Ltd.

Chairman: Yeh, Chia-Wen

March 22, 2023

English Translation of a Report Originally Issued in Chinese

Independent Auditors' Report

To the Board of Directors and Shareholders
of Unitech Electronics Co., Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of Unitech Electronics Co., Ltd. and its subsidiaries (the "Group") as of December 31, 2022 and 2021, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2022 and 2021, and notes to the consolidated financial statements, including the summary of significant accounting policies (together "the consolidated financial statements").

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and their consolidated financial performance and cash flows for the years ended December 31, 2022 and 2021, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. 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 2022 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

The Group recognized NT$2,350,259 thousand as operating revenue which mainly stemmed from the sale of automatic data capture products for the year ended December 31, 2022. Sale of automatic data capture products is the main operating activity of the Group. The revenue was recognized when the Group has transferred the promised goods to its customers and satisfied the performance obligations. Timing of revenue recognition may vary due to the differences in trade terms of goods agreed in the contract that increased the complexity of the revenue recognition. As a result, we determined this matter as a key audit matter. Our audit procedures include (but are not limited to): assessing the appropriateness of the accounting policies regarding revenue recognition; evaluating and testing the design and operating effectiveness of internal control over revenue recognition; performing test of details on a sampling basis by checking relevant documents to verify when performance obligations were satisfied and the accuracy of timing of revenue recognition; vouching relevant documents of the selected samples of sales transactions before and after a certain period of the balance sheet date to ensure the appropriate cut-off of sales and sales returns; and reviewing the significant returns and allowances in subsequent periods, etc. We also assessed the adequacy of accounting policy and disclosures of operating revenue. Please refer to Note 4(19) and Note 6(17) to the consolidated financial statements.

Inventory evaluation

The Group had net inventory of NT$476,859 thousand, representing 19.07% of total assets as of December 31, 2022. Due to the rapid change of technology of automatic data capture products, management had to evaluate the write-down of inventories caused by obsolescence. As this assessment involves management's judgement, we therefore determined this matter as a key audit matter. Our audit procedures include (but are not limited to): evaluating and testing the design and operating effectiveness of internal controls over the slow-moving and obsolete inventories valuation, including the methods and assumptions used; testing the key assumptions used in evaluating the reserve of slow-moving inventories, including evaluating the reasonableness of inventory reserve percentages and comparing previous estimates with actual results to assess the accuracy of assumptions made by management about the slow-moving and obsolete inventories; and testing the accuracy of inventory aging, etc. We also assessed the adequacy of accounting policy and disclosures of inventories. Please refer to Note 4(11), Note 5(2), and Note 6(7) to the consolidated financial statements.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Group. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group, to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the accompanying notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2022 consolidated financial statements and are therefore the key audit matters. 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.

Others

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

Kuo, Shao-Pin

Yang, Chih-Huei

Ernst & Young, Taiwan
March 22, 2023

<u>Notice to Readers</u>

The accompanying financial statements are intended only to present the financial position, results of operations 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 accepted and applied in the Republic of China.

Accordingly, the accompanying financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or the Standards on Auditing of the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

English Translation of Financial Statements Originally Issued in Chinese

UNITECH ELECTRONICS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

As of December 31, 2022 and 2021

(Amounts in Thousands of New Taiwan Dollars)

Code	ASSETS Description	Notes	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current assets					
1100	Cash and cash equivalents	4, 6(1)	$ 868,790	34.74	$ 506,384	21.84
1110	Financial assets at fair value through profit or loss-current	4, 6(2)	-	-	241,648	10.42
1136	Financial assets measured at amortized cost-current	4, 6(4)	7,071	0.28	6,861	0.30
1140	Contract assets-current	4, 6(17), 6(18)	1,804	0.07	6,254	0.27
1150	Notes receivable, net	4, 6(5), 6(18)	32,696	1.31	18,457	0.80
1170	Trade receivables, net	4, 6(6), 6(18), 7	474,186	18.96	457,835	19.75
1197	Finance lease receivable, net	4, 6(18), 6(19)	2,898	0.12	-	-
1200	Other receivables		2,652	0.11	2,481	0.11
1220	Current tax assets	4, 5, 6(23)	5,530	0.22	4,975	0.21
130x	Inventories, net	4, 5, 6(7)	476,859	19.07	442,084	19.07
1410	Prepayments		48,322	1.93	91,837	3.96
11xx	Total current assets		1,920,808	76.81	1,778,816	76.73
	Non-current assets					
1517	Financial assets at fair value through other comprehensive income-noncurrent	4, 5, 6(3)	27,713	1.11	27,815	1.20
1535	Financial assets measured at amortized cost-noncurrent	4, 6(4), 8	4,913	0.19	5,358	0.23
1600	Property, plant and equipment	4, 6(8), 7, 8	362,863	14.51	355,394	15.33
1755	Right-of-use assets	4, 6(19)	83,104	3.32	36,806	1.59
1780	Intangible assets	4, 6(9)	23,503	0.94	32,396	1.40
1840	Deferred tax assets	4, 5, 6(23)	31,505	1.26	41,956	1.81
1920	Refundable deposits		29,539	1.18	36,391	1.57
1900	Other non-current assets	4, 6(10)	5,751	0.23	3,201	0.14
194D	Long-term finance lease receivable, net	4, 6(18), 6(19)	11,169	0.45	-	-
15xx	Total non-current assets		580,060	23.19	539,317	23.27
1xxx	**Total assets**		$ 2,500,868	100.00	$ 2,318,133	100.00

Code	LIABILITIES AND EQUITY Description	Notes	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current liabilities					
2120	Financial liabilities at fair value through profit or loss-current	4, 6(12)	$ 1,211	0.05	$ 65	-
2130	Contract liabilities-current	4, 6(17)	82,482	3.30	58,021	2.50
2150	Notes payable		9,648	0.38	2,737	0.12
2170	Trade payables	7	236,557	9.46	242,328	10.45
2200	Other payables	7	154,375	6.17	133,333	5.75
2230	Current tax liabilities	4, 5, 6(23)	11,678	0.47	5,101	0.22
2250	Provisions-current	4, 6(13)	1,926	0.08	2,374	0.10
2280	Lease liabilities-current	4, 6(19)	28,007	1.12	20,125	0.87
2300	Other current liabilities	4, 6(14)	15,534	0.62	24,860	1.07
21xx	Total current liabilities		541,418	21.65	488,944	21.08
	Non-current liabilities					
2527	Contract liabilities-noncurrent	4, 6(17)	49,434	1.98	48,729	2.10
2570	Deferred tax liabilities	4, 5, 6(23)	1,609	0.06	317	0.02
2580	Lease liabilities-noncurrent	4, 6(19)	71,006	2.84	16,772	0.73
2640	Net defined benefit liabilities-noncurrent	4, 6(15)	15,161	0.61	20,191	0.87
2645	Deposits received		308	0.01	20	-
25xx	Total non-current liabilities		137,518	5.50	86,029	3.72
2xxx	**Total liabilities**		678,936	27.15	574,973	24.80
31xx	**Equity attributable to owners of parent**					
3100	Share capital					
3110	Common stock	6(16)	750,975	30.03	750,975	32.40
3200	Capital surplus		935,226	37.40	935,226	40.35
3300	Retained earnings	6(16)				
3310	Legal reserve		23,926	0.96	18,862	0.81
3320	Special reserve		41,025	1.64	26,606	1.15
3350	Undistributed earnings		92,004	3.68	50,641	2.18
	Total retained earnings		156,955	6.28	96,109	4.14
3400	Other equity	4	(23,142)	(0.93)	(41,025)	(1.77)
	Equity attributable to owners of the parent		1,820,014	72.78	1,741,285	75.12
36xx	**Non-controlling interests**	4, 6(16)	1,918	0.07	1,875	0.08
3xxx	Total equity		1,821,932	72.85	1,743,160	75.20
3x2x	**Total liabilities and equity**		$ 2,500,868	100.00	$ 2,318,133	100.00

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

Chairman: Yeh, Chia-Wen   President: Hsu, Chih-Ta   Chief Financial Officer: Chang, Chia-Lin

English Translation of Financial Statements Originally Issued in Chinese

UNITECH ELECTRONICS CO., LTD.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2022 and 2021

(Amounts in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

Code	Description	Notes	2022 Amount	2022 %	2021 Amount	2021 %
4000	**Operating revenue**	4, 6(17), 7	$ 2,350,259	100.00	$ 2,356,165	100.00
5000	**Operating cost**	6(7), 6(9), 6.(20), 7	(1,587,387)	(67.54)	(1,605,644)	(68.15)
5900	**Gross profit**		762,872	32.46	750,521	31.85
6000	**Operating expenses**					
6100	Selling expenses	6(9), 6(19), 6(20), 7	(437,279)	(18.60)	(415,761)	(17.64)
6200	Administrative expenses	6(9), 6(19), 6(20), 7	(80,416)	(3.42)	(97,111)	(4.12)
6300	Research and development expenses	6(9), 6(19), 6(20), 7	(137,650)	(5.86)	(150,778)	(6.40)
6450	Expected credit losses	4, 6(18)	(6,546)	(0.28)	(2,755)	(0.12)
	Total operating expenses		(661,891)	(28.16)	(666,405)	(28.28)
6900	**Operating income**		100,981	4.30	84,116	3.57
7000	**Non-operating income and expenses**	6(21), 7				
7100	Interest income		1,529	0.07	323	0.01
7010	Other income		4,677	0.20	1,382	0.06
7020	Other gains and losses		8,475	0.36	(5,155)	(0.22)
7050	Finance costs		(1,535)	(0.07)	(2,043)	(0.08)
	Total non-operating income and expenses		13,146	0.56	(5,493)	(0.23)
7900	**Income before income tax**		114,127	4.86	78,623	3.34
7950	**Income tax expense**	4, 5, 6(23)	(22,690)	(0.97)	(26,768)	(1.14)
8200	**Net income**		91,437	3.89	51,855	2.20
8300	**Other comprehensive income (loss)**	6(22)				
8310	Items that will not be reclassified subsequently to profit or loss					
8311	Remeasurements of the defined benefit plan		842	0.04	(1,004)	(0.04)
8316	Unrealized (losses) gains from equity instrument investments measured at fair value through other comprehensive income		(102)	-	240	0.01
8349	Income tax relating to those items that will not to be reclassified to profit or loss		(148)	(0.01)	153	0.01
8360	Items that may be reclassified subsequently to profit or loss					
8361	Exchange differences on translation of foreign operations		22,392	0.95	(18,523)	(0.79)
8399	Income tax relating to those items that may be reclassified to profit or loss		(4,491)	(0.19)	3,652	0.15
	Other comprehensive income (loss), net of income tax		18,493	0.79	(15,482)	(0.66)
8500	**Total comprehensive income**		$ 109,930	4.68	$ 36,373	1.54
8600	**Net income attributable to:**					
8610	Owners of the parent company	4, 6(24)	$ 91,331		$ 51,444	
8620	Non-controlling interests		106		411	
			$ 91,437		$ 51,855	
8700	**Total comprehensive income attributable to:**					
8710	Owners of the parent		$ 109,887		$ 36,222	
8720	Non-controlling interests		43		151	
			$ 109,930		$ 36,373	
	Earnings per share (NT$)					
9750	Basic earnings per share	4, 6(24)	$ 1.22		$ 1.03	
9850	Diluted Earnings Per Share	4, 6(24)	$ 1.21		$ 1.03	

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

Chairman: Yeh, Chia-Wen　　President: Hsu, Chih-Ta　　Chief Financial Officer: Chang, Chia-Lin

English Translation of Financial Statements Originally Issued in Chinese

UNITECH ELECTRONICS CO., LTD.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2022 and 2021

(Amounts in Thousands of New Taiwan Dollars)

		Equity attributable to owners of parent									
		Share capital		Retained earnings			Other equity				
	Description	Common stock	Capital surplus	Legal reserve	Special reserve	Undistributed earnings	Exchange differences resulting from translating the financial statements of foreign operations	Unrealized gains (losses) from financial assets at fair value through other comprehensive income	Equity attributable to owners of parent	Non-controlling interests	Total equity
Code		3110	3200	3310	3320	3350	3410	3420	31XX	36XX	3XXX
A1	Balance as of January 1, 2021	$ 470,975	$ 604,986	$ 17,222	$ 19,056	$ 16,398	$ (24,292)	$ (2,314)	$ 1,102,031	$ 1,724	$ 1,103,755
	Appropriation and distribution of 2020 earnings:										
B1	Legal reserve	-	-	1,640	-	(1,640)	-	-	-	-	-
B3	Recognition of special reserve	-	-	-	7,550	(7,550)	-	-	-	-	-
B5	Cash dividends	-	-	-	-	(7,208)	-	-	(7,208)	-	(7,208)
D1	Net income for the year ended December 31, 2021	-	-	-	-	51,444	-	-	51,444	411	51,855
D3	Other comprehensive (loss) income for the year ended December 31, 2021	-	-	-	-	(803)	(14,611)	192	(15,222)	(260)	(15,482)
D5	Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	50,641	(14,611)	192	36,222	151	36,373
E1	Issuance of common stock for cash	280,000	308,000	-	-	-	-	-	588,000	-	588,000
N1	Share-based payment transactions	-	22,240	-	-	-	-	-	22,240	-	22,240
Z1	Balance as of December 31, 2021	$ 750,975	$ 935,226	$ 18,862	$ 26,606	$ 50,641	$ (38,903)	$ (2,122)	$ 1,741,285	$ 1,875	$ 1,743,160
A1	Balance as of January 1, 2022	$ 750,975	$ 935,226	$ 18,862	$ 26,606	$ 50,641	$ (38,903)	$ (2,122)	$ 1,741,285	$ 1,875	$ 1,743,160
	Appropriation and distribution of 2021 earnings:										
B1	Legal reserve	-	-	5,064	-	(5,064)	-	-	-	-	-
B3	Recognition of special reserve	-	-	-	14,419	(14,419)	-	-	-	-	-
B5	Cash dividends	-	-	-	-	(31,158)	-	-	(31,158)	-	(31,158)
D1	Net income for the year ended December 31, 2022	-	-	-	-	91,331	-	-	91,331	106	91,437
D3	Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	673	17,964	(81)	18,556	(63)	18,493
D5	Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	92,004	17,964	(81)	109,887	43	109,930
Z1	Balance as of December 31, 2022	$ 750,975	$ 935,226	$ 23,926	$ 41,025	$ 92,004	$ (20,939)	$ (2,203)	$ 1,820,014	$ 1,918	$ 1,821,932

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

Chairman: Yeh, Chia-Wen President: Hsu, Chih-Ta Chief Financial Officer: Chang, Chia-Lin

English Translation of Financial Statements Originally Issued in Chinese

UNITECH ELECTRONICS CO., LTD.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the years ended December 31, 2022 and 2021

(Amounts in Thousands of New Taiwan Dollars)

	Description	2022 Amount	2021 Amount
AAAA	**Cash flows from operating activities :**		
A10000	Net income before income tax	$ 114,127	$ 78,623
A20000	Adjustments for:		
A20010	Profit or loss item which did not affect cash flows:		
A20100	Depreciation	57,665	51,933
A20200	Amortization	18,845	21,203
A20300	Expected credit losses	6,546	2,755
A20400	Losses (gains) on financial assets and liabilities at fair value through profit or loss	1,498	(2,968)
A20900	Interest expense	1,535	2,043
A21200	Interest income	(1,529)	(323)
A21900	Share-based payment expenses	-	22,240
A22500	Losses on disposal of property, plant and equipment	15	35
A29900	Lease modifications losses (gains)	446	(20)
A30000	Changes in operating assets and liabilities:		
A31125	Decrease (increase) in contract assets	4,960	(648)
A31130	Increase in notes receivable, net	(14,274)	(5,254)
A31150	Increase in trade receivables, net	(23,069)	(5,394)
A31180	Increase in other receivables	(171)	(1,983)
A31200	Increase in inventories, net	(34,775)	(75,489)
A31230	Decrease (increase) in prepayments	43,515	(63,958)
A32125	Increase in contract liabilities	25,166	31,067
A32130	Increase in notes payable	6,911	1,259
A32150	(Decrease) increase in trade payables	(5,771)	10,175
A32180	Increase in other payables	21,042	27,506
A32200	(Decrease) increase in provisions-current	(448)	1,748
A32230	(Decrease) increase in other current liabilities	(9,326)	5,452
A32240	Decrease in net defined benefit liabilities	(4,188)	(3,673)
A33000	Cash generated from operating activities	208,720	96,329
A33100	Interest received	1,529	323
A33300	Interest paid	(1,535)	(2,076)
A33500	Income tax paid	(9,564)	(2,530)
AAAA	Net cash provided by operating activities	199,150	92,046

	Description	2022 Amount	2021 Amount
BBBB	**Cash flows from investing activities :**		
B00060	Proceeds from redemption of financial assets measured at amortized cost	235	3,340
B00100	Acquisition of financial assets at fair value through profit or loss	(60,000)	(240,000)
B00200	Proceeds from disposal of financial assets at fair value through profit or loss	301,296	-
B02700	Acquisition of property, plant and equipment	(32,578)	(28,132)
B02800	Proceeds from disposal of property, plant and equipment	-	277
B03700	Increase in refundable deposits	(24,586)	(45,294)
B03800	Decrease in refundable deposits	32,613	32,926
B04500	Acquisition of intangible assets	(9,581)	(15,013)
B06100	Decrease in long-term lease receivables	1,861	-
B07100	Increase in prepayments for equipment	(5,691)	(3,177)
BBBB	Net cash provided by (used in) investing activities	203,569	(295,073)
CCCC	**Cash flows from financing activities :**		
C00100	Increase in short-term borrowings	-	965,000
C00200	Decrease in short-term borrowings	-	(1,030,000)
C00300	Increase in deposits received	307	-
C03100	Decrease in deposits received	(18)	(2)
C04020	Cash payment for the principal portion of the lease liabilities	(30,252)	(25,332)
C04500	Cash dividends	(31,158)	(7,208)
C04600	Issuance of common stock for cash	-	588,000
CCCC	Net cash (used in) provided by financing activities	(61,121)	490,458
DDDD	Effect of changes in exchange rate on cash and cash equivalents	20,808	(18,352)
EEEE	Net increase in cash and cash equivalents	362,406	269,079
E00100	Cash and cash equivalents at the beginning of the year	506,384	237,305
E00200	Cash and cash equivalents at the end of the year	$ 868,790	$ 506,384

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

Chairman: Yeh, Chia-Wen President: Hsu, Chih-Ta Chief Financial Officer: Chang, Chia-Lin

1. History and Organization

In order to achieve organizational restructuring and to improve competitiveness and business performance, on January 1, 2008, in accordance with the Business Mergers and Acquisitions Act, Unitech Computer co., Ltd. carved out its automatic identification data division, with the business value of $900,000 thousand, and established Unitech Electronics Co., Ltd. ("the Company"). The Company issued 40,000 thousand shares of common stock, with a par value of NT$22.5 per share to Unitech Computer Co., Ltd. for this carve-out transaction.

The Company principally engaged in the development, manufacture and sale of automatic data capture product and related businesses.

The Company's shares had been listed and traded in the Taipei Exchange (TPEx) since August 2009. But on September 21, 2022, its shares were transferred to the Taiwan Stock Exchange for trading.

The Company's registered office is at 5F, No.136, Lane 235, Baoqiao Road, Xindian District, New Taipei City, Taiwan (R.O.C.). Unitech Computer Co., Ltd. is the Company's parent company, which is also the ultimate controller of the group to which the Company belongs to.

2. Date and Procedures of Authorization of Financial Statements for Issue

The consolidated financial statements of the Company and its subsidiaries ("the Group") for the years ended December 31, 2022 and 2021 were authorized for issue in accordance with a resolution of the Board of Directors on March 22, 2023.

3. Newly Issued or Revised Standards and Interpretations

(1) Changes in accounting policies resulting from applying for the first time certain standards and amendments

The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are endorsed by Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after January 1, 2022. The adoption of these new standards and amendments had no material impact on the Group.

(2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are endorsed by FSC, but not yet adopted by the Group as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
a	Disclosure Initiative - Accounting Policies –Amendments to IAS 1	January 1, 2023
b	Definition of Accounting Estimates – Amendments to IAS 8	January 1, 2023
c	Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	January 1, 2023

A. Disclosure Initiative - Accounting Policies – Amendments to IAS 1

The amendments improve accounting policy disclosures that to provide more useful information to investors and other primary users of the financial statements.

B. Definition of Accounting Estimates – Amendments to IAS 8

The amendments introduce the definition of accounting estimates and included other amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to help companies distinguish changes in accounting estimates from changes in accounting policies.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

C. Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after January 1, 2023. The aforementioned standards and interpretations have no material impact on the Group.

(3) Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Group as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
a	IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” – Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 “Insurance Contracts”	January 1, 2023
c	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2024
d	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	January 1, 2024
e	Non-current Liabilities with Covenants – Amendments to IAS 1	January 1, 2024

A. IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” - Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures (Amendment)

The amendments address the inconsistency between the requirements in IFRS 10 "Consolidated Financial Statements" (IFRS 10) and IAS 28 "Investments in Associates and Joint Ventures" (IAS 28), in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint venture. IFRS 10 requires full profit or loss recognition on the loss of control of a subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 "Business Combinations" (IFRS 3) between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gain or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors' interests in the associate or joint venture.

B. IFRS 17 "Insurance Contracts"

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after January 1, 2023 (from the original effective date of January 1, 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after January 1, 2023.

C. Classification of Liabilities as Current or Non-current – Amendments to IAS 1

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial Statements and the amended paragraphs related to the classification of liabilities as current or non-current.

D. Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

The amendments add seller-lessee additional requirements for the sale and leaseback transactions in IFRS 16, thereby supporting the consistent application of the standard.

E. Non-current Liabilities with Covenants – Amendments to IAS 1

The amendments improved the information companies provide about long-term debt with covenants. The amendments specify that covenants to be complied within twelve months after the reporting period do not affect the classification of debt as current or non-current at the end of the reporting period.

The abovementioned standards and interpretations issued by IASB have not yet been endorsed by FSC and the local effective dates are to be determined by FSC. The aforementioned standards and interpretations have no material impact on the Group.

4. Summary of Significant Accounting Policies

(1) Statement of Compliance

The consolidated financial statements of the Group for the years ended December 31, 2022 and 2021 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations") and International Financial Reporting Standards, International Accounting Standards, and Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed and became effective by the FSC ("TIFRS").

(2) Basis of Preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are expressed in thousands of New Taiwan Dollars ("NT$") unless otherwise stated.

(3) Basis of consolidation

Preparation principle of consolidated financial statement

Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if and only if the Company has:

A. power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
B. exposure, or rights, to variable returns from its involvement with the investee, and
C. the ability to use its power over the investee to affect its returns

When the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

A. the contractual arrangement with the other vote holders of the investee;
B. rights arising from other contractual arrangements;
C. the Company's voting rights and potential voting rights.

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the acquisition date, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using uniform accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Total comprehensive income of the subsidiaries is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

If the Group loses control of a subsidiary, it:
A. derecognizes the assets (including goodwill) and liabilities of the subsidiary;
B. derecognizes the carrying amount of any non-controlling interest;
C. recognizes the fair value of the consideration received;
D. recognizes the fair value of any investment retained;
E. recognizes any surplus or deficit in profit or loss; and
F. reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The consolidated entities are listed as follows:

Investor Company	Subsidiary	Main businesses	Percentage of ownership	
			December 31, 2022	December 31, 2021
The Company	Unitech America Ventures Inc. (“UAV”)	Investment business such as financial trust holding	100.00%	100.00%
The Company	Unitech Europe Ventures Inc. (“UEV”)	Investment business such as financial trust holding	100.00%	100.00%
The Company	Unitech Japan Holding Inc. (“UJH”)	Investment business such as financial trust holding	100.00%	100.00%
The Company	Unitech Asia Ventures Inc. (“UCV”)	Investment business such as financial trust holding	100.00%	100.00%
The Company	Unitech Japan Co., Ltd. (“UTJ”)	Trading of auto data capture products	10.86%	10.86%
UAV	Unitech America Holding Inc. (“UAH”)	Investment business such as financial trust holding	100.00%	100.00%
UAH	Unitech America Inc. (“UTA”)	Trading of auto data capture products in the Americas	100.00%	100.00%
UEV	Unitech Europe Holding Inc. (“UEH”)	Investment business such as financial trust holding	100.00%	100.00%
UEH	Unique Technology Europe B.V.(“UTI”)	Trading of auto data capture products in Europe	100.00%	100.00%
UJH	Unitech Japan Co., Ltd. (“UTJ”)	Trading of auto data capture products in Japan	85.57%	85.57%
UCV	Unitech Industries Holding Inc. (“UIH”)	Investment business such as financial trust holding	100.00%	100.00%
UIH	Xiamen Unitech Co., Ltd. (“UTC”)	Trading of auto data capture products in mainland China	100.00%	100.00%

(4) Foreign currency transactions

The Group’s consolidated financial statements are presented in NT$, which is also the Company’s functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

A. exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.

B. foreign currency items within the scope of IFRS 9 Financial Instruments are accounted for based on the accounting policy for financial instruments.

C. exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(5) Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into NT$ at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. On the partial disposal of foreign operations that result in a loss of control, loss of significant influence or joint control but retain partial equity is considered disposal.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or joint arrangement that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

(6) Current and non-current distinction

An asset is classified as current when:

A. the Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle.
B. the Group holds the asset primarily for the purpose of trading.
C. the Group expects to realize the asset within twelve months after the reporting period.
D. the asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

A. the Group expects to settle the liability in its normal operating cycle.
B. the Group holds the liability primarily for the purpose of trading.
C. the liability is due to be settled within twelve months after the reporting period.
D. the Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

(7) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid time deposits or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value (including time deposits with contract periods within three months).

(8) Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities within the scope of IFRS 9 Financial Instruments are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

A. Financial instruments: Recognition and Measurement

The Group accounts for regular way purchase or sales of financial assets on the trade date.

The Group classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

a. the Group's business model for managing the financial assets and
b. the contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as notes receivable, trade receivables, financial assets measured at amortized cost, and other receivables, etc., on balance sheet as at the reporting date:

a. the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
b. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

a. purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
b. financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial assets measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

a. the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and

b. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income is described below:

a. A gain or loss on a financial asset measured at fair value through other comprehensive income is recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
b. When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
c. Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

   (a) purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
   (b) financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Group made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represents a recovery of part of the cost of investment.

Financial assets at fair value through profit or loss

Financial assets were measured at amortized cost or measured at fair value through other comprehensive income only if they met particular conditions. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

B. Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial assets measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and does not reduce the carrying amount in the balance sheet.

The Group measures expected credit losses of a financial instrument in a way that reflects:

a. an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;

b. the time value of money; and
c. reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measures as follows:

a. at an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Group measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
b. at an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
c. for accounts receivable or contract assets arising from transactions within the scope of IFRS 15, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Group needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

C. Derecognition of financial assets

A financial asset is derecognized when:

a. the rights to receive cash flows from the asset have expired.
b. the Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred.
c. the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

D. Financial liabilities and equity

Classification between liabilities or equity

The Group classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Financial liabilities

Financial liabilities within the scope of IFRS 9 Financial Instruments are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are financial liabilities held for trading. A financial liability is classified as held for trading if:

a. it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
b. on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or

c. it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

E. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(9) Derivative instruments

The Group uses derivative instruments to hedge its foreign currency risks and interest rate risks. A derivative is classified in the balance sheet as financial assets or liabilities at fair value through profit or loss except for derivatives that are designated as effective hedging instruments and are classified as financial assets or liabilities for hedging.

Derivative instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The changes in fair value of derivatives are taken directly to profit or loss, except for the effective portion of hedges, which is recognized in either profit or loss or equity according to types of hedges used.

(10) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

A. in the principal market for the asset or liability, or
B. in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(11) Inventory

Inventory is initially stated at acquisition cost. Cost is measured using the standard cost method. Standard costing considers the normal level of raw materials, labor, efficiency and equipment production capacity, and the Group regularly reviews and adjusts standard costing according to the current situation.

Inventory is subsequently valued at lower of cost and net realizable value item by item.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(12) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 Property, Plant and Equipment. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Item	Economic lives
Buildings and facilities	2~55 years
Machinery equipment	3~10 years
Tooling equipment	2~10 years
Transportation equipment	5 years
Office equipment	3~7 years
Leasehold improvement	3~16 years

After initial recognition, an item of property, plant and equipment and any significant component is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate, and such changes are treated as changes in accounting estimates.

(13) Leases

The Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether it, throughout the period of use, has both of the following:

A. the right to obtain substantially all of the economic benefits from use of the identified asset; and
B. the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Group for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Group estimates the stand-alone price, maximising the use of observable information.

Group as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Group recognizes right-of-use assets and lease liabilities for all leases which the Group is the lessee of those lease contracts.

At the commencement date, the Group measures the lease liabilities at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liabilities comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

A. fixed payments (including in-substance fixed payments), less any lease incentives receivable;
B. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
C. amounts expected to be payable by the lessee under residual value guarantees;
D. the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
E. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Group measures the lease liabilities on an amortised cost basis, which increases the carrying amount to reflect interest on the lease liabilities by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Group measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

A. the amount of the initial measurement of the lease liabilities;
B. any lease payments made at or before the commencement date, less any lease incentives received;
C. any initial direct costs incurred by the lessee; and
D. an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Group measures the right-of-use asset applying a cost model.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group applies IAS 36 Impairment of Assets to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Group accounted for as short-term leases or leases of low-value assets, the Group presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements of comprehensive income.

For short-term leases or leases of low-value assets, the Group elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

Group as a lessor

At inception of a contract, the Group classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Group recognizes assets held under a finance lease in its balance sheet and presents them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Group allocates the consideration in the contract applying IFRS 15.

The Group recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

If the Group is an intermediate lessor, it shall manage the head lease and sublease transactions separately and use the right-of-use assets generated from the head lease to assess the classification of the sublease transactions, rather than by reference to the underlying asset.

(14) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as of the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are recognized in profit or loss when the asset is derecognized.

Software

The Group's intangible assets are software measured on initial recognition at cost. The cost of the software is amortized on a straight-line basis over the estimated useful life (3~10 years).

A summary of the policies applied to the Group's intangible assets is as follows:

	Software
Useful lives	Finite
Amortization method used	Amortized on a straight-line basis
Internally generated or acquired	Acquired

(15) Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 Impairment of Assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(16) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probably that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Provision for warranties

A provision is recognized for expected warranty claims on products sold, based on past experience, management’s judgement and other known factors.

(17) Post-employment benefits

All regular employees of the Company are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee’s name in the specific bank account and hence, not associated with the Company. Therefore, fund assets are not included in the Group’s consolidated financial statements. Pension benefits for employees of the overseas subsidiaries are provided in accordance with the respective local regulations.

For the defined contribution plan, the Company will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due. Overseas subsidiaries make contribution to the plan based on the requirements of local regulations.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Remeasurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

(18) Share-based payment transactions

The cost of equity-settled transactions between the Group and its employees is recognized based on the fair value of the equity instruments granted. The fair value of the equity instruments is determined by using an appropriate pricing model.

The cost of equity-settled transactions is recognized, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it fully vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award substitutes for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

(19) Revenue recognition

The Group's revenue arising from contracts with customers primarily related to sale of goods and rendering of services. The accounting policies are explained as follows:

Sale of goods

The Group manufactures and sells merchandise. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers (the customer has the ability to direct the use of the goods and obtain substantially all of the remaining benefits from the goods). The main product of the Group is automatic data capture products and revenue is recognized based on the consideration stated in the contract. However, sales transactions are usually accompanied by volume discounts (based on the accumulated total sales amount for a specified period). Therefore, revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Based on previous experiences, the Group uses the expected value method to estimate volume discounts. However, revenue is only recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur and when the uncertainty associated with the variable consideration is subsequently resolved. Refund liability is also recognized for the expected volume discounts during the period the contract specifies.

The Group provides its customers with a warranty for its products. The warranty provides assurance that the product will operate as expected by the customers. The warranty is accounted for in accordance with IAS 37.

The credit period of the Group's sale of goods is from 30 to 120 days. For most of the contracts, when the Group transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The Group usually collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contract. For some of the contracts, the Group has transferred the goods to customers but does not have a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets. Besides, in accordance with IFRS 9, the Group measures the loss allowance for a contract asset at an amount equal to the lifetime expected credit losses. Part of the consideration was received from customers upon signing the contract, then the Group has the obligation to provide the services subsequently and it should be recognized as contract liabilities which are transferred to revenue after the performance obligations are satisfied. The period between the transfers of contract liabilities to revenue is usually within one year, thus, no significant financing component is arisen.

Rendering of services

Revenue from the rendering of services primarily comes from maintenance and warranty services. Such services are separately priced, negotiated and provided based on contract period. Where the warranty service has not been provided and the customer has paid the consideration in advance, these amounts are recognized as contract liabilities. As the Group provides the repair and maintenance services over the contract period, the customers simultaneously receive and consume the benefits provided by the Group. Accordingly, the performance obligations are satisfied over time, and the related revenue is recognized over time during the contract period.

(20) Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Where the Group receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the statement of comprehensive income over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual installments. Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as additional government grant.

(21) Income taxes

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

A. where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

B. in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

A. where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
B. in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

5. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Group's consolidated financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that would have a significant risk for a material adjustment to the carrying amounts of assets or liabilities within the next financial year are discussed below:

(1) Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the income approach (for example the discounted cash flows model) or market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

(2) Valuation of inventory

Inventories are stated at the lower of cost or net realizable value, and the Group uses judgment and estimate to determine the net realizable value of inventory at the end of each reporting period. Due to the rapid technological changes, the Group estimates the net realizable value of inventory for obsolescence and unmarketable items at the end of reporting period and then writes down the cost of inventories to net realizable value.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(3) Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could cause future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective company's domicile.

Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies. Please refer to Note 6(23) for more details on unrecognized deferred tax assets as of December 31, 2022.

6. Contents of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash		
Cash on hand	$ 729	$ 1,165
Checking and savings accounts	868,061	505,219
Total	$ 868,790	$ 506,384

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

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

	December 31, 2022	December 31, 2021
Financial assets mandatorily measured at fair value through profit or loss		
Funds	$ -	$ 240,008
Forward exchange contracts	-	1,640
Total	$ -	$ 241,648

Financial assets at fair value through profit or loss were not pledged.

Please refer to Note 12(8) for more details on financial instruments of derivative transactions.

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

	December 31, 2022	December 31, 2021
Equity instrument investments measured at fair value through other comprehensive income		
Preferred stocks	$ 27,713	$ 27,815

Financial assets at fair value through other comprehensive income were not pledged.

(4) Financial assets measured at amortized cost

	December 31, 2022	December 31, 2021
Time deposits-current	$ 7,071	$ 6,861
Time deposits-noncurrent	4,913	5,358
Total	$ 11,984	$ 12,219

The Group classifies some financial assets as financial assets measured at amortized cost. Since credit risk is low, expected credit losses during the duration are not significant. Please refer to Note 8 for more details on financial assets measured at amortized cost under pledge and Note 12(4) for more details on credit risk.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(5) Notes receivable

	December 31, 2022	December 31, 2021
Notes receivable from operating activities	$ 32,777	$ 18,503
Less: loss allowance	(81)	(46)
Total	$ 32,696	$ 18,457

Notes receivable were not pledged.

The Group follows the requirement of IFRS 9 to assess the impairment. Please refer to Note 6(18) for more details on loss allowance and Note 12(4) for more details on credit risk.

(6) Trade receivables and trade receivables from related parties

	December 31, 2022	December 31, 2021
Trade receivables	$ 485,190	$ 461,660
Less: loss allowance	(11,058)	(3,863)
Subtotal	474,132	457,797
Trade receivables from related parties	54	38
Less: loss allowance	-	-
Subtotal	54	38
Total	$ 474,18 6	$ 457,83 5

Trade receivables were not pledged.

Trade receivables are generally on month-end 30 to 120 day terms. The total carrying amounts of trade receivables were NT$485,244 thousand and NT$461,198 thousand as of December 31, 2022 and 2021, respectively. Please refer to Note 6(18) for more details on impairment of trade receivables and Note 12(4) for more details on credit risk.

The Group's trade receivables are expected to be sold to banks without recourse. The financial assets at fair value through profit or loss were $4,011 thousand and $4,470 thousand as of December 31, 2022 and 2021, respectively.

The information of the Group's trade receivables transferred is as follows:

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Transferred financial assets that were derecognized in their entirety

The Group entered into trade receivables factoring agreements without recourse with a financial institute. Under the agreements, the Group has transferred the contractual rights to receive the cash flows of the financial asset and the Group does not bear the credit risk that the accounts receivable are not paid when due (except for commercial disputes), which met the conditions for derecognizing financial assets. Transaction-related information is as follows:

December 31, 2022			
Counterparty	Factoring amount	Advanced amount	Interest rate
MUFG Bank	$ 8,032	$ 8,032	0.975%~1.475%

December 31, 2021			
Counterparty	Factoring amount	Advanced amount	Interest rate
MUFG Bank	$ 8,977	$ 8,977	0.975%~1.475%

(7) Inventories

A. Inventories, net including:

	December 31, 2022	December 31, 2021
Raw materials	$ 40,263	$ 45,783
Work in process	45,804	34,443
Semi-finished goods	88,819	100,935
Finished goods	201,762	183,098
Merchandise inventories	100,211	77,825
Net amount	$ 476,859	$ 442,084

B. The cost of inventories recognized in expenses amounted to NT$1,587,387 thousand and NT$1,605,644 thousand for the years ended December 31, 2022 and 2021, respectively, including the reversal of write-down of inventories of NT$4,350 thousand, mainly as a result of inventory consumption, and the written-down of inventories of NT$2,731 thousand, mainly as result that inventory costs may not be recovered.

C. Inventories were not pledged.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(8) Property, plant and equipment

	December 31, 2022	December 31, 2021
Owner-occupied property, plant and equipment	$ 362,863	$ 355,394

	Land	Buildings and facilities	Machinery equipment	Tooling equipment	Transportation equipment	Office equipment	Leasehold improvement	Total
Cost：								
As of January 1, 2022	$ 220,863	$ 105,437	$ 70,614	$ 233,804	$ 2,876	$ 10,708	$ 10,521	$ 654,823
Additions	-	5,512	8,992	15,251	-	435	2,388	32,578
Disposals and retirements	-	-	(1,925)	(31,560)	-	(115)	(439)	(34,039)
Transfers	-	1,667	-	1,103	-	-	-	2,770
Exchange differences	-	-	199	-	-	285	198	682
As of December 31, 2022	$ 220,863	$ 112,616	$ 77,880	$ 218,598	$ 2,876	$ 11,313	$ 12,668	$ 656,814
Cost:								
As of January 1, 2021	$ 220,863	$ 103,961	$ 73,833	$ 293,661	$ 4,104	$ 14,500	$ 17,778	$ 728,700
Additions	-	1,476	4,033	21,210	520	289	604	28,132
Disposals and retirements	-	-	(1,801)	(85,841)	(1,748)	(9,065)	(7,831)	(106,286)
Transfers	-	-	(4,833)	4,774	-	5,433	-	5,374
Exchange differences	-	-	(618)	-	-	(449)	(30)	(1,097)
As of December 31, 2021	$ 220,863	$ 105,437	$ 70,614	$ 233,804	$ 2,876	$ 10,708	$ 10,521	$ 654,823
Depreciation and impairment:								
As of January 1, 2022	$ -	$ 43,769	$ 63,398	$ 174,295	$ 1,844	$ 9,550	$ 6,573	$ 299,429
Depreciation	-	2,394	3,160	20,279	398	539	1,243	28,013
Disposals and retirements	-	-	(1,925)	(31,560)	-	(100)	(439)	(34,024)
Transfers	-	-	-	-	-	-	-	-
Exchange differences	-	-	195	-	-	220	118	533
As of December 31, 2022	$ -	$ 46,163	$ 64,828	$ 163,014	$ 2,242	$ 10,209	$ 7,495	$ 293,951
As of January 1, 2021	$ -	$ 41,833	$ 68,205	$ 240,513	$ 2,591	$ 13,323	$ 13,110	$ 379,575
Depreciation	-	1,936	2,685	19,623	724	474	1,325	26,767
Disposals and retirements	-	-	(1,801)	(85,841)	(1,471)	(9,030)	(7,831)	(105,974)
Transfers	-	-	(4,890)	-	-	4,890	-	-
Exchange differences	-	-	(801)	-	-	(107)	(31)	(939)
As of December 31, 2021	$ -	$ 43,769	$ 63,398	$ 174,295	$ 1,844	$ 9,550	$ 6,573	$ 299,429
Net carrying amount as of：								
December 31, 2022	$ 220,863	$ 66,453	$ 13,052	$ 55,584	$ 634	$ 1,104	$ 5,173	$ 362,863
December 31, 2021	$ 220,863	$ 61,668	$ 7,216	$ 59,509	$ 1,032	$ 1,158	$ 3,948	$ 355,394

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Please refer to Note 8 for more details on property, plant and equipment under pledge as of December 31, 2022 and 2021.

No interest was capitalized for the years end December 31, 2022 and 2021.

(9) Intangible assets

		Software
Cost:		
As of January 1, 2022	$	253,990
Additions		9,581
Disposals		(56,293)
Transfers		371
Exchange differences		221
As of December 31, 2022	$	207,870
As of January 1, 2021	$	251,921
Additions		15,013
Disposals		(12,626)
Transfers		288
Exchange differences		(606)
As of December 31, 2021	$	253,990
Accumulated amortization and impairment:		
As of January 1, 2022	$	221,594
Amortization		18,845
Disposals		(56,293)
Exchange differences		221
As of December 31, 2022	$	184,367
As of January 1, 2021	$	213,583
Amortization		21,203
Disposals		(12,626)
Exchange differences		(566)
As of December 31, 2021	$	221,594

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Net carrying amount as of:	Software
December 31, 2022	$ 23,503
December 31, 2021	$ 32,396

The amortization expenses of intangible assets are as follows:

	For the years ended December 31	
	2022	2021
Operating costs	$ 330	$ 162
Selling expenses	$ 598	$ 1,003
Administrative expenses	$ 1,076	$ 1,131
Research and development expenses	$ 16,841	$ 18,907

(10) Other non-current assets

	December 31, 2022	December 31, 2021
Prepayments for equipment	$ 5,751	$ 3,201

(11) Short-term borrowings

The Group's unused short-term lines of credits amounted to NT$467,006 thousand and NT$477,952 thousand as of December 31, 2022 and 2021, respectively.

Please refer to Note 8 for more details on the pledge or guarantee of the short-term loans of the Group.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(12) Financial liabilities at fair value through profit or loss-current

	December 31, 2022	December 31, 2021
Held for trading financial assets		
Forward exchange contracts	$ 1,211	$ 65

Please refer to Note 12(8) for more details on financial instruments of derivative transactions.

(13) Provisions

	Warranties
As of January 1, 2022	$ 2,374
Arising during the period	537
Unused provision reversed	(1,123)
Exchange differences	138
As of December 1, 2022	$ 1,926
Current－December 31, 2022	$ 1,926
Current－December 31, 2021	$ 2,374

Warranties

A provision is recognized for expected warranty claims on products sold, based on past experience, management's judgement and other known factors.

(14) Other current liabilities

	December 31, 2022	December 31, 2021
Refund liabilities	$ 12,730	$ 10,663
Deferred government grants	-	11,345
Other current liabilities	2,804	2,852
Total	15,534	$ 24,860

(15) Post-employment benefits

Defined contribution plan

The Company adopted a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Company would make monthly contributions to the employees' individual pension accounts at the amounts not less than 6% of the employees' monthly wages. The Company have made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts. Subsidiaries located in the People's Republic of China will contribute social welfare benefits based on a certain percentage of employees' salaries or wages to the employees' individual pension accounts.

Pension benefits for employees of overseas subsidiaries and branches are provided in accordance with the local regulations.

Expenses under the defined contribution plan for the years ended December 31, 2022 and 2021 were NT$18,869 thousand and NT$18,633 thousand, respectively.

Defined benefit plan

The Company adopted a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company contributes an amount equivalent to 2% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before the end of each year, the Company assesses the balance in the designated labor pension fund. If the amount is insufficient to cover pension benefit calculated for employees eligible to retire in the next year, the Company would make up the difference in one appropriation before the end of March the following year.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under mandating, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Company expects to contribute NT$2,027 thousand to its defined benefit plan during the 12 months beginning after December 31, 2022.

The weighted average duration of the defined benefits obligation was 16 years and 17 years as of December 31, 2022 and 2021, respectively.

Pension costs recognized in profit or loss are as follows:

	For the years ended December 31	
	2022	2021
Net interest expense on the net defined benefit liabilities (assets)	$ 165	$ 98

Reconciliations of liabilities (assets) of the defined benefit obligation and plan assets at fair value are as follows:

	December 31, 2022	December 31, 2021	January 1, 2021
Defined benefit obligation	$ 15,959	$ 22,607	$ 24,955
Plan assets at fair value	(798)	(2,416)	(2,095)
Net defined benefit liabilities	$ 15,161	$ 20,191	$ 22,860

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Reconciliation of liability (asset) of the defined benefit plan is as follows:

	Defined benefit obligation	Plan assets at fair value	Net defined benefit liabilities
As of January 1, 2021	$ 24,955	$ (2,095)	$ 22,860
Interest expense (income)	107	(9)	98
Remeasurements of defined benefit liabilities / asset:			
Experience adjustments	1,034	-	1,034
Remeasurements of the defined benefit assets	-	(30)	(30)
Subtotal	1,034	(30)	1,004
Payment of benefit obligation	(3,489)	3,489	-
Contributions by employer	-	(3,771)	(3,771)
As of December 31, 2021	22,607	(2,416)	20,191
Interest expense (income)	185	(20)	165
Remeasurements of defined benefit liabilities / asset:			
Actuarial gains and losses arising from changes in demographic assumptions	172	-	172
Actuarial gains and losses arising from changes in financial assumptions	(1,603)	-	(1,603)
Experience adjustments	735	-	735
Remeasurements of the defined benefit assets	-	(146)	(146)
Subtotal	(696)	(146)	(842)
Payment of benefit obligation	(6,137)	6,137	-
Contributions by employer	-	(4,353)	(4,353)
As of December 31, 2022	$ 15,959	$ (798)	$ 15,161

The principal assumptions used in determining the Company’s defined benefit plan are shown below:

	December 31, 2022	December 31, 2021
Discount rate	1.40%	0.82%
Expected rate of salary increases	0.80%	0.82%

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Sensitivity analysis for significant assumptions is shown below:

	For the years ended December 31			
	2022		2021	
	Increase in defined benefit obligation	Decrease in defined benefit obligation	Increase in defined benefit obligation	Decrease in defined benefit obligation
Discount rate increases by 0.5%	$ -	$ (1,219)	$ -	$ (1,771)
Discount rate decreases by 0.5%	1,340	-	1,965	-
Expected rate of salary increases by 0.5%	1,341	-	1,955	-
Expected rate of salary decreases by 0.5%	-	(1,232)	-	(1,780)

The sensitivity analysis above is based on a change in a significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analysis compared to the previous period.

(16) Equity

A. Common stock

The Company's authorized capital as of December 31, 2022 and 2021 was NT$900,000 thousand divided into 90,000 thousand shares, including 10,000 thousand shares reserved for exercise of employee stock options at each period. The Company's issued capital as of December 31, 2022 and 2021 was NT$750,975 thousand, with a par value of NT$10 each share, divided into 75,098 thousand shares.

On September 6, 2021, the Company's board of directors approved to issue common stock of 28,000 thousand shares, with a par value of NT$10 each share, amounting to NT$280,000 thousand. The issuance price was NT$21 per share and the issuance date was November 24, 2021. The related registration processes have been completed.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

B. Capital surplus

	December 31, 2022	December 31, 2021
Additional paid-in capital	$ 932,723	$ 932,723
Expired stock options	2,503	2,503
Total	$ 935,226	$ 935,226

According to the Company Act, the additional paid-in capital shall not be used except for offsetting deficit of the company. When a company does not have deficit, it may distribute the additional paid-in capital derived from the issuance of new shares at premiums in excess of par or income from endowments received by the Company. The distribution could be made in cash to its shareholders in proportion to the number of shares being held by each of them.

Please refer to Note 6(24) for more details on share-based payment.

C. Retained earnings and dividend policy

According to the Company's Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:

a. reserve for tax payments;
b. offset accumulated losses in previous years, if any;
c. legal reserve, which is 10% of leftover profits;
d. allocation or reverse of special reserves as required by law or government authorities;
e. the distribution of the remaining portion, if applicable, the Group shall distribute it according to the distribution plan proposed by the Board of Directors according to the dividend policy and submitted to the shareholders' meeting for approval.

The Company shall take into consideration its environment and growth stage to meet the future fund requirements when making long-term financial planning and to satisfy the cash inflow requirement of the shareholders. The distribution of shareholders' dividend shall not be lower than 50% of the distributable earnings. The shareholders' dividends may be distributed in the form of shares or cash and cash dividends to be distributed may not be less than 10% of total dividends (cash dividends and stock dividends in total) to be distributed. However, if the total dividends paid in the current year are less than NT$3, the full stock dividends will be paid.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total paid-in capital. The legal reserve can be used to offset the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal reserve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

Pursuant to existing regulations, the Company is required to set aside additional special reserve equivalent to the net debit balance of the other components of shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed.

The appropriation of earnings for 2021 was resolved by the stockholders' meeting held on June 8, 2022, while the appropriation of earnings for 2022 was proposed by the Board of Directors' meeting on March 22, 2023. The details of distribution are as follows:

	Appropriation of earnings		Dividend per share (NT$)	
	2022	2021	2022	2021
Legal reserve	$ 9,200	$ 5,064		
Special reserve	(17,883)	14,419		
Common stock-cash dividends	50,343	31,158	$ 0.67	$ 0.41
Total	$ 41,660	$ 50,641		

Please refer to Note 6(20) for more details on employees' compensations and the remuneration to directors.

D. Non-controlling interests

	For the years ended December 31	
	2022	2021
Beginning balance	$ 1,875	$ 1,724
Net income attributable to non-controlling interests	106	411
Other comprehensive income attributable to non-controlling interests:		
Exchange differences on translation of foreign operations	(63)	(260)
Total	$ 1,918	$ 1,875

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(17) Operating revenue

	For the years ended December 31	
	2022	2021
Revenue from contracts with customers		
Sale of goods	$ 2,269,104	$ 2,288,444
Rendering of services	81,155	67,721
Total	$ 2,350,259	$ 2,356,165

Analysis of revenue from contracts with customers for the years ended December 31, 2022 and 2021 is as follows:

A. Disaggregation of revenue

	For the years ended December 31	
	2022	2021
Revenue from contracts with customers		
Sale of goods	$ 2,269,104	$ 2,288,444
Rendering of services	81,155	67,721
Total	$ 2,350,259	$ 2,356,165
Revenue recognition point:		
At a point in time	$ 2,277,485	$ 2,298,190
Satisfies the performance obligation over time	72,774	57,975
Total	$ 2,350,259	$ 2,356,165

B. Contract balances

a. Contract assets – current

	December 31, 2022	December 31, 2021	January 1, 2021
Sales of goods	$ 1,804	$ 6,254	$ 6,115

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The significant changes in the Group's balances of contract assets for the years ended December 31, 2022 and 2021 are as follows:

	For the years ended December 31	
	2022	2021
The opening balance transferred to trade receivables	$ (6,254)	$ (6,115)
Change in the progress of completion	1,294	6,763
Reversal (recognition) of impairment	510	(509)

b. Contract liabilities – current and noncurrent

	December 31, 2022	December 31, 2021	January 1, 2021
Contract liabilities	$ 131,916	$ 106,750	$ 75,683
Current	$ 82,482	$ 58,021	$ 49,303
Noncurrent	$ 49,434	$ 48,729	$ 26,380

	December 31, 2022	December 31, 2021	January 1, 2021
Sales of goods	$ 28,745	$ 15,988	$ 14,436
Rendering of services	103,171	90,762	61,247
Total	$ 131,916	106,750	$ 75,683

The significant changes in the Group's balances of contract liabilities for the years ended December 31, 2022 and 2021 are as follows:

	For the years ended December 31	
	2022	2021
Revenue recognized during the period that was included in the beginning balance	$ (49,841)	$ (36,662)
Increase in receipt in advance during the period (deducting the amount incurred and transferred to revenue during the period)	75,007	67,729

C. Assets recognized from costs to fulfill a contract with customer: None.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(18) Expected credit losses (gains)

	For the years ended December 31	
	2022	2021
Operating expenses-Expected credit losses (gains)		
Contract assets	$ (510)	$ 509
Notes receivable	35	13
Trade receivables	7,021	2,233
Total	$ 6,546	$ 2,755

Please refer to Note 12(4) for more details on credit risk.

The Group measures the loss allowance of its contract assets, receivables (including notes receivable, trade receivables and trade receivables from related parties) and finance lease receivable at an amount equal to lifetime expected credit losses. The assessments of the Group's loss allowance as of December 31, 2022 and 2021 are as follows:

A. Finance lease receivables were not overdue and the expected credit loss rate was 0%. Details of carrying amounts are as follows:

	December 31, 2022	December 31, 2021
Finance lease receivable	$ 3,214	$ -
Less: unearned finance income	(316)	-
Subtotal	2,898	-
Long-term finance lease receivable	11,658	-
Less: unearned finance income	(489)	-
Subtotal	11,169	-
Total	$ 14,067	$ -

B. Loss allowance of contract assets was measured by the expected credit loss rates. Details are as follows:

	December 31, 2022	December 31, 2021
Gross carrying amount	$ 1,804	$ 6,764
Expected credit loss rates	0%	0%~50%
Loss allowance	-	(510)
Total	$ 1,804	$ 6,254

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

C. Notes receivable were not overdue, and the loss allowance was measured by the expected credit loss rates. Details are as follows:

	December 31, 2022	December 31, 2021
Gross carrying amount	$ 32,777	$ 18,503
Expected credit loss rates	0%~0.25%	0%~0.25%
Loss allowance	(81)	(46)
Total	$ 32,696	$ 18,457

D. The Group considers the grouping of trade receivables by counterparties credit rating, by geographical region and by industry sector, and its loss allowance is measured by using a provision matrix. Details are as follows:

As of December 31, 2022

		Past due					
	Not past due	Within 30 days	31-60 days	61-90 days	91-360 days	Over 360 days	Total
Gross carrying amount	$ 402,640	$ 50,751	$ 11,928	$ 3,375	$ 13,992	$ 2,558	$ 485,244
Loss ratio	0%	0%-2%	2%-5%	5%-10%	25%-50%	50%-100%	
Lifetime expected credit losses	-	572	594	338	6,996	2,558	11,058
Total	$ 402,640	$ 5(	$ 11,334	$ 3,037	$ 6,996	$ -	$ 474,186

As of December 31, 2021

		Past due					
	Not past due	Within 30 days	31-60 days	61-90 days	91-360 days	Over 360 Days	Total
Gross carrying amount	$ 388,029	$ 59,616	$ 7,003	$ 2,568	$ 4,135	$ 347	$ 461,698
Loss ratio	0%	0%-2%	2%-5%	5%-10%	25%-50%	50%-100%	
Lifetime expected credit losses	-	852	353	257	2,054	347	3,863
Total	$ 388,029	$ 58,764	$ 6,650	$ 2,311	$ 2,081	$ -	$ 457,835

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The movements in the provision for impairment of contract assets, notes receivable and trade receivables for the years ended December 31, 2022 and 2021 are as follows:

	Contract assets	Notes receivable	Trade receivables
As of January 1, 2022	$ 510	$ 46	$ 3,863
Allowance for the current period	-	35	7,021
Reversal for the current period	(510)	-	-
Written off	-	-	(129)
Exchange differences	-	-	303
As of December 31, 2022	$ -	$ 81	$ 11,058
As of January 1, 2021	$ 1	$ 33	$ 1,733
Allowance for the current period	509	13	2,233
Written off	-	-	(38)
Exchange differences	-	-	(65)
As of December 31, 2021	$ 510	$ 46	$ 3,863

(19) Leases

A. The Group as lessee

The Group leases various properties, including real estate such as buildings and facilities, transportation equipment, and other equipment. These leases have terms between 2 and 5 years.

The effect that leases have on the financial position, financial performance and cash flows of the Group are as follows:

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

a. Amounts recognized in the balance sheet

(a)Right-of-use assets

The carrying amount of right-of-use assets

	December 31, 2022	December 31, 2021
Buildings and facilities	$ 78,172	$ 29,032
Transportation equipment	4,916	7,598
Other equipment	16	176
Total	$ 83,104	$ 36,806

During the years ended December 31, 2022 and 2021, the additions to right-of-use assets of the Group amounted to NT$90,046 thousand and NT$13,905 thousand, respectively.

(b)Lease liabilities

	December 31, 2022	December 31, 2021
Lease liability	$ 99,013	$ 36,897
Current	$ 28,007	$ 20,125
Noncurrent	$ 71,006	$ 16,772

Please refer to Note 6(21)D for the interest on lease liabilities recognized during the years ended December 31, 2022 and 2021, and refer to Note 12(5) for the maturity analysis for lease liabilities as of December 31, 2022 and 2021.

b. Amounts recognized in the statement of comprehensive income

Depreciation charge for right-of-use assets

	For the years ended December 31	
	2022	2021
Buildings and facilities	$ 24,526	$ 22,134
Transportation equipment	4,952	2,865
Other equipment	174	167
Total	$ 29,652	$ 25,166

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

c. Income and costs relating to leasing activities

	For the years ended December 31	
	2022	2021
The expense relating to short-term leases	$ 2,038	$ 2,643
Income from subleasing right-of-use assets	217	-
Lease modifications gains (losses)	(446)	20

d. Cash outflow relating to leasing activities

During the years ended December 31, 2022 and 2021, the Group's total cash outflow for leases amounted to NT$33,825 thousand and NT$28,857 thousand, respectively.

B. The Group as lessor

The Group subleased a portion of the leased office under a finance lease with a lease term of 5 years. Information on profit or loss in relation to the lease contract is as follows:

The undiscounted lease payments to be received for the remaining years as of December 31, 2022 and 2021 are as follows:

	December 31, 2022	December 31, 2021
Lease income for finance leases		
Finance income on the net investment in the lease	$ 217	$ -

	December 31, 2022	December 31, 2021
Not later than one year	$ 3,214	$ -
Later than one year but not later than two years	3,344	-
Later than two years but not later than three years	3,477	-
Later than three years but not later than four years	3,616	-
Later than four years but not later than five years	1,221	-
Total undiscounted lease payments	14,872	-
Less: Unearned finance income to finance leases	(805)	-
Less: loss allowance	-	-
Net investment in the lease (Finance lease receivables)	$ 14,067	$ -
Current	$ 2,898	$ -
Non-current	$ 11,169	$ -

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(20) Summary statement of employee benefits, depreciation and amortization expenses by function:

	For the years ended December 31					
	2022			2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salaries	$ 36,005	$ 370,063	$ 406,068	$ 34,011	$ 375,738	$ 409,749
Labor and health insurance	3,635	37,449	41,084	3,497	36,756	40,253
Pension	1,756	17,278	19,034	1,714	17,017	18,731
Others (Note)	1,622	12,617	14,239	1,319	10,562	11,881
Depreciation	20,281	37,384	57,665	19,191	32,742	51,933
Amortization	330	18,515	18,845	162	21,041	21,203

Note: The amounts include group insurance expenses, training expenses, and employee benefits.

According to the Company's Article of Incorporation, no lower than 5~15% of profit of the current year is distributable as employees' compensation and no higher than 2% of profit of the current year is distributable as remuneration to directors. However, before distributing employees' compensation and remuneration to directors, the Company's profit should offset its accumulated losses, if any. The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition, there to a report of such distribution is submitted to the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors can be obtained from the "Market Observation Post System" on the website of the TWSE.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The Company accrued employees' compensation and remuneration to directors based on 5% and 2%, respectively, of profit for the year ended December 31, 2022 and 2021. The amount of employees' compensation and remuneration to directors accrued for the year ended December 31, 2022 were NT$5,926 thousand and NT$2,370 thousand, respectively. The amount of employees' compensation and remuneration to directors accrued for the year ended December 31, 2021 were NT$3,436 thousand and NT$1,374 thousand, respectively. The aforementioned employees' compensation and remuneration to directors were accrued on the basis of profit of current year and were recognized as salary expense. If the Board of Directors resolved to distribute employees' compensation in the form of stocks, then the number of stocks distributed as employees' compensation was calculated based on the closing price one day earlier than the date of resolution. If the estimated amounts differ from the actual distribution resolved by the Board of Directors, the Company will recognize the change as an adjustment in profit or loss of the subsequent year in profit or loss of the subsequent year.

A resolution was approved in a meeting of the Board of Directors held on March 22, 2023 to distribute NT$5,926 thousand and NT$2,370 thousand in cash as employees' compensation and remuneration to directors, respectively. There were no significant differences between the aforementioned approved amounts and the amounts charged against earnings in 2023.

A resolution was approved in a meeting of the Board of Directors held on March 3, 2022 to distribute NT$3,436 thousand and NT$1,374 thousand in cash as employees' compensation and remuneration to directors, respectively. There were no differences between the aforementioned approved amounts and the amounts charged against earnings in 2022.

(21) Non-operating income and expenses

A. Interest income

	For the years ended December 31	
	2022	2021
Financial assets measured at amortized cost	$ 1,312	$ 323
Interest income from financial leases	217	-
Total	$ 1,529	$ 323

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

B. Other income

	For the years ended December 31	
	2022	2021
Rental income	$ 279	$ 321
Government grants	-	724
Others	4,398	337
Total	$ 4,677	$ 1,382

C. Other gains and losses

	For the years ended December 31	
	2022	2021
Losses on disposal of property, plant and equipment	$ (15)	$ (35)
Foreign exchange gains (losses)	8,001	(16,168)
Gains on financial assets at fair value through profit or loss	1,593	11,731
Other losses-others	(658)	(703)
Lease modifications (losses) gains	(446)	20
Total	$ 8,475	$ (5,155)

D. Finance costs

	For the years ended December 31	
	2022	2021
Interest expenses on lease liabilities	$ 1,535	$ 882
Interest expenses on borrowings from bank	-	1,161
Total	$ 1,535	$ 2,043

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(22) Components of other comprehensive income

For the year ended December 31, 2022

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax expense (income)	Other comprehensive income, net of tax
Items that will not to be reclassified subsequently to profit or loss:					
Remeasurements of defined benefit plans	$ 842	$ -	$ 842	$ (169)	$ 673
Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income	(102)	-	(102)	21	(81)
Items that may be reclassified subsequently to profit or loss:					
Exchange differences resulting from translating the financial statements of foreign operations	22,392	-	22,392	(4,491)	17,901
Total other comprehensive income	$ 23,132	$ -	$ 23,132	$ (4,639)	$ 18,493

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

For the year ended December 31, 2021

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax expenses (income)	Other comprehensive income, net of tax
Items that will not to be reclassified subsequently to profit or loss:					
Remeasurements of defined benefit plans	$ (1,004)	$ -	$ (1,004)	$ 201	$ (803)
Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income	240	-	240	(48)	192
Items that may be reclassified subsequently to profit or loss:					
Exchange differences resulting from translating the financial statements of foreign operations	(18,523)	-	(18,523)	3,652	(14,871)
Total other comprehensive income	$ (19,287)	$ -	$ (19,287)	$ 3,805	$ (15,482)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(23) Income tax

A. The major components of income tax expense are as follows:

Income tax expense recognized in profit or loss

	For the years ended December 31	
	2022	2021
Current income tax expense:		
Current income tax payable	$ 13,539	$ 6,916
Adjustments in respect of current income tax of prior periods	-	446
Deferred tax expense:		
Relating to origination and reversal of temporary differences	3,048	27,351
Relating to origination and reversal of tax loss and tax credit	6,103	(7,945)
Total income tax expense	$ 22,690	$ 26,768

Income tax recognized in other comprehensive income

	For the years ended December 31	
	2022	2021
Deferred tax expense (income):		
Remeasurements of defined benefit plans	$ 169	$ (201)
Unrealised (losses) gains from equity instrument investments measured at fair value through other comprehensive income	(21)	48
Exchange differences resulting from translating the financial statements of foreign operations	4,491	(3,652)
Income tax relating to components of other comprehensive income	$ 4,639	$ (3,805)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

B. A reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates is as follows:

	For the years ended December 31	
	2022	2021
Accounting profit before tax from continuing operations	$ 114,127	$ 78,623
Tax at parent company statutory income tax rate	$ 22,825	$ 15,725
Tax effect of revenues exempt from taxation	(2,910)	(2,531)
Tax effect of expenses not deductible for tax purposes	68	49
Tax effect of deferred tax assets/liabilities	5,078	8,988
Tax effect of statutory rate difference in foreign jurisdiction	537	4,723
Adjustments in respect of current income tax of prior periods	-	446
Investment tax credits	(4,469)	-
Others	1,561	(632)
Income tax expense (income) recognized in profit or loss	$ 22,690	$ 26,768

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

C. Deferred tax assets (liabilities) relate to the following:

For the years ended December 31, 2022

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Exchange differences	Ending balance
Temporary differences					
Depreciation	$ 436	$ 32	$ -	$ 47	$ 515
Unrealized allowance for inventory obsolescence	2,207	(750)	-	6	1,463
Valuation of financial assets/ liabilities at fair value through profit or loss	(316)	558	-	-	242
Unrealized exchange gain	137	(355)	-	-	(218)
Accrued employee benefits	2,048	(4)	-	55	2,099
Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income	530	-	21	-	551
Unrealized profit on intercompany sales	4,060	1,511	-	-	5,571
Bad debts expense	208	1,618	-	18	1,844
Provision for warranties	132	(15)	-	15	132
Refund liabilities	-	1,920	-	(5)	1,915
U.S. state tax	37	57	-	4	98
Net defined benefit liabilities-noncurrent	3,534	(837)	(169)	-	2,528
Deferred revenue	3,382	(378)	-	371	3,375
Exchange differences resulting from translating the financial statements of foreign operations	5,655	-	(4,491)	-	1,164
Investments accounted for using the equity method	5,014	(6,405)	-	-	(1,391)
Unused tax credits	14,575	(6,103)	-	1,536	10,008
Deferred tax income (expense)		$ (9,151)	$ (4,639)	$ 2,047	
Net deferred tax assets/(liabilities)	$ 41,639				$ 29,896
Reflected in balance sheet as follows:					
Deferred tax assets	$ 41,956				$ 31,505
Deferred tax liabilities	$ (317)				$ (1,609)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

For the years ended December 31, 2021

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Exchange differences	Ending balance
Temporary differences					
Depreciation	$ 17	$ 417	$ -	$ 2	$ 436
Unrealized inventory valuation loss	1,926	284	-	(3)	2,207
Valuation of financial assets/ liabilities at fair value through profit or loss	277	(593)	-	-	(316)
Unrealized exchange gains or losses	(306)	443	-	-	137
Accrued employee benefits	2,013	58	-	(23)	2,048
Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income	578	-	(48)	-	530
Unrealized profit on intercompany sales	4,896	(836)	-	-	4,060
Bad debts expense	189	24	-	(5)	208
Provision for warranties	173	(36)	-	(5)	132
Cost of inventories	10	(10)	-	-	-
U.S. state tax	(616)	633	-	20	37
Net defined benefit liabilities-noncurrent	4,068	(735)	201	-	3,534
Deferred revenue	5,883	(2,325)	-	(176)	3,382
Exchange differences resulting from translating the financial statements of foreign operations	2,003	-	3,652	-	5,655
Investments accounted for using the equity method	13,799	(8,785)	-	-	5,014
Unused tax credits	23,141	(7,945)	-	(621)	14,575
Deferred tax income (expense)		$ (19,406)	$ 3,805	$ (811)	
Net deferred tax assets/(liabilities)	$ 58,051				$ 41,639
Reflected in balance sheet as follows:					
Deferred tax assets	$ 58,357				$ 41,956
Deferred tax liabilities	$ (306)				$ (317)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

D. The following table contains information of the unused tax losses of the Group:

		Unused tax credits as of		
Year	Tax losses	December 31, 2022	December 31, 2021	Expiration year
	$	$	$	
2018	31,914	4,202	6,773	2038
2019	25,451	5,806	5,233	2039
2020	17,697	-	684	2030
2021	7,901	-	1,885	2041
		$ 10,008	$ 14,575	

E. Unrecognized deferred tax assets

As of December 31, 2022 and 2021, there were no unrecognized deferred tax assets.

F. Unrecognized deferred tax liabilities related to investment in subsidiaries

The Group's income tax payable on the repatriation of undistributed earnings of foreign subsidiaries, and the relevant tax liabilities have not been recognized. The Group has decided that in the foreseeable future, it will not distribute undistributed earnings of its subsidiaries. As of December 31, 2022 and 2021, the taxable temporary differences associated with investment in subsidiaries, for which deferred tax liabilities have not been recognized, aggregated to NT$50,363 thousand and NT$39,339 thousand, respectively.

G. The assessment of income tax returns

As of December 31, 2022, the assessment of the income tax returns of the Group is as follows:

	The assessment of income tax returns
The Company	Assessed and approved up to 2020
Subsidiaries-UTA	Filed up to 2021
Subsidiaries-UTI	Assessed and approved up to 2020
Subsidiaries-UTJ	Filed up to 2021
Subsidiaries-UTC	Filed up to 2021

(24) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent entity by the weighted-average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity by the weighted-average number of ordinary shares outstanding during the year plus the weighted-average number of ordinary shares that would be issued assuming all the dilutive potential ordinary shares were converted into ordinary shares.

	For the years ended December 31	
	2022	2021
A. Basic earnings per share		
Profit attributable to ordinary equity holders of the parent	$ 91,331	$ 51,444
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	75,098	50,013
Basic earnings per share (NT$)	$ 1.22	$ 1.03
B. Diluted earnings per share		
Profit attributable to ordinary equity holders of the parent	$ 91,331	$ 51,444
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	75,098	50,013
Effect of dilution:		
Employee compensation (in thousands)	298	162
Weighted-average number of ordinary shares outstanding after dilution (in thousands)	75,396	50,175
Diluted earnings per share (NT$)	$ 1.21	$ 1.03

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date the financial statements were authorized for issue.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(25) Share-based payment plans

Certain employees of the Group are entitled to share-based payments as part of their remuneration. Services are provided by the employees in return for the equity instruments granted. These plans are accounted for as equity-settled share-based payment transactions.

On September 6, 2021, the Company's board of directors approved to issue common stock of 28,000 thousand shares for cash capital increase, with a par value of NT$10 and the issue price of NT$21 per share, amounting to NT$280,000 thousand. Certain portion of the new shares were reserved for employees to subscribe under the Company Act and was treated as stock options granted to employees. The fair value of the stock options on the date of grant was estimated using the Black-Scholes option valuation model. The weighted-average information of each parameter of the valuation model and the fair value of the stock options are listed as follows:

	For the year ended December 31, 2021
Share price on the grant date	$ 27.05
Exercise price	21
Expected dividend yield	0.00%
Expected volatility	13.87%
Risk free interest rate	0.22%
Expected life	0.068 years

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

The relevant information of the aforementioned employee stock option plan is as follows:

	For the years ended December 31, 2021	
	Outstanding units (in thousands)	Weighted average exercise price (NT$)
Outstanding at beginning of period	-	$ -
Granted	3,676	21
Exercised	(3,397)	21
Expired	(279)	21
Outstanding at end of period	-	-
Exercisable at end of period	-	-
Weighted-average fair value of options granted during the period (NT$)	$ 6.05	

Share-based compensation expenses recognized are as follows:

	For the years ended December 31	
	2022	2021
Employee Stock Option	$ -	$ 22,240

7. Related Party Transactions

Name and nature of relationship of the related parties

Name of the related parties	Relationship with the Group
Unitech Computer Co., Ltd.	Parent company
Jingho Computer Co., Ltd.	Other related party
Artilux Corporation	Substantive related parties
Artilux Inc.	Substantive related parties
Hi-Jet Incorporation	Substantive related parties
Shiteh Organic Pharmaceutical Co., Ltd.	Substantive related parties
GMI Technology Inc.	Substantive related parties
GMI (Shanghai) International Trading Co., Ltd.	Substantive related parties

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Significant transactions with the related parties

(1) Sales

	For the years ended December 31	
	2022	2021
Substantive related parties	$ 2,062	$ 44
Parent company	1,507	8,033
Total	$ 3,569	$ 8,077

General payment term:
Domestic: Month-end 30-120 days
Foreign: For those who have credit line, payment shall be made within 30-45 days after shipment; for those who don't have credit line, shipment can only be made after T/T payment.

The selling price of the parent company and the substantive related parties are based on related party transaction, the payment term is month-end 30-90 days.

(2) Purchases

	For the years ended December 31	
	2022	2021
Parent company	$ 5,833	$ 3,994
Other related party	2,816	2,773
Total	$ 8,649	$ 6,767

Payment term:
Domestic: Month-end 30-90 days
Foreign: Month-end 30-60 days

The purchase price of the parent company and other related party are based on related party transaction, the payment term are month-end 30 days.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(3) Trade receivables from related parties

	December 31, 2022	December 31, 2021
Parent company	$ 54	$ 38

(4) Trade payables to related parties

	December 31, 2022	December 31, 2021
Other related party	$ 45	$ -
Parent company	25	-
Total	$ 70	$ -

(5) Other payables from related parties

	December 31, 2022	December 31, 2021
Parent company	$ 682	$ 736

(6) Manufacturing expenses

	For the years ended December 31	
	2022	2021
Parent company	$ 297	$ 282

(7) Operating expenses

	For the years ended December 31	
	2022	2021
Parent company	$ 10,789	$ 11,247
Substantive related party	49	452
Other related party	-	60
Total	$ 10,838	$ 11,759

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The Company leases warehouse from the parent company. The lease term and rental were both determined in accordance with mutual agreements. Rental is paid on a monthly basis. The Company recognized the rental expenses in the amount of NT$1,485 thousand and NT$1,451 thousand for the years ended December 31, 2022 and 2021, respectively.

(8) Other revenue

	For the years ended December 31	
	2022	2021
Parent company	$ 1	$ 5

(9) Property transaction

	For the years ended December 31	
	2022	2021
Parent company	$ 235	$ 867
Other related party	162	-
Total	$ 397	$ 867

The Group entrusted the related parties to purchase machinery and equipment on behalf of the Group.

(10) Key management personnel compensation

	For the years ended December 31	
	2022	2021
Short-term employee benefits	$ 35,646	$ 34,578
Post-employment benefits	540	1,214
Total	$ 36,186	$ 35,792

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

8. Assets Pledged as Collateral

The following table lists assets of the Group pledged as collateral:

Assets Pledged as Collateral	Carrying Amount December 31, 2022	Carrying Amount December 31, 2021	Purpose of pledge
Financial assets measured at amortized cost-noncurrent	$ 3,249	$ 3,710	Guarantee for warranties
Financial assets measured at amortized cost-noncurrent	1,664	1,648	Performance guarantee
Property, plant and equipment-land and building	278,382	279,951	Pledge Loan
Total	$ 283,295	$ 285,309	

9. Significant Contingencies and Unrecognized Contractual Commitments

(1) As of December 31, 2022, the Group issued the letters of guarantee through financial institutions in the amount of NT$2,500 thousand for customs duty and performance guarantee.

(2) As of December 31, 2022, the Group issued promissory notes in the amount of NT$4,964 thousand for performance guarantee.

(3) As of December 31, 2022, the Group’s unused letters of credit amounted to NT$7,640 thousand.

10. Losses Due to Major Disasters

None.

11. Significant Subsequent Events

None.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

12.Others

(1) Categories of financial instruments

Financial assets

	December 31, 2022	December 31, 2021
Financial assets at fair value through profit or loss:		
Mandatorily measured at fair value through profit or loss (Note 1)	$ 4,011	$ 246,118
Financial assets at fair value through other comprehensive income	27,713	27,815
Financial assets measured at amortized cost (Note 2)	1,429,174	1,028,132
Total	$ 1,460,898	$ 1,302,065

Financial liabilities

	December 31, 2022	December 31, 2021
Financial assets at fair value through profit or loss:		
Held for trading	$ 1,211	$ 65
Financial liabilities at amortized cost:		
Trade payables (including related parties)	246,205	245,065
Other payables (including related parties)	154,375	133,333
Lease liabilities (including noncurrent)	99,013	36,897
Deposits received	308	20
Total	$ 501,112	$ 415,380

Note:

A. Includes trade receivables classified as financial assets measured at fair value through profit or loss in the amount of NT$4,011 thousand and NT$4,470 thousand as of December 31, 2022 and 2021, respectively. Please refer to Note 6(6) for further explanation.

B. Includes cash and cash equivalents (excluding cash on hand), financial assets measured at amortized cost (including noncurrent), receivables (including related parties), other receivables, finance lease receivable (including long-term) and refundable deposits.

(2) Financial risk management objectives and policies

The Group's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Group identifies, measures and manages the aforementioned risks based on the Group's policy and risk exposures.

The Group has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Group complies with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk and other price risk (such as equity instruments).

In practice, it is rarely the case that a single risk variable will change independently from other risk variables; there are usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense are denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries.

The Group has certain foreign currency receivables denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is achieved. The Group also uses forward contracts to hedge the foreign currency risk on certain items denominated in foreign currencies. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Group.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit is performed on significant monetary items denominated in foreign currencies as of the end of the reporting period. The Group's foreign currency risk is mainly related to the volatility in the exchange rates for USD. The information of the sensitivity analysis is as follows:

When NTD strengthens/weakens against USD by 1%, the profit for the years ended December 31, 2022 and 2021 would decrease/increase by NT$1,072 thousand and increase/decrease NT$796 thousand, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank deposit at variable interest rates. Therefore, the Group expects no fair value and cash flow risks due to significant interest rate fluctuations.

Other risk

The Group's investment funds and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group's investment of funds and unlisted equity securities are classified as financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. The Group's investment of funds and unlisted equity securities are classified as financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. The Group manages the equity price risk through diversification. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves certain equity investments according to level of authority.

A change of 1% in the price of the funds could increase/decrease the Group's investment of funds for the years ended December 31, 2022 and 2021 by NT$0 and NT$2,400 thousand, respectively.

Please refer to Note 12(9) for sensitivity analysis information of other equity instruments whose fair value measurement is categorized under Level 3 of the fair value hierarchy.

(4) Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a contract, leading to a financial loss. The Group is exposed to credit risk from operating activities (primarily for contract assets, trade and notes receivables) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to credit risk management. Credit limits are established for all counter parties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Group's internal rating criteria, etc. Certain counter parties' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment or insurance.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Group's treasury in accordance with the Group's policy. The Group only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating. Consequently, there is no significant credit risk for these counter parties.

(5) Liquidity risk management

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents and bank borrowings. The table below summarizes the maturity profile of the Group's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Non-derivative financial liabilities

	Less than 1 year	1 to 3 years	4 to 5 years	Later than 5 years	Total
As of December 31, 2022					
		$	$	$	$
Trade payables	$ 246,205	-	-	-	246,205
Other payables	154,375	-	-	-	154,375
Lease liabilities	30,000	63,600	10,246	-	103,846
Refundable deposits	-	308	-	-	308
As of December 31, 2021					
Trade payables	245,065	-	-	-	245,065
Other payables	133,333	-	-	-	133,333
Lease liabilities	20,539	17,072	-	-	37,611
Refundable received	-	20	-	-	20

Derivative financial liabilities

	Less than 1 year	1 to 3 years	4 to 5 years	Later than 5 years	Total
As of December 31, 2022					
	$	$	$	$	$
Inflow	37,569	-	-	-	37,569
Outflow	(38,780)	-	-	-	(38,780)
		$	$	$	$
Net	$ (1,211)	-	-	-	(1,211)
As of December 31, 2021					
		$	$	$	$
Inflow	$ 29,054	-	-	-	29,054
Outflow	(29,119)	-	-	-	(29,119)
		$	$	$	$
Net	$ (65)	-	-	-	(65)

The disclosure of derivative financial liabilities in the above table is expressed by undiscounted total cash flows.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for year ended December 31, 2022:

	Lease liabilities	Deposits received	Total
As of January 1, 2022	$ 36,897	$ 20	$ 36,917
Cash flows			
Inflow	-	307	307
Outflow	(30,252)	(18)	(30,270)
Non-cash flows	92,368	(1)	92,367
As of December 31, 2022	$ 99,013	$ 308	$ 99,321

Reconciliation of liabilities for year ended December 31, 2021:

	Short-term borrowing	Lease liabilities	Deposits received	Total
As of January 1, 2021	$ 65,000	$ 51,029	$ 22	$ 116,051
Cash flows				
Inflow	965,000	-	-	965,000
Outflow	(1,030,000)	(25,332)	-	(1,055,332)
Non-cash flows	-	11,200	(2)	11,198
As of December 31, 2021	$ -	$ 36,897	$ 20	$ 36,917

(7) Fair values of financial instruments

A. The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Group to measure or disclose the fair values of financial assets and financial liabilities:

a. The carrying amount of cash and cash equivalents, financial assets measured at amortized cost, receivables, other receivables, payables and other payables approximate their fair value due to their short maturities.

b. For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures, etc.) at the reporting date.

c. Fair value of equity instruments without market quotations, such as private company equity securities, are estimated using the income approach. The income approach is based on evaluating the flow of future profits created by the underlying investment and through the process of discounting the flow of future profits into the value of the underlying investment. The future cash flow is calculated by the subject's financial forecast and future long-term stable growth rate. The fair value is calculated by using the Weighted Average Cost of Capital as the discount rate.

d. Fair value of debt instruments without market quotations, finance lease receivable, lease liabilities, refundable deposits, and deposits received are determined based on the counterparty prices or valuation method. The valuation method uses discounted cash flow analysis as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instruments (such as yield curves published by the Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.).

e. The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period.

B. Fair value measurement hierarchy for financial instruments

Please refer to Note 12(9) for fair value measurement hierarchy for financial instruments of the Group.

(8) Derivative financial instruments

The related information for derivative financial instruments not qualified for hedge accounting and not yet settled as of December 31, 2022 and 2021 are as follows:

Forward exchange contracts

The Group entered into forward exchange contracts to manage its exposure to financial risk, but these contracts were not designated as hedging instruments. The table below lists the information related to outstanding forward exchange contracts:

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Items	Contract amount ('000)	Maturity period
As of December 31, 2022		
Forward exchange contracts	Sell EUR 597 thousand	From January 3,2023 to February 20, 2023
Forward exchange contracts	Sell JPY 82,800 thousand	From January 3,2023 to March 31, 2023
As of December 31, 2021		
Forward exchange contracts	Sell EUR 1,617 thousand	From January 3,2022 to April 19, 2022
Forward exchange contracts	Sell JPY 121,000 thousand	From January 3,2022 to March 31, 2022
Forward exchange contracts	Buy USD 974 thousand	From January 3,2022 to January 25, 2022

The Group entered into forward foreign exchange contracts to hedge foreign currency risk of net assets or net liabilities. As there will be corresponding cash inflows or outflows upon maturity and the Group has sufficient operating funds, the cash flow risk is insignificant.

(9) Fair value measurement hierarchy

A. Fair value measurement hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3 – Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

B. Fair value measurement hierarchy of the Group's assets and liabilities

The Group does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Group's assets and liabilities measured at fair value on a recurring basis is as follows:

As of December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through other comprehensive income				
Preferred stock	$ -	$ -	$ 27,713	$ 27,713
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	-	1,211	-	1,211

As of December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Funds	$ 240,008	$ -	$ -	$ 240,008
Forward exchange contracts	-	1,640	-	1,640
Financial assets at fair value through other comprehensive income				
Preferred stock	-	-	27,815	27,815
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	-	65	-	65

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Transfers between Level 1 and Level 2 during the period

During the years ended December 31, 2022 and 2021, there were no transfers between Level 1 and Level 2 fair value measurements.

Movements of fair value measurement in Level 3 on recurring basis

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy for movements during the year is as follows:

	Assets
	At fair value through other comprehensive income
As of January 1, 2022	$ 27,815
Amount recognized in other comprehensive income (presented in "unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income")	(102)
As of December 31, 2022	$ 27,713

	Assets
	At fair value through other comprehensive income
As of January 1, 2021	$ 27,575
Amount recognized in other comprehensive income (presented in "unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income")	240
As of December 31, 2021	$ 27,815

Information on significant unobservable inputs to valuation

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follows:

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

As of December 31, 2022

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
At fair value through other comprehensive income					
Preferred stock	Income approach	Discount for lack of marketability	22.09%	The higher the discount for lack of marketability, the lower the fair value estimated	5% increase (decrease) in the discount for lack of marketability would result in decrease/increase in the Group’s equity by NT($1,423)/NT$1,423 thousand

As of December 31, 2021

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
At fair value through other comprehensive income					
Preferred stock	Income approach	Discount for lack of marketability	30.00%	The higher the discount for lack of marketability, the lower the fair value estimated	5% increase (decrease) in the discount for lack of marketability would result in decrease/increase in the Group’s equity by NT($1,589)/NT$1,589 thousand

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy

The Group's Financial Department is responsible for validating the fair value measurements and ensuring that the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices. The Group analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies at each reporting date.

(10) Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

	As of December 31, 2022		
	Foreign currencies (thousand)	Foreign exchange rate	NT$ (thousand)
Financial assets			
Monetary items:			
USD	$ 5,564	30.70	$ 170,827
EUR	155	32.74	5,069
CNY	50	4.409	218
Financial liabilities			
Monetary items:			
USD	2,071	30.70	63,579
CNY	240	4.409	1,058

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	As of December 31, 2021		
	Foreign currencies (thousand)	Foreign exchange rate	NT$ (thousand)
Financial assets			
Monetary items:			
USD	$ 4,965	27.67	$ 137,393
EUR	552	31.33	17,309
JPY	1,347	0.2406	324
CNY	55	4.35	237
Financial liabilities			
Monetary items:			
USD	7,843	27.67	217,019

Because there are several types of foreign currency transactions within the Group, it is not practical to disclose the exchange gains and losses of monetary financial assets and liabilities by each significant asset and liability denominated in foreign currencies. The foreign exchange gains (losses) were NT$8,001 thousand and NT$(16,168) thousand for the years ended December 31, 2022 and 2021, respectively.

The above information is disclosed based on the carrying amount of foreign currency (after conversion to functional currency).

(11) Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

13.Other disclosure

(1) Information related to significant transactions

A. Financing provided to others for the year ended December 31, 2022: None.

B. Endorsement/Guarantee provided to others for the year ended December 31, 2022: Please refer to Attachment 1.

C. Securities held as of December 31, 2022: Please refer to Attachment 2.

D. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20 percent of the capital stock for the year ended December 31, 2022: None.

E. Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20 percent of the capital stock for the year ended December 31, 2022: None.

F. Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20 percent of the capital stock for the year ended December 31, 2022: None.

G. Related party transactions for purchases and sales amounts exceeding the lower of NT$100 million or 20 percent of the capital stock for the year ended December 31, 2022: Please refer to Attachment 3.

H. Receivables from related parties with amount exceeding the lower of NT$100 million or 20 percent of the capital stock as of December 31, 2022: None.

I. Financial instruments and derivative transactions: Please refer to Note 6(2), 6(12), and 12(8)

J. Other：Intercompany relationships and significant intercompany transactions：Please refer to Attachment 4.

(2) Information on investees

Relevant information of investees over which the Company has direct or indirect significant influence or control, or jointly control (excluding investees in Mainland China). Please refer to Attachment 5 and Attachment 5-1.

(3) Information on investments in Mainland China

A. Relevant information of investees over which the Company has direct or indirect significant influence or control, or jointly control, which discloses investee company name, main business and products, total amount of capital, method of investment, accumulated inflows and outflows of investments from Taiwan, percentage of ownership, net income (loss), investment income (loss), carrying amount of investments, accumulated inward remittance of earnings and limits on investment in Mainland China: Please refer to Attachment 6.

B. The significant transactions with investee companies in the Mainland Area, either directly or indirectly through a third area:

a. The amount and percentage of sales and the balance and percentage of the related receivables with Xiamen Unitech Co., Ltd. at the end of the period:

(a) The sales amounted to NT$36,943 thousand representing 1.97% of the net sales. (Note)

(b) The receivables amounted to NT$14,736 thousand representing 3.91% of the total receivables. (Note)

b. The amount and percentage of purchases and the balance and percentage of the related payables with Xiamen Unitech Co., Ltd. at the end of the period:

(a) The purchases amounted to NT$53,410 thousand representing 4.21% of the net purchases. (Note)

(b) The payables amounted to NT$6,770 thousand representing 3.30% of the total payables. (Note)

Note: The aforementioned ratios were calculated based on the individual financial statements of Unitech Electronics Co., Ltd.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

c. The amount of property transactions and the amount of the resultant gains or losses: None.

d. The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None.

e. The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: None.

f. Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services: None.

(4) Information on major shareholders: Please refer to Attachment 7.

14. Segment information

(1) The Group principally engaged in the development, manufacture and sale of automatic data capture product and related businesses. The chief operating decision maker reviews the overall operating results to make decisions about resources to be allocated to and evaluates the overall performance. Therefore, the Group is aggregated into a single segment.

(2) Geographical information

A. Revenue from external customers

	For the years ended December 31	
	2022	2021
Asia	$ 1,389,937	$ 1,274,338
America	548,822	576,667
Europe	408,777	502,546
Oceania	2,723	2,614
Total	$ 2,350,259	$ 2,356,165

Revenue is classified by customers' countries.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

B. Non-current assets：

	December 31, 2022	December 31, 2021
Taiwan	$ 405,618	$ 411,860
United States	47,753	4,962
Netherlands	14,570	5,182
Japan	5,213	2,310
China	2,067	3,483
Total	$ 475,221	$ 427,797

(3) Major customers

Customers accounting for 10% (or above) of net sales are as follows:

	For the years ended December 31	
	2022	2021
Customer A	(Note)	$ 265,774

Note: The sales from individual customer were less than 10% of consolidated operating revenue.

Attachment 1

Endorsement/Guarantee provided to others

(Amounts in Thousands of New Taiwan Dollars)

NO. (Note 1)	Endorsor/Guarantor	Guaranteed Party		Limits on Endorsement/Guarantee to Each Guaranteed Party (Note 3)	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable (Note 3)	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
		Company Name	Relationship (Note 2)										
0	The Company	Unitech America Inc.	(Note 2)	$ 182,001	$ 153,500 (Note 4)	$ -	$ -	$ -	$ -	$ 546,004	Y	N	N

Note 1: Description of the numbers field is as follows:
(1)For the Company, fill in 0.
(2)The investee company is numbered sequentially starting from Arabic number 1 according to the company type.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories; fill in the number of category each case belongs to:
(1) A company with which it does business.
(2) A company in which the Company directly and indirectly holds more than 50%t of the voting shares.
(3) A company that directly and indirectly holds more than 50% of the voting shares in the Company.
(4) Companies in which the Company holds, directly or indirectly, 90% or more of the voting shares may make endorsements/guarantees for each other.
(5) Where the Company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
(6) Where all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages.
(7) Where companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 3: The limit of endorsement for and single entity is 10% of the Company's net worth; the total maximum endorsement limit of endorsement is 30% of the Company's net worth.

Note 4: Before expiration of the endorsement/guarantee, the Company's Board of Directors approved to extend the the Company's endorsement/guarantee of UTA. The maximum endorsement/guarantee balance for the period in amount of USD 5,000,000 was based on the original endorsement/guarantee amount plus the extended endorsement/guarantee amount, which were converted into New Taiwan Dollars at the exchange rate at reporting date.

Attachment 2

Securities held as of December 31, 2022 (excluding the portion held due to investment in a subsidiary or an associate, and the portion held due to an interest in a joint venture) (Amounts in Thousands of New Taiwan Dollars)

Held Company Name	Securities Type	Securities Name	Relationship with the Company	Financial Statement Account	Balances as of December 31, 2022				Note
					Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Company	Stock	Artilux Corporation Series A-1 Preferred Stocks	Substantive related party	Financial assets at fair value through other comprehensive income-noncurrent	769,231	$ 27,713	1.18%	$ 27,713	-

Attachment 3

Related party transactions for purchases and sales amounts exceeding the lower of NT$100 million or 20 percent of the capital stock

（Amounts in Thousands of New Taiwan Dollars）

Company Name	Counterparty	Nature of Relationships	Transaction Details				Abnormal Transaction		Notes/Trade Receivables (Payables)		Note
			Purchase/ Sales	Amount	Percentage of Total Purchases/Sales (Note)	Payment Terms	Unit Price	Payment Terms	Ending Balance	Percentage of Total Notes/Trade Receivables (Payables)(Note)	
The Company	Unitech America Inc. (“UTA”)	Investments accounted for using the equity method	Sales	$ 291,313	15.55%	30 days after Invoice date	Pricing based on related party transactions	For those who have credit line, payment shall be made within 30-45 days after shipment; for those who don't have credit line, shipment can only be made after T/T payment. The selling price of the subsidiary: UTA is based on related party transaction, the payment term is 30 days after invoice date.	$ 21,503	5.71 %	-
The Company	Unique Technology Europe B.V. (“UTI”)	Investments accounted for using the equity method	Sales	225,323	12.03%	Month-end 90 days	Pricing based on related party transactions	For those who have credit line, payment shall be made within 30-45 days after shipment; for those who don't have credit line, shipment can only be made after T/T payment. The selling price of the subsidiaries: UTI is based on related party transaction, the payment term is month-end 90 days.	19,239	5.10 %	-

Note: The above ratios are calculated based on the purchases/sales company’s individual financial statements.

Attachment 4

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS (Amounts in Thousands of New Taiwan Dollars)

Number (Note 1)	Company Name	Counterparty	Relationship (Note 2)	Transaction status			
				Accounts	Amount	Transaction terms	Percentage of Consolidated Net Sales or Total Assets (Note 3)
0	The company	UTA	1	Operating revenue	$ 291,313	30 dadys after invoice date	12.39%
〃	〃	〃	〃	Trade receivables	21,503	〃	0.86%
〃	〃	〃	〃	Operating cost	4,898	Month-end 30 days	0.21%
〃	〃	UTI	1	Operating revenue	225,323	Month-end 90 days	9.59%
〃	〃	〃	〃	Trade receivables	19,239	〃	0.77%
〃	〃	UTJ	1	Operating revenue	84,116	Month-end 90 days	3.58%
〃	〃	〃	〃	Trade receivables	19,285	〃	0.77%
〃	〃	UTC	1	Operating revenue	36,943	Month-end 90 days	1.57%
〃	〃	〃	〃	Trade receivables	14,736	〃	0.59%
〃	〃	〃	〃	Operating cost	53,410	Month-end 90 days	2.27%
〃	〃	〃	〃	Trade payables	6,770	〃	0.27%

Note 1 : The business relationship between the parent company and its subsidiaries shall be indicated in the number field, which shall be filled in as follows:
(1) The parent company is coded 0.
(2) The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2 : Relationships are categorized into the following three types. Please specify the type:
(1) Parent company to subsidiaries.
(2) Subsidiaries to sub-subsidiaries.
(3) Subsidiaries to subsidiaries.

Note 3: Regarding the calculation of the ratio of the transaction amount to total consolidated revenue or total assets, it is calculated based on the ratio of the ending balance to total consolidated assets for balance sheet items; and based on the ratio of interim accumulated amount to total consolidated revenue for profit or loss items.

Note 4: The important transactions in this table may be determined by the Company according to the principle of materiality.

Attachment 5

Relevant information of investees over which the Company has direct or indirect significant influence or control, or jointly control (excluding investees in Mainland China)

（Amounts in Thousands of New Taiwan Dollars/Foreign Currencies in Dollars）

Investor Company	Investee Company (Note 1.2)	Location	Main Businesses	Original Investment Amount		Balance as of December 31, 2022			Net Income (Loss) of the Investee (Note 2)	Investment Income (Loss) Recognized (Note 2)	Note
				Ending balance	Beginning balance	Shares	Percentage of Ownership	Carrying Amount			
The company	Unitech America Ventures Inc. (“UAV”)	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.	Investment business such as financial trust holding	USD 5,383,592	USD 5,383,592	10,000	100.00 %	$ 207,822	$ 17,860	$ 18,554	
	Unitech Europe Ventures Inc. (“UEV”)	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.	Investment business such as financial trust holding	EUR 1,905,659	EUR 1,905,659	10,000	100.00 %	65,877	12,214	13,137	
	Unitech Industries Holding Inc. (“UIH”)	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.	Investment business such as financial trust holding	JPY 42,774,910	JPY 42,774,910	10,000	100.00 %	43,566	2,531	2,346	
	Unitech Japan Co., Ltd. (“UTJ”)	Tohsei Bldg. 3F, 18-10Hakozaki-cho, Nihonbashi, Chuo-ku, Tokyo, 103-0015 Japan	Trading of auto data capture products	TWD 5,384	TWD 5,384	152	10.86 %	5,832	2,958	321	
	Unitech Asia Ventures Inc. (“UCV”)	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.	Investment business such as financial trust holding	USD 3,497,358	USD 3,497,358	16,056.83	100.00 %	21,229	(2,413)	(2,334)	

Note 1 : If a public company is equipped with an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

Note 2 : If situation does not belong to Note 1, fill in the columns according to the following regulations:

(1) The columns of “Investee Company”, “Location”, “Main business”, “Original investment amount”, and “Shares held as at December 31, 2022” should fill orderly in the Company’s (public company’s) information on investees and every directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the ‘footnote’ column.

(2) The“Net profit (loss) of the investee for this period” column should fill in amount of net profit (loss) of the investee for this period.

(3) The“Investment income (loss) recognised by the Company for the year ended December 31, 2022” column should fill in the Company (public company) recognised investment income (loss) of its direct subsidiary and recognised investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognised investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary’s net profit (loss) for this period has included its investment income (loss) which shall be recognised by regulations.

Attachment 4-1

Attachment 5-1

NAMES, LOCATIONS AND RELATED INFORMATION OF INVESTEE (EXCLUDING INVESTEES IN MAINLAND CHINA)

(Amounts in Thousands of New Taiwan Dollars/Foreign Currencies in Dollars)

Investor Company	Investee Company (Note 1.2)	Location	Main Businesses	Original Investment Amount				Balance as of December 31, 2022			Net Income (Loss) of the Investee (Note 2)	Investment Income (Loss) Recognized (Note 2)	Note
				Ending balance		Beginning balance		Shares	Percentage of Ownership	Carrying Amount			
Unitech America Ventures Inc. ("UAV")	Unitech America Holding Inc. ("UAH")	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.	Investment business such as financial trust holding	USD	5,383,592	USD	5,383,592	10,000	100.00 %	$ 6,769,071	$ 616,330	$ 632,709	
Unitech America Holding Inc. ("UAH")	Unitech America Inc. ("UTA")	6182 Katella Ave Cypress,CA 90630, USA	Trading of auto data capture products	USD	5,383,592	USD	5,383,592	100,000	100.00 %	6,769,071	616,330	632,709	
Unitech Europe Ventures Inc. ("UEV")	Unitech Europe Holding Inc. ("UEH")	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.	Investment business such as financial trust holding	EUR	1,905,659	EUR	1,905,659	10,000	100.00 %	2,010,838	393,028	420,649	
Unitech Europe Holding Inc. ("UEH")	Unique Technology Europe B.V. ("UTI")	Ringbaan Noord 91 5046 AA Kapitein Hatterasstraat 19,5015	Trading of auto data capture products	EUR	1,905,659	EUR	1,905,659	135,948	100.00 %	2,010,838	393,028	420,649	
Unitech Japan Holding Inc. ("UJH")	Unitech Japan Co., Ltd. ("UTJ")	Tohsei Bldg. 3F, 18-10Hakozaki-cho, Nihonbashi, Chuo-ku, Tokyo, 103-0015 Japan	Trading of auto data capture products	JPY	42,774,910	JPY	42,774,910	1,198	85.57 %	187,075,395	12,696,762	10,339,427	
Unitech Asia Ventures Inc. ("UCV")	Unitech Industries Holding Inc. ("UIH")	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.	Investment business such as financial trust holding	USD	4,474,767	USD	4,474,767	13,785.52	100.00 %	4,813,359	(544,836)	(527,746)	

Note 1 : If a public company is equipped with an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

Note 2 : If situation does not belong to Note 1, fill in the columns according to the following regulations:

(1) The columns of "Investee Company", "Location", "Main business", "Original investment amount", and "Shares held as at December 31, 2022" should fill orderly in the Company's (public company's) information on investees and every directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the 'footnote' column.

(2) The"Net profit (loss) of the investee for this period" column should fill in amount of net profit (loss) of the investee for this period.

(3) The"Investment income (loss) recognised by the Company for the year ended December 31, 2022" column should fill in the Company (public company) recognised investment income (loss) of its direct subsidiary and recognised investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognised investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net profit (loss) for this period has included its investment income (loss) which shall be recognised by regulations.

Attachment 6

Information on investments in Mainland China

（Amounts in Thousands of New Taiwan Dollars/Foreign Currencies in Dollars）

Investee Company	Main Businesses	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2022	Net Income (Loss) of the Investee Company	Direct or Indirect Percentage of Ownership	Share of Profits/Losses (Note 5)	Carrying Amount as of December 31, 2022	Accumulated Inward Remittance of Earnings as of December 31, 2022
					Outflow	Inflow						
Xiamen Unitech Co., Ltd.	Trading of auto data capture products	USD 3,419,200	(Note 2) Unitech Industries Holding Inc.	USD 3,560,132	$ -	$ -	USD 3,560,132	$ (2,413)	100.00%	$ (2,334) CNY (527,771) (Note 2 (2)A)	$ 21,173 CNY 4,800,774 (Note 2 (2)A)	$ 31,038 CNY 977,409

Accumulated Investment in Mainland Chinaas of December 31, 2022	Investment Amounts Authorized byInvestment Commission, MOEA	Upper Limit on Investment
$ 109,296 USD 3,560,132	$ 139,303 USD 4,537,541	$ 1,092,008

Note 1: There are three types of investments labeled by the respective number:
(1) Direct investment in Mainland China.
(2) Indirect investment in Mainland China through a third country (please specify the investment company in the third country).
(3) Other ways.

Note 2: Recognized as gains or losses on investment in current period:
(1) Please note if the investee is still under preparation and there was no investment gain or loss.
(2) The basis of recognition of investment income is classified into following three types, which should be marked out.
A. Financial statements audited and audited and attested by an international accounting firm that has a cooperative relationship with a certified public accounting firm registered in the Republic of China.
B. Financial statements audited by the CPAs who audit the parent company in Taiwan.
C. Others.

Note 3: Amounts are listed in New Taiwan Dollars. For foreign currency conversion are converted by the exchange rate at reporting date.

Attachment 7

Information on major shareholders

Shares / Name of major shareholder information	Shares	Percentage of Ownership
Unitech Computer Co., Ltd.	30,039,000	40.00%
G.M.I. Technology Inc.	9,559,000	12.72%
Jiayun Investment Co., Ltd.	4,817,017	6.41%

Note 1： The shareholders information is mainly derived from the last business day of each quarter-end when shareholders hold more than 5% of the common shares and preferred shares that have been completed (including treasury shares) non-physical registration. As for there may be differences between recorded shares in the Company's financial report and actual shares completed and delivered shares to non-physical registration, this is due to different calculation basis..

Note 2： If the above-mentioned information is in the case of shareholders handing over shares to the trust, the individual account of the trustor who set up the trust account with the trustee should be disclosed. As for shareholders who declare insiders shareholding statement in accordance with the Securities and Exchange Act for holding more than 10% of the shares, it includes shares held personally and shares that are put into the trust and hold the right to exercise decision-making power over the trust property, etc. Please refer to the Market Observation Post System (MOPS) for more information on the insiders shareholding statement.

6.5 A Parent Company Only Financial Statement for the most recent fiscal year, certified by a CPA

English Translation of a Report Originally Issued in Chinese

Independent Auditors' Report

To the Board of Directors and Shareholders
of Unitech Electronics Co., Ltd.

Opinion

We have audited the accompanying parent company only balance sheets of Unitech Electronics Co., Ltd. as of December 31, 2022 and 2021, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2022 and 2021, and notes to the parent company only financial statements, including the summary of significant accounting policies (together "the parent company only financial statements").

In our opinion, the parent company only financial statements referred to above present fairly, in all material respects, the parent company only financial position of Unitech Electronics Co., Ltd. as of December 31, 2022 and 2021, and the parent company only financial performance and the parent company only cash flows for the years ended December 31, 2022 and 2021, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and 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. We are independent of Unitech Electronics Co., Ltd. in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. 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 2022 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

Unitech Electronics Co., Ltd. recognized NT$1,872,860 thousand as operating revenues which mainly stemmed from the sale of automatic data capture products for the year ended December 31, 2022. Sale of automatic data capture products is the main operating activity of Unitech Electronics Co., Ltd. The revenue was recognized when Unitech Electronics Co., Ltd. has transferred the promised goods to its customers and satisfied its performance obligations. Timing of revenue recognition may vary due to the differences in trade terms of goods agreed in the contract that increased the complexity of the revenue recognition. As a result, we determined this matter as a key audit matter. Our audit procedures include (but are not limited to): assessing the appropriateness of the accounting policies regarding revenue recognition; evaluating and testing the design and operating effectiveness of internal control over revenue recognition; performing test of details on a sampling basis by checking relevant documents to verify when performance obligations were satisfied and the accuracy of timing of revenue recognition; vouching relevant documents of the selected samples of sales transactions before and after a certain period of the balance sheet date to ensure the appropriate cut-off of sales and sales returns; and reviewing the significant returns and allowances in subsequent periods, etc. We also assessed the adequacy of accounting policy and disclosures of operating revenue. Please refer to Note 4(18) and Note 6(16) to the parent company only financial statements.

Inventory evaluation

The Company had net inventory of NT$343,505 thousand, representing 15.54% of total assets as of December 31, 2022. Due to the rapid change of technology of automatic data capture products, management had to evaluate the write-down of inventories caused by obsolescence. As this assessment involves management’s judgement, we therefore determined this a key audit matter. Our audit procedures include (but are not limited to): evaluating and testing the design and operating effectiveness of internal controls over the slow-moving and obsolete inventories valuation, including the methods and assumptions used; testing the key assumptions used in evaluating the reserve of slow-moving inventories, including evaluating the reasonableness of inventory reserve percentages and comparing previous estimates with actual results to assess the accuracy of assumptions made by management about the slow-moving and obsolete inventories; and testing the accuracy of inventory aging, etc. We also assessed the adequacy of accounting policy and disclosures of inventories. Please refer to Note 4(10), Note 5(2), and Note 6(7) to the parent company only financial statements.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the ability to continue as a going concern of Unitech Electronics Co., Ltd., disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Unitech Electronics Co., Ltd. or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee, are responsible for overseeing the financial reporting process of Unitech Electronics Co., Ltd.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of Unitech Electronics Co., Ltd.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of Unitech Electronics Co., Ltd. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Unitech Electronics Co., Ltd. to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the accompanying notes, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Unitech Electronics Co., Ltd. and its subsidiaries to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2022 parent company only financial statements and are therefore the key audit matters. 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.

Kuo, Shao-Pin

Yang, Chih-Huei

Ernst & Young, Taiwan
March 22, 2023

Notice to Readers

The accompanying financial statements are intended only to present the financial position, results of operations 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 accepted and applied in the Republic of China.

Accordingly, the accompanying financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or the Standards on Auditing of the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

English Translation of Financial Statements Originally Issued in Chinese

UNITECH ELECTRONICS CO., LTD.

PARENT COMPANY ONLY BALANCE SHEETS

As of December 31, 2022 and 2021

(Amounts in Thousands of New Taiwan Dollars)

ASSETS			December 31, 2022		December 31, 2021	
Code	**Description**	**Notes**	**Amount**	**%**	**Amount**	**%**
	Current assets					
1100	Cash and cash equivalents	4, 6(1)	$ 633,481	28.65	$ 347,583	16.17
1110	Financial assets at fair value through profit or loss-current	4, 6(2)	-	-	241,648	11.24
1140	Contract assets-current	4, 6(16), 6(17)	1,804	0.08	6,254	0.29
1150	Notes receivable, net	4, 6(5), 6(17)	32,696	1.48	18,457	0.86
1170	Trade receivables, net	4, 6(6), 6(17)	269,371	12.19	245,925	11.44
1180	Trade receivables from related parties, net	4, 6(6), 6(17), 7	74,817	3.39	87,446	4.07
1200	Other receivables		2,521	0.11	2,345	0.11
1220	Current tax assets	4, 5, 6(22)	9	-	2,509	0.12
130x	Inventories, net	4, 5, 6(7)	343,505	15.54	330,835	15.39
1410	Prepayments		36,905	1.67	85,991	4.00
11xx	Total current assets		1,395,109	63.11	1,368,993	63.69
	Non-current assets					
1517	Financial assets at fair value through other comprehensive income-noncurrent	4, 5, 6(3)	27,713	1.25	27,815	1.29
1535	Financial assets measured at amortized cost-noncurrent	4, 6(4), 8	4,913	0.22	5,358	0.25
1550	Investments accounted for using the equity method	4, 6(8)	344,326	15.58	296,418	13.79
1600	Property, plant and equipment	4, 6(9), 7, 8	360,483	16.30	353,940	16.46
1755	Right-of-use assets	4, 6(18)	15,927	0.72	22,546	1.05
1780	Intangible assets	4, 6(10)	23,457	1.06	32,173	1.50
1840	Deferred tax assets	4, 5, 6(22)	7,440	0.34	19,255	0.90
1920	Refundable deposits		25,604	1.16	19,726	0.92
1900	Other non-current assets	4, 6(11)	5,751	0.26	3,201	0.15
15xx	Total non-current assets		815,614	36.89	780,432	36.31
1xxx	**Total assets**		$ 2,210,723	100.00	$ 2,149,425	100.00

LIABILITIES AND EQUITY			December 31, 2022		December 31, 2021	
Code	**Description**	**Notes**	**Amount**	**%**	**Amount**	**%**
	Cur w					
2120	Financial liabilities at fair value through profit or loss-current	4, 6(13)	$ 1,211	0.05	$ 65	-
2130	Contract liabilities-current	4, 6(16)	12,752	0.57	5,913	0.28
2150	Notes payable		9,648	0.44	2,737	0.13
2170	Trade payables	7	195,748	8.85	244,547	11.38
2200	Other payables	7	125,947	5.70	109,480	5.09
2230	Current tax liabilities	4, 6(22)	10,333	0.47	-	-
2280	Lease liabilities-current	4, 6(18)	7,691	0.35	9,265	0.43
2300	Other current liabilities		2,177	0.10	2,225	0.10
21xx	Total current liabilities		365,507	16.53	374,232	17.41
	Non-current liabilities					
2570	Deferred tax liabilities	4, 5, 6(22)	1,609	0.07	317	0.02
2580	Lease liabilities-noncurrent	4, 6(18)	8,431	0.38	13,399	0.62
2640	Net defined benefit liabilities-noncurrent	4, 6(14)	15,161	0.69	20,191	0.94
2645	Deposits received		1	-	1	-
25xx	Total non-current liabilities		25,202	1.14	33,908	1.58
2xxx	**Total liabilities**		390,709	17.67	408,140	18.99
	Equity					
	Share capital					
3100	Common stock	6(15)	750,975	33.97	750,975	34.94
3110	Capital surplus	4, 6(15), 6(24)	935,226	42.31	935,226	43.51
3200	Retained earnings	6(15)				
3300	Legal reserve		23,926	1.08	18,862	0.88
3310	Special reserve		41,025	1.86	26,606	1.24
3320	Undistributed earnings		92,004	4.16	50,641	2.35
3350	Total retained earnings		156,955	7.10	96,109	4.47
3400	Other equity	4	(23,142)	(1.05)	(41,025)	(1.91)
3xxx	Total equity		1,820,014	82.33	1,741,285	81.01
3x2x	**Total liabilities and equity**		$ 2,210,723	100.00	$ 2,149,425	100.00

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

Chairman: Yeh, Chia-Wen   President: Hsu, Chih-Ta   Chief Financial Officer: Chang, Chia-Lin

English Translation of Financial Statements Originally Issued in Chinese

UNITECH ELECTRONICS CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2022 and 2021

(Amounts in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

Code	Description	Notes	2022		2021	
			Amount	%	Amount	%
4000	**Operating revenue**	4, 6(16), 7	$ 1,872,860	100.00	$ 1,740,539	100.00
5000	**Operating cost**	6(7), 6(10), 6(19), 7	(1,383,794)	(73.89)	(1,290,959)	(74.17)
5900	**Gross profit**		489,066	26.11	449,580	25.83
5910	**Unrealized intercompany profit**		(24,203)	(1.29)	(17,632)	(1.01)
5920	**Realized intercompany profit**		17,632	0.94	20,787	1.19
	Gross profit, net		482,495	25.76	452,735	26.01
6000	**Operating expenses**					
6100	Selling expenses	6(10), 6(18), 6(19), 7	(195,032)	(10.41)	(178,517)	(10.26)
6200	Administrative expenses	6(10), 6(18), 6(19), 7	(80,416)	(4.29)	(97,111)	(5.58)
6300	Research and development expenses	6(10), 6(18), 6(19), 7	(137,756)	(7.36)	(150,673)	(8.66)
6450	Expected credit losses	4, 6(17)	(1,720)	(0.09)	(2,659)	(0.15)
	Total operating expenses		(414,924)	(22.15)	(428,960)	(24.65)
6900	**Operating income**		67,571	3.61	23,775	1.36
7000	**Non-operating income and expenses**	6(20), 7				
7100	Interest income		1,165	0.06	195	0.01
7010	Other income		398	0.02	501	0.03
7020	Other gains and losses		9,329	0.50	(3,078)	(0.17)
7050	Finance costs		(259)	(0.01)	(1,416)	(0.08)
7070	Share of profit or loss of subsidiaries and associates accounted for using the equity method		32,024	1.71	43,928	2.52
	Total non-operating income and expenses		42,657	2.28	40,130	2.31
7900	**Income before income tax**		110,228	5.89	63,905	3.67
7950	**Income tax expense**	4, 5, 6(22)	(18,897)	(1.01)	(12,461)	(0.72)
8200	**Net income**		91,331	4.88	51,444	2.95
8300	**Other comprehensive income (loss)**	6(21)				
8310	Items that will not be reclassified subsequently to profit or loss					
8311	Remeasurements of the defined benefit plan		842	0.05	(1,004)	(0.05)
8316	Unrealized (losses) gains from equity instrument investments measured at fair value through other comprehensive income		(102)	(0.01)	240	0.01
8349	Income tax relating to those items that will not to be reclassified to profit or loss		(148)	(0.01)	153	0.01
8360	Items that may be reclassified subsequently to profit or loss					
8361	Exchange differences on translation of foreign operations		22,455	1.20	(18,263)	(1.05)
8399	Income tax relating to those items that may be reclassified to profit or loss		(4,491)	(0.24)	3,652	0.21
	Other comprehensive income (loss), net of income tax		18,556	0.99	(15,222)	(0.87)
8500	**Total comprehensive income**		$ 109,887	5.87	$ 36,222	2.08
	Earnings per share (NT$)					
9750	Basic earnings per share	4, 6(23)	$ 1.22		$ 1.03	
9850	Diluted Earnings Per Share	4, 6(23)	$ 1.21		$ 1.03	

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

Chairman: Yeh, Chia-Wen President: Hsu, Chih-Ta Chief Financial Officer: Chang, Chia-Lin

English Translation of Financial Statements Originally Issued in Chinese

UNITECH ELECTRONICS CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2022 and 2021

(Amounts in Thousands of New Taiwan Dollars)

Code	Description	Share capital: Common stock	Capital surplus	Retained earnings: Legal reserve	Retained earnings: Special reserve	Retained earnings: Undistributed earnings	Other equity: Exchange differences resulting from translating the financial statements of foreign operations	Other equity: Unrealized gains (losses) from financial assets at fair value through other comprehensive income	Total equity
		3110	3200	3310	3320	3350	3410	3420	3XXX
A1	Balance as of January 1, 2021	$ 470,975	$ 604,986	$ 17,222	$ 19,056	$ 16,398	$ (24,292)	$ (2,314)	$ 1,102,031
	Appropriation and distribution of 2020 earnings:								
B1	Legal reserve	-	-	1,640	-	(1,640)	-	-	-
B3	Recognition of special reserve	-	-	-	7,550	(7,550)	-	-	-
B5	Cash dividends	-	-	-	-	(7,208)	-	-	(7,208)
D1	Net income for the year ended December 31, 2021	-	-	-	-	51,444	-	-	51,444
D3	Other comprehensive (loss) income for the year ended December 31, 2021	-	-	-	-	(803)	(14,611)	192	(15,222)
D5	Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	50,641	(14,611)	192	36,222
E1	Issuance of common stock for cash	280,000	308,000	-	-	-	-	-	588,000
N1	Share-based payment transactions	-	22,240	-	-	-	-	-	22,240
Z1	Balance as of December 31, 2021	$ 750,975	$ 935,226	$ 18,862	$ 26,606	$ 50,641	$ (38,903)	$ (2,122)	$ 1,741,285
A1	Balance as of January 1, 2022	$ 750,975	$ 935,226	$ 18,862	$ 26,606	$ 50,641	$ (38,903)	$ (2,122)	$ 1,741,285
	Appropriation and distribution of 2021 earnings:								
B1	Legal reserve	-	-	5,064	-	(5,064)	-	-	-
B3	Recognition of special reserve	-	-	-	14,419	(14,419)	-	-	-
B5	Cash dividends	-	-	-	-	(31,158)	-	-	(31,158)
D1	Net income for the year ended December 31, 2022	-	-	-	-	91,331	-	-	91,331
D3	Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	673	17,964	(81)	18,556
D5	Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	92,004	17,964	(81)	109,887
Z1	Balance as of December 31, 2022	$ 750,975	$ 935,226	$ 23,926	$ 41,025	$ 92,004	$ (20,939)	$ (2,203)	$ 1,820,014

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

Chairman: Yeh, Chia-Wen President: Hsu, Chih-Ta Chief Financial Officer: Chang, Chia-Lin

English Translation of Financial Statements Originally Issued in Chinese

UNITECH ELECTRONICS CO., LTD.

PARENT COMPANY ONLY STATEMENT OF CASH FLOWS

For the years ended December 31, 2022 and 2021

(Amounts in Thousands of New Taiwan Dollars)

	Description	2022 Amount	2021 Amount
AAAA	**Cash flows from operating activities :**		
A10000	Net income before income tax	$ 110,228	$ 63,905
A20000	Adjustments for:		
A20010	Profit or loss item which did not affect cash flows:		
A20100	Depreciation	37,190	33,046
A20200	Amortization	18,668	20,967
A20300	Expected credit losses	1,720	2,659
A20400	Losses (gains) on financial assets and liabilities at fair value through profit or loss	1,498	(2,968)
A20900	Interest expense	259	1,416
A21200	Interest income	(1,165)	(195)
A21900	Share-based payment expenses	-	22,240
A22400	Share of profit of subsidiaries and associates accounted for using the equity method	(32,024)	(43,928)
A23900	Unrealized intercompany profit	24,203	17,632
A24000	Realized intercompany profit	(17,632)	(20,787)
A30000	Changes in operating assets and liabilities:		
A31125	Decrease (increase) in contract assets	4,960	(648)
A31130	Increase in notes receivable, net	(14,274)	(5,254)
A31150	(Increase) decrease in trade receivables, net	(25,641)	28,218
A31160	Decrease in trade receivables from related parties, net	12,629	12,499
A31180	Increase in other receivables	(176)	(2,070)
A31200	Increase in inventories, net	(12,670)	(85,625)
A31230	Decrease (increase) in prepayments	49,086	(64,653)
A32125	Increase in contract liabilities	6,839	424
A32130	Increase in notes payable	6,911	1,259
A32150	(Decrease) increase in trade payables	(48,799)	21,154
A32180	Increase in other payables	16,467	25,396
A32230	Decrease in other current liabilities	(48)	(241)
A32240	Decrease in net defined benefit liabilities	(4,188)	(3,673)
A33000	Cash generated from operating activities	134,041	20,773
A33100	Interest received	1,165	195
A33300	Interest paid	(259)	(1,449)
A33500	Income tax refunded	2,404	266
AAAA	Net cash provided by operating activities	137,351	19,785

	Description	2022 Amount	2021 Amount
BBBB	**Cash flows from investing activities :**		
B00060	Proceeds from redemption of financial assets measured at amortized cost	445	10,201
B00100	Acquisition of financial assets at fair value through profit or loss	(60,000)	(240,000)
B00200	Proceeds from disposal of financial assets at fair value through profit or loss	301,296	-
B02700	Acquisition of property, plant and equipment	(30,900)	(27,843)
B02800	Proceeds from disposal of property, plant and equipment	-	277
B03700	Increase in refundable deposits	(22,765)	(30,888)
B03800	Decrease in refundable deposits	16,887	32,192
B04500	Acquisition of intangible assets	(9,581)	(15,013)
B07100	Increase in prepayments for equipment	(5,691)	(3,177)
BBBB	Net cash provided by (used in) investing activities	189,691	(274,251)
CCCC	**Cash flows from financing activities :**		
C00100	Increase in short-term borrowings	-	965,000
C00200	Decrease in short-term borrowings	-	(1,030,000)
C04020	Cash payment for the principal portion of the lease liabilities	(9,986)	(7,428)
C04500	Cash dividends	(31,158)	(7,208)
C04600	Issuance of common stock for cash	-	588,000
CCCC	Net cash (used in) provided by financing activities	(41,144)	508,364
EEEE	Net increase in cash and cash equivalents	285,898	253,898
E00100	Cash and cash equivalents at the beginning of the year	347,583	93,685
E00200	Cash and cash equivalents at the end of the year	$ 633,481	$ 347,583

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

Chairman: Yeh, Chia-Wen | President: Hsu, Chih-Ta | Chief Financial Officer: Chang, Chia-Lin

1. History and Organization

In order to achieve organizational restructuring and to improve competitiveness and business performance, on January 1, 2008, in accordance with the Business Mergers and Acquisitions Act, Unitech Computer Co., Ltd. carved out its automatic identification data division, with the business value of $900,000 thousand, and established Unitech Electronics Co., Ltd. ("the Company"). The Company issued 40,000 thousand shares of common stock, with a par value of NT$22.5 per share to Unitech Computer Co., Ltd. for this carve-out transaction.

The Company principally engaged in the development, manufacture and sale of automatic data capture product and related businesses.

The Company's shares had been listed and traded in the Taipei Exchange (TPEx) since August 2009. But on September 21, 2022, its shares were transferred to the Taiwan Stock Exchange for trading.

The Company's registered office is at 5F, No.136, Lane 235, Baoqiao Road, Xindian District, New Taipei City, Taiwan (R.O.C.). Unitech Computer Co., Ltd. is the Company's parent company, which is also the ultimate controller of the group to which the Company belongs to.

2. Date and Procedures of Authorization of Financial Statements for Issue

The parent company only financial statements for the years ended December 31, 2022 and 2021 were authorized for issue in accordance with a resolution of the Board of Directors' meeting on March 22, 2023.

3. Newly Issued or Revised Standards and Interpretations

(1) Changes in accounting policies resulting from applying for the first time certain standards and amendments

The Company applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are endorsed by Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after January 1, 2022. The adoption of these new standards and amendments had no material impact on the Company.

(2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are endorsed by FSC, but not yet adopted by the Company as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
a	Disclosure Initiative - Accounting Policies –Amendments to IAS 1	January 1, 2023
b	Definition of Accounting Estimates – Amendments to IAS 8	January 1, 2023
c	Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	January 1, 2023

A. Disclosure Initiative - Accounting Policies – Amendments to IAS 1

The amendments improve accounting policy disclosures that to provide more useful information to investors and other primary users of the financial statements.

B. Definition of Accounting Estimates – Amendments to IAS 8

The amendments introduce the definition of accounting estimates and included other amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to help companies distinguish changes in accounting estimates from changes in accounting policies.

C. Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after January 1, 2023. The aforementioned standards and interpretations have no material impact on the Company.

(3) Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Company as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
a	IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” – Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 “Insurance Contracts”	January 1, 2023
c	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2024
d	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	January 1, 2024
e	Non-current Liabilities with Covenants – Amendments to IAS 1	January 1, 2024

A. IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” - Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures (Amendment)

The amendments address the inconsistency between the requirements in IFRS 10 “Consolidated Financial Statements” (IFRS 10) and IAS 28 “Investments in Associates and Joint Ventures” (IAS 28), in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint venture. IFRS 10 requires full profit or loss recognition on the loss of control of a subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 “Business Combinations” (IFRS 3) between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gain or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors' interests in the associate or joint venture.

B. IFRS 17 "Insurance Contracts"

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after January 1, 2023 (from the original effective date of January 1, 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after January 1, 2023.

C. Classification of Liabilities as Current or Non-current – Amendments to IAS 1

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial Statements and the amended paragraphs related to the classification of liabilities as current or non-current.

D. Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

The amendments add seller-lessee additional requirements for the sale and leaseback transactions in IFRS 16, thereby supporting the consistent application of the standard.

E. Non-current Liabilities with Covenants – Amendments to IAS 1

The amendments improved the information companies provide about long-term debt with covenants. The amendments specify that covenants to be complied within twelve months after the reporting period do not affect the classification of debt as current or non-current at the end of the reporting period.

The abovementioned standards and interpretations issued by IASB have not yet been endorsed by FSC and the local effective dates are to be determined by FSC. The aforementioned standards and interpretations have no material impact on the Company.

4. Summary of Significant Accounting Policies

(1) Statement of Compliance

The parent company only financial statements of the Company for the years ended December 31, 2022 and 2021 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (“the Regulations”).

(2) Basis of Preparation

According to article 21 of the Regulations, the profit or loss and other comprehensive income presented in the parent company only financial reports will be the same as the allocations of profit or loss and of other comprehensive income attributable to owners of the parent presented in the financial reports prepared on a consolidated basis, and the owners’ equity presented in the parent company only financial reports will be the same as the equity attributable to owners of the parent presented in the financial reports prepared on a consolidated basis. Therefore, the investments in subsidiaries will be disclosed under “investments accounted for using the equity method” in the parent company only financial report and change in value will be adjusted.

The parent company only financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The parent company only financial statements are expressed in thousands of New Taiwan Dollars (“NT$”) unless otherwise stated.

(3) Foreign currency transactions

The Company’s parent company only financial statements are presented in NT$.

Transactions in foreign currencies are initially recorded by the Company at its functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as of the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

A. exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.

B. foreign currency items within the scope of IFRS 9 Financial Instruments are accounted for based on the accounting policy for financial instruments.

C. exchange differences arising on a monetary item that forms part of a reporting entity’s net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(4) Translation of financial statements in foreign currency

Each foreign operation of the Company determines its function currency upon its primary economic environment and items included in the financial statements of each operation are measured using that functional currency. The assets and liabilities of foreign operations are translated into New Taiwan Dollars at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. On the partial disposal of foreign operations that result in a loss of control, loss of significant influence or joint control but retain partial equity is considering as disposal.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is accounted as equity transactions, no gains or losses are recognized. In partial disposal of an associate or joint venture that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

(5) Current and non-current distinction

An asset is classified as current when:

A. the Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle.
B. the Company holds the asset primarily for the purpose of trading.
C. the Company expects to realize the asset within twelve months after the reporting period.
D. the asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

A. the Company expects to settle the liability in its normal operating cycle.
B. the Company holds the liability primarily for the purpose of trading.
C. the liability is due to be settled within twelve months after the reporting period.
D. the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

(6) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid time deposits or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value (including time deposits with contract periods within three months).

(7) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities within the scope of IFRS 9 Financial Instruments are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

A. Financial instruments: Recognition and Measurement

The Company accounts for regular way purchase or sales of financial assets on the trade date.

The Company classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

a. the Company's business model for managing the financial assets and
b. the contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as notes receivable, trade receivables, financial assets measured at amortized cost, and other receivables, etc., on balance sheet as at the reporting date:

a. the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
b. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

a. purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
b. financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial assets measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

a. the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and

b. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income is described below:

a. A gain or loss on a financial asset measured at fair value through other comprehensive income is recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
b. When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
c. Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

   (a) purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
   (b) financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Company made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represents a recovery of part of the cost of investment.

Financial assets at fair value through profit or loss

Financial assets were measured at amortized cost or measured at fair value through other comprehensive income only if they met particular conditions. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

B. Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial assets measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and does not reduce the carrying amount in the balance sheet.

The Company measures expected credit losses of a financial instrument in a way that reflects:

a. an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;

b. the time value of money; and
c. reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measures as follows:

a. at an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Company measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
b. at an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
c. for accounts receivable or contract assets arising from transactions within the scope of IFRS 15, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Company needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

C. Derecognition of financial assets

A financial asset is derecognized when:

a. the rights to receive cash flows from the asset have expired.
b. the Company has transferred the asset and substantially all the risks and rewards of the asset have been transferred.
c. the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

D. Financial liabilities and equity

Classification between liabilities or equity

The Company classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Financial liabilities

Financial liabilities within the scope of IFRS 9 Financial Instruments are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are financial liabilities held for trading. A financial liability is classified as held for trading if:

a. it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
b. on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or

c. it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

E. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(8) Derivative instruments

The Company uses derivative instruments to hedge its foreign currency risks and interest rate risks. A derivative is classified in the balance sheet as financial assets or liabilities at fair value through profit or loss except for derivatives that are designated as effective hedging instruments and are classified as financial assets or liabilities for hedging.

Derivative instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The changes in fair value of derivatives are taken directly to profit or loss, except for the effective portion of hedges, which is recognized in either profit or loss or equity according to types of hedges used.

(9) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

A. in the principal market for the asset or liability, or
B. in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(10) Inventory

Inventory is initially stated at acquisition cost. Cost is measured using the standard cost method. Standard costing considers the normal level of raw materials, labor, efficiency and equipment production capacity, and the Company regularly reviews and adjusts standard costing according to the current situation.

Inventory is subsequently valued at lower of cost and net realizable value item by item.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(11) Investments accounted for using the equity method

According to article 21 of the Regulations, the investments in subsidiaries will be disclosed under “investments accounted for using the equity method” and change in value will be adjusted to comply with the Regulations. The profit or loss and other comprehensive income presented in parent company only financial reports will be the same as the allocations of profit or loss and other comprehensive income attributable to owners of the parent presented in the financial reports prepared on a consolidated basis, and the owners’ equity presented in the parent company only financial reports will be the same as the equity attributable to owners of the parent presented in the financial reports prepared on a consolidated basis. The difference, according to IFRS10 Consolidated Financial Statements and the different IFRSs adopted from different reporting entity’s perspectives, of the accounting treatment between the parent company only basis and the consolidated basis are adjusted under “investments accounted for using the equity method”, or “share of profit of subsidiaries, associates, and joint venture accounted for using the equity method”, “share of other comprehensive income of subsidiaries, associates, and joint venture accounted for using the equity method.”

(12) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognizes such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 Property, Plant and Equipment. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Item	Economic lives
Buildings and facilities	2~55 years
Machinery equipment	3~10 years
Tooling equipment	2~10 years
Transportation equipment	5 years
Office equipment	5~6 years
Leasehold improvement	3~5 years

After initial recognition, an item of property, plant and equipment and any significant component is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate, and such changes are treated as changes in accounting estimates.

(13) Leases

The Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses whether it, throughout the period of use, has both of the following:

A. the right to obtain substantially all of the economic benefits from use of the identified asset; and
B. the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Company for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Company estimates the stand-alone price, maximising the use of observable information.

Company as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Company recognizes right-of-use assets and lease liabilities for all leases which the Company is the lessee of those lease contracts.

At the commencement date, the Company measures the lease liabilities at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liabilities comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

A. fixed payments (including in-substance fixed payments), less any lease incentives receivable;
B. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
C. amounts expected to be payable by the lessee under residual value guarantees;
D. the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
E. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Company measures the lease liabilities on an amortised cost basis, which increases the carrying amount to reflect interest on the lease liabilities by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Company measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

A. the amount of the initial measurement of the lease liabilities;
B. any lease payments made at or before the commencement date, less any lease incentives received;
C. any initial direct costs incurred by the lessee; and
D. an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Company measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Company measures the right-of-use asset applying a cost model.

If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Company applies IAS 36 Impairment of Assets to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Company accounted for as short-term leases or leases of low-value assets, the Company presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements of comprehensive income.

For short-term leases or leases of low-value assets, the Company elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

Company as a lessor

At inception of a contract, the Company classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Company recognizes assets held under a finance lease in its balance sheet and presents them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Company allocates the consideration in the contract applying IFRS 15.

The Company recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

(14) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as of the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are recognized in profit or loss when the asset is derecognized.

Software

The Company's intangible assets are software measured on initial recognition at cost. The cost of the software is amortized on a straight-line basis over the estimated useful life (3~10 years).

A summary of the policies applied to the Company's intangible assets is as follows:

	Software
Useful lives	Finite
Amortization method used	Amortized on a straight-line basis
Internally generated or acquired	Acquired

(15) Impairment of non-financial assets

The Company assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 Impairment of Assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(16) Post-employment benefits

All regular employees of the Company are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company. Therefore fund assets are not included in the Company's financial statements.

For the defined contribution plan, the Company will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Remeasurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

(17) Share-based payment transactions

The cost of equity-settled transactions between the Company and its employees is recognized based on the fair value of the equity instruments granted. The fair value of the equity instruments is determined by using an appropriate pricing model.

The cost of equity-settled transactions is recognized, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it fully vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award substitutes for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

(18) Revenue recognition

The Company's revenue arising from contracts with customers primarily related to sale of goods and rendering of services. The accounting policies are explained as follows:

Sale of goods

The Company manufactures and sells merchandise. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers (the customer has the ability to direct the use of the goods and obtain substantially all of the remaining benefits from the goods). The main product of the Company is automatic data capture products and revenue is recognized based on the consideration stated in the contract. However, sales transactions are usually accompanied by volume discounts (based on the accumulated total sales amount for a specified period). Therefore, revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Based on previous experiences, the Company uses the expected value method to estimate volume discounts. However, revenue is only recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur and when the uncertainty associated with the variable consideration is subsequently resolved. Refund liability is also recognized for the expected volume discounts during the period the contract specifies.

The Company provides its customers with a warranty for its products. The warranty provides assurance that the product will operate as expected by the customers. The warranty is accounted for in accordance with IAS 37.

The credit period of the Company's sale of goods is from 30 to 120 days. For most of the contracts, when the Company transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The Company usually collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contract. For some of the contracts, the Company has transferred the goods to customers but does not have a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets. Besides, in accordance with IFRS 9, the Company measures the loss allowance for a contract asset at an amount equal to the lifetime expected credit losses. Part of the consideration was received from customers upon signing the contract, then the Company has the obligation to provide the services subsequently and it should be recognized as contract liabilities which are transferred to revenue after the performance obligations are satisfied. The period between the transfers of contract liabilities to revenue is usually within one year, thus, no significant financing component is arisen.

Rendering of services

Revenue from the rendering of services primarily comes from maintenance and warranty services. Such services are separately priced, negotiated and provided based on contract period. Where the warranty service has not been provided and the customer has paid the consideration in advance, these amounts are recognized as contract liabilities. As the Company provides the repair and maintenance services over the contract period, the customers simultaneously receive and consume the benefits provided by the Company. Accordingly, the performance obligations are satisfied over time, and the related revenue is recognized over time during the contract period.

(19) Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Where the Company receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the statement of comprehensive income over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual installments. Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as additional government grant.

(20) Income taxes

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

A. where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
B. in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:
A. where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
B. in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

5. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Company's parent company only financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that would have a significant risk for a material adjustment to the carrying amounts of assets or liabilities within the next financial year are discussed below:

(1) Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the income approach (for example the discounted cash flows model) or market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

(2) Valuation of inventory

Inventory are stated at the lower of cost or net realizable value, and the Company uses judgment and estimate to determine the net realizable value of inventory at the end of each reporting period. Due to the rapid technological changes, the Company estimates the net realizable value of inventory for obsolescence and unmarketable items at the end of reporting period and then writes down the cost of inventory to net realizable value.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(3) Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could cause future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Company's domicile.

Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies. Please refer to Note 6(22) for more details on unrecognized deferred tax assets as of December 31, 2022.

6. Contents of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash		
Cash on hand	$ 580	$ 1,022
Checking and savings accounts	632,901	346,561
Total	$ 633,481	$ 347,583

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

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

	December 31, 2022	December 31, 2021
Financial assets mandatorily measured at fair value through profit or loss		
Funds	$ -	$ 240,008
Forward exchange contracts	-	1,640
Total	$ -	$ 241,648

Financial assets at fair value through profit or loss were not pledged.

Please refer to Note 12(8) for more details on financial instruments of derivative transactions.

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

	December 31, 2022	December 31, 2021
Equity instrument investments measured at fair value through other comprehensive income		
Preferred stocks	$ 27,713	$ 27,815

Financial assets at fair value through other comprehensive income were not pledged.

(4) Financial assets measured at amortized cost

	December 31, 2022	December 31, 2021
Time deposits-noncurrent	$ 4,913	$ 5,358

The Company classifies some financial assets as financial assets measured at amortized cost. Since credit risk is low, expected credit losses during the duration are not significant. Please refer to Note 8 for more details on financial assets measured at amortized cost under pledge and Note 12(4) for more details on credit risk.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(5) Notes receivable

	December 31, 2022	December 31, 2021
Notes receivable from operating activities	$ 32,777	$ 18,503
Less: loss allowance	(81)	(46)
Total	$ 32,696	$ 18,457

Notes receivable were not pledged.

The Company follows the requirement of IFRS 9 to assess the impairment. Please refer to Note 6(17) for more details on loss allowance and Note 12(4) for more details on credit risk.

(6) Trade receivables and trade receivables from related parties

	December 31, 2022	December 31, 2021
Trade receivables	$ 274,408	$ 248,767
Less: loss allowance	(5,037)	(2,842)
Subtotal	269,371	245,925
Trade receivables from related parties	74,817	87,446
Less: loss allowance	-	-
Subtotal	74,817	87,446
Total	$ 344,188	$ 333,371

Trade receivables were not pledged.

Trade receivables are generally on month-end 30 to 120 day terms. The total carrying amounts of trade receivables were NT$349,225 thousand and NT$336,213 thousand as of December 31, 2022 and 2021, respectively. Please refer to Note 6(17) for more details on impairment of trade receivables and Note 12(4) for more details on credit risk.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(7) Inventories

A. Inventories, net including:

	December 31, 2022	December 31, 2021
Raw materials	$ 40,263	$ 45,783
Work in process	45,804	34,443
Semi-finished goods	88,819	100,935
Finished goods	96,952	85,029
Merchandise inventories	71,667	64,645
Net amount	$ 343,505	$ 330,835

B. The cost of inventories recognized in expenses amounted to NT$1,383,794 thousand and NT$1,290,959 thousand for the years ended December 31, 2022 and 2021, respectively, including the reversal of write-down of inventories of NT$4,579 thousand, mainly as a result of inventory consumption, and the write-down of inventories of NT$1,646 thousand, mainly as result that inventory costs may not be recovered.

C. Inventories were not pledged.

(8) Investments accounted for using the equity method

	December 31, 2022		December 31, 2021	
Investee company	Amount	Percentage of Ownership	Amount	Percentage of Ownership
Investments in subsidiaries				
Unitech America Ventures Inc. (UAV)	$ 207,822	100.00%	$ 171,932	100.00%
Unitech Europe Ventures Inc. (UEV)	65,877	100.00%	53,279	100.00%
Unitech Japan Holding Inc. (UJH)	43,566	100.00%	41,977	100.00%
Unitech Asia Ventures Inc. (UCV)	21,229	100.00%	23,529	100.00%
Unitech Japan Co., Ltd. (UTJ)	5,832	10.86%	5,701	10.86%
Subtotal	$ 344,326		$ 296,418	

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Investments in subsidiaries were reported as "Investments accounted for using the equity method" in parent company only financial statements with necessary valuation adjustments.

(9) Property, plant and equipment

	December 31, 2022	December 31, 2021
Owner-occupied property, plant and equipment	$ 360,483	$ 353,940

	Land	Buildings and facilities	Machinery equipment	Tooling equipment	Transportation equipment	Office equipment	Leasehold improvement	Total
Cost：								
As of January 1, 2022	$ 220,863	$ 105,437	$ 66,175	$ 233,803	$ 2,876	$ 4,620	$ 9,475	$ 643,249
Additions	-	5,512	8,992	15,251	-	-	1,145	30,900
Disposals and retirements	-	-	(1,925)	(31,559)	-	-	(439)	(33,923)
Transfers	-	1,667	-	1,103	-	-	-	2,770
As of December 31, 2022	$ 220,863	$ 112,616	$ 73,242	$ 218,598	$ 2,876	$ 4,620	$ 10,181	$ 642,996
Cost:								
As of January 1, 2021	$ 220,863	$ 103,961	$ 63,343	$ 293,661	$ 4,104	$ 6,070	$ 16,701	$ 708,703
Additions	-	1,476	4,033	21,209	520	-	605	27,843
Disposals and retirements	-	-	(1,801)	(85,841)	(1,748)	(1,450)	(7,831)	(98,671)
Transfers	-	-	600	4,774	-	-	-	5,374
As of December 31, 2021	$ 220,863	$ 105,437	$ 66,175	$ 233,803	$ 2,876	$ 4,620	$ 9,475	$ 643,249
Depreciation and impairment:								
As of January 1, 2022	$ -	$ 43,770	$ 59,301	$ 174,295	$ 1,844	$ 4,572	$ 5,527	$ 289,309
Depreciation	-	2,393	2,891	20,278	398	11	1,156	27,127
Disposals and retirements	-	-	(1,925)	(31,559)	-	-	(439)	(33,923)
As of December 31, 2022	$ -	$ 46,163	$ 60,267	$ 163,014	$ 2,242	$ 4,583	$ 6,244	$ 282,513
As of January 1, 2021	$ -	$ 41,834	$ 59,218	$ 240,513	$ 2,591	$ 6,002	$ 12,033	$ 362,191
Depreciation	-	1,936	1,884	19,623	724	20	1,325	25,512
Disposals and retirements	-	-	(1,801)	(85,841)	(1,471)	(1,450)	(7,831)	(98,394)
As of December 31, 2021	$ -	$ 43,770	$ 59,301	$ 174,295	$ 1,844	$ 4,572	$ 5,527	$ 289,309

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	Land	Buildings and facilities	Machinery equipment	Tooling equipment	Transportation equipment	Office equipment	Leasehold improvement	Total
Net carrying amount as of：								
December 31, 2022	$ 220,863	$ 66,453	$ 12,975	$ 55,584	$ 634	$ 37	$ 3,937	$ 360,483
December 31, 2021	$ 220,863	$ 61,667	$ 6,874	$ 59,508	$ 1,032	$ 48	$ 3,948	$ 353,940

Please refer to Note 8 for more details on property, plant and equipment under pledge as of December 31, 2022 and 2021.

No interest was capitalized for the years end December 31, 2022 and 2021.

(10) Intangible assets

	Software
Cost:	
As of January 1, 2022	$ 248,823
Additions	9,581
Disposals	(56,185)
Transfers	371
As of December 31, 2022	$ 202,590
As of January 1, 2021	$ 246,148
Additions	15,013
Disposals	(12,626)
Transfers	288
As of December 31, 2021	$ 248,823
Accumulated amortization and impairment:	
As of January 1, 2022	$ 216,650
Amortization	18,668
Disposals	(56,185)
As of December 31, 2022	$ 179,133

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

		Software
As of January 1, 2021	$	208,309
Amortization		20,967
Disposals		(12,626)
As of December 31, 2021	$	216,650
Net carrying amount as of:		
December 31, 2022	$	23,457
December 31, 2021	$	32,173

The amortization expenses of intangible assets are as follows:

	For the years ended December 31			
	2022		2021	
Operating costs	$	330	$	162
Selling expenses	$	421	$	768
Administrative expenses	$	1,076	$	1,131
Research and development expenses	$	16,841	$	18,906

(11) Other non-current assets

	December 31, 2022		December 31, 2021	
Prepayments for equipment	$	5,751	$	3,201

(12) Short-term borrowings

The Company's unused short-term lines of credits amounted to NT$467,006 thousand and NT$477,952 thousand as of December 31, 2022 and 2021, respectively.

Please refer to Note 8 for more details on the pledge or guarantee of the short-term loans of the Company.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(13) Financial liabilities at fair value through profit or loss-current

	December 31, 2022	December 31, 2021
Held for trading financial assets		
Forward exchange contracts	$ 1,211	$ 65

Please refer to Note 12(8) for more details on financial instruments of derivative transactions.

(14) Post-employment benefits

Defined contribution plan

The Company adopted a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Company would make monthly contributions to the employees' individual pension accounts at the amounts not less than 6% of the employees' monthly wages. The Company have made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Expenses under the defined contribution plan for the years ended December 31, 2022 and 2021 were NT$13,075 thousand and NT$12,180 thousand, respectively.

Defined benefit plan

The Company adopted a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company contributes an amount equivalent to 2% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before the end of each year, the Company assesses the balance in the designated labor pension fund. If the amount is insufficient to cover pension benefit calculated for employees eligible to retire in the next year, the Company would make up the difference in one appropriation before the end of March the following year.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under mandating, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Company expects to contribute NT$2,027 thousand to its defined benefit plan during the 12 months beginning after December 31, 2022.

The weighted average duration of the defined benefits obligation was 16 years and 17 years as of December 31, 2022 and 2021, respectively.

Pension costs recognized in profit or loss are as follows:

	For the years ended December 31	
	2022	2021
Net interest expense on the net defined benefit liabilities (assets)	$ 165	$ 98

Reconciliations of liabilities (assets) of the defined benefit obligation and plan assets at fair value are as follows:

	December 31, 2022	December 31, 2021	January 1, 2021
Defined benefit obligation	$ 15,959	$ 22,607	$ 24,955
Plan assets at fair value	(798)	(2,416)	(2,095)
Net defined benefit liabilities	$ 15,161	$ 20,191	$ 22,860

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Reconciliation of liability (asset) of the defined benefit plan is as follows:

	Defined benefit obligation	Plan assets at fair value	Net defined benefit liabilities
As of January 1, 2021	$ 24,955	$ (2,095)	$ 22,860
Interest expense (income)	107	(9)	98
Remeasurements of defined benefit liabilities / asset:			
Experience adjustments	1,034	-	1,034
Remeasurements of the defined benefit assets	-	(30)	(30)
Subtotal	1,034	(30)	1,004
Payment of benefit obligation	(3,489)	3,489	-
Contributions by employer	-	(3,771)	(3,771)
As of December 31, 2021	22,607	(2,416)	20,191
Interest expense (income)	185	(20)	165
Remeasurements of defined benefit liabilities / asset:			
Actuarial gains and losses arising from changes in demographic assumptions	172	-	172
Actuarial gains and losses arising from changes in financial assumptions	(1,603)	-	(1,603)
Experience adjustments	735	-	735
Remeasurements of the defined benefit assets	-	(146)	(146)
Subtotal	(696)	(146)	(842)
Payment of benefit obligation	(6,137)	6,137	-
Contributions by employer	-	(4,353)	(4,353)
As of December 31, 2022	$ 15,959	$ (798)	$ 15,161

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The principal assumptions used in determining the Company's defined benefit plan are shown below:

	December 31, 2022	December 31, 2021
Discount rate	1.40%	0.82%
Expected rate of salary increases	0.80%	0.82%

Sensitivity analysis for significant assumptions is shown below:

	For the years ended December 31			
	2022		2021	
	Increase in defined benefit obligation	Decrease in defined benefit obligation	Increase in defined benefit obligation	Decrease in defined benefit obligation
Discount rate increases by 0.5%	$ -	$ (1,219)	$ -	$ (1,771)
Discount rate decreases by 0.5%	1,340	-	1,965	-
Expected rate of salary increases by 0.5%	1,341	-	1,955	-
Expected rate of salary decreases by 0.5%	-	(1,232)	-	(1,780)

The sensitivity analysis above is based on a change in a significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analysis compared to the previous period.

(15) Equity

A. Common stock

The Company's authorized capital as of December 31, 2022 and 2021 was NT$900,000 thousand divided into 90,000 thousand shares, including 10,000 thousand shares reserved for exercise of employee stock options at each period. The Company's issued capital as of December 31, 2022 and 2021 was NT$750,975 thousand, with a par value of NT$10 each share, divided into 75,098 thousand shares.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

On September 6, 2021, the Company's board of directors approved to issue common stock of 28,000 thousand shares, with a par value of NT$10 each share, amounting to NT$280,000 thousand. The issuance price was NT$21 per share and the issuance date was November 24, 2021. The related registration processes have been completed.

B. Capital surplus

	December 31, 2022	December 31, 2021
Additional paid-in capital	$ 932,723	$ 932,723
Expired stock options	2,503	2,503
Total	$ 935,226	$ 935,226

According to the Company Act, the additional paid-in capital shall not be used except for offsetting deficit of the company. When a company does not have deficit, it may distribute the additional paid-in capital derived from the issuance of new shares at premiums in excess of par or income from endowments received by the Company. The distribution could be made in cash to its shareholders in proportion to the number of shares being held by each of them.

Please refer to Note 6(24) for more details on share-based payment.

C. Retained earnings and dividend policy

According to the Company's Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:

a. reserve for tax payments;
b. offset accumulated losses in previous years, if any;
c. legal reserve, which is 10% of leftover profits;
d. allocation or reverse of special reserves as required by law or government authorities;
e. the distribution of the remaining portion, if applicable, the Company shall distribute it according to the distribution plan proposed by the Board of Directors according to the dividend policy and submitted to the shareholders' meeting for approval.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The Company shall take into consideration its environment and growth stage to meet the future fund requirements when making long-term financial planning and to satisfy the cash inflow requirement of the shareholders. The distribution of shareholders' dividend shall not be lower than 50% of the distributable earnings. The shareholders' dividends may be distributed in the form of shares or cash and cash dividends to be distributed may not be less than 10% of total dividends (cash dividends and stock dividends in total) to be distributed. However, if the total dividends paid in the current year are less than NT$3, the full stock dividends will be paid.

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total paid-in capital. The legal reserve can be used to offset the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal reserve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

Pursuant to existing regulations, the Company is required to set aside additional special reserve equivalent to the net debit balance of the other components of shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed.

The appropriation of earnings for 2021 was resolved by the stockholders' meeting held on June 8, 2022, while the appropriation of earnings for 2022 was proposed by the Board of Directors' meeting on March 22, 2023. The details of distribution are as follows:

	Appropriation of earnings		Dividend per share (NT$)	
	2022	2021	2022	2021
Legal reserve	$ 9,200	$ 5,064		
Special reserve	(17,883)	14,419		
Common stock-cash dividends	50,343	31,158	$ 0.67	$ 0.41
Total	$ 41,660	$ 50,641		

Please refer to Note 6(19) for more details on employees' compensations and the remuneration to directors.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(16) Operating revenue

	For the years ended December 31	
	2022	2021
Revenue from contracts with customers		
Sale of goods	$ 1,856,794	$ 1,725,194
Rendering of services	16,066	15,345
Total	$ 1,872,860	$ 1,740,539

Analysis of revenue from contracts with customers for the years ended December 31, 2022 and 2021 is as follows:

A. Disaggregation of revenue

	For the years ended December 31	
	2022	2021
Revenue from contracts with customers		
Sale of goods	$ 1,856,794	$ 1,725,194
Rendering of services	16,066	15,345
Total	$ 1,872,860	$ 1,740,539
Revenue recognition point:		
At a point in time	$ 1,857,666	$ 1,727,270
Satisfies the performance obligation over time	15,194	13,269
Total	$ 1,872,860	$ 1,740,539

B. Contract balances

a. Contract assets – current

	December 31, 2022	December 31, 2021	January 1, 2021
Sales of goods	$ 1,804	$ 6,254	$ 6,115

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The significant changes in the Company's balances of contract assets for the years ended December 31, 2022 and 2021 are as follows:

	For the years ended December 31	
	2022	2021
The opening balance transferred to trade receivables	$ (6,254)	$ (6,115)
Change in the progress of completion	1,294	6,763
Reversal (recognition) of impairment	510	(509)

b. Contract liabilities – current

	December 31, 2022	December 31, 2021	January 1, 2021
Sales of goods	$ 12,752	$ 5,913	$ 5,489

The significant changes in the Company's balances of contract liabilities for the years ended December 31, 2022 and 2021 are as follows:

	For the years ended December 31	
	2022	2021
Revenue recognized during the period that was included in the beginning balance	$ (2,525)	$ (2,886)
Increase in receipt in advance during the period (deducting the amount incurred and transferred to revenue during the period)	9,364	3,310

C. Assets recognized from costs to fulfill a contract with customer: None.

(17) Expected credit losses (gains)

	For the years ended December 31	
	2022	2021
Operating expenses-Expected credit losses (gains)		
Contract assets	$ (510)	$ 509
Notes receivable	35	13
Trade receivables	2,195	2,137
Total	$ 1,720	$ 2,659

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Please refer to Note 12(4) for more details on credit risk.

The Company measures the loss allowance of its contract assets and receivables (including notes receivable, trade receivables and trade receivables from related parties) at an amount equal to lifetime expected credit losses. The assessments of the Company's loss allowance as of December 31, 2022 and 2021 are as follows:

A. Loss allowance of contract assets was measured by the expected credit loss rates. Details are as follows:

	December 31, 2022	December 31, 2021
Gross carrying amount	$ 1,804	$ 6,764
Expected credit loss rates	0%	0%~50%
Loss allowance	-	(510)
Total	$ 1,804	$ 6,254

B. Notes receivable were not overdue, and the loss allowance was measured by the expected credit loss rates. Details are as follows:

	December 31, 2022	December 31, 2021
Gross carrying amount	$ 32,777	$ 18,503
Expected credit loss rates	0%~0.25%	0%~0.25%
Loss allowance	(81)	(46)
Total	$ 32,696	$ 18,457

C. The Company considers the grouping of trade receivables by counterparties credit rating, by geographical region and by industry sector, and its loss allowance is measured by using a provision matrix. Details are as follows:

As of December 31, 2022

		Past due					
	Not past due	Within 30 days	31-60 days	61-90 days	91-360 days	Over 360 days	Total
Gross carrying amount	$ 313,891	$ 19,027	$ 6,	$ 1,258	$ 8,100	$ 114	$ 349,225
Loss ratio	0%	0%-2%	2%-5%	5%-10%	25%-50%	50%-100%	
Lifetime expected credit losses	-	405	342	126	4,050	114	5,037
Total	$ 313,891	$ 1[illegible]	$ 6,493	$ 1,132	$ 4,050	$ -	$ 344,188

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

As of December 31, 2021

	Not past due	Past due Within 30 days	Past due 31-60 days	Past due 61-90 days	Past due 91-360 days	Past due Over 360 Days	Total
Gross carrying amount	$ 294,570	$ 31,242	$ 5,688	$ 1,394	$ 3,051	$ 268	$ 336,213
Loss ratio	0%	0%-2%	2%-5%	5%-10%	25%-50%	50%-100%	
Lifetime expected credit losses	-	625	284	139	1,526	268	2,842
Total	$ 294,570	$ 30,617	$ 5,404	$ 1,255	$ 1,525	$ -	$ 333,371

The movements in the provision for impairment of contract assets, notes receivable and trade receivables for the years ended December 31, 2022 and 2021 are as follows:

	Contract assets	Notes receivable	Trade receivables
As of January 1, 2022	$ 510	$ 46	$ 2,842
Allowance for the current period	-	35	2,195
Reversal for the current period	(510)	-	-
As of December 31, 2022	$ -	$ 81	$ 5,037
As of January 1, 2021	$ 1	$ 33	$ 705
Allowance for the current period	509	13	2,137
As of December 31, 2021	$ 510	$ 46	$ 2,842

(18) Leases

A. The Company as lessee

The Company leases various properties, including real estate such as buildings and facilities, transportation equipment, and other equipment. These leases have terms between 2 and 5 years.

The effect that leases have on the financial position, financial performance and cash flows of the Company are as follows:

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

A. Amounts recognized in the balance sheet

(a)Right-of-use assets

The carrying amount of right-of-use assets

	December 31, 2022	December 31, 2021
Buildings and facilities	$ 14,710	$ 18,408
Transportation equipment	1,217	4,138
Total	$ 15,927	$ 22,546

During the years ended December 31, 2022 and 2021, the additions to right-of-use assets of the Company amounted to NT$3,444 thousand and NT$8,159 thousand, respectively.

(b)Lease liabilities

	December 31, 2022	December 31, 2021
Lease liability	$ 16,122	$ 22,664
Current	$ 7,691	$ 9,265
Noncurrent	$ 8,431	$ 13,399

Please refer to Note 6(20)D for the interest on lease liabilities recognized during the years ended December 31, 2022 and 2021, and refer to Note 12(5) for the maturity analysis for lease liabilities as of December 31, 2022 and 2021.

B. Amounts recognized in the statement of comprehensive income

Depreciation charge for right-of-use assets

	For the years ended December 31	
	2022	2021
Buildings and facilities	$ 7,142	$ 6,861
Transportation equipment	2,921	673
Total	$ 10,063	$ 7,534

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

C. Income and costs relating to leasing activities

	For the years ended December 31	
	2022	2021
The expense relating to short-term leases	$ 1,849	$ 1,715

D. Cash outflow relating to leasing activities

During the years ended December 31, 2022 and 2021, the Company's total cash outflow for leases amounted to NT$12,094 thousand and NT$9,399 thousand, respectively.

(19)Summary statement of employee benefits, depreciation and amortization expenses by function:

	For the years ended December 31					
	2022			2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salaries	$ 36,005	$ 233,679	$ 269,684	$ 34,011	$ 239,644	$ 273,655
Labor and health insurance	3,635	20,839	24,474	3,497	19,345	22,842
Pension	1,756	11,484	13,240	1,714	10,564	12,278
Remuneration to directors	-	9,843	9,843	-	4,490	4,490
Others (Note)	1,622	6,488	8,110	1,319	5,294	6,613
Depreciation	20,281	16,909	37,190	19,190	13,856	33,046
Amortization	330	18,338	18,668	162	20,805	20,967

Note: The amounts include group insurance expenses, training expenses, and employee benefits.

The average number of employees of the Company was 329 and 305 for the years ended December 31, 2022 and 2021, respectively, including 7 and 8 non-employee directors for the years ended December 31, 2022 and 2021.

Average employee benefit expenses for the years ended December 31, 2022 and 2021 were NT$980 thousand and NT$1,062 thousand, respectively. Average salaries for the years ended December 31, 2022 and 2021 were NT$838 thousand and NT921 thousand, respectively, and the average salaries decreased by 9% year over year.

The Company's salary and remuneration policy is as follow:

A. Directors

Remuneration to directors includes board meeting attendance traveling fee, the Remuneration to directors for profit distribution are in accordance with the Company’s Articles of Incorporation approved by the stockholders’ meeting and are highly related to the Company’s operating performance; the chairman and the independent directors receive a reasonable fixed monthly remuneration.

B. Chief executive officer and vice presidents

The Company’s chief executive officer’s and vice presidents’ remuneration include fixed monthly salaries, performance bonus, and employees’ compensation. The salaries referenced the salary level of similar positions in the industry market from the labor market salary survey report obtained by the Company and consider the responsibilities of the position. Performance bonus and employees’ compensation are related to the Company’s operating performance that are set at a fixed ratio of the Company’s profit for the year.

C. Employees

The Company’s employee compensation refers to the peer level of the industry and is evaluated based on employees’ professional competence and personal performance assessment.

According to the Company’s Article of Incorporation, no lower than 5~15% of profit of the current year is distributable as employees’ compensation and no higher than 2% of profit of the current year is distributable as remuneration to directors. However, before distributing employees’ compensation and remuneration to directors, the Company’s profit should offset its accumulated losses, if any. The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees’ compensation in the form of shares or in cash; and in addition, there to a report of such distribution is submitted to the shareholders’ meeting. Information on the Board of Directors’ resolution regarding the employees’ compensation and remuneration to directors can be obtained from the “Market Observation Post System” on the website of the TWSE.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The Company accrued employees' compensation and remuneration to directors based on 5% and 2%, respectively, of profit for the year ended December 31, 2022 and 2021. The amount of employees' compensation and remuneration to directors accrued for the year ended December 31, 2022 were NT$5,926 thousand and NT$2,370 thousand, respectively. The amount of employees' compensation and remuneration to directors accrued for the year ended December 31, 2021 were NT$3,436 thousand and NT$1,374 thousand, respectively. The aforementioned employees' compensation and remuneration to directors were accrued on the basis of profit of current year and were recognized as salary expense. If the Board of Directors resolved to distribute employees' compensation in the form of stocks, then the number of stocks distributed as employees' compensation was calculated based on the closing price one day earlier than the date of resolution. If the estimated amounts differ from the actual distribution resolved by the Board of Directors, the Company will recognize the change as an adjustment in profit or loss of the subsequent year.

A resolution was approved in a meeting of the Board of Directors held on March 22, 2023 to distribute NT$5,926 thousand and NT$2,370 thousand in cash as employees' compensation and remuneration to directors, respectively. There were no significant differences between the aforementioned approved amounts and the amounts charged against earnings in 2023.

A resolution was approved in a meeting of the Board of Directors held on March 3, 2022 to distribute NT$3,436 thousand and NT$1,374 thousand in cash as employees' compensation and remuneration to directors, respectively. There were no differences between the aforementioned approved amounts and the amounts charged against earnings in 2022.

(20) Non-operating income and expenses

A. Interest income

	For the years ended December 31	
	2022	2021
Financial assets measured at amortized cost	$ 1,165	$ 195

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

B. Other income

	For the years ended December 31	
	2022	2021
Rental income	$ 279	$ 321
Others	119	180
Total	$ 398	$ 501

C. Other gains and losses

	For the years ended December 31	
	2022	2021
Foreign exchange gains (losses)	$ 8,394	$ (14,139)
Losses on financial assets at fair value through profit or loss	1,593	11,731
Other losses-others	(658)	(670)
Total	$ 9,329	$ (3,078)

D. Finance costs

	For the years ended December 31	
	2022	2021
Interest expenses on borrowings from bank	$ -	$ 1,160
Interest expenses on lease liabilities	259	256
Total	$ 259	$ 1,416

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(21) Components of other comprehensive income

For the year ended December 31, 2022

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax expense (income)	Other comprehensive income, net of tax
Items that will not to be reclassified subsequently to profit or loss:					
Remeasurements of defined benefit plans	$ 842	$ -	$ 842	$ (169)	$ 673
Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income	(102)	-	(102)	21	(81)
Items that may be reclassified subsequently to profit or loss:					
Exchange differences resulting from translating the financial statements of foreign operations	22,455	-	22,455	(4,491)	17,964
Total other comprehensive income	$ 23,195	$ -	$ 23,195	$ (4,639)	$ 18,556

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

For the year ended December 31, 2021

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax expenses (income)	Other comprehensive income, net of tax
Items that will not to be reclassified subsequently to profit or loss:					
Remeasurements of defined benefit plans	$ (1,004)	$ -	$ (1,004)	$ 201	$ (803)
Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income	240	-	240	(48)	192
Items that may be reclassified subsequently to profit or loss:					
Exchange differences resulting from translating the financial statements of foreign operations	(18,263)	-	(18,263)	3,652	(14,611)
Total other comprehensive income	$ (19,027)	$ -	$ (19,027)	$ 3,805	$ (15,222)

(22) Income tax

A. The major components of income tax expense are as follows:

Income tax expense recognized in profit or loss

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	For the years ended December 31	
	2022	2021
Current income tax expense:		
Current income tax payable	$ 10,429	$ -
Adjustments in respect of current income tax of prior periods	-	312
Deferred tax expense:		
Relating to origination and reversal of temporary differences	7,784	9,068
Relating to origination and reversal of tax loss and tax credit	684	3,081
Total income tax expense	$ 18,897	$ 12,461

Income tax recognized in other comprehensive income

	For the years ended December 31	
	2022	2021
Deferred tax expense (income):		
Remeasurements of defined benefit plans	$ 169	$ (201)
Unrealised (losses) gains from equity instrument investments measured at fair value through other comprehensive income	(21)	48
Exchange differences resulting from translating the financial statements of foreign operations	4,491	(3,652)
Income tax relating to components of other comprehensive income	$ 4,639	$ (3,805)

B. A reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates is as follows:

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	For the years ended December 31	
	2022	2021
Accounting profit before tax from continuing operations	$ 110,228	$ 63,905
Tax at the Company's statutory income tax rate	$ 22,046	$ 12,781
Tax effect of revenues exempt from taxation	(259)	-
Investment tax credits	(4,469)	-
Tax effect of deferred tax assets/liabilities	265	-
Adjustments in respect of current income tax of prior periods	-	312
Others	1,314	(632)
Income tax expense (income) recognized in profit or loss	$ 18,897	$ 12,461

C. Deferred tax assets (liabilities) relate to the following:

For the years ended December 31, 2022

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Temporary differences				
Unrealized allowance for inventory obsolescence	$ 2,150	$ (916)	$ -	$ 1,234
Valuation of financial assets/ liabilities at fair value through profit or loss	(316)	558	-	242
Unrealized exchange gain	137	(355)	-	(218)
Net defined benefit liabilities-noncurrent	3,534	(837)	(169)	2,528
Accrued employee benefits	1,550	(86)	-	1,464
Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income	530	-	21	551
Exchange differences resulting from translating the financial statements of foreign operations	5,655	-	(4,491)	1,164
Investments accounted for using the equity method	5,014	(6,405)	-	(1,391)
Bad debt losses	-	257	-	257
Unused tax credits	684	(684)	-	-
Deferred tax income (expense)		$ (8,468)	$ (4,639)	
Net deferred tax assets/(liabilities)	$ 18,938			$ 5,831
Reflected in balance sheet as follows:				
Deferred tax assets	$ 19,255			$ 7,440
Deferred tax liabilities	$ (317)			$ (1,609)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

For the years ended December 31, 2021

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Temporary differences				
Unrealized inventory valuation loss	$ 1,821	$ 329	$ -	$ 2,150
Valuation of financial assets/ liabilities at fair value through profit or loss	277	(593)	-	(316)
Unrealized exchange gains or losses	(306)	443	-	137
Net defined benefit liabilities-noncurrent	4,068	(735)	201	3,534
Accrued employee benefits	1,277	273	-	1,550
Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income	578	-	(48)	530
Exchange differences resulting from translating the financial statements of foreign operations	2,003	-	3,652	5,655
Investments accounted for using the equity method	13,799	(8,785)	-	5,014
Unused tax credits	3,765	(3,081)	-	684
Deferred tax income (expense)		$ (12,149)	$ 3,805	
Net deferred tax assets/(liabilities)	$ 27,282			$ 18,938
Reflected in balance sheet as follows:				
Deferred tax assets	$ 27,588			$ 19,255
Deferred tax liabilities	$ (306)			$ (317)

D. The following table contains information of the unused tax losses of the Company:

		Unused tax credits as of		
Year	Tax losses for the period	December 31, 2022	December 31, 2021	Expiration year
2020	$ 17,697	$ -	$ 684	2030

E. Unrecognized deferred tax assets

As of December 31, 2022 and 2021, there were no unrecognized deferred tax assets.

F. Unrecognized deferred tax liabilities related to investment in subsidiaries

The Company’s income tax payable on the repatriation of undistributed earnings of foreign subsidiaries, and the relevant deferred income tax liabilities have not been recognized. The Company has decided that in the foreseeable future, it will not distribute undistributed earnings of its subsidiaries. As of December 31, 2022 and 2021, the taxable temporary differences associated with investment in subsidiaries, for which deferred tax liabilities have not been recognized, aggregated to NT$50,363 thousand and NT$39,339 thousand, respectively.

G. The assessment of income tax returns

As of December 31, 2022, the assessment of the income tax returns of the Company is as follows:

	The assessment of income tax returns
The Company	Assessed and approved up to 2020

(23) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent entity by the weighted-average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity by the weighted-average number of ordinary shares outstanding during the year plus the weighted-average number of ordinary shares that would be issued assuming all the dilutive potential ordinary shares were converted into ordinary shares.

	For the year ended December 31	
	2022	2021
A. Basic earnings per share		
Profit for the year	$ 91,331	$ 51,444
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	75,098	50,013
Basic earnings per share (NT$)	$ 1.22	$ 1.03
B. Diluted earnings per share		
Profit for the year	$ 91,331	$ 51,444
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	75,098	50,013
Effect of dilution:		
Employee compensation (in thousands)	298	162
Weighted-average number of ordinary shares outstanding after dilution (in thousands)	75,396	50,175
Diluted earnings per share (NT$)	$ 1.21	$ 1.03

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date the financial statements were authorized for issue.

(24) Share-based payment plans

Certain employees of the Company are entitled to share-based payments as part of their remuneration. Services are provided by the employees in return for the equity instruments granted. These plans are accounted for as equity-settled share-based payment transactions.

On September 6, 2021, the Company's board of directors approved to issue common stock of 28,000 thousand share, with a par value of NT$10 and the issue price of NT$21 per share, amounting to NT$280,000 thousand. Certain portion of the new shares were reserved for employees to subscribe under the Company Act and was treated as stock options granted to employees. The fair value of the stock options on the date of grant was estimated using the Black-Scholes option valuation model. The weighted-average information of each parameter of the valuation model and the fair value of the stock options are listed as follows:

	For the year ended December 31, 2021
Share price on the grant date	$ 27.05
Exercise price	21
Expected dividend yield	0.00%
Expected volatility	13.87%
Risk free interest rate	0.22%
Expected life	0.068 years

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

The relevant information of the aforementioned employee stock option plan is as follows:

	For the years ended December 31, 2021	
	Outstanding units (in thousands)	Weighted average exercise price (NT$)
Outstanding at beginning of period	-	$ -
Granted	3,676	21
Exercised	(3,397)	21
Expired	(279)	21
Outstanding at end of period	-	-
Exercisable at end of period	-	-
Weighted-average fair value of options granted during the period (NT$)	$ 6.05	

Share-based compensation expenses recognized are as follows:

	For the years ended December 31	
	2022	2021
Employee Stock Option	$ -	$ 22,240

7. Related Party Transactions

Name and nature of relationship of the related parties

Name of the related parties	Relationship with the Company
Unitech Computer Co., Ltd.	Parent company
Jingho Computer Co., Ltd.	Other related party
Unitech America Inc. (UTA)	Subsidiaries
Unique Technology Europe B.V. (UTI)	Subsidiaries
Unitech Japan Co., Ltd. (UTJ)	Subsidiaries
Xiamen Unitech Co., Ltd. (UTC)	Subsidiaries
Artilux Corporation	Substantive related parties
Artilux Inc.	Substantive related parties
Hi-Jet Incorporation	Substantive related parties
Shiteh Organic Pharmaceutical Co., Ltd.	Substantive related parties
GMI Technology Inc.	Substantive related parties

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Significant transactions with the related parties

(1) Sales

	For the years ended December 31	
	2022	2021
Subsidiaries		
UTA	$ 291,313	$ 321,363
UTI	225,323	200,922
Other subsidiaries	121,059	168,596
Substantive related parties	1,975	44
Parent company	1,507	8,033
Total	$ 641,177	$ 698,958

General payment term:
Domestic: Month-end 30-120 days
Foreign: For those who have credit line, payment shall be made within 30-45 days after shipment; for those who don't have credit line, shipment can only be made after T/T payment.

A. The selling price of the parent company and the substantive related parties are based on related party transaction, the payment term is month-end 30-90 days.
B. The selling price of the subsidiary: UTA is based on related party transaction, the payment term is 30 days after invoice date.
C. The selling price of the subsidiaries UTI, UTJ, and UTC is based on related party transaction, the payment term is month-end 90 days.

(2) Purchases

	For the years ended December 31	
	2022	2021
Subsidiaries	$ 58,766	$ 38,864
Ultimate parent company	5,833	3,994
Other related party	2,816	2,773
Total	$ 67,415	$ 45,631

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Payment term:
Domestic: Month-end 30-90 days
Foreign: Month-end 30-60 days

The purchase price of the parent company and the subsidiaries UTI, UTJ, UTC, and other related party is based on related party transaction, the payment term is month-end 30 days.

(3) Trade receivables from related parties

	December 31, 2022	December 31, 2021
Subsidiaries		
UTA	$ 21,503	$ 5,829
UTJ	19,285	28,940
UTI	19,239	34,876
UTC	14,736	17,763
Parent company	54	38
Total	$ 74,817	$ 87,446

(4) Trade payables to related parties

	December 31, 2022	December 31, 2021
Subsidiaries	$ 6,770	$ 8,044
Other related party	45	-
Parent company	25	-
Total	$ 6,840	$ 8,044

(5) Other payables from related parties

	December 31, 2022	December 31, 2021
Parent company	$ 682	$ 736
Subsidiaries	84	261
Total	$ 766	$ 997

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(6) Manufacturing expenses

	For the years ended December 31	
	2022	2021
Parent company	$ 297	$ 282

(7) Operating expenses

	For the years ended December 31	
	2022	2021
Parent company	$ 10,789	$ 11,247
Subsidiaries	696	717
Substantive related party	49	452
Other related party	-	60
Total	$ 11,534	$ 12,476

The Company leases warehouse from the parent company. The lease term and rental were both determined in accordance with mutual agreements. Rental is paid on a monthly basis. The Company recognized the rental expenses in the amount of NT$1,485 thousand and NT$1,451 thousand for the years ended December 31, 2022 and 2021, respectively.

(8) Other revenue

	For the years ended December 31	
	2022	2021
Parent company	$ 1	$ 5

(9) Property transaction

	For the years ended December 31	
	2022	2021
Parent company	$ 235	$ 867
Other related party	162	-
Total	$ 397	$ 867

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The Company entrusted the related parties to purchase machinery and equipment on behalf of the Company.

(10) Interest income

	For the years ended December 31	
	2022	2021
Subsidiaries	$ -	$ 33

(11) Key management personnel compensation

	For the years ended December 31	
	2022	2021
Short-term employee benefits	$ 22,442	$ 21,736
Post-employment benefits	540	507
Total	$ 22,982	$ 22,243

8. Assets Pledged as Collateral

The following table lists assets of the Company pledged as collateral:

	Carrying Amount		
Assets Pledged as Collateral	December 31, 2022	December 31, 2021	Purpose of pledge
Financial assets measured at amortized cost-noncurrent	$ 3,249	$ 3,710	Guarantee for warranties
Financial assets measured at amortized cost-noncurrent	1,664	1,648	Performance guarantee
Property, plant and equipment-land and building	278,382	279,951	Pledge Loan
Total	$ 283,295	$ 285,309	

9. Significant Contingencies and Unrecognized Contractual Commitments

(1) As of December 31, 2022, the Company issued the letters of guarantee through financial institutions in the amount of NT$2,500 thousand for customs duty and performance guarantee.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(2) As of December 31, 2022, the Company issued promissory notes in the amount of NT$4,964 thousand for performance guarantee.

(3) As of December 31, 2022, the Company's unused letters of credit amounted to NT$7,640 thousand.

10. Losses Due to Major Disasters

None.

11. Significant Subsequent Events

None.

12. Others

(1) Categories of financial instruments

Financial assets

	December 31, 2022	December 31, 2021
Financial assets at fair value through profit or loss:		
Mandatorily measured at fair value through profit or loss	$ -	$ 241,648
Financial assets at fair value through other comprehensive income	27,713	27,815
Financial assets measured at amortized cost (Note)	1,042,823	725,818
Total	$ 1,070,536	$ 995,281

Financial liabilities

	December 31, 2022	December 31, 2021
Financial assets at fair value through profit or loss:		
Held for trading	$ 1,211	$ 65
Financial liabilities at amortized cost:		
Trade payables (including related parties)	205,396	247,284
Other payables (including related parties)	125,947	109,480
Lease liabilities (including noncurrent)	16,122	22,664
Deposits received	1	1
Total	$ 348,677	$ 379,494

Note : Includes cash and cash equivalents (excluding cash on hand), financial assets measured at amortized cost (including noncurrent), receivables (including related parties), other receivables and refundable deposits.

(2) Financial risk management objectives and policies

The Company's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Company identifies, measures and manages the aforementioned risks based on the Company's policy and risk exposures.

The Company has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Company complies with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk and other price risk (such as equity instruments).

In practice, it is rarely the case that a single risk variable will change independently from other risk variables; there are usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense are denominated in a different currency from the Company's functional currency) and the Company's net investments in foreign subsidiaries.

The Company has certain foreign currency receivables denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is achieved. The Company also uses forward contracts to hedge the foreign currency risk on certain items denominated in foreign currencies. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Company.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Company's profit is performed on significant monetary items denominated in foreign currencies as of the end of the reporting period. The Company's foreign currency risk is mainly related to the volatility in the exchange rates for USD. The information of the sensitivity analysis is as follows:

When NTD strengthens/weakens against USD by 1%, the profit for the years ended December 31, 2022 and 2021 would decrease/increase by NT$1,409 thousand and increase/decrease NT$96 thousand, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's bank deposit at variable interest rates. Therefore, the Company expects no fair value and cash flow risks due to significant interest rate fluctuations.

Other risk

The Company's investment funds and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company's investment of funds and unlisted equity securities are classified as financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. The Company's investment of funds and unlisted equity securities are classified as financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. The Company manages the equity price risk through diversification. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's Board of Directors reviews and approves certain equity investments according to level of authority.

A change of 1% in the price of the funds could increase/decrease the Company's investment of funds for the years ended December 31, 2022 and 2021 by NT$0 and NT$2,400 thousand, respectively.

Please refer to Note 12(9) for sensitivity analysis information of other equity instruments whose fair value measurement is categorized under Level 3 of the fair value hierarchy.

(4) Credit risk management

Credit risk is the risk that counterparty will not meet its obligations under a contract, leading to a financial loss.

The Company is exposed to credit risk from operating activities (primarily for contract assets, notes receivable, and trade receivables) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to credit risk management. Credit limits are established for all counter parties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Company's internal rating criteria, etc. Certain counter parties' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment or insurance.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Company's treasury in accordance with the Company's policy. The Company only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating. Consequently, there is no significant credit risk for these counter parties.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(5) Liquidity risk management

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents and bank borrowings. The table below summarizes the maturity profile of the Company's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amounts include the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

Non-derivative financial liabilities

	Less than 1 year	1 to 3 years	4 to 5 years	Later than 5 years	Total
As of December 31, 2022					
Trade payables	$ 205,396	$ -	$ -	$ -	$ 205,396
Other payables	125,947	-	-	-	125,947
Lease liabilities	7,860	8,538	-	-	16,398
Refundable deposits	-	1	-	-	1
As of December 31, 2021					
Trade payables	$ 247,284	$ -	$ -	$ -	$ 247,284
Other payables	109,480	-	-	-	109,480
Lease liabilities	9,506	13,634	-	-	23,140
Deposits received	-	1	-	-	1

Derivative financial liabilities

	Less than 1 year	1 to 3 years	4 to 5 years	Later than 5 years	Total
As of December 31, 2022					
Inflow	$ 37,569	$ -	$ -	$ -	$ 37,569
Outflow	(38,780)	-	-	-	(38,780)
Net	$ (1,211)	$ -	$ -	$ -	$ (1,211)
As of December 31, 2021					
Inflow	$ 29,054	$ -	$ -	$ -	$ 29,054
Outflow	(29,119)	-	-	-	(29,119)
Net	$ (65)	$ -	$ -	$ -	$ (65)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The disclosure of derivative financial liabilities in the above table is expressed by undiscounted total cash flows.

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for year ended December 31, 2022:

	Lease liabilities	Deposits received	Total
As of January 1, 2022	$ 22,664	$ 1	$ 22,665
Cash flows			
Outflow	(9,986)	-	(9,986)
Non-cash flows	3,444	-	3,444
As of December 31, 2022	$ 16,122	$ 1	$ 16,123

Reconciliation of liabilities for year ended December 31, 2021:

	Short-term borrowing	Lease liabilities	Deposits received	Total
As of January 1, 2021	$ 65,000	$ 21,933	$ 1	$ 86,934
Cash flows				
Inflow	965,000	-	-	965,000
Outflow	(1,030,000)	(7,428)	-	(1,037,428)
Non-cash flows	-	8,159	-	8,159
As of December 31, 2021	$ -	$ 22,664	$ 1	$ 22,665

(7) Fair values of financial instruments

A. The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Company to measure or disclose the fair values of financial assets and financial liabilities:

a. The carrying amount of cash and cash equivalents, financial assets measured at amortized cost, receivables, other receivables, payables and other payables approximate their fair value due to their short maturities.

b. For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures, etc.) at the reporting date.

c. Fair value of equity instruments without market quotations, such as private company equity securities, are estimated using the income approach. The income approach is based on evaluating the flow of future profits created by the underlying investment and through the process of discounting the flow of future profits into the value of the underlying investment. The future cash flow is calculated by the underlying investment's financial forecast and future long-term stable growth rate. The fair value is calculated by using the Weighted Average Cost of Capital as the discount rate.

d. Fair value of debt instruments without market quotations, lease liabilities, refundable deposits, and deposits received are determined based on the counterparty prices or valuation method. The valuation method uses discounted cash flow analysis as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instruments (such as yield curves published by the Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.).

e. The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period.

B. Fair value measurement hierarchy for financial instruments

Please refer to Note 12(9) for fair value measurement hierarchy for financial instruments of the Company.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(8) Derivative financial instruments

The related information for derivative financial instruments not qualified for hedge accounting and not yet settled as of December 31, 2022 and 2021 are as follows:

Forward exchange contracts

The Company entered into forward exchange contracts to manage its exposure to financial risk, but these contracts were not designated as hedging instruments. The table below lists the information related to outstanding forward exchange contracts:

Items	Contract amount ('000)	Maturity period
As of December 31, 2022		
Forward exchange contracts	Sell EUR 597 thousand	From January 3, 2023 to February 20, 2023
Forward exchange contracts	Sell JPY 82,800 thousand	From January 3, 2023 to March 31, 2023
As of December 31, 2021		
Forward exchange contracts	Sell EUR 1,617 thousand	From January 3, 2022 to April 19, 2022
Forward exchange contracts	Sell JPY 121,000 thousand	From January 3, 2022 to March 31, 2022
Forward exchange contracts	Buy USD 974 thousand	From January 3, 2022 to January 25, 2022

The Company entered into forward foreign exchange contracts to hedge foreign currency risk of net assets or net liabilities. As there will be corresponding cash inflows or outflows upon maturity and the Company has sufficient operating funds, the cash flow risk is insignificant.

(9) Fair value measurement hierarchy

A. Fair value measurement hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3 – Unobservable inputs for the asset or liability

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

B. Fair value measurement hierarchy of the Company's assets and liabilities

The Company does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Company's assets and liabilities measured at fair value on a recurring basis is as follows:

As of December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through other comprehensive income				
Preferred stock	$ -	$ -	$ 27,713	$ 27,713
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	-	1,211	-	1,211

As of December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Funds	$ 240,008	$ -	$ -	$ 240,008
Forward exchange contracts	-	1,640	-	1,640
Financial assets at fair value through other comprehensive income				
Preferred stock	-	-	27,815	27,815
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	-	65	-	65

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Transfers between Level 1 and Level 2 during the period

During the years ended December 31, 2022 and 2021, there were no transfers between Level 1 and Level 2 fair value measurements.

Movements of fair value measurement in Level 3 on recurring basis

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy for movements during the year is as follows:

	Assets
	At fair value through other comprehensive income
As of January 1, 2022	$ 27,815
Amount recognized in other comprehensive income (presented in "unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income")	(102)
As of December 31, 2022	$ 27,713

	Assets
	At fair value through other comprehensive income
As of January 1, 2021	$ 27,575
Amount recognized in other comprehensive income (presented in "unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income")	240
As of December 31, 2021	$ 27,815

Information on significant unobservable inputs to valuation

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follows:

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

As of December 31, 2022

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
At fair value through other comprehensive income					
Preferred stock	Income approach	Discount for lack of marketability	22.09%	The higher the discount for lack of marketability, the lower the fair value estimated	5% increase (decrease) in the discount for lack of marketability would result in decrease/increase in the Company's equity by NT($1,423)/NT$1,423 thousand

As of December 31, 2021

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
At fair value through other comprehensive income					
Preferred stock	Income approach	Discount for lack of marketability	30.00%	The higher the discount for lack of marketability, the lower the fair value estimated	5% increase (decrease) in the discount for lack of marketability would result in decrease/increase in the Company's equity by NT($1,589)/NT$1,589 thousand

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy

The Company's Financial Department is responsible for validating the fair value measurements and ensuring that the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices. The Company analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies at each reporting date.

(10) Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

	As of December 31, 2022		
	Foreign currencies (thousand)	Foreign exchange rate	NT$ (thousand)
Financial assets			
Monetary items:			
USD	$ 6,725	30.70	$ 206,457
EUR	622	32.74	20,359
JPY	82,918	0.2326	19,287
CNY	50	4.409	218
Non-monetary items:			
USD	6,769	30.70	207,822
EUR	2,011	32.74	65,877
JPY	212,148	0.2326	49,398
CNY	4,813	4.409	21,229
Financial liabilities			
Monetary items:			
USD	2,134	30.70	65,511
CNY	240	4.409	1,058

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	As of December 31, 2021		
	Foreign currencies (thousand)	Foreign exchange rate	NT$ (thousand)
Financial assets			
Monetary items:			
USD	$ 3,698	27.67	$ 102,328
EUR	1,579	31.33	49,457
JPY	121,628	0.2406	29,264
CNY	55	4.35	237
Non-monetary items:			
USD	6,214	27.67	171,392
EUR	1,701	31.33	53,279
JPY	198,335	0.2406	47,678
CNY	5,409	4.35	23,529
Financial liabilities			
Monetary items:			
USD	4,044	27.67	111,894

Because there are several types of foreign currency transactions within the Company, it is not practical to disclose the exchange gains and losses of monetary financial assets and liabilities by each significant asset and liability denominated in foreign currencies. The foreign exchange gains (losses) were NT$8,394 thousand and NT$(14,139) thousand for the years ended December 31, 2022, and 2021, respectively.

The above information is disclosed based on the carrying amount of foreign currency (after conversion to functional currency).

(11) Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and adjusts it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

13. Other disclosure

(1) Information related to significant transactions

A. Financing provided to others for the year ended December 31, 2022: None.

B. Endorsement/Guarantee provided to others for the year ended December 31, 2022: Please refer to Attachment 1.

C. Securities held as of December 31, 2022: Please refer to Attachment 2.

D. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20 percent of the capital stock for the year ended December 31, 2022: None.

E. Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20 percent of the capital stock for the year ended December 31, 2022: None.

F. Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20 percent of the capital stock for the year ended December 31, 2022: None.

G. Related party transactions for purchases and sales amounts exceeding the lower of NT$100 million or 20 percent of the capital stock for the year ended December 31, 2022: Please refer to Attachment 3.

H. Receivables from related parties with amount exceeding the lower of NT$100 million or 20 percent of the capital stock as of December 31, 2022: None.

I. Financial instruments and derivative transactions: Please refer to Note 6(2), 6(13), and 12(8)

(2) Information on investees

Relevant information of investees over which the Company has direct or indirect significant influence or control, or jointly control (excluding investees in Mainland China). Please refer to Attachment 4 and Attachment 4-1.

(3) Information on investments in Mainland China

A. Relevant information of investees over which the Company has direct or indirect significant influence or control, or jointly control, which discloses investee company name, main business and products, total amount of capital, method of investment, accumulated inflows and outflows of investments from Taiwan, percentage of ownership, net income (loss), investment income (loss), carrying amount of investments, accumulated inward remittance of earnings and limits on investment in Mainland China: Please refer to Attachment 5.

B. The significant transactions with investee companies in the Mainland Area, either directly or indirectly through a third area:

a. The amount and percentage of sales and the balance and percentage of the related receivables with Xiamen Unitech Co., Ltd. at the end of the period:

(a) The sales amounted to NT$36,943 thousand representing 1.97% of the net sales. (Note)

(b) The receivables amounted to NT$14,736 thousand representing 3.91% of the total receivables. (Note)

b. The amount and percentage of purchases and the balance and percentage of the related payables with Xiamen Unitech Co., Ltd. at the end of the period:

(a) The purchases amounted to NT$53,410 thousand representing 4.21% of the net purchases. (Note)

(b) The payables amounted to NT$6,770 thousand representing 3.30% of the total payables. (Note)

Note: The aforementioned ratios were calculated based on the individual financial statements of Unitech Electronics Co., Ltd.

c. The amount of property transactions and the amount of the resultant gains or losses: None.

d. The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None.

e. The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: None.

f. Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services: None.

(4) Information on major shareholders: Please refer to Attachment 6.

Attachment 1

Endorsement/Guarantee provided to others

(Amounts in Thousands of New Taiwan Dollars)

NO. (Note 1)	Endorsor/Guarantor	Guaranteed Party		Limits on Endorsement/Guarantee to Each Guaranteed Party (Note 3)	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable (Note 3)	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
		Company Name	Relationship (Note 2)										
0	The Company	Unitech America Inc.	(Note 2)	$ 182,001	$ 153,500 (Note 4)	$ -	$ -	$ -	$ -	$ 546,004	Y	N	N

Note 1: Description of the numbers field is as follows:
(1)For the Company, fill in 0.
(2)The investee company is numbered sequentially starting from Arabic number 1 according to the company type.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories; fill in the number of category each case belongs to:
(1) A company with which it does business.
(2) A company in which the Company directly and indirectly holds more than 50%t of the voting shares.
(3) A company that directly and indirectly holds more than 50% of the voting shares in the Company.
(4) Companies in which the Company holds, directly or indirectly, 90% or more of the voting shares may make endorsements/guarantees for each other.
(5) Where the Company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
(6) Where all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages.
(7) Where companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 3: The limit of endorsement for and single entity is 10% of the Company's net worth; the total maximum endorsement limit of endorsement is 30% of the Company's net worth.

Note 4: Before expiration of the endorsement/guarantee, the Company's Board of Directors approved to extend the the Company's endorsement/guarantee of UTA. The maximum endorsement/guarantee balance for the period in amount of USD 5,000,000 was based on the original endorsement/guarantee amount plus the extended endorsement/guarantee amount, which were converted into New Taiwan Dollars at the exchange rate at reporting date.

Attachment 2

Securities held as of December 31, 2022 (excluding the portion held due to investment in a subsidiary or an associate, and the portion held due to an interest in a joint venture) (Amounts in Thousands of New Taiwan Dollars)

Held Company Name	Securities Type	Securities Name	Relationship with the Company	Financial Statement Account	Balances as of December 31, 2022				Note
					Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Company	Stock	Artilux Corporation Series A-1 Preferred Stocks	Substantive related party	Financial assets at fair value through other comprehensive income-noncurrent	769,231	$ 27,713	1.18%	$ 27,713	-

Attachment 3

Related party transactions for purchases and sales amounts exceeding the lower of NT$100 million or 20 percent of the capital stock

（Amounts in Thousands of New Taiwan Dollars）

Company Name	Counterparty	Nature of Relationships	Transaction Details				Abnormal Transaction		Notes/Trade Receivables (Payables)		Note
			Purchase/ Sales	Amount	Percentage of Total Purchases/Sales (Note)	Payment Terms	Unit Price	Payment Terms	Ending Balance	Percentage of Total Notes/Trade Receivables (Payables)(Note)	
The Company	Unitech America Inc. (“UTA”)	Investments accounted for using the equity method	Sales	$ 291,313	15.55%	30 days after Invoice date	Pricing based on related party transactions	For those who have credit line, payment shall be made within 30-45 days after shipment; for those who don't have credit line, shipment can only be made after T/T payment. The selling price of the subsidiary: UTA is based on related party transaction, the payment term is 30 days after invoice date.	$ 21,503	5.71 %	-
The Company	Unique Technology Europe B.V. (“UTI”)	Investments accounted for using the equity method	Sales	225,323	12.03%	Month-end 90 days	Pricing based on related party transactions	For those who have credit line, payment shall be made within 30-45 days after shipment; for those who don't have credit line, shipment can only be made after T/T payment. The selling price of the subsidiaries: UTI is based on related party transaction, the payment term is month-end 90 days.	19,239	5.10 %	-

Note: The above ratios are calculated based on the purchases/sales company’s individual financial statements.

Attachment 4

Relevant information of investees over which the Company has direct or indirect significant influence or control, or jointly control (excluding investees in Mainland China)

(Amounts in Thousands of New Taiwan Dollars/Foreign Currencies in Dollars)

Investor Company	Investee Company (Note 1.2)	Location	Main Businesses	Original Investment Amount		Balance as of December 31, 2022			Net Income (Loss) of the Investee (Note 2)	Investment Income (Loss) Recognized (Note 2)	Note
				Ending balance	Beginning balance	Shares	Percentage of Ownership	Carrying Amount			
The company	Unitech America Ventures Inc. (“UAV”)	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.	Investment business such as financial trust holding	USD 5,383,592	USD 5,383,592	10,000	100.00 %	$ 207,822	$ 17,860	$ 18,554	
	Unitech Europe Ventures Inc. (“UEV”)	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.	Investment business such as financial trust holding	EUR 1,905,659	EUR 1,905,659	10,000	100.00 %	65,877	12,214	13,137	
	Unitech Industries Holding Inc. (“UIH”)	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.	Investment business such as financial trust holding	JPY 42,774,910	JPY 42,774,910	10,000	100.00 %	43,566	2,531	2,346	
	Unitech Japan Co., Ltd. (“UTJ”)	Tohsei Bldg. 3F, 18-10Hakozaki-cho, Nihonbashi, Chuo-ku, Tokyo, 103-0015 Japan	Trading of auto data capture products	TWD 5,384	TWD 5,384	152	10.86 %	5,832	2,958	321	
	Unitech Asia Ventures Inc. (“UCV”)	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.	Investment business such as financial trust holding	USD 3,497,358	USD 3,497,358	16,056.83	100.00 %	21,229	(2,413)	(2,334)	

Note 1 : If a public company is equipped with an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

Note 2 : If situation does not belong to Note 1, fill in the columns according to the following regulations:

(1) The columns of "Investee Company", "Location", "Main business", "Original investment amount", and "Shares held as at December 31, 2022" should fill orderly in the Company's (public company's) information on investees and every directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the 'footnote' column.

(2) The"Net profit (loss) of the investee for this period" column should fill in amount of net profit (loss) of the investee for this period.

(3) The"Investment income (loss) recognised by the Company for the year ended December 31, 2022" column should fill in the Company (public company) recognised investment income (loss) of its direct subsidiary and recognised investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognised investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net profit (loss) for this period has included its investment income (loss) which shall be recognised by regulations.

Attachment 4-1

NAMES, LOCATIONS AND RELATED INFORMATION OF INVESTEE (EXCLUDING INVESTEES IN MAINLAND CHINA)

（Amounts in Thousands of New Taiwan Dollars/Foreign Currencies in Dollars）

Investor Company	Investee Company (Note 1.2)	Location	Main Businesses	Original Investment Amount		Balance as of December 31, 2022			Net Income (Loss) of the Investee (Note 2)	Investment Income (Loss) Recognized (Note 2)	Note
				Ending balance	Beginning balance	Shares	Percentage of Ownership	Carrying Amount			
Unitech America Ventures Inc. (“UAV”)	Unitech America Holding Inc. (“UAH”)	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.	Investment business such as financial trust holding	USD 5,383,592	USD 5,383,592	10,000	100.00 %	$ 6,769,071	$ 616,330	$ 632,709	
Unitech America Holding Inc. (“UAH”)	Unitech America Inc. (“UTA”)	6182 Katella Ave Cypress,CA 90630, USA	Trading of auto data capture products	USD 5,383,592	USD 5,383,592	100,000	100.00 %	6,769,071	616,330	632,709	
Unitech Europe Ventures Inc. (“UEV”)	Unitech Europe Holding Inc. (“UEH”)	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.	Investment business such as financial trust holding	EUR 1,905,659	EUR 1,905,659	10,000	100.00 %	2,010,838	393,028	420,649	
Unitech Europe Holding Inc. (“UEH”)	Unique Technology Europe B.V. (“UTI”)	Ringbaan Noord 91 5046 AA Kapitein Hatterasstraat 19,5015	Trading of auto data capture products	EUR 1,905,659	EUR 1,905,659	135,948	100.00 %	2,010,838	393,028	420,649	
Unitech Japan Holding Inc. (“UJH”)	Unitech Japan Co., Ltd. (“UTJ”)	Tohsei Bldg. 3F, 18-10Hakozaki-cho, Nihonbashi, Chuo-ku, Tokyo, 103-0015 Japan	Trading of auto data capture products	JPY 42,774,910	JPY 42,774,910	1,198	85.57 %	187,075,395	12,696,762	10,339,427	
Unitech Asia Ventures Inc. (“UCV”)	Unitech Industries Holding Inc. (“UIH”)	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.	Investment business such as financial trust holding	USD 4,474,767	USD 4,474,767	13,785.52	100.00 %	4,813,359	(544,836)	(527,746)	

Note 1 : If a public company is equipped with an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

Note 2 : If situation does not belong to Note 1, fill in the columns according to the following regulations:

(1) The columns of "Investee Company", "Location", "Main business", "Original investment amount", and "Shares held as at December 31, 2022" should fill orderly in the Company's (public company's) information on investees and every directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the 'footnote' column.

(2) The"Net profit (loss) of the investee for this period" column should fill in amount of net profit (loss) of the investee for this period.

(3) The"Investment income (loss) recognised by the Company for the year ended December 31, 2022" column should fill in the Company (public company) recognised investment income (loss) of its direct subsidiary and recognised investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognised investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net profit (loss) for this period has included its investment income (loss) which shall be recognised by regulations.

Attachment 5

Information on investments in Mainland China

(Amounts in Thousands of New Taiwan Dollars/Foreign Currencies in Dollars)

Investee Company	Main Businesses	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2022	Net Income (Loss) of the Investee Company	Direct or Indirect Percentage of Ownership	Share of Profits/Losses (Note 5)	Carrying Amount as of December 31, 2022	Accumulated Inward Remittance of Earnings as of December 31, 2022
					Outflow	Inflow						
Xiamen Unitech Co., Ltd.	Trading of auto data capture products	USD 3,419,200	(Note 2) Unitech Industries Holding Inc.	USD 3,560,132	$ -	$ -	USD 3,560,132	$ (2,413)	100.00%	$ (2,334) CNY (527,771) (Note 2 (2)A)	$ 21,173 CNY 4,800,774 (Note 2 (2)A)	$ 31,038 CNY 977,409

Accumulated Investment in Mainland Chinaas of December 31, 2022	Investment Amounts Authorized byInvestment Commission, MOEA	Upper Limit on Investment
$ 109,296 USD 3,560,132	$ 139,303 USD 4,537,541	$ 1,092,008

Note 1: There are three types of investments labeled by the respective number:
(1) Direct investment in Mainland China.
(2) Indirect investment in Mainland China through a third country (please specify the investment company in the third country).
(3) Other ways.

Note 2: Recognized as gains or losses on investment in current period:
(1) Please note if the investee is still under preparation and there was no investment gain or loss.
(2) The basis of recognition of investment income is classified into following three types, which should be marked out.
A. Financial statements audited and audited and attested by an international accounting firm that has a cooperative relationship with a certified public accounting firm registered in the Republic of China.
B. Financial statements audited by the CPAs who audit the parent company in Taiwan.
C. Others.

Note 3: Amounts are listed in New Taiwan Dollars. For foreign currency conversion are converted by the exchange rate at reporting date.

Attachment 6

Information on major shareholders

Shares / Name of major shareholder information	Shares	Percentage of Ownership
Unitech Computer Co., Ltd.	30,039,000	40.00%
G.M.I. Technology Inc.	9,559,000	12.72%
Jiayun Investment Co., Ltd.	4,817,017	6.41%

Note 1： The shareholders information is mainly derived from the last business day of each quarter-end when shareholders hold more than 5% of the common shares and preferred shares that have been completed (including treasury shares) non-physical registration. As for there may be differences between recorded shares in the Company's financial report and actual shares completed and delivered shares to non-physical registration, this is due to different calculation basis..

Note 2： If the above-mentioned information is in the case of shareholders handing over shares to the trust, the individual account of the trustor who set up the trust account with the trustee should be disclosed. As for shareholders who declare insiders shareholding statement in accordance with the Securities and Exchange Act for holding more than 10% of the shares, it includes shares held personally and shares that are put into the trust and hold the right to exercise decision-making power over the trust property, etc. Please refer to the Market Observation Post System (MOPS) for more information on the insiders shareholding statement.

6.6 Disclosure of any financial difficulties encountered by the company and its affiliated enterprises during the most recent fiscal year and up to the publication date of the annual report：None.

6.7 Supplementary Information

6.7.1 The evaluation basis and foundation for the provision method of asset and liability evaluation items

Item	Evaluation subjects of Assets and liabilities	Evaluation Basis	Evaluation Foundation
1.	Allowance for doubtful debts	Aging analysis method	Accounts receivable aging are classified by the number of days past due, and allowances are made as follows: 1. 2% is provided for accounts aged 0-30 days. 2. 5% is provided for accounts aged 31-60 days. 3. 10% is provided for accounts aged 61-90 days. 4. 50% is provided for accounts aged 91-360 days. 5. 100% is provided for accounts aged 360 days above.
2.	Provision for inventory write-downs	Lower of cost or net realisable value	1. It uses the Specific identification method. 2. Net realizable value refers to the estimated selling price less the cost of completion and sales expenses that will be incurred to sell the inventory in the normal course of business. 3. The difference between cost and market value is provided for as a provision for inventory write-downs.
3.	Provision for inventory obsolescence	Fully provided	100% of the inventory that is deemed obsolete is fully provided for

VII. Review of Financial Conditions, Financial Performance, and Risk Management

7.1 Analysis of Financial Status

Unit: NT$ thousands

Item / Year	2022	2021	Difference	
			Amount	%
Current Assets	**1,920,808**	**1,778,816**	**141,992**	**7.98%**
Property, Plant and Equipment	**362,863**	**355,394**	**7,469**	**2.10%**
Intangible Assets	**23,503**	**32,396**	**(8,893)**	**(27.45%)**
Other Assets	**193,694**	**151,527**	**42,167**	**27.83%**
Total Assets	**2,500,868**	**2,318,133**	**182,735**	**7.88%**
Current Liabilities	**541,418**	**488,944**	**52,474**	**10.73%**
Non-current Liabilities	**137,518**	**86,029**	**51,489**	**59.85%**
Total Liabilities	**678,936**	**574,973**	**103,963**	**18.08%**
Capital stock	**750,975**	**750,975**	**0**	**0.00%**
Capital Surplus	**935,226**	**935,226**	**0**	**0.00%**
Retained Earnings	**156,955**	**96,109**	**60,846**	**63.31%**
Other Equity	**(23,142)**	**(41,025)**	**17,883**	**(43.59%)**
Non-controlling Equity	**1,918**	**1,875**	**43**	**2.29%**
Total Equity	**1,821,932**	**1,743,160**	**78,772**	**4.52%**

Explanation of significant changes in ratios (those with a change of over 20% and a change in amount of over 10 million dollars):

(1) Other assets: The increase is primarily due to the increase in the right-of-use assets.

(2) Non-current liabilities: The increase is primarily due to the increase in lease liabilities

(3) Retained Earnings: The increase is primarily due to the increase in legal reserve, special reserve, and net income in the current period.

(4) Other Equity: The increase is primarily due to the appreciation of the US dollar and the Euro, resulting in an increase in foreign exchange gains on the financial statements of foreign operating entities

7.2 Analysis of Financial Performance

Unit: NT$ thousands

Item \ Year	2022	2021	Amount Increase (Decrease)	Difference in ratio(%)
Operating Revenue	2,350,259	2,356,165	(5,906)	(0.25%)
Operating Cost	1,587,387	1,605,644	(18,257)	(1.14%)
Gross Profit	762,872	750,521	12,351	1.65%
Operating Expenses	661,891	666,405	(4,514)	(0.68%)
Operating Profit	100,981	84,116	16,865	20.05%
Non-operating Income and Expenses	13,146	(5,493)	18,639	(339.32%)
Income Before Income Tax	114,127	78,623	35,504	45.16%
Income Tax Expense	22,690	26,768	(4,078)	(15.23%)
Net Income	91,437	51,855	39,582	76.33%
Comprehensive income for the current period	18,493	(15,482)	33,975	(219.45%)
Total comprehensive income for the period.	109,930	36,373	73,557	202.23%

Explanation for significant changes in ratios (where the change exceeds 20% and the amount of change is over NT$10 million):

(1) Operating profit: The increase in gross profit margin and effective cost control led to an increase in operating profit.

(2) Non-operating income and expenses and other comprehensive income for the period: The appreciation of the US dollar and the euro in the current year resulted in an increase in net foreign exchange gains and translation gains on the financial statements of foreign operations.

(3) Income before tax, net income, and total comprehensive income for the period: The increase in gross profit margin, effective cost control, and the impact of the appreciation of the US dollar and the euro resulted in an overall increase in profitability.

7.3 Analysis of Cash Flow

Unit: NT$ thousands

Cash at Beginning of Year	Net Cash Flow from Operating Activities	Net Cash Flow from Investing and Financing Activities	Cash at End of Year	Remedy for Liquidity Shortfall	
				Investment Plan	Financing Plan
506,384	199,150	163,256	868,790	—	—

1. Analysisof changes in cash flow for Current Year:
   (1) Operating activities: The net cash inflow from operating activities for the current year was NT 199,150 thousands, mainly due to the contribution of pre-tax net income for the period.
   (2) Investing activities: The net cash inflow from investing activities was NT 203,569 thousands, mainly due to the disposal of financial assets measured at fair value through profit or loss.
   (3) Financing activities: The net cash outflow from financing activities was NT40,313 thousands, mainly due to the payment of cash dividends.

2. Remedial measures for expected cash shortages and liquidity analysis: There are no cash liquidity issues that require remedial measures.

3. Analysis of cash flow liquidity for the next year:

Cash at Beginning of Year	Estimated Net Cash Flow from Operating Activities	Estimated Net Cash Flow from Investing and Financing Activities	Estimated Cash at End of Year	Estimated Remedy for Liquidity Shortfall	
				Investment Plans	Financing Plans
868,790	149,252	(144,477)	873,565	—	—

7.4 The effect upon financial operations of any major capital expenditures during the most recent fiscal year:

There is no major capital expenditure plan this year.

7.5 Reinvestment policy in the most recent year, the main causes for profits or losses, its improvement plans and investment plans for the coming year:

7.5.1 Reinvestment policy in the most recent year：

The company has established internal control systems, "Related Party Transaction Regulations," and "Subsidiary Management Regulations" to manage and regulate transactions between each other for each investment

business. The finance and accounting department of the company regularly obtains operational and financial information from each investment business and analyzes and evaluates its operating and profitability status to understand its financial and business conditions, effectively controlling the operational performance of each investment business.

7.5.2 Main reasons for profits or losses generated, improvement plans for reinvestment profitability for the coming year:

Unit: NT$ thousands

Item / Reinvestment enterprise	Recognition of profit (loss) from investment in year 2022	Main reasons for profit or loss	Improvement Plan
UAV	18,554	This is due to the recognition of the investment gains from UTA that the U.S. reinvestment company.	None.
UEV	13,137	This is due to the recognition of the investment gains from UTI that the Europe reinvestment company.	None.
UCV	(2,334)	This is recognizing the loss incurred from the Xiamen Unitech Computer Investment, a Chinese mainland reinvestment company.	1.Utilize the launch of new products to strengthen marketing and promotional activities. 2.Strengthen cooperation with existing customers, and continue to develop new project clients and sales channels. 3.Strengthen expense control.
UJH	2,346	This is due to the recognition of the investment loss from UTJ that the Japan reinvestment company.	None.
UTJ	321	This is due to the recognition of the operating profit from UTJ that the Japan reinvestment company.	None.

7.5.3 Coming Next Year Investment Plan:

As of the date of the annual report, the company has no material investment plan.

7.6 Analysis of Risk Management of the current fiscal year and up to the publication date of the annual report

7.6.1 Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on the Company's Profit and Loss, and Future Response Measures:

1. Impact upon company's profit(losses):

(1) Interest Rate Changes

The company adopts a conservative and stable approach in utilizing our funds. If there are still funds available for investment after deducting the funds required for operations, we will invest in safe and low-risk financial products, mainly including current and time deposits, and money market funds. In addition, bank borrowing for working capital needs is considered as short-term funding, and the proportion of interest expense is not high. The financial costs of the Company for the year 2022 and the first quarter of 2023 were approximately NTD1,535 thousands and NTD532 thousands, respectively, accounting for 0.07% and 0.11% of net revenue, which have no significant impact on the Company's profit and loss.

(2) Exchange Rate Changes

The Company's sales and purchases are denominated in foreign currency, which affects the revenue and cost of goods sold denominated in foreign currency due to exchange rate fluctuations. To manage the exchange rate risk, the Company uses natural hedging by matching the currency of sales and purchases in some cases, and uses forward exchange contracts for some foreign currency payments. As an example, based on the consolidated financial assets and liabilities denominated in foreign currency at the end of 2022 and the end of Q1 2023, the exchange rate risk mainly comes from the fluctuations of the US dollar exchange rate. If the NTD appreciates/depreciates against the US dollar by 1%, it would result in a decrease/increase of NTD 1,072 thousand and NTD 4,402 thousand, respectively, in the Company's net income.

(3) Inflation

Recently, there has been a slight inflation in the main operating markets of the Company. However, the Company and its subsidiaries do not directly sell products to general consumers. As of the latest fiscal year and the date of printing this annual report, inflation has not had a significant adverse impact on the Company's operations.

2. Future Response Measures:

(1) Interest Rate Changes

The Company continuously monitors interest rate trends and maintains close interaction with financial institutions to secure the best interest rate conditions.

(2) Exchange Rate Changes

The Company adopts a dynamic natural hedging approach to mitigate the exchange rate risk of major foreign currency transactions. The finance department regularly reviews net positions of each foreign currency, and if the net position exceeds a certain amount, the Company will use forward foreign exchange contracts or spot purchases/sales of foreign currency to achieve the effect of exchange rate hedging.

(3) Inflation

In recent year till the date of the annual report, inflation has had little impact on the Company's operations, but the Company will continue to maintain a high level of attention.

7.6.2 Engage in the Policies of High-Risk, Highly-Leveraged Investments, Governing Loaning of Funds and Making of Endorsements/Guarante, and Derivatives Trading, the reasons for profit or loss resulted, and the future countermeasures:

1. The Company did not engage in any high-risk or high-leveraged investments.
2. The company has not issued any endorsements or guarantees for others as of the end of 2022 and the end of Q1 2023.
3. The company has not issued any endorsements or guarantees for others as of the end of 2022 and the end of Q1 2023.
4.The company's derivative transactions are all intended to hedge foreign currency positions arising from its operating activities and are not intended to generate profits.

The company has established regulations on the acquisition or disposal of assets, loans to others, endorsements and guarantees, and derivative transactions, which have been approved by the board of directors and shareholders' meetings. All relevant operations of the company are carried out in accordance with the above regulations.

7.6.3 Future Research & Development Projects and expenditures expected:

The company's future R&D direction will continue to focus on military-grade ruggedized mobile computers, RFID readers, various types of barcode scanners, wearable data readers, 3D recognition data collectors, and related hardware products and device management platforms. In addition to developing products using the Android system, the company will also develop products certified by Apple's MFi.

Furthermore, the company will increase its software development capabilities year by year, developing data collection AI applications, IoT system modules,

industry-specific vertical solutions, and integrating hardware and software applications.

The company plans to invest approximately NTD138 million in R&D expenses in 2023, which will be used for experimental expenses necessary for the development of new products and new software and hardware platform technologies, product certification, and collaboration with external research institutions.

7.6.4 Effects of and Response to Changes in Policies and Regulations Relating to Corporate Finance and Sales:

The Company consistently pays close attention to any changes in local and foreign policies and makes appropriate amendments to our systems when necessary.

7.6.5 Effects of and Response to Changes in Technology (including Cyber Security Risk) and the Industry Relating to Corporate Finance and Sales:

In the automatic identification data collection industry where our company operates, we have taken necessary measures to cope with technological and industry changes brought about by the development of wireless communication applications, the growth of information mobile applications, RFID applications, image recognition and 3D sensing technology, device management platforms, and application software needs, among others. As a long-time provider of products and services in the automatic identification data collection market, we continue to invest in hardware and software development to continuously introduce products and solutions that meet market demand with limited risk. Regarding information security risk management, we have established computer hardware and software management regulations, system host management regulations, and information security-related assessment methods as the basis for executing information security management work. Please refer to the "VI. Operational Overview 5.6 Cyber Security Management" section of this annual report for further information on our company's information security management.

7.6.6 The Impact of Changes in Corporate Image on Corporate Risk Management, and the Company's Response Measures:

We focus on our core business and have not experienced any operational crises caused by changes in our corporate image. However, once a corporate crisis occurs, it may cause significant damage to the enterprise. Therefore, our company will continue to comply with and implement various corporate governance requirements, seek timely advice from relevant experts, and strive to reduce the occurrence of such risks and their impact on our business and finance.

7.6.7 Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans:

The Company has no ongoing merger and acquisition activities hence it's not applicable.

7.6.8 Expected Benefits from, Risks Relating to and Response to Factory Expansion Plans:

The Company has no ongoing expansion plans to factory hence it's not applicable.

7.6.9 Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration

The purchase and sales of the company are diversified. In Year 2022, the largest customer accounted for 6.46% of net sales, and the largest supplier accounted for 8.29% of the net purchases. Therefore, there is no concern of concentration risk. We continue to expand our customer base and search for new suppliers to avoid the risk of concentration in our purchase and sales activities.

7.6.10 Effects of, Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors, Supervisors, or Shareholders with Shareholdings of over 10%:

The Company has no ongoing shares transfer or Changes in Shareholdings by Director, Supervisors, or Shareholders with Shareholding of over 10% hence it's not applicable.

7.6.11 Effects of, Risks Relating to and Response to the Changes in Management Rights:

As of the date of this Annual Report, such risks were not identified by the Company.

7.6.12 The Company's directors, general manager, substantial shareholders holding more than 10% of the shares, and its subsidiaries, are not involved in any major litigations, non-litigation or administrative disputes that have been determined by judgments or are pending, and may have a significant impact on shareholder rights or securities prices. The facts, amounts, dates of commencement of the proceedings, the main parties involved and the handling status as of the date of the annual report:

None of the above applies to the Company.

7.6.13 Other Major Risks and Future Response Measures:

1. **Market Risk**
   (1) Evaluation of the Market Risk: The company operates in a niche market in the automatic data collection industry, with a diverse range of products and mainly serving value-added resellers and system integrators. The hardware configurations vary depending on the end-user needs; therefore, the company needs to have excellent grasp of user requirements and a comprehensive understanding of industry trends and customer needs in order to design products that meet market demands in terms of functionality and specifications.
   (2) The Response Measures: The company's R&D department enhances compatibility and substitutability with existing product specifications in the design of new products, reduces the inventory of future spare parts by increasing their commonality. Through regular production and sales meetings, the company adopts a management approach that combines customer projected orders and planned production to shorten the

production and sales time, increase inventory turnover, and reduce inventory levels, effectively controlling inventory idling situations.

2. Financial and Liquidity Risk

(1) The amounts of accounts receivable and inventory in the company's assets have always been the largest items, so maintaining good quality of accounts receivable and inventory is important. In addition, in response to short-term and long-term development goals, the company needs to maintain sufficient cash and cash equivalents as well as bank financing limits to maintain financial flexibility and support operational needs.

(2) The Response Measures: The company has a dedicated department to manage accounts receivable, and inventory is controlled by specialized personnel in accordance with business units. The company has also adopted an information system for global inventory management. In addition, the finance department is responsible for overall financial management, such as the allocation of sources of long and short-term funds, sensitivity analysis of changes in funding requirements, safety stock of funds, available bank financing balances, and hedging of import and export foreign exchange, etc.

3. Evaluation of the credit risk and its response measures

(1) Evaluation of the credit risk: The company has a dedicated credit management personnel who establish strict customer credit management regulations. Credit limits are given based on customer nature, transaction records, and collateral provided, etc., and transactions can only be conducted if the credit limit is approved. This management mechanism has been established in the information system for automatic control.

(2) The Response Measures: Under strict control, even if a small number of customers experience delayed payments or even inability to pay, the company will delegate legal personnel to conduct necessary legal procedures to minimize possible risks. Based on the past actual bad debt occurrence, the company has provided an expected credit loss (loss) provision based on the accounts receivable due date in 2022 Q1 and 2023 Q1, which only accounted for (0.28)% and (0.03)% of the net revenue and had little impact on the overall operation of the company.

4. Evaluation and the response measures for Legal Risk

(1) Evaluation of Legal Risk: The risks that the Company's business activities are exposed to under the law are minimal. The Company has always placed a high value on conducting its operations lawfully, whether it be in the process of business transactions, compliance with labor laws, tax-related laws and regulations, or relevant laws and regulations that must be followed by listed companies.

(2) The Response Measures: The Company has appointed legal advisors to provide legal consultation and review contracts for daily business operations. It also has a dedicated department responsible for managing the use of the Company's patents and trademarks to avoid any violations

of the law.

5. **Evaluation and The Response Measures on Strategic and Operational Risk**
   (1) **Evaluation of Strategic and Operational Risk: The Company has established a management decision-making team composed of top executives and staff, which regularly discusses the Company's long-term strategic direction and progress in achieving short-term goals. The average tenure of the team members is 20 years, and the management team members have extensive industry knowledge and experience, making their collaboration solid.**
   (2) **The Response Measures: The Company uses the ERP system of the US-based company Oracle as the backbone, connecting various functional application software in the front-end to provide timely and accurate data as the basis for decision-making, thus reducing decision-making risks.**

7.6.14 Organizational Structure of Risk Management

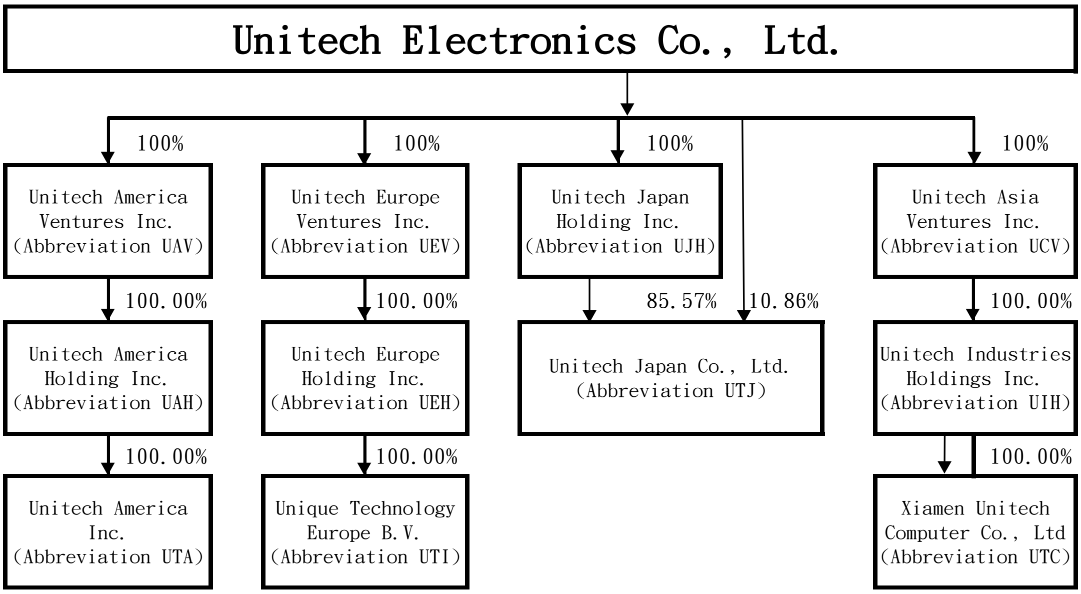
Risk Execution Department	Project Executed	Implementation Status
Business-Decision Making Committee	Business decision-making risks	The evaluation of the company's long and short-term development direction, operational strategies, goals, and overall risks.
General Administration Division	Financial management risks	Fund scheduling and management, investment planning, customer credit control, business analysis, and cost analysis.
MIS Division	Cyber security risks	Integrating and planning information infrastructure and security maintenance to ensure uninterrupted operation of information systems.
Audit Office	Internal control risks	Evaluating the soundness and effectiveness of the internal control system and conducting internal audits.

7.7 Other Special Disclosure: None.

VIII Special Disclosure

8.1 Information Related to the Company's Affiliates

8.1.1 Organizational Chart of Affiliated Companies



8.1.2 Basic Information of the Affiliated Companies:

December 31, 2022
Unit: Foreign Currencies

Company Name	Date of Incorporation	Address	Paid-In Capital	Major Business Operation Items
Unitech America Ventures Inc. (UAV)	November 2007	Vistra Corporate Services Centre,Wickhams Cay II,Road Town,Tortola,VG1110,British Virgin Islands.	USD 5,356,573	Holding company
Unitech America Holding Inc. (UAH)	November 2007	Vistra Corporate Services Centre,Wickhams Cay II,Road Town,Tortola,VG1110,British Virgin Islands.	USD 5,356,573	Holding company
Unitech America Inc. (UTA)	January 1989	6182 Katella Ave Cypress,CA90630 USA	USD 1,000,000	Marketing and trade of Automatic Identification Data Capture Products
Unitech Europe Ventures Inc. (UEV)	November 2007	Vistra Corporate Services Centre,Wickhams Cay II,Road Town,Tortola,VG1110,British Virgin Islands.	EUR 1,953,676	Holding company
Unitech Europe Holding Inc. (UEH)	November 2007	Vistra Corporate Services Centre,Wickhams Cay II,Road Town,Tortola,VG1110,British Virgin Islands.	EUR 1,953,676	Holding company
Unique Technology Europe B.V. (UTI)	January 1999	Ringbaan Noord 91 5046 AA Kapitein Hatterasstraat 19,5015	EUR 616,906	Marketing and trade of Automatic Identification Data Capture Products

Company Name	Date of Incorporation	Address	Paid-In Capital	Major Business Operation Items
Unitech Asia Ventures Inc. (UCV)	November 2007	Vistra Corporate Services Centre,Wickhams Cay II,Road Town,Tortola,VG1110,British Virgin Islands.	USD 3,497,358	Holding company
Unitech Industries Holdings Inc. (UIH)	July 1998	Vistra Corporate Services Centre,Wickhams Cay II,Road Town,Tortola,VG1110,British Virgin Islands.	USD 2,449,367	Holding company
Xiamen Unitech Computer Co., Ltd. (UTC)	November 1998	Unit 401-C Rihua Building No.16, Xin Feng San Road Torch Hi-Tech Industrial Development Zone, Xiamen 361006 People's Republic of China	USD 3,419,200	Marketing and trade of Automatic Identification Data Capture Products
Unitech Japan Holding Inc. (UJH)	November 2007	Vistra Corporate Services Centre,Wickhams Cay II,Road Town,Tortola,VG1110,British Virgin Islands.	JPY 42,774,910	Holding company
Unitech Japan Co., Ltd. (UTJ)	August 2000	Tohsei Bldg.3F, 18-10 Hakozaki-cho, Nihonbashi, Chuo-ku, Tokyo, 103-0015 Japan	JPY 70,000,000	Marketing and trade of Automatic Identification Data Capture Products

8.1.3 Subordinate relationship under Article 369-3 of the Company Act: N/A

8.1.4 Industries covered by the affiliated business of related parties:

The main business operations of our company's overall related enterprises are the research and development, design, manufacturing, and global sales of "Automatic Identification Data Capture Products".

8.1.5 Directors, Supervisors and General Manager of the affiliated companies：

Decmber 31, 2022 Unit: Shares；%

<table>
<tr><th rowspan="2">Company Name</th><th rowspan="2">Title</th><th rowspan="2">Name or Representative</th><th colspan="2">Shareholding</th></tr>
<tr><th>Shares</th><th>%</th></tr>
<tr><td>Unitech America Ventures Inc. (UAV)</td><td>Director</td><td>UNITECH Representative: YEH CHIA WEN</td><td>10,000</td><td>100.00%</td></tr>
<tr><td>Unitech America Holding Inc. (UAH)</td><td>Director</td><td>UAV Representative: YEH CHIA WEN</td><td>10,000</td><td>100.00%</td></tr>
<tr><td rowspan="3">Unitech America Inc. (UTA)</td><td>Director</td><td>YEH CHIA WEN</td><td rowspan="3">100,000</td><td rowspan="3">100.00%</td></tr>
<tr><td>Director</td><td>CHEN RONG HUEI</td></tr>
<tr><td>Director</td><td>CHUNG JIA LUN</td></tr>
<tr><td>Unitech Europe Ventures Inc. (UEV)</td><td>Director</td><td>UNITECH Representative: YEH CHIA WEN</td><td>10,000</td><td>100.00%</td></tr>
<tr><td>Unitech Europe Holding Inc. (UEH)</td><td>Director</td><td>UEV Representative: YEH CHIA WEN</td><td>10,000</td><td>100.00%</td></tr>
<tr><td rowspan="2">Unique Technology Europe B.V. (UTI)</td><td>Director</td><td>YEH CHIA WEN</td><td rowspan="2">135,948</td><td rowspan="2">100.00%</td></tr>
<tr><td>Director</td><td>CHEN RONG HUEI</td></tr>
<tr><td>Unitech Asia Ventures Inc. (UCV)</td><td>Director</td><td>UNITECH Representative: YEH CHIA WEN</td><td>16,056.83</td><td>100.00%</td></tr>
<tr><td>Unitech Industries Holdings Inc. (UIH)</td><td>Director</td><td>UCV Representative: YEH CHIA WEN</td><td>13,785.52</td><td>100.00%</td></tr>
<tr><td rowspan="5">Xiamen Unitech Computer Co., Ltd. (UTC)</td><td>President</td><td>YEH KUO CHUAN</td><td rowspan="5">3,419,200</td><td rowspan="5">100.00%</td></tr>
<tr><td>Vice President</td><td>CHEN RONG HUEI</td></tr>
<tr><td>Director</td><td>HSU CHIH TA</td></tr>
<tr><td>Supervisor</td><td>LU KUANG HUNG</td></tr>
<tr><td>General Manager</td><td>HSU CHIH TA</td></tr>
<tr><td>Unitech Japan Holding Inc. (UJH)</td><td>Director</td><td>UNITECH Representative: YEH CHIA WEN</td><td>10,000</td><td>100.00%</td></tr>
<tr><td rowspan="2">Unitech Japan Co., Ltd. (UTJ)</td><td>Director</td><td>UJH Representative:CHEN RONG HUEI</td><td>1,350</td><td>96.43%</td></tr>
<tr><td>Director& General Manager</td><td>SHIGERU YAMA</td><td>50</td><td>3.57%</td></tr>
</table>

8.1.6 Operation Overview of Affiliated companies：

Unit: NT$ thousands

Company Name	Capital	Total Assets	Total Liabilities	Net Worth	Operating Income	Operating Profit(Loss)	Net Income (Loss)	Earning (Loss) per share (NT$)
Unitech America Ventures Inc. (UAV)	164,447	217,303	0	217,303	0	0	17,860	1,785.98
Unitech America Holding Inc. (UAH)	164,447	217,303	0	217,303	0	0	17,860	1,785.98
Unitech America Inc. (UTA)	30,700	428,777	211,474	217,303	551,836	17,484	17,860	178.60
Unitech Europe Ventures Inc. (UEV)	63,963	70,867	0	70,867	0	0	12,214	1,221.45
Unitech Europe Holding Inc. (UEH)	63,963	70,867	0	70,867	0	0	12,214	1,221.45
Unique Technology Europe B.V. (UTI)	20,198	175,376	104,509	70,867	409,395	14,663	12,214	89.85
Unitech Asia Ventures Inc. (UCV)	109,649	22,992	0	22,992	0	0	(2,413)	(150.30)
Unitech Industries Holding Inc. (UIH)	71,622	22,992	0	22,992	0	0	(2,413)	(175.06)
Xiamen Unitech Computer Co., Ltd. (UTC)	103,716	52,457	29,520	22,937	100,478	(2,133)	(2,413)	0
Unitech Japan Holding Inc. (UJH)	9,949	45,965	0	45,965	0	0	2,531	253.13
Unitech Japan Co.,Ltd. (UTJ)	16,282	81,914	28,199	53,715	113,150	3,395	2,958	2,469.20

Note 1：The related companies are foreign corporations, the relevant figures are presented in New Taiwan Dollars converted at the exchange rate on the reporting date

8.1.7 Consolidated Financial Statements of Affiliated Enterprise：

In Year 2022, the criteria for preparing the "Preparation Standards for Consolidated Financial Statements of Related Parties in the Business Report of Related Parties and the Related Report" should include the same companies that should be included in the preparation of consolidated financial statements for parent-subsidiary companies in accordance with International Financial Reporting Standard No. 10. The relevant information that should be disclosed in the consolidated financial statements of related parties has already been disclosed in the consolidated financial statements of parent-subsidiary companies, therefore there is no need to prepare another set of consolidated financial statements of related parties.

8.1.8 Related Party Disclosures：None.

8.2 The Status of Issuing Private Placement Securities in the most recent year and up to the publication of the annual report: None.

8.3 Acquisition or Disposal of the Company's Stock Shares by subsidiaries in the most recent year and up to the publication of the annual report: None.

8.4 Other Necessary Supplementary Notes: None

IX. The occurrence of any events listed in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the company's securities, has occurred during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None

Unitech Electronics Co., Ltd.

President：YEH CHIA WEN

This English -version annual report is a summary translation of the Chinese version. If there is any discrepancy between the English and Chinese version, the Chinese version shall prevail.