

**PROFESSIONAL COMPUTER
TECHNOLOGY LIMITED
PARENT COMPANY ONLY FINANCIAL
STATEMENTS AND INDEPENDENT
AUDITORS' REPORT
DECEMBER 31, 2022 AND 2021**

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Professional Computer Technology Limited

Opinion

We have audited the accompanying parent company only balance sheets of Professional Computer Technology Limited (the "Company") as at December 31, 2022 and 2021, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

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

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the parent company only financial statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's 2022 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2022 parent company only financial statements are stated as follows:

Evaluation of allowance for inventory valuation lossesDescription

Refer to Note 4(11) for accounting policies on inventories, Note 5(2) for uncertainty of accounting estimates and assumptions in relation to inventory valuation, and Note 6(4) for details of inventories. As at December 31, 2022, the Company's total inventories and allowances for inventory valuation losses amounted to NT\$530,711 thousand and NT\$38,101 thousand, respectively.

The Company is primarily engaged in sales of various semiconductor components. Due to the rapid innovation in certain electronic products, there is a higher risk of incurring inventory valuation losses or obsolescence. The Company measures inventory which has been sold in the ordinary course of business at the lower of cost and net realisable value. The estimation on the net realisable value in inventory valuation may be affected due to the fluctuations of the prices are not as expected as the net realisable value.

The Company uses judgements to determine the net realisable value resulting in a high degree of estimation uncertainty and calculation complexity. Considering the Company's inventory and the allowance for inventory valuation losses are material to its financial statements, therefore, we consider the allowance for inventory valuation losses a key audit matter.

How our audit addressed the matter

Our audit procedures in relation to the above key audit matter included:

1. Obtained an understanding on the operations and industry of the Company in order to assess the reasonableness of policies and procedures on allowance for inventory valuation losses.

2. Obtained an understanding on the internal control over valuation of inventory, and participated in physical inventory count at the end of period in order to assess the effectiveness of the controls over obsolete and damaged inventories.
3. Verified the appropriateness of the system logic in the reports and confirmed the information in the reports is consistent with the relevant policies in order to assess the reasonableness of allowance for inventory valuation losses.

Existence of sales revenue

Description

The Company is primarily engaged in sales of various semiconductor components. Terminal products are mainly used in Bluetooth audio-visual equipment, image processing equipment and USB hubs. The Company's trading counterparties are mostly whom has a long-term business partnership with the Company, throughout Taiwan, Japan and Mainland China. As the sales of products are subject to the terminal market demand and the transaction amount and volume are huge, we consider the existence of sales revenues to be significant to the financial statements. Therefore, we consider the existence of sales revenue of the Company a key audit matter.

How our audit addressed the matter

1. Our audit procedures in relation to the above key audit matter included:
2. Assessed and tested the revenue cycle and performed tests to determine the Company direct revenue process is followed by the internal control procedures.
3. Verified the related industry background information in respect of the significant customers.
4. Sampled transactions of operating revenue, validated orders, sales invoice and receipts from

Responsibilities of management and those charged with governance for the parent company only financial statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the

preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

Auditors' responsibilities for the audit of the parent company only financial statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the generally accepted auditing standards 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 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 Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Fu-Ming Liao
Liao, Fu-Ming

For and on behalf of PricewaterhouseCoopers, Taiwan

March 8, 2023

Chen, Ching-Chang
Chen, Ching Chang

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

PROFESSIONAL COMPUTER TECHNOLOGY LIMITED
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Assets			December 31, 2022		December 31, 2021			
			Amount	%	Amount	%		
Current assets								
1100	Cash and cash equivalents	6(1)	\$	379,192	13	\$	133,202	5
1150	Notes receivable, net	6(3)		5,701	-		3,223	-
1170	Accounts receivable, net	6(3)		556,302	19		667,984	28
1180	Accounts receivable - related parties, net	7(2)		126,609	5		38,001	2
1210	Other receivables - related parties	7(2)		1,089	-		1,381	-
130X	Inventories	6(4)		492,670	17		390,492	16
1470	Other current assets			5,127	-		14,352	1
11XX	Total current assets			1,566,690	54		1,248,635	52
Non-current assets								
1517	Financial assets at fair value through other comprehensive income - non-current	6(2)		407,385	14		408,369	17
1550	Investments accounted for using equity method	6(5)		832,010	29		673,338	28
1600	Property, plant and equipment	6(6) and 8		52,442	2		53,610	2
1760	Investment property, net	6(8)		18,892	1		19,291	1
1840	Deferred tax assets	6(22)		5,792	-		3,240	-
1900	Other non-current assets	6(11) and 8		9,064	-		7,771	-
15XX	Total non-current assets			1,325,585	46		1,165,619	48
1XXX	Total assets		\$	2,892,275	100	\$	2,414,254	100

(Continued)

PROFESSIONAL COMPUTER TECHNOLOGY LIMITED
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Liabilities and Equity			December 31, 2022		December 31, 2021	
			Notes	Amount	%	Amount
Current liabilities						
2100	Short-term borrowings	6(9)	\$ 475,000	16	\$ 235,529	10
2130	Contract liabilities - current	6(15)	3,966	-	7,545	1
2150	Notes payable		2,881	-	1,975	-
2170	Accounts payable		158,521	6	281,703	12
2180	Accounts payable - related parties	7(2)	375,985	13	314,424	13
2200	Other payables		53,639	2	54,807	2
2220	Other payables - related parties	7(2)	210,855	7	25,782	1
2230	Current income tax liabilities		14,259	1	6,202	-
2300	Other current liabilities		5,836	-	3,520	-
21XX	Total current liabilities		1,300,942	45	931,487	39
Non-current liabilities						
2570	Deferred tax liabilities	6(22)	-	-	579	-
2600	Other non-current liabilities	6(10)(11)	20,649	1	25,134	1
25XX	Total non-current liabilities		20,649	1	25,713	1
2XXX	Total liabilities		1,321,591	46	957,200	40
Equity						
	Share capital	6(12)				
3110	Ordinary share		721,458	25	721,458	30
	Capital surplus	6(13)				
3200	Capital surplus		361,381	12	361,381	15
	Retained earnings	6(14)				
3310	Legal reserve		98,317	3	81,552	3
3350	Unappropriated earnings		197,705	7	189,560	8
	Other equity interest					
3400	Other equity interest		191,823	7	103,103	4
3XXX	Total equity		1,570,684	54	1,457,054	60
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	Total liabilities and equity		\$ 2,892,275	100	\$ 2,414,254	100

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

PROFESSIONAL COMPUTER TECHNOLOGY LIMITED
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT FOR EARNINGS PER SHARE DATA)

		Year ended December 31			
		2022		2021	
Items	Notes	Amount	%	Amount	%
4000 Operating revenue	6(15) and 7(2)	\$ 3,410,100	100	\$ 3,252,918	100
5000 Operating costs	6(4) and 7(2)	(3,170,117)	(93)	(3,040,376)	(94)
5900 Gross profit		239,983	7	212,542	6
Operating expenses	6(20)(21) and 7(2)				
6100 Selling expenses		(79,000)	(2)	(73,434)	(2)
6200 General and administrative expenses		(73,599)	(2)	(69,789)	(2)
6300 Research and development expenses		(21,163)	(1)	(19,871)	(1)
6450 Expected credit impairment gain (loss)	12(2)	3,284	-	(20)	-
6000 Total operating expenses		(170,478)	(5)	(163,114)	(5)
6900 Operating profit		69,505	2	49,428	1
Non-operating income and expenses					
7100 Interest income	6(16)	3,606	-	119	-
7010 Other income	6(17) and 7(2)	31,135	1	22,420	1
7020 Other gains and losses	6(18)	(4,100)	-	(442)	-
7050 Finance costs	6(19)	(3,805)	-	(2,140)	-
7070 Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	6(5)	88,964	2	109,147	3
7000 Total non-operating income and expenses		115,800	3	129,104	4
7900 Profit before income tax		185,305	5	178,532	5
7950 Income tax expense	6(22)	(18,576)	-	(8,060)	-
8200 Profit for the year		\$ 166,729	5	\$ 170,472	5
Other comprehensive income					
Components of other comprehensive income that will not be reclassified to profit or loss					
8311 Gains on remeasurements of defined benefit plans	6(11)	\$ 3,090	-	\$ 2,102	-
8316 Unrealised losses from investments in equity instruments measured at fair value through other comprehensive income	6(2)	(984)	-	(130,211)	(4)
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(22)	(618)	-	(421)	-
Components of other comprehensive income that will be reclassified to profit or loss					
8361 Exchange differences on translation		89,704	3	(21,179)	-
8300 Other comprehensive income (loss)		\$ 91,192	3	\$ 149,709	(4)
8500 Total comprehensive income for the year		\$ 257,921	8	\$ 20,763	1
Earnings per share (in dollars)	6(23)				
9750 Basic earnings per share		\$ 2.31		\$ 2.36	
9850 Diluted earnings per share		\$ 2.28		\$ 2.34	

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

PROFESSIONAL COMPUTER TECHNOLOGY LIMITED
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2022 AND 2021
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		Capital Reserves			Retained Earnings		Other Equity Interest			
	Notes	Share capital - common stock	Additional paid-in capital	Treasury stock transactions	Gain on sale of assets	Legal reserve	Unappropriated retained earnings	Exchange differences of foreign financial statements	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Total equity
Year ended December 31, 2021										
Balance at January 1, 2021		\$ 721,458	\$ 349,624	\$ 11,704	\$ 53	\$ 72,391	\$ 117,645	(\$ 141,315)	\$ 391,306	\$ 1,522,866
Net income		-	-	-	-	-	170,472	-	-	170,472
Other comprehensive income (loss) for the year		-	-	-	-	-	1,681	(21,179)	(130,211)	(149,709)
Total comprehensive income (loss)		-	-	-	-	-	172,153	(21,179)	(130,211)	20,763
Appropriations and distribution of 2020 retained earnings: 6(14)										
Legal reserve		-	-	-	-	9,161	(9,161)	-	-	-
Cash dividends		-	-	-	-	-	(86,575)	-	-	(86,575)
Disposal of equity instruments measured at fair value through other comprehensive income	6(2)	-	-	-	-	-	(4,502)	-	4,502	-
Balance at December 31, 2021		\$ 721,458	\$ 349,624	\$ 11,704	\$ 53	\$ 81,552	\$ 189,560	(\$ 162,494)	\$ 265,597	\$ 1,457,054
Year ended December 31, 2022										
Balance at January 1, 2022		\$ 721,458	\$ 349,624	\$ 11,704	\$ 53	\$ 81,552	\$ 189,560	(\$ 162,494)	\$ 265,597	\$ 1,457,054
Net income		-	-	-	-	-	166,729	-	-	166,729
Other comprehensive income (loss) for the year		-	-	-	-	-	2,472	89,704	(984)	91,192
Total comprehensive income (loss)		-	-	-	-	-	169,201	89,704	(984)	257,921
Appropriations and distribution of 2021 retained earnings: 6(14)										
Legal reserve		-	-	-	-	16,765	(16,765)	-	-	-
Cash dividends		-	-	-	-	-	(144,291)	-	-	(144,291)
Balance at December 31, 2022		\$ 721,458	\$ 349,624	\$ 11,704	\$ 53	\$ 98,317	\$ 197,705	(\$ 72,790)	\$ 264,613	\$ 1,570,684

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

PROFESSIONAL COMPUTER TECHNOLOGY LIMITED
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		Year ended December 31	
	Notes	2022	2021
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Income before income tax		\$ 185,305	\$ 178,532
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(6)(7)(8)(20)	2,531	2,290
Amortisation	6(20)	1,942	1,594
Expected credit impairment (gain) loss	12(2)	(3,284)	20
Interest expense	6(19)	3,805	2,140
Interest income	6(16)	(3,606)	(119)
Dividend income	6(17)	(25,585)	(17,220)
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	6(5)	(88,964)	(109,147)
Changes in assets/liabilities relating to operating activities			
Changes in assets relating to operating activities			
Notes receivable, net	(	2,500)	(2,890)
Accounts receivable, net		114,742	(20,312)
Accounts receivable - related parties, net	(	88,608)	3,133
Other receivables - related parties		292	105
Inventories	(	102,178)	(180,735)
Other current assets		9,477	(7,778)
Changes in liabilities relating to operating activities			
Contract liabilities	(	3,578)	-
Notes payable		906	686
Accounts payable	(	123,182)	151,037
Accounts payable - related parties		61,561	(87,976)
Other payables	(	1,015)	17,287
Other payables - related parties		185,073	(17,863)
Other current liabilities		2,316	(1,252)
Accrued pension liabilities	(	3,836)	(2,681)
Cash inflow (outflow) generated from operations		121,614	(91,149)
Interest received		3,354	127
Dividends received		25,585	17,220
Interest paid	(	3,957)	(1,776)
Income tax paid	(	10,699)	(6,700)
Net cash provided by (used in) operating activities		135,897	(82,278)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of property, plant and equipment	6(6)	(964)	(1,374)
Decrease in guarantee deposits paid		(1)	(8)
Increase in other non-current financial assets		351	(332)
Increase in other non-current assets		2,885	(833)
Net cash used in investing activities		(4,201)	(2,547)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings		1,029,474	235,529
Decrease in short-term borrowings	(	790,003)	(10,000)
(Decrease) increase in guarantee deposits received	(	648)	816
Distribution of cash dividends	6(14)	(144,291)	(86,575)
Net cash provided by financing activities		94,532	139,770
Effect of exchange rate changes on cash and cash equivalents		19,762	(1,382)
Net increase in cash and cash equivalents		245,990	53,563
Cash and cash equivalents at beginning of year		133,202	79,639
Cash and cash equivalents at end of year		\$ 379,192	\$ 133,202

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

PROFESSIONAL COMPUTER TECHNOLOGY LIMITED
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT AS OTHERWISE INDICATED)

1. HISTORY AND ORGANIZATION

Professional Computer Technology Limited (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Law of the Republic of China (R.O.C.) upon approval of the Ministry of Economic Affairs in October 1992. In September 2003, the Company’s common shares were officially listed on the Taipei Exchange. The Company is primarily engaged in programming, processing, testing and trading of computer and electronic products and parts.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These parent company only financial statements were authorised for issuance by the Board of Directors on March 8, 2023.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

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

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

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments endorsed by the FSC effective from 2023 are as

follows:

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

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

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

(2) Basis of preparation

A. Except for the following items, the parent company only financial statements have been prepared

under the historical cost convention:

- (a) Financial assets at fair value through other comprehensive income.
 - (b) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the financial statements of each of the Company’s entities are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The parent company only financial statements are presented in NTD, which is the Company’s functional and presentation currency.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within ‘other gains and losses’.

B. Translation of foreign operations

- (a) The operating results and financial position of subsidiaries that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
 - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - iii. All resulting exchange differences are recognised in other comprehensive income.
- (b) The operating results and financial position of foreign branches that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
- i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
 - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period;
 - iii. Accounts with head office and operating capital are translated at historical exchange rate; and
 - iv. Differences arising from translation of foreign branches' financial statements are shown as 'other equity - exchange differences on translation of foreign financial statements' under shareholders' equity.

(4) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
- (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
 - (b) Assets held mainly for trading purposes;
 - (c) Assets that are expected to be realised within twelve months from the balance sheet date;
 - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
- (a) Liabilities that are expected to be settled within the normal operating cycle;
 - (b) Liabilities arising mainly from trading activities;
 - (c) Liabilities that are to be settled within twelve months from the balance sheet date;
 - (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known

amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

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

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value. The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. The Company recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(7) Financial assets at amortised cost

The Company's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(8) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(9) Impairment of financial assets

For accounts receivable that have a significant financing component, at each reporting date, the Company recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Company recognises the impairment provision for lifetime ECLs.

(10) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(11) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the moving average method. The cost of finished goods and work in progress comprises raw materials, other direct costs and related production overheads. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

(12) Investments accounted for using equity method / subsidiaries

- A. Subsidiaries are all entities controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- B. Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Company are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognise losses proportionate to its ownership.
- D. Pursuant to the Regulations Governing the Preparation of Financial Reports by Securities Issuers, profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall equal to the amount attributable to owners of the parent in the consolidated financial statements. Owners' equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the consolidated financial statements.

(13) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

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

Buildings and structures	50 years
Office equipment	3 ~ 5 years
Other equipment	3 ~ 5 years

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

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

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

- (a) Fixed payments, less any lease incentives receivable;
- (b) The exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and
- (c) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

- (a) The amount of the initial measurement of lease liability;
- (b) Any lease payments made at or before the commencement date;
- (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.

(15) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 55 years.

(16) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where

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

(17) Accounts and notes payable

- A. Accounts payable are liabilities for purchases of goods or services and notes payable are those resulting from operating and non-operating activities.
- B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(18) Derecognition of financial liabilities

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

(19) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(20) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plan

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

(b) Defined benefit plan

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plan is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit

credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Company uses interest rates of government bonds (at the balance sheet date) instead.

- ii. Remeasurements arising on defined benefit plan are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- iii. Past service costs are recognised immediately in profit or loss.

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

Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(21) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

(22) Share capital

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

(23) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities.

(24) Revenue recognition

A. Sales of goods

- (a) The Company sells a range of relevant products on programming, processing, testing and trading of computer and electronic products and parts. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.
- (b) Revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume discounts or sales discounts and allowances. Accumulated experience is used to estimate and provide for the volume discounts or sales discounts and allowances, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. A refund liability is recognised for expected volume discounts or sales discounts and allowances payable to customers in relation to sales made until the end of the reporting period.
- (c) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Sales of services

Service revenues arise from providing assistance in promoting products and are calculated based on a certain percentage of relevant sales amount. Revenue is recognized at a point in time after the services for providing assistance in product promotions have been provided.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

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

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

Revenue recognition on a net/gross basis

The Company determines whether the nature of its performance obligation is to provide the specified goods or services itself (i.e. the Company is a principal) or to arrange for the other party to provide those goods or services (i.e. the Company is an agent) based on the transaction model and its economic substance. The Company is a principal if it controls a promised good or service before it transfers the good or service to a customer. The Company recognises revenue at gross amount of consideration to which it expects to be entitled in exchange for those goods or services transferred. The Company is an agent if its performance obligation is to arrange for the provision of goods or services by another party. The Company recognises revenue at the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the other party to provide its goods or services.

Indicators that the Company controls the good or service before it is provided to a customer include the following:

- A. The Company is primarily responsible for the provision of goods or services;
- B. The Company assumes the inventory risk before transferring the specified goods or services to the customer or after transferring control of the goods or services to the customer.
- C. The Company has discretion in establishing prices for the goods or services.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Company must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Company evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories

is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

As of December 31, 2022, the carrying amount of inventories was \$492,670.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Petty cash and cash on hand	\$ 464	\$ 430
Checking accounts and demand deposits	169,286	80,180
Time deposits	209,442	52,592
	<u>\$ 379,192</u>	<u>\$ 133,202</u>

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

B. Except for cash and cash equivalents pledged to others transferred to “Other non-current assets” as described in Note 8, the Company has no cash and cash equivalents pledged to others.

(2) Financial assets at fair value through other comprehensive income - non-current

<u>Items</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Non-current items:		
Equity instruments		
Listed stocks	\$ 142,772	\$ 142,772
Valuation adjustment	264,613	265,597
	<u>\$ 407,385</u>	<u>\$ 408,369</u>

A. The Company has elected to classify equity investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$407,385 and \$408,369 as at December 31, 2022 and 2021, respectively.

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

	<u>Year ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	(\$ 984)	(\$ 130,211)
Cumulative losses reclassified to retained earnings due to derecognition	\$ -	\$ 4,502
Dividend income recognised in profit or loss		
Held at end of year	<u>\$ 25,585</u>	<u>\$ 17,220</u>

C. The Company has no financial assets at fair value through other comprehensive income pledged to others as collateral.

(3) Notes and accounts receivable

	December 31, 2022	December 31, 2021
Notes receivable	\$ 5,761	\$ 3,261
Less: Allowance for uncollectible accounts	(60)	(38)
	<u>\$ 5,701</u>	<u>\$ 3,223</u>
Accounts receivable	\$ 557,646	\$ 672,388
Less: Allowance for uncollectible accounts	(1,344)	(4,404)
	<u>\$ 556,302</u>	<u>\$ 667,984</u>

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

	December 31, 2022		December 31, 2021	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	\$ 439,098	\$ 5,761	\$ 544,463	\$ 3,261
Up to 30 days	116,257	-	125,385	-
31 to 60 days	2,130	-	2,513	-
61 to 90 days	23	-	15	-
Over 90 days	138	-	12	-
	<u>\$ 557,646</u>	<u>\$ 5,761</u>	<u>\$ 672,388</u>	<u>\$ 3,261</u>

The above ageing analysis was based on past due date.

- B. As of December 31, 2022, December 31, 2021, and January 1, 2021, the balances of receivables (including notes receivable) from contracts with customers amounted to \$563,407, \$675,649, and \$652,448, respectively.
- C. The Company has no notes and accounts receivable pledged to others as collateral.
- D. As at December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's notes and accounts receivable was \$5,701 and \$3,223, \$556,302 and \$667,984, respectively.
- E. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(4) Inventories

December 31, 2022			
	Cost	Allowance for valuation loss	Book value
Work in progress	\$ 2,856	(\$ 2,856)	\$ -
Finished goods	284	-	284
Merchandise inventory	527,631	(35,245)	492,386
	<u>\$ 530,771</u>	<u>(\$ 38,101)</u>	<u>\$ 492,670</u>

December 31, 2021			
	Cost	Allowance for valuation loss	Book value
Work in progress	\$ 2,856	(\$ 76)	\$ 2,780
Finished goods	509	-	509
Merchandise inventory	392,405	(5,774)	386,631
Inventory in transit	572	-	572
	<u>\$ 396,342</u>	<u>(\$ 5,850)</u>	<u>\$ 390,492</u>

The cost of inventories recognised as expense for the year:

	Year ended December 31,	
	2022	2021
Cost of goods sold	\$ 3,138,482	\$ 3,038,005
Loss on scrapping inventory	-	28
Loss on physical inventory	19	-
Loss on decline in market value	31,616	2,343
	<u>\$ 3,170,117</u>	<u>\$ 3,040,376</u>

The Company has no inventory pledged to others as collateral.

(5) Investments accounted for using equity method

	Year ended December 31,	
	2022	2021
At January 1	\$ 673,388	\$ 580,313
Share of profit or loss of investments accounted for using equity method	88,964	109,147
Changes in other equity items	69,708	(16,122)
At December 31	<u>\$ 832,060</u>	<u>\$ 673,338</u>

Details of share of profit or loss of investments accounted for using equity method are as follows:

	Year ended December 31,	
	2022	2021
Excellence International Holding Corporation	\$ 12,636	\$ 41,683
Asia PCT Group Limited	76,328	67,464
	<u>\$ 88,964</u>	<u>\$ 109,147</u>

A. Details of the Company's subsidiaries are provided in Note 4(3) of the Company's consolidated financial statements as of and for the year ended December 31, 2022.

B. For the years ended December 31, 2022 and 2021, the Company has no impairment on investments accounted for under equity method.

(6) Property, plant and equipment

	Land	Buildings and structures	Office equipment	Other equipment	Total
<u>At January 1, 2022</u>					
Cost	\$ 6,597	\$ 75,469	\$ 13,264	\$ 11,732	\$ 107,062
Accumulated depreciation	-	(29,780)	(11,967)	(11,705)	(53,452)
	<u>\$ 6,597</u>	<u>\$ 45,689</u>	<u>\$ 1,297</u>	<u>\$ 27</u>	<u>\$ 53,610</u>
<u>2022</u>					
Opening net book amount as at January 1	\$ 6,597	\$ 45,689	\$ 1,297	\$ 27	\$ 53,610
Additions	-	-	964	-	964
Depreciation charge	-	(1,480)	(625)	(27)	(2,132)
Closing net book amount as at December 31	<u>\$ 6,597</u>	<u>\$ 44,209</u>	<u>\$ 1,636</u>	<u>\$ -</u>	<u>\$ 52,442</u>
<u>At December 31, 2022</u>					
Cost	\$ 6,597	\$ 75,469	\$ 8,575	\$ 10,752	\$ 101,393
Accumulated depreciation	-	(31,260)	(6,939)	(10,752)	(48,951)
	<u>\$ 6,597</u>	<u>\$ 44,209</u>	<u>\$ 1,636</u>	<u>\$ -</u>	<u>\$ 52,442</u>

	Land	Buildings and structures	Office equipment	Other equipment	Total
<u>At January 1, 2021</u>					
Cost	\$ 13,578	\$ 97,769	\$ 12,860	\$ 11,732	\$ 135,939
Accumulated depreciation	-	(37,893)	(12,557)	(11,672)	(62,122)
	<u>\$ 13,578</u>	<u>\$ 59,876</u>	<u>\$ 303</u>	<u>\$ 60</u>	<u>\$ 73,817</u>
<u>2021</u>					
Opening net book amount as at January 1	\$ 13,578	\$ 59,876	\$ 303	\$ 60	\$ 73,817
Additions	-	-	1,374	-	1,374
Transfers	(6,981)	(12,641)	-	-	(19,622)
Depreciation charge	-	(1,546)	(380)	(33)	(1,959)
Closing net book amount as at December 31	<u>\$ 6,597</u>	<u>\$ 45,689</u>	<u>\$ 1,297</u>	<u>\$ 27</u>	<u>\$ 53,610</u>
<u>At December 31, 2021</u>					
Cost	\$ 6,597	\$ 75,469	\$ 13,264	\$ 11,732	\$ 107,062
Accumulated depreciation	-	(29,780)	(11,967)	(11,705)	(53,452)
	<u>\$ 6,597</u>	<u>\$ 45,689</u>	<u>\$ 1,297</u>	<u>\$ 27</u>	<u>\$ 53,610</u>

A. Information about the land, buildings and structures that were pledged to others as collateral is provided in Note 8.

B. The Company transferred certain land, buildings and structures to investment property in line with the usage amounting to \$19,622 for the year ended December 31, 2021.

(7) Leasing arrangements - lessee

A. The Company leases various assets including network in business premises and its equipment. Rental contracts are made for periods of 1~2.5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. For the years ended December 31, 2022 and 2021, there were no additions to right-of-use assets.

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

	Year ended December 31,	
	2022	2021
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ -	\$ -
Expense on short-term lease contracts	1,516	1,619
Expense on leases of low-value assets	547	-
Gains on lease modifications	-	-

D. For the years ended December 31, 2022 and 2021, the Company's total cash outflow for leases were \$2,063 and \$1,619, respectively.

(8) Investment property

2022			
	Land	Buildings and structures	Total
At January 1			
Cost	\$ 6,981	\$ 12,641	\$ 19,622
Accumulated depreciation	-	(331)	(331)
	<u>\$ 6,981</u>	<u>\$ 12,310</u>	<u>\$ 19,291</u>
Opening net book amount as at January 1	\$ 6,981	\$ 12,310	\$ 19,291
Depreciation charge	-	(399)	(399)
Closing net book amount as at December 31	<u>\$ 6,981</u>	<u>\$ 11,911</u>	<u>\$ 18,892</u>
At December 31			
Cost	\$ 6,981	\$ 12,641	\$ 19,622
Accumulated depreciation and impairment	-	(730)	(730)
	<u>\$ 6,981</u>	<u>\$ 11,911</u>	<u>\$ 18,892</u>
2021			
	Land	Buildings and structures	Total
At January 1			
Cost	\$ -	\$ -	\$ -
Accumulated depreciation	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Opening net book amount as at January 1	\$ -	\$ -	\$ -
Transfers	6,981	12,641	19,622
Depreciation charge	-	(331)	(331)
Closing net book amount as at December 31	<u>\$ 6,981</u>	<u>\$ 12,310</u>	<u>\$ 19,291</u>
At December 31			
Cost	\$ 6,981	\$ 12,641	\$ 19,622
Accumulated depreciation and impairment	-	(331)	(331)
	<u>\$ 6,981</u>	<u>\$ 12,310</u>	<u>\$ 19,291</u>

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

	Year ended December 31, 2022
Rental income from investment property	\$ 805
Direct operating expenses arising from the investment property that generated rental income during the year	\$ 399
	Year ended December 31, 2021
Rental income from investment property	\$ 991
Direct operating expenses arising from the investment property that generated rental income during the year	\$ 331

B. The fair value of the investment property held by the Company as at December 31, 2022 and 2021 was \$29,713 and \$28,646, respectively, which was valued based on the recent transaction price of real estate properties in the neighboring area by the management and was categorised within Level 3 in the fair value hierarchy.

C. Details of the transfers to investment property for the years ended December 31, 2022 and 2021 are provided in Note 6(6)B.

D. The Company has no investment property pledged to others as collateral.

(9) Short-term borrowings

Type of borrowings	December 31, 2022	December 31, 2021
Import and export financing loans for overseas purchases	\$ -	\$ 75,529
Short-term loans	475,000	160,000
	\$ 475,000	\$ 235,529
Interest rate range	1.5%~1.9%	1%~1.1%

Interest expense recognised in profit or loss amounted to \$3,805 and \$2,140 for the years ended December 31, 2022 and 2021, respectively.

(10) Other non-current liabilities

	December 31, 2022	December 31, 2021
Accrued pension liabilities	\$ 20,187	\$ 24,024
Guarantee deposits received	462	1,110
	\$ 20,649	\$ 25,134

(11) Pensions

A. Defined benefit plans

(a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit

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

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

	December 31, 2022	December 31, 2021
Present value of defined benefit obligations	\$ 45,918	\$ 46,937
Fair value of plan assets	(25,731)	(22,913)
Net defined benefit liability	<u>\$ 20,187</u>	<u>\$ 24,024</u>

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

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2022			
At January 1	\$ 46,937	(\$ 22,913)	\$ 24,024
Interest expense (income)	324	(160)	164
	<u>47,261</u>	<u>(23,073)</u>	<u>24,188</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(1,747)	(1,747)
Change in demographic assumptions	6	-	6
Change in financial assumptions	(1,902)	-	(1,902)
Experience adjustments	553	-	553
	<u>(1,343)</u>	<u>(1,747)</u>	<u>(3,090)</u>
Pension fund contribution	-	(911)	(911)
At December 31	<u>\$ 45,918</u>	<u>(\$ 25,731)</u>	<u>\$ 20,187</u>

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2021			
At January 1	\$ 48,343	(\$ 21,638)	\$ 26,705
Interest expense (income)	380	(65)	315
	<u>48,723</u>	<u>(21,703)</u>	<u>27,020</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(316)	(316)
Change in demographic assumptions	103	-	103
Change in financial assumptions	(1,584)	-	(1,584)
Experience adjustments	(305)	-	(305)
	<u>(1,786)</u>	<u>(316)</u>	<u>(2,102)</u>
Pension fund contribution	-	(894)	(894)
At December 31	<u>\$ 46,937</u>	<u>(\$ 22,913)</u>	<u>\$ 24,024</u>

- (d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitisation products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2022 and 2021 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

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

	Year ended December 31,	
	2022	2021
Discount rate	1.25%	0.70%
Future salary increases	2.00%	2.00%

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

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

	Discount rate		Future salary increases	
	Increase 0.1%	Decrease 0.1%	Increase 0.25%	Decrease 0.25%
December 31, 2022				
Effect on present value of defined benefit obligation	(\$ 333)	\$ 337	\$ 842	(\$ 822)
	Discount rate		Future salary increases	
	Increase 0.1%	Decrease 0.1%	Increase 0.25%	Decrease 0.25%
December 31, 2021				
Effect on present value of defined benefit obligation	(\$ 388)	\$ 393	\$ 977	(\$ 952)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

- (f) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2023 amount to \$1,039.
- (g) As of December 31, 2022, the weighted average duration of the retirement plan is 7 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	\$ 1,180
1-5 year(s)	16,381
Over 5 years	32,364
	<u>\$ 49,925</u>

B. Defined contribution plans

- (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with

R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The retirement plan of the Company's Hong Kong branch adopts a contributory pension plan for employees' pension. A certain amount is withdrawn from employees' salaries into the provident fund account monthly and the company deposits an amount with a corresponding multiple into the provident fund account based on the employees' position. For the years ended December 31, 2022 and 2021, the net pension cost of the Company's Hong Kong branch was \$0. As of December 31, 2022 and 2021, the accrued pension liabilities of the Company's Hong Kong branch was \$0.

(c) The pension costs under the defined contribution pension plans of the Company for the years ended December 31, 2022 and 2021 were \$4,601 and \$4,309, respectively.

C. The Company contributed pension based on 5% of certain management's salaries and wages monthly and deposited in Hua Nan Commercial Bank since 2004. As of December 31, 2022 and 2021, the deposit balance of pension accounts amounted to \$4,744 and \$4,414, respectively, and shown as other non-current assets.

(12) Ordinary share

A. As of December 31, 2022, the Company's authorised capital was \$1,500,000, consisting of 150,000 thousand shares of ordinary stock, and the paid-in capital was \$721,458 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

B. The number of the Company's ordinary shares outstanding was 72,146 thousand shares for both years.

(13) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(14) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve, and set aside or reverse special reserve in accordance with related laws or the Competent Authority's rule. The remainder, if any, along with the unappropriated earnings of prior years, is appropriated for shareholders' bonus based on the

- shareholding ratio and shall be proposed by the Board of Directors and approved by the shareholders. Effective from June 9, 2022, in accordance with Article 240 of the Company Act, the Board of Directors is authorised by the Company to resolve the distribution of dividends and bonuses or legal reserve and capital reserve, in whole or in part, in accordance with Article 241 of the Company Act in the form of cash by the resolution adopted by the majority vote at its meeting attended by two-thirds of the total number of directors, which shall also be reported at the shareholders' meeting. The above distribution is not subject to approval by the shareholders.
- B. The Company's dividend policy took into consideration the current share capital, financial structure, operating conditions and earnings to increase its capital or distribute cash dividends in order to achieve a balance and stable dividend policy. However, cash dividends shall not be less than 10% of the total dividends distributed.
- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- E. On June 9, 2022 and July 23, 2021, the Company's shareholders resolved to appropriate legal reserve amounting to \$16,765 and \$9,161, respectively; and appropriate cash dividends amounting to \$144,291 and \$86,575, respectively, for the years ended December 31, 2021 and 2020, respectively.
- F. On March 8, 2023, the Company's Board of Directors proposed to appropriate legal reserve amounting to \$16,920 and distribute cash from unappropriated retained earnings amounting to \$151,506 (\$2.1 per share) for the year ended December 31, 2022. The appropriation has not yet been resolved by the shareholders.

(15) Operating revenue

	Year ended December 31,	
	2022	2021
Revenue from contracts with customers	\$ 3,410,100	\$ 3,252,918

A. Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods and services at a point in time. Refer to Statement 8 for revenue information classified by the brand types of major products.

B. Contract liabilities (shown as "Other current liabilities")

The Company has recognised the following revenue-related contract liabilities:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>January 1, 2021</u>
Contract liabilities	\$ 3,966	\$ 7,545	\$ 6,905

Revenue recognised from performance obligations satisfied in previous periods

	<u>Year ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Revenue recognised that was included in the contract liability balance at the beginning of the year		
Contract liabilities	\$ 7,545	\$ 6,905

(16) Interest income

	<u>Year ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Interest income from bank deposits	\$ 3,606	\$ 119

(17) Other income

	<u>Year ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Dividend income	\$ 25,585	\$ 17,220
Management revenue	3,176	3,413
Rental income	865	1,213
Other income	1,509	574
	<u>\$ 31,135</u>	<u>\$ 22,420</u>

(18) Other gains and losses

	<u>Year ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Net currency exchange losses	\$ 4,100	\$ 442

(19) Finance costs

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Interest expense	\$ 3,805	\$ 2,140

(20) Expenses by nature

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Employee benefit expense	\$ 134,938	\$ 130,260
Depreciation	\$ 2,531	\$ 2,290
Amortisation	\$ 1,942	\$ 1,594

(21) Employee benefit expense

	Year ended December 31	
	2022	2021
Wages and salaries	\$ 111,979	\$ 108,988
Labour and health insurance fees	8,354	7,637
Pension costs	4,766	4,624
Directors' remuneration	4,945	5,302
Other personnel expenses	4,894	3,709
	<u>\$ 134,938</u>	<u>\$ 130,260</u>

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall not be lower than 6% for employees' compensation and shall not be higher than 3% for directors' and supervisors' remuneration.

B. For the years ended December 31, 2022 and 2021, employees' compensation was accrued at \$16,657 and \$16,047, respectively; while directors' and supervisors' remuneration was accrued at \$6,246 and \$6,018, respectively. The aforementioned amounts were recognised in salary expenses and supervisors' remuneration was shown as other expenses.

The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on 8% and 3% of distributable profit of current year for the year ended December 31, 2022. The employees' compensation and directors' and supervisors' remuneration resolved by the Board of Directors were \$16,657 and \$6,246, respectively, and the employees' compensation will be distributed in the form of cash.

Employees' compensation and directors' and supervisors' remuneration for 2021 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2021 financial statements. The employees' compensation will be distributed in the form of cash.

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

(22) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Year ended December 31,	
	2022	2021
Current tax:		
Current tax on profits for the year	\$ 21,034	\$ 9,576
Tax on undistributed surplus earnings	330	-
Prior year income tax under (over) estimation	961	(3,780)
Total current tax	22,325	5,796
Deferred tax:		
Origination and (reversal of) provision for temporary differences	(3,749)	2,264
Total deferred tax	(3,749)	2,264
Income tax expense	\$ 18,576	\$ 8,060

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

	Year ended December 31,	
	2022	2021
Remeasurement of defined benefit obligations	\$ 618	\$ 421

B. Reconciliation between income tax expense and accounting profit

	Year ended December 31,	
	2022	2021
Tax calculated based on profit before tax and statutory tax rate	\$ 37,061	\$ 35,706
Effect from items disallowed by tax regulation	(19,776)	(26,130)
Tax on undistributed surplus earnings	330	-
Change in assessment of realisation of deferred tax assets	-	2,264
Prior year income tax under (over) estimation	961	(3,780)
Income tax expense	\$ 18,576	\$ 8,060

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

Year ended December 31, 2022				
	January 1	Recognised in profit or loss	Recognised in other income	December 31
Deferred tax assets:				
-Temporary differences:				
Unused compensated absences	\$ 904	\$ 79	\$ -	\$ 983
Remeasurement of pensions	2,336	-	(618)	1,718
-Unrealised exchange loss	-	3,091	-	3,091
	<u>3,240</u>	<u>3,170</u>	<u>(618)</u>	<u>5,792</u>
Deferred tax liabilities:				
-Temporary difference				
Unrealised exchange gain	(579)	579	-	-
	<u>\$ 2,661</u>	<u>\$ 3,749</u>	<u>(\$ 618)</u>	<u>\$ 5,792</u>

Year ended December 31, 2021				
	January 1	Recognised in profit or loss	Recognised in other income	December 31
Deferred tax assets:				
-Temporary differences:				
Unused compensated absences	\$ 918	(\$ 14)	\$ -	\$ 904
Remeasurement of pensions	2,757	-	(421)	2,336
-Tax losses	2,358	(2,358)	-	-
	<u>6,033</u>	<u>(2,372)</u>	<u>(421)</u>	<u>3,240</u>
Deferred tax liabilities:				
-Temporary difference				
Unrealised exchange gain	(687)	108	-	(579)
	<u>\$ 5,346</u>	<u>(\$ 2,264)</u>	<u>(\$ 421)</u>	<u>\$ 2,661</u>

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

(23) Earnings per share

	Year ended December 31, 2022		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit for the year	<u>\$ 166,729</u>	<u>72,146</u>	<u>\$ 2.31</u>
<u>Diluted earnings per share</u>			
Profit for the year	\$ 166,729	72,146	
Assumed conversion of all dilutive potential ordinary shares: Employees' compensation	<u>-</u>	<u>887</u>	
Profit plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 166,729</u>	<u>73,033</u>	<u>\$ 2.28</u>

	Year ended December 31, 2021		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit for the year	<u>\$ 170,472</u>	<u>72,146</u>	<u>\$ 2.36</u>
<u>Diluted earnings per share</u>			
Profit for the year	\$ 170,472	72,146	
Assumed conversion of all dilutive potential ordinary shares: Employees' compensation	<u>-</u>	<u>788</u>	
Profit plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 170,472</u>	<u>72,934</u>	<u>\$ 2.34</u>

(24) Changes in liabilities from financing activities

	2022
	<u>Short-term borrowings</u>
At January 1, 2022	\$ 235,529
Changes in cash flow from financing activities	239,471
Changes in other non-cash items	-
At December 31, 2022	<u>\$ 475,000</u>

	2021
	<u>Short-term borrowings</u>
At January 1, 2021	\$ 10,000
Changes in cash flow from financing activities	225,529
Changes in other non-cash items	-
At December 31, 2021	<u>\$ 235,529</u>

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
Insyde Software Corp. (Insyde)	The Company's honorary chairman is the company's chairman
GREENLIANT OPERATIONS, LTD. (GREENLIANT)	The Company's director is the company's representative
Silicon Professional Technology Hong Kong Ltd. (SPT-HK)	The Company's indirectly held subsidiary
Silicon Professional Tech. (China) Ltd. (PCT-SZ))	The Company's indirectly held subsidiary
Excellence International Holding Corporation (EIHC)	The Company's indirectly held subsidiary
Asia PCT Group Limited (APG)	The Company's directly held subsidiary

Note: After the Company re-elected the directors on June 9, 2022, the representative of GREENLIANT stepped down as director in the Company.

(2) Significant related party transactions

A. Operating revenue

	Year ended December 31,	
	2022	2021
Sales of goods:		
— APG	\$ 439,997	\$ 342,359
— PCT-SZ	93,239	70,428
	<u>\$ 533,236</u>	<u>\$ 412,787</u>
Service revenue:		
— Insyde	\$ 34,196	\$ 33,167

Sales transactions with related parties are made based on the mutual agreement and the collection term is 120 days after monthly billings and 180 days after shipment.

Service revenues arise from providing assistance in promoting products and are calculated based on a certain percentage of relevant sales amount. The collection term is 120 days after monthly billings.

B. Purchases

	Year ended December 31,	
	2022	2021
Purchases of goods:		
— SPT-HK	\$ 421,244	\$ 360,947
— APG	65,266	50,599
	<u>\$ 486,510</u>	<u>\$ 411,546</u>

The Company's purchases from subsidiaries are based on the mutual agreement and the payment term is 60 days after monthly billing.

C. Receivables from related parties

	December 31, 2022	December 31, 2021
Accounts receivable:		
— APG	\$ 85,713	\$ 14,765
— Insyde	13,249	12,214
— PCT-SZ	27,647	11,022
	<u>\$ 126,609</u>	<u>\$ 38,001</u>

D. Payables to related parties

	December 31, 2022	December 31, 2021
Accounts payable:		
— SPT-HK	\$ 336,274	\$ 296,677
— APG	39,711	17,747
	<u>\$ 375,985</u>	<u>\$ 314,424</u>

E. Other receivables

	December 31, 2022	December 31, 2021
Other receivables - related parties:		
— SPT-HK	\$ 328	\$ 359
— APG	761	278
— GREENLIANT	-	723
— Insyde	-	21
	<u>\$ 1,089</u>	<u>\$ 1,381</u>

The above represents payments made on behalf of related parties and management revenue.

F. Other payables

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Other payables to related parties:		
— APG	\$ 72,660	\$ 25,658
— PCT-SZ	-	124
— EIHC	138,195	-
	<u>\$ 210,855</u>	<u>\$ 25,782</u>

The above represents collection and payments made on behalf of the Company.

G. Loans from related parties

Outstanding balance

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
— EIHC	<u>\$ 138,195</u>	<u>\$ -</u>

H. Management revenue (shown as “Other income”)

	<u>Year ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
— SPT-HK	\$ 1,896	\$ 1,896
— Other related parties	545	1,517
	<u>\$ 2,441</u>	<u>\$ 3,413</u>

Management revenue represents collections from subsidiary and other related parties and expenses allocation for operating system.

I. Management expenditures (shown as “Administrative expenses”)

	<u>Year ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
— APG	<u>\$ 1,996</u>	<u>\$ 1,823</u>

The above pertains to administrative expenses paid to the subsidiary.

(3) Key management compensation

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Salaries and other short-term employee benefits	\$ 27,201	\$ 26,744
Post-employment benefits	851	833
	<u>\$ 28,052</u>	<u>\$ 27,577</u>

8. PLEDGED ASSETS

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

Pledged asset	Book value		Purpose
	December 31, 2022	December 31, 2021	
Land			Short-term borrowings and guarantee for its comprehensive facilities
	\$ 6,597	\$ 6,597	
Buildings and structures			Short-term borrowings and guarantee for its comprehensive facilities
	44,209	45,689	
Time deposits (shown as "Other non-current assets")	2,467	2,447	Customs duty guarantee and performance guarantee
	<u>\$ 53,273</u>	<u>\$ 54,733</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

The Company's significant contingencies and unrecognised contract commitments are as follows:

- (1) The Company paid USD 10,000 thousand of licensing fee to obtain relevant rights based on the technical contract signed with an American company, Silicon Storage Technology Inc. (SST) in July 2010. Subsequently, a certain percentage of licensing fee shall be paid based on the sales amount when the authorised products are sold to the customers.
- (2) The amount of the Company's guarantee notes (promissory note) issued for purchases and short-term borrowings and guarantee for its comprehensive facilities are as follows:

	December 31, 2022	December 31, 2021
Guarantee notes (promissory note)	<u>\$ 880,760</u>	<u>\$ 850,110</u>

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

Details are provided in Note 6(14)F.

12. OTHERS

(1) Capital management

The policy of the Board of Directors for capital management is to sustain a healthy capital to maintain the confidence of investors, creditors and market, and support the development of future operations. Capital includes the Company's share capital, capital surplus, retained earnings and non-controlling interest. The Board of Directors controls the return on capital and the dividend distribution of ordinary shares.

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial assets</u>		
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	\$ 407,385	\$ 408,369
Financial assets at amortised cost		
Cash and cash equivalents	379,192	133,202
Notes receivable	5,701	3,223
Accounts receivable (including related parties)	682,911	705,985
Other receivables (including related parties)	1,089	1,381
Guarantee deposits paid	123	122
Other financial assets	2,467	2,447
	<u>\$ 1,478,868</u>	<u>\$ 1,254,729</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Short-term borrowings	\$ 475,000	\$ 235,529
Notes payable	2,881	1,975
Accounts payable (including related parties)	534,506	596,127
Other accounts payable (including related parties)	264,494	80,589
Guarantee deposits received	462	1,110
	<u>\$ 1,277,343</u>	<u>\$ 915,330</u>

B. Financial risk management policies

- (a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and price risk), credit risk and liquidity risk.
- (b) Risk management is carried out by a general management department (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close cooperation with the Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Company operates internationally and is exposed to exchange rate risk arising from the transactions of the Company used in various functional currency, primarily with respect to the USD. Foreign exchange rate risk arises from future commercial

transactions and recognised assets and liabilities.

- ii. Management has set up a policy to require companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Company treasury. Foreign exchange risk arise when future commercial transactions or recognised assets or liabilities are denominated in a foreign currency that is not the entity's functional currency.
- iii. The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2022			
	Foreign currency amount		
	(in thousands)	Exchange rate	Book value
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 28,750	30.71	\$ 882,923
<u>Non-monetary items</u>			
USD:NTD	27,092	30.71	832,010
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	26,880	30.71	825,493
December 31, 2021			
	Foreign currency amount		
	(in thousands)	Exchange rate	Book value
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 22,887	27.68	\$ 633,519
<u>Non-monetary items</u>			
USD:NTD	24,326	27.68	673,338
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	23,915	27.68	661,969

- iv. The unrealised exchange loss arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2022 and 2021,

amounted to (\$18,287) and (\$533), respectively.

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

Year ended December 31, 2022			
Sensitivity analysis			
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 8,829	\$ -
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	8,255	-

Year ended December 31, 2021			
Sensitivity analysis			
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 6,335	\$ -
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	6,620	-

Price risk

- The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.
- The Company's investments in equity securities comprise shares issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, other components of equity for the years ended December 31, 2022 and 2021 would have increased/decreased by \$4,074 and \$4,084, respectively, as a result of other comprehensive income classified

as equity investment at fair value through other comprehensive income.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.
- ii. The Company manages their credit risk taking into consideration the entire company's concern. For banks and financial institutions, only independently rated parties with good credit rating are accepted. According to the Company's credit policy, each local entity in the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- iii. The Company adopts the assumptions under IFRS 9, if the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- iv. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
 - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;
 - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
 - (iii) Default or delinquency in interest or principal repayments;
 - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- v. The Company adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.
- vi. The Company classifies customer's accounts receivable in accordance with credit rating of customer. The Company applies the modified approach using a provision matrix to estimate expected credit loss.
- vii. The Company used the forecastability of Taiwan Institute of Economic Research boom observation report to adjust historical and timely information to assess the default possibility of accounts receivable. On December 31, 2022 and 2021, the loss rate methodology is as follows:

<u>At December 31, 2022</u>	Groups of customers' credit rating				Total
	P1/N1	P2/N2	P3/N3	T1/T2	
Expected loss rate	0.005%~ 100.00%	0.005%~ 1.686%	0.005%~ 0.027%	0.27%	
Total book value	\$ 378,364	\$ 126,276	\$ 53,004	\$ 2	\$ 557,646
Loss allowance	\$ -	\$ 1,157	\$ 187	\$ -	\$ 1,344

<u>At December 31, 2021</u>	Groups of customers' credit rating				Total
	P1/N1	P2/N2	P3/N3	T1/T2	
Expected loss rate	0.004%~ 28.01%	0.004%~ 100%	0.004%~ 0.02%	0.004%~ 0.02%	
Total book value	\$ 369,101	\$ 234,716	\$ 68,557	\$ 14	\$ 672,388
Loss allowance	\$ -	\$ 2,347	\$ 2,057	\$ -	\$ 4,404

Note: Scoring the customers' credit rating based on the operation conditions and financial structure of their companies, and classifying customers' ratings with the types of their companies:

P1/N1: Customers who do not belong to T1/T2 and with good credit quality.

P2/N2: Customers who do not belong to T1/T2 and with fair credit quality.

P3/N3: Customers who do not belong to T1/T2 and with poor credit quality.

T1/T2: First time customers or those with infrequent transactions.

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

	2022		
	Accounts receivable	Notes receivable	Total
At January 1	\$ 4,404	\$ 38	\$ 4,442
Provision for (reversal of) impairment	(3,306)	22	(3,284)
Effect of foreign exchange	246	-	246
At December 31	\$ 1,344	\$ 60	\$ 1,404

	2021		
	Accounts receivable	Notes receivable	Total
At January 1	\$ 4,502	\$ 9	\$ 4,511
Provision for (reversal of) impairment	(9)	29	20
Effect of foreign exchange	(89)	-	(89)
At December 31	\$ 4,404	\$ 38	\$ 4,442

(c) Liquidity risk

- i. Cash flow forecasting is performed in the entities of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times.
- ii. The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

December 31, 2022

	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Short-term borrowings	\$ 431,221	\$ 45,299	\$ -	\$ -	\$ -
Notes payable	2,881	-	-	-	-
Accounts payable (including related parties)	527,488	7,018	-	-	-
Other payables (including related parties)	126,299	138,195	-	-	-

Non-derivative financial liabilities:

December 31, 2021

	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Short-term borrowings	\$ 235,908	\$ -	\$ -	\$ -	\$ -
Notes payable	1,975	-	-	-	-
Accounts payable (including related parties)	588,069	8,058	-	-	-
Other payables (including related parties)	80,589	-	-	-	-

- iii. The Company has the following undrawn borrowing facilities:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Floating rate:		
Expiring within one year	\$ 625,000	\$ 714,471

(3) Fair value information

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

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

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

B. Financial instruments not measured at fair value

The carrying amounts of cash and cash equivalents, financial assets at amortised cost, notes receivable, accounts receivable (including related parties), other receivables (including related parties), short-term borrowings, notes payable, accounts payable (including related parties) and other payables (including related parties) are approximate to their fair values.

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

December 31, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at fair value through other comprehensive income				
Equity securities	<u>\$ 407,385</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 407,385</u>

December 31, 2021

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at fair value through other comprehensive income				
Equity securities	<u>\$ 408,369</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 408,369</u>

- D. For the instruments that the Company used market quoted prices as their fair values (that is, Level 1), the Company uses the closing price of the listed shares as market quoted prices by characteristics.
- E. For the years ended December 31, 2022 and 2021, there was no transfer into or out from Level 1.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: Refer to table 1.
- B. Provision of endorsements and guarantees to others: Refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries): Refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Refer to table 4.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Refer to table 5.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Refer to table 6.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China), except for current profit (loss) for the year ended December 31, 2022 which is translated using the average exchange rate for each month in 2022, the remaining amount is translated using the spot rate on December 31, 2022: Refer to table 7.

(3) Information on investments in Mainland China

- A. Basic information: Refer to table 8.
- B. Significant transactions, price, payment term, and unrealised gains or loss, either directly or indirectly through a third area, with investee companies in the Mainland Area: Significant transactions for the year ended December 31, 2022, either directly or indirectly through a third area, with investee companies in the Mainland Area are provided in Note 1(10).

(4) Major shareholders information

Major shareholders information: Refer to table 9.

14. SEGMENT INFORMATION

In accordance with IFRS 8, operating segment information is disclosed in the consolidated financial statements.

Professional Computer Technology Limited

Loans to others

Year ended December 31, 2022

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance		Actual amount drawn down	Interest rate range	Nature of loan (Note 4)	Amount of transactions with the borrower (Note 5)	Reason for short- term financing (Note 6)	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 7)	Footnote
					during the year ended December 31, 2022 (Note 3)	Balance at December 31, 2022 (Note 8)							Item	Value			
1	Excellence International Holding Corporation	Professional Computer Technology Limited	Other receivables due from related parties	Yes	\$ 138,195	\$ 138,195	\$ 138,195	-	2	\$ -	Capital needs	\$ -	None	\$ -	\$ 624,346	\$ 624,346	Note 9
1	Excellence International Holding Corporation	Asia PCT Group Limited	Other receivables due from related parties	Yes	138,195	-	-	-	2	\$ -	Capital needs	-	None	-	624,346	624,346	Note 9

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1) The Company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Fill in the name of account in which the loans are recognised, such as receivables-related parties, current account with stockholders, prepayments, temporary payments, etc.

Note 3: Fill in the maximum outstanding balance of loans to others during the year ended December 31, 2022.

Note 4: The column of 'Nature of loan' shall fill in 'Business transaction or 'Short-term financing'.

Note 5: Fill in the amount of business transactions when nature of the loan is related to business transactions, which is the amount of business transactions occurred between the creditor and borrower in the current year.

Note 6: Fill in purpose of loan when nature of loan is for short-term financing, for example, repayment of loan, acquisition of equipment, working capital, etc.

Note 7: Fill in limit on loans granted to a single party and ceiling on total loans granted as prescribed in the creditor company's "Procedures for Provision of Loans", and state each individual party to which the loans have been provided and the calculation for ceiling on total loans granted in the footnote.

Note 8: The amounts of funds to be loaned to others which have been approved by the board of directors of a public company in accordance with Article 14, Item 1 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" should be included in its published balance of loans to others at the end of the reporting period to reveal the risk of loaning the public company bears, even though they have not yet been appropriated. However, this balance should exclude the loans repaid when repayments are done subsequently to reflect the risk adjustment. In addition, if the board of directors of a public company has authorized the chairman to loan funds in instalments or in revolving within certain lines and within one year in accordance with Article 14, Item 2 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies", the published balance of loans to others at the end of the reporting period should also include these lines of loaning approved by the board of directors, and these lines of loaning should not be excluded from this balance even though the loans are repaid subsequently, for taking into consideration they could be loaned again thereafter.

Note 9: Ceiling on total loans granted and the limit on loans granted to a single party provided by the foreign companies whose voting rights are 100% owned directly and indirectly by the Company, shall not exceed 100% of the borrower's stockholders' equity.

Professional Computer Technology Limited
Provision of endorsements and guarantees to others
Year ended December 31, 2022

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

<u>Party being endorsed/ guaranteed</u>														
Number	Endorser/guarantor	Company name	Relationship with the Endorser/guarantor (Note 2)	Limit on endorsements/guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/guarantee amount as of December 31, 2022 (Note 4)	Outstanding endorsement/guarantee amount at December 31, 2022 (Note 5)	Actual amount drawn down (Note 6)	Amount of endorsements/guarantees secured with collateral	Ratio of accumulated endorsement/guarantee amount to net asset value of the Endorser/guarantor company	Ceiling on total amount of endorsements/guarantees provided (Note 3)	Provision of endorsements/guarantees by parent company to subsidiary (Note 7)	Provision of endorsements/guarantees by subsidiary to parent company (Note 7)	Provision of endorsements/guarantees to the party in Mainland China (Note 7)	Footnote
0	Professional Computer Technology Limited	Asia PCT Group Limited	4	\$ 314,137	\$ 250,000	\$ 250,000	\$ 16,344	\$ -	15.92	\$ 785,342	Y	N	N	Note 8
0	Professional Computer Technology Limited	Silicon Professional Tech. (China) Ltd.	4	314,137	5,000	5,000	-	-	0.32	785,342	Y	N	Y	Note 8

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

- (1) The Company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

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) Having business relationship.
- (2) The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.
- (3) The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.
- (4) The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.
- (5) Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract.
- (6) Due to joint venture, all shareholders provide endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.
- (7) Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Note 3: Fill in limit on endorsements/guarantees provided for a single party and ceiling on total amount of endorsements/guarantees provided as prescribed in the endorser/guarantor company's "Procedures for Provision of Endorsements and Guarantees", and state each individual party to which the endorsements/guarantees have been provided and the calculation for ceiling on total amount of endorsements/guarantees provided in the footnote.

Note 4: Fill in the year-to-date maximum outstanding balance of endorsements/guarantees provided as of the reporting period.

Note 5: Fill in the amount approved by the Board of Directors or the chairman if the chairman has been authorised by the Board of Directors based on subparagraph 8, Article 12 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies.

Note 6: Fill in the actual amount of endorsements/guarantees used by the endorsed/guaranteed company.

Note 7: Fill in 'Y' for those cases of provision of endorsements/guarantees by listed parent company to subsidiary and provision by subsidiary to listed parent company, and provision to the party in Mainland China.

Note 8: Limit on endorsements and guarantees provided by the subsidiaries whose voting rights are 100% owned directly and indirectly by the Company shall not exceed 50% of the Company's net assets; limit on endorsements/guarantees to a single party shall not exceed 20% of the Company's latest net assets.

Professional Computer Technology Limited
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
December 31, 2022

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

				As of December 31, 2022				
Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares	Book value	Ownership (%)	Fair value	Footnote
Professional Computer Technology Limited	Ordinary shares of Insyde Software Corp.	The Company's honorary chairman is the company's chairman	Non-current financial assets at fair value through other comprehensive income	4,920,111	\$ 407,385	12.93	\$ 407,385	Note

Professional Computer Technology Limited
Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more
Year ended December 31, 2022

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

			Transaction		Compared to third party transactions				Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
Professional Computer Technology Limited	Silicon Professional Technology Hong Kong Ltd.	Sub-subsidiary	Purchases	\$ 421,244	13	Agreed conditions	Agreed conditions	Agreed conditions	(\$ 336,274)	63	
Silicon Professional Technology Hong Kong Ltd.	Greenliant Operations, Ltd.	The Company's director is the company's representative (Note)	Purchases	277,052	18	Agreed conditions	Agreed conditions	Agreed conditions	-	-	
Asia PCT Group Limited	Professional Computer Technology Limited	Parent company	Purchases	439,997	33	Agreed conditions	Agreed conditions	Agreed conditions	(85,713)	33	
Asia PCT Group Limited	Silicon Professional Technology Hong Kong Ltd.	Same ultimate parent company	Purchases	399,155	30	Agreed conditions	Agreed conditions	Agreed conditions	(148,740)	57	

Note: After the Company re-elected the directors on June 9, 2022, the representative of GREENLIANT stepped down as the director in the Company.

Professional Computer Technology Limited
Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more
December 31, 2022

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2022	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Silicon Professional Technology Hong Kong Ltd.	Professional Computer Technology Limited	Parent company	\$ 336,274	1.33	\$ -	-	\$ 95,595	\$ -
Silicon Professional Technology Hong Kong Ltd.	Asia PCT Group Limited	Same ultimate parent company	148,740	4.04	-	-	28,250	-
Professional Computer Technology Limited	Asia PCT Group Limited	Subsidiary	85,713	8.76	-	-	59,440	-
Excellence International Holding Corporation	Professional Computer Technology Limited	Parent company	138,195	-	-	-	-	-

Professional Computer Technology Limited
Significant inter-company transactions during the reporting period
Year ended December 31, 2022

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	Professional Computer Technology Limited	Silicon Professional Technology Hong Kong Ltd.	1	Purchases	\$ 421,244	Agreed conditions	9
0	Professional Computer Technology Limited	Silicon Professional Technology Hong Kong Ltd.	1	Accounts payable	336,274	Agreed conditions	13
0	Professional Computer Technology Limited	Asia PCT Group Limited	1	Other payables	72,660	Agreed conditions	3
0	Professional Computer Technology Limited	Asia PCT Group Limited	1	Sales revenue	439,997	Agreed conditions	10
0	Professional Computer Technology Limited	Asia PCT Group Limited	1	Purchases	65,266	Agreed conditions	1
0	Professional Computer Technology Limited	Asia PCT Group Limited	1	Accounts payable	39,711	Agreed conditions	2
0	Professional Computer Technology Limited	Silicon Professional Tech. (China) Ltd.	1	Sales revenue	93,239	Agreed conditions	2
0	Professional Computer Technology Limited	Silicon Professional Tech. (China) Ltd.	1	Accounts receivable	27,647	Agreed conditions	1
1	Excellence International Holding Corporation	Professional Computer Technology Limited	2	Other payables	138,195	Note 5	5
2	Asia PCT Group Limited	Professional Computer Technology Limited	2	Accounts payable	85,713	Agreed conditions	3
2	Asia PCT Group Limited	Silicon Professional Technology Hong Kong Ltd.	3	Purchases	399,155	Agreed conditions	9
2	Asia PCT Group Limited	Silicon Professional Technology Hong Kong Ltd.	3	Accounts payable	148,740	Agreed conditions	6

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to:

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: Only related party transactions in excess of \$20,000 are disclosed. Corresponding transactions from the other side are not disclosed.

Note 5: For loans between related parties, the collection and payment of the transaction terms are based on the financial condition.

Professional Computer Technology Limited

Information on investees

Year ended December 31, 2022

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2022				Net profit (loss) of the investee for the year ended December 31, 2022	Investment income (loss) recognised by the Company for the year ended December 31, 2022	Footnote
				Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value				
Professional Computer Technology Limited	Excellence International Holding Corporation	British Virgin Islands	Investment business	\$ 304,887	\$ 304,887	9,928	100	\$ 624,346		\$ 12,636	\$ 12,636	
Professional Computer Technology Limited	Asia PCT Group Limited	Hong Kong	Trading of general electronic components	15,355	15,355	500,000	100	207,664		76,328	76,328	
Excellence International Holding Corporation	Silicon Professional Technology Ltd.	British Virgin Islands	Investment business	350,401	350,401	11,410	100	93,826	(	1,163)	(1,163)	
Excellence International Holding Corporation	Silicon Professional Technology Hong Kong Ltd.	Hong Kong	Trading of general electronic components	307,190	307,190	78,022,940	100	390,079		13,796	13,796	

Professional Computer Technology Limited
Information on investments in Mainland China
Year ended December 31, 2022

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2022				Net income of investee for the year ended December 31, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2022	Book value of investments in Mainland China as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022	Footnote
				Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Remitted to Mainland China	Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022						
Silicon Professional Asia Corp. SH Ltd.	Trading of general electronic components	\$ -	2	\$ 173,819	\$ -	\$ -	\$ 173,819	\$ -	-	\$ -	\$ -	\$ -	Note 3, Note 6
Silicon Professional Tech. (China) Ltd.	Trading of general electronic components	168,643	2	184,260	-	-	184,260	(1,440)	100	(1,440)	74,891	-	Note 4

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

- (1) Directly invest in a company in Mainland China.
- (2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.
- (3) Others

Note 2: The investment income (loss) was calculated based on the financial statements that were audit by R.O.C. parent company's CPA, and inter-company transactions between companies within the Company were eliminated when preparing the consolidated financial statements.

Note 3: The Company increased capital in Silicon Professional Asia Corp. SH Ltd. in the amount of USD 5,660 thousand through the investee company, Excellence International Holding Corporation and its subsidiary, Silicon Professional Technology Ltd.

Note 4: The Company invested Silicon Professional Tech. (China) Ltd. in the amount of USD 6,000 thousand through the investee company, Excellence International Holding Corporation and its subsidiary, Silicon Professional Technology Ltd.

Note 5: The accounts of the Company are expressed in New Taiwan dollars. Foreign currencies are translated into New Taiwan dollars at the exchange rate on reporting date.

Note 6: Silicon Professional Asia Corp. SH Ltd. was liquidated in November 2018.

Note 7: The retirement of the Company's indirect investment in Mainland China, Silicon Professional Asia Corp. SH Ltd., has been approved by Investment Commission, Ministry of Economic Affairs on September 1, 2021 amounting to USD 5,660 thousand. The Company will submit an application to Investment Commission, Ministry of Economic Affairs for deducting the accumulated amount of remittance from Taiwan to Mainland China when the consideration arising from transfer of equity interests is remitted back from the investment in the third area, Excellence International Holding Corp. (BVI).

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022		Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)		Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA	
	\$		\$		\$	
Professional Computer Technology Limited	\$	358,079	\$	358,079	\$	942,410

Professional Computer Technology Limited
Major shareholders information
December 31, 2022

Table 9

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
Fu, Chiang Sung	8,867,265	12.29%

Note1: The major shareholders' information was derived from the data using the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation

Note2: If the aforementioned data contains shares which were kept in the trust by the shareholders, the data was disclosed as a separate account of the client which was set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio was greater than 10% in accordance with Securities and Exchange Act, the shareholding ratio included the self-owned shares and trusted shares, at the same time, persons who have power to decide how to allocate the trust assets. For the information on reported share equity of insiders, please refer to the Market Observation Post System.

PROFESSIONAL COMPUTER TECHNOLOGY LIMITED

CASH AND CASH EQUIVALENTS

DECEMBER 31, 2022

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

Statement 1

Item	Description	Amount
Petty cash and cash on hand	NTD 40 thousand, exchange rate 1	\$ 464
	USD 9 thousand, exchange rate 30.71	
	RMB 32 thousand, exchange rate 4.408	
Checking accounts		
NTD	NTD 174 thousand, exchange rate 1	1,032
USD	USD 25 thousand, exchange rate 30.71	
HKD	HKD 20 thousand, exchange rate 3.938	
Demand deposits		
NTD	NTD 44,663 thousand, exchange rate 1	168,254
USD	USD 4,004 thousand, exchange rate 30.71	
HKD	HKD 61 thousand, exchange rate 3.938	
RMB	RMB 85 thousand, exchange rate 4.408	
Time deposits		
USD	USD 6,820 thousand, exchange rate 30.71	209,442
		<u>\$ 379,192</u>

The maturity date of the above time deposits is from January 3, 2022 to January 31, 2022, and interest rate ranged from 3.1%~4.2%.

PROFESSIONAL COMPUTER TECHNOLOGY LIMITED

ACCOUNTS RECEIVABLE

DECEMBER 31, 2022

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

Statement 2

Client Name	Description	Amount	Note
A		\$ 55,944	
B		51,975	
C		37,815	
D		37,787	
Others			Balance of each client has not exceeded 5% of total account balance
		374,125	
		557,646	
Less: Allowance for uncollectible accounts		(1,344)	
		\$ 556,302	

PROFESSIONAL COMPUTER TECHNOLOGY LIMITED

INVENTORIES

DECEMBER 31, 2022

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

Statement 3

Item	Description	Amount		Note
		Cost	Net Realizable Value	
Work in progress		\$ 2,856	\$ 2,856	
Finished goods		284	308	
Merchandise inventory		527,631	510,092	
		530,771	\$ 513,256	
Less: Allowance for valuation loss		(38,101)		
		\$ 492,670		

PROFESSIONAL COMPUTER TECHNOLOGY LIMITED
FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 4

Name	Type	Beginning Balance		Addition		Decrease		Ending Balance				
		No. of shares (Note 1)	Fair Value	No. of shares	Amount (Note 2)	No. of shares	Amount (Note 2)	No. of shares (Note 1)	Ownership (%)	Fair Value	Collateral	Note
Insyde Software Corp.	Stock	4,920	<u>\$ 408,369</u>	-	<u>\$ -</u>	-	<u>(\$ 984)</u>	4,920	12.93%	<u>\$ 407,385</u>	None	

Note 1: Number of shares is expressed in thousands.

Note 2: Addition and decrease for the year were based on the valuation adjustments of the fair value.

PROFESSIONAL COMPUTER TECHNOLOGY LIMITED
CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 5

Item	Equity at period		Addition		Decrease		Ending Balance			Net Assets Value
	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount	No. of shares	Percentage of Ownership	Amount	Amount
Excellence International Holding Corporation	9,928	\$ 557,239	-	\$ 67,107 (Note)	-	\$ -	9,928	100%	\$ 624,346	\$ 624,346
Asia PCT Group Limited	500,000	<u>116,099</u>	-	<u>91,565</u> (Note)	-	<u>-</u>	500,000	100%	<u>207,664</u>	<u>207,664</u>
		<u>\$ 673,338</u>		<u>\$ 158,672</u>		<u>\$ -</u>			<u>\$ 832,010</u>	<u>\$ 832,010</u>

Note: It pertained to the share of (loss)/profit of subsidiaries accounted for under equity method and currency translation differences for the current year.

PROFESSIONAL COMPUTER TECHNOLOGY LIMITED
SHORT-TERM BORROWINGS
DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 6

Nature	Description	Ending Balance	Contract Period	Range of Interest Rate	Credit Line	Collateral	Note
Secured borrowings	Hua Nan Commercial Bank-general short-term loan	\$ 90,000	2022/11/29~2023/03/21	1.79%~1.93%	\$ 90,000	Please refer to Note 8	
Unsecured borrowings	Hua Nan Commercial Bank-general short-term loan	110,000	2022/08/31~2023/02/24	1.81%~1.93%	310,000	"	
Unsecured borrowings	Chang Hwa Commercial Bank-general short-term loan	105,000	2022/12/21~2023/08/23	1.68%	200,000	None	
Unsecured borrowings	Yuanta Commercial Bank- general short-term loan	80,000	2022/11/22~2023/01/21	1.50%	80,000	"	
Unsecured borrowings	CTBC Bank -general short-term loan	90,000	2022/09/21~2023/03/20	1.58%	120,000	"	
Unsecured borrowings	Taishin International Bank - general short- term loan	-	-	-	150,000	"	
Unsecured borrowings	Cathay United Bank - general short-term loan	-	-	-	150,000	"	
		<u>-</u>					
		<u>\$ 475,000</u>					

PROFESSIONAL COMPUTER TECHNOLOGY LIMITED

ACCOUNTS PAYABLE

DECEMBER 31, 2022

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

Statement 7

<u>Supplier Name</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
A		\$ 51,684	
B		39,082	
C		32,905	
D		15,290	
E		10,078	
Others			Balance of each supplier has not exceeded 5% of total account balance
		9,482	
		<u>\$ 158,521</u>	

PROFESSIONAL COMPUTER TECHNOLOGY LIMITED
OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 8

Item	Volume (in thousands)	Amount	Note
Sales revenue			
DisplayLink	2,325	\$ 1,193,412	
Image processor - SONIX	39,306	786,267	
MCHP	16,179	381,860	
Gigadevice	34,745	320,371	
SSL	9,659	160,997	
Others		<u>532,596</u>	
Total sales revenue		3,375,503	
Service revenue		<u>34,597</u>	
Total operating revenue		<u>\$ 3,410,100</u>	

PROFESSIONAL COMPUTER TECHNOLOGY LIMITED
OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 9

Item	Amount
Raw materials purchased	\$ -
Manufacturing expense	-
Manufacturing cost	-
Add: Beginning work in progress	2,856
Less: Ending work in progress	(2,856)
Cost of finished goods for the year	-
Add: Beginning Finished goods	509
Less: Ending Finished goods	(284)
Cost of manufacturing and sales	225
Beginning merchandise inventory	392,977
Add: Purchases for the year	3,261,235
Effect of exchange rate changes	12,585
Less: Ending merchandise inventory	(527,631)
Less: Loss on scrapping inventory	(19)
Less: Transferred to samples	(890)
Cost of goods sold	3,138,482
Total cost of goods sold	3,138,482
Loss on decline in market value	31,616
Loss on scrapping inventory	19
Total operating cost	\$ 3,170,117

PROFESSIONAL COMPUTER TECHNOLOGY LIMITED
SELLING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
 (Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 10

Item	Description	Amount	Note
Wages and salaries		\$ 47,498	
Import/export (customs) expense		8,085	
Insurance expense		5,865	
Others			The amount of each expense account has not exceeded 5% of the selling expenses
		<u>17,552</u>	
		<u>\$ 79,000</u>	

PROFESSIONAL COMPUTER TECHNOLOGY LIMITED
ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
 (Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 11

Item	Description	Amount	Note
Wages and salaries		\$ 55,306	
Service fees		3,474	
Others			The amount of each expense account has not exceeded 5% of the administrative expenses
		<u>14,819</u>	
		<u>\$ 73,599</u>	

PROFESSIONAL COMPUTER TECHNOLOGY LIMITED
RESEARCH AND DEVELOPMENT EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 12

Item	Description	Amount	Note
Wages and salaries		\$ 15,801	
Insurance expense		1,368	
Others			The amount of each expense account has not exceeded 5% of the research and development expenses
		<u>3,994</u>	
		<u>\$ 21,163</u>	

PROFESSIONAL COMPUTER TECHNOLOGY LIMITED
CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION EXPENSES BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 13

Nature	Function	Year ended December 31, 2022			Year ended December 31, 2021		
		Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefit expense							
Wages and salaries		\$ -	\$ 111,963	\$ 111,963	\$ -	\$ 108,988	\$ 108,988
Labour and health insurance fees		-	8,354	8,354	-	7,637	7,637
Pension costs		-	4,766	4,766	-	4,624	4,624
Directors' remuneration		-	4,945	4,945	-	5,302	5,302
Other personnel expenses		-	4,910	4,910	-	3,709	3,709
		<u>\$ -</u>	<u>\$ 134,938</u>	<u>\$ 134,938</u>	<u>\$ -</u>	<u>\$ 130,260</u>	<u>\$ 130,260</u>
Depreciation		<u>\$ -</u>	<u>\$ 2,531</u>	<u>\$ 2,531</u>	<u>\$ -</u>	<u>\$ 2,290</u>	<u>\$ 2,290</u>
Amortisation		<u>\$ -</u>	<u>\$ 1,942</u>	<u>\$ 1,942</u>	<u>\$ -</u>	<u>\$ 1,594</u>	<u>\$ 1,594</u>

Note:

1. For the years ended December 31, 2022 and 2021, the Company had an average of 93 and 82 employees, which included 7 and 3 non-employee directors, respectively.
2. A company whose stock is listed for trading on the stock exchange or over-the-counter securities exchange shall additionally disclose the following information:
 - (1) The average employee benefit expense of current year was \$1,512 ((Total employee benefit expense of current year-Total directors' compensation of current year)/(Number of employees of current year-Number of non-employee directors of current year)).
The average employee benefit expense of prior year was \$1,582 ((Total employee benefit expense of prior year-Total directors' compensation of prior year)/(Number of employees of prior year-Number of non-employee directors of prior year)).
 - (2) The average wages and salaries of current year was \$1,302 (Total wages and salaries of current year/(Number of employees of current year-Number employee of non-directors of current year)).
The average wages and salaries of prior year was \$1,380 (Total wages and salaries of prior year/(Number of employees of prior year-Number of non-employee directors of prior year)).
 - (3) Adjustment of average employee salaries was (5.65%) ((Average employee salaries in current year - Average employee salaries in previous year) / Average employee salaries in previous year).
 - (4) Supervisors' compensation for the years ended December 31, 2022 and 2021 were \$ 1,681 and \$1,076, respectively.
 - (5) The Company's compensation policy:
 - A. Formulation of employees' remuneration:
The overall salary and remuneration level of employees takes external competitiveness and internal fairness into important considerations, and can effectively attract and retain talents.
Employees' compensation is linked with the performance management system, and employees' compensation is classified into fixed salary and bonus. The fixed salary is referred to the monthly salary and is determined based on the attendance of employees; while the bonus is determined based on personal performance.
 - B. The remuneration of the Company's managers:
Set up a salary and remuneration committee in accordance with the regulations on employees' remuneration to effectively review the salaries of the Company's managers every year; incentive bonus is provided based on the achievement of the Company's long-term and short-term goals.
 - C. Directors' and supervisors' remuneration distributed by the Company:
Under the Company's Articles of Incorporation, the current year's earnings, if any, after reserving earnings for covering accumulated losses, shall be distributed no higher than 3% as directors' and supervisors' remuneration.