

Stock Code:6270



Professional Computer Technology Limited

倍微科技股份有限公司

2022 Annual Report

Notice to readers

This English-version annual report is a summary translation of the Chinese Version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

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Annual Report is available at

Company Website: <http://www.pct.com.tw>

Market Observation Post System: <http://mops.twse.com.tw>

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Tel: (02) 2389-2999

Website: http:// www.gcsc.com.tw

4. Name of the CPA and name, address, website, and telephone number of the accounting firm for financial statements in the most recent year:

Name of CPA: CPA Liao, Fu-Ming, CPA Chen, Chin-Chang

Accounting firm name: PricewaterhouseCoopers Taiwan

Address: 27th Floor, No. 333, Section 1, Keelung Road, Taipei City

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Website: http://www pwc.tw

5. Name of overseas stock exchange and method for accessing information on overseas negotiable securities: None.

6. Company website: <http://www.pct.com.tw>

Professional Computer Technology Limited.

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1. Letter to Shareholders

Dear shareholders,

Thank you for taking the time to attend our 2023 general shareholders' meeting. Looking back on 2022, after the global threat of variant virus gradually weakened, countries also gradually lifted lockdowns, moving towards a new life after the epidemic, but the Russia-Ukraine war, high inflation and climate change and other factors challenge the global economic performance, most countries to control high inflation and accelerate the force of interest rate hikes, in the rise inflation, monetary tightening policy and other related shocks caused the global economic outlook to slow.

The company continues to strive to serve upstream and downstream manufacturers in the industrial chain, through efficient supply chain management, to bring customers high-quality products and services. In 2023, the Company's group-wide operating revenue reached NT\$4.607 billion, an increase of NT\$420 million, or 10.03%, from NT\$4.187 billion in 2021. The net income before tax amounted to NT\$201.84 million, the net income after tax was NT\$166.73 million, and the basic net income after tax per share stood at NT\$2.31. The business performance in 2022 and the business plan for the upcoming year are specified below:

1.1 Business performance in 2022

1.1.1 Implementation results of the 2022 business plan

Unit: NT\$ Thousand

Item	Actual amount in 2021	Actual amount in 2022	Increase (decrease) %
Operating revenue	4,186,600	4,606,554	10.03%
Operating cost	3,800,728	4,203,214	10.59%
Gross profit	385,872	403,340	4.53%
Operating expenses	227,565	232,147	2.01%
Non-operating income and expense	33,987	30,642	(9.84%)
Net income before tax	192,294	201,835	4.96%
Net income after tax	170,472	166,729	(2.20%)

Note 1: The above data are consolidated financial figures.

- (1) Gross profit increased as revenue increased.
- (2) Non-operating income and expenditure decreased due to exchange rate losses and higher bank interest expense.
- (3) Increased net profit before tax and decreased net profit after tax, mainly due to increased revenue and increased profit before tax; The decrease in after-tax net profit was mainly due to the epidemic lockdown in the mainland, which caused the mainland subsidiary to lose money in 2022, as it is still a loss state, and the profit of other regions increased, and income tax increase.

1.1.2 Financial income and expense and profitability analysis

Item		2021	2022
Ratio of return on total assets (%)		7.85%	6.83%
Ratio of return on shareholders' equity (%)		11.44%	11.01%
As a percentage of paid-in capital	Operating income	21.94%	23.73%
	Net income before tax	26.65%	27.98%
Profit ratio (%)		4.07%	3.62%
Earnings per share (current period)		2.36	2.31
Earnings per share (after retrospective adjustment)		2.34	2.28

Note 1: The above data are consolidated financial figures.

1.1.3 Research and development (R&D)

The Company has software and hardware development and R&D departments in place to develop, design, and test software and hardware products, assist clients in troubleshooting application problems to enhance product integration, and effectively expand the application of our products.

The R&D expenses in the most recent three years are listed below:

Unit: NT\$ Thousand			
Item	2020	2021	2022
R&D expenses	36,921	33,582	34,246
As a percentage of operating revenue	1%	1%	1%

Note: The above data are consolidated financial figures.

1.2 Estimated sales volume and basis in 2023

This forecast was estimated by the Company's business units as per the demand in the product market, clients' business performance, and orders received. The estimated annual sales volume is 128,582,812 pieces. We will actively expand the markets of industrial computer, image transmission and conversion, computer peripheral, consumer electronic, security surveillance, automotive electronic, and network communications applications this year.

1.3 The Company's development strategies

With the collective efforts of all our employees, we witnessed excellent performance of the products represented by the Company, including the image transmission, industrial computers, automotive electronics, mobile devices, network communications, and security surveillance applications. In the future, facing the challenges of global competition and restructuring of the technology industry, we have the abilities and experience required to take on the challenges to improve our business performance.

In addition, regarding the development of product agency, we will continue to work with new strategic partners, more clients and suppliers in different sectors, and provide integrated resources and services to improve our business performance.

Regarding our future operations strategy, we will continue to increase the breadth and depth of our products and target markets with higher gross margins and products with higher technical thresholds more proactively, while pursuing steady growth in business profits.

1.4 Impact of the external competition, legal, and overall business environments

Regarding the external competition environment, as most of Taiwan's semiconductor component distributors' revenue used to come from the computer and peripheral industries, distributors often faced risks of shortage of working capital for expansion, original manufacturers' business closure, and excessive product concentration. In response, we have adopted strict control measures for purchase, sale, and inventory to avoid the shortage of working capital, while increasing the Company's cash to cope with the ever-changing situation in the technology industry.

In recent years, we have also been actively devoted to the development of the markets of industrial computer, image transmission and conversion, computer peripheral, network communication, automotive electronics, mobile electronic device, and security surveillance applications, with the aim of achieving better performance. As for product agency, we have the Market Development Department in place, which is responsible for negotiating business opportunities for potential and future products to expand the agency market and diversify our business.

Looking ahead to 2023, Taiwan's manufacturing- and export-oriented technology industry, particularly the semiconductor component distribution sector, will be greatly affected by the fluctuations of the exchange rates of the New Taiwan dollar (NTD) to the US dollar (USD). Therefore, controlling the Company's accounts receivable and payable and avoiding the impact of fluctuations of the exchange rates will be the Company's biggest challenge in respect of the impact of the overall operating environment.

1.5 Business policy and important production and sales policies for 2023

- (1) The Company has worked with the original manufacturers whose products we represent for many years and maintained excellent and stable partnerships; thus, the supply is stable. With a professional management team and marketing and sales personnel, we provide after-sales service and technical support in real time and keep abreast of the marketing channels of semiconductor components, with the aim of introducing the new products we represent to the market quickly and expanding the market share of the products.
- (2) This year, we will continue to develop new markets, adopt product lines with greater potential, and actively expand the markets of network communications, video and audio transmission, automotive electronic, portable electronic device, computer peripheral, and security surveillance applications and products.
- (3) We will strengthen the field application engineering (FAE) technical support and design, and development and work more closely with clients to develop new products and product solutions, thereby reinforcing our product agency line and relations with clients.

Finally, I would like to thank all our shareholders for your long-term support for and encouragement to the Company, and, hopefully, you will continue to support and guide the Company in the upcoming year. I wish you good health and all the best.

Sincerely,

Chairman: Fu, Chiang-Sung

President: Fu, Chiang-Sung

2. Company Profile

2.1. Date of incorporation: October 20, 1992

2.2. Company history:

- 1992: Professional Computer Technology Limited was incorporated with a registered capital of NT\$10,000,000. The main business was the agency sales of electronic parts. It sold U.S. PicoPower laptop chips.
- 1993: Sold U.S. Silicon Storage Technology, Inc.'s (SST's) flash memory as a representative. Awarded the Most Outstanding Representative Award of the Year by U.S. PicoPower.
- 1994: Represented and sold U.S. Synaptics's computer touchpads.
- 1996: Awarded the Most Outstanding Representative Award of the Year by U.S. SST. Awarded the Outstanding Contribution Award of the Year by U.S. Synaptics.
- 1997: Awarded the Most Outstanding Representative Award of the Year by U.S. SST. Awarded the Outstanding Contribution Award of the Year by U.S. Synaptics.
- 1998: Represented and sold Israeli ART's voice recognition software and handwriting input software. Awarded the Most Outstanding Representative Award of the Year by U.S. SST. Awarded the Outstanding Contribution Award of the Year by U.S. Synaptics.
- 1999: Represented and sold Taiwanese Insyde Software Co., Ltd.'s BIOS software. Awarded the Most Outstanding Representative Award of the Year by U.S. SST.
- 2000: Restructured the organization to Professional Computer Technology Limited in September. Awarded the Most Outstanding Representative Award of the Year by U.S. SST.
- 2001: Represented and sold Apacer Technology Inc.'s memory modules. Awarded the Annual Representative Award with the Highest Revenue by U.S. SST. Established Excellence International Holding Corporation and Silicon Professional Technology Ltd. in June.
- 2002: Won the first place in the Top 50 Fastest Growing Enterprises in the service category organized by CommonWealth Magazine.
- 2003: Listed on Taipei Exchange on September 17. Established Zuwei Electronic Product (Shanghai) Co., Ltd. in September.
- 2004: Issued overseas convertible corporate bonds of US\$13,000,000 in February. Established Silicon Professional Technology Hong Kong Ltd. in February. Established Silicon Professional Asia Corporation Hong Kong Limited in June.
- 2005: Established Yu-Wei Electronics (Shanghai) Co., Ltd. in March. Issued the first domestic convertible corporate bond of NT\$200,000,000 in April. Conducted a cash capital increase by issuing 7,500,000 new shares and raised a total of NT\$228,750,000 in September. Established Professional Computer Technology Pte., Ltd. in September.
- 2006: Awarded the Excellent Distributor Award by Taiwanese Sonix Technology Co., Ltd.
- 2007: Awarded the Best Seller Award by Taiwanese Qijing Optoelectronics Co., Ltd. Awarded the Best Distributor Award by Swiss ublox.
- 2008: Repurchased and cancelled 4,576,000 ordinary shares.
- 2009: Conducted capital reduction in cash by 15%, with the paid-in capital being reduced

from more than NT\$875 million to more than NT\$750 million. Established Melodytek Limited in March. Passed the corporate governance evaluation and participated in the 5th Corporate Governance Evaluation certificate awarding ceremony in December.

2010: Obtained Microchip's exclusive license through its subsidiary SST on July 8 to sell its NOR Flash (from 512K to 64Mb) in Taiwan, China, Hong Kong, and Southeast Asia. Authorized to work with SST directly to make to order in foundries, wafer-probing factories, and packaging and testing factories in Taiwan and China and sell such products in our self-owned brand in the above markets.

2011: Obtained the global sole agency of Greenliant Company. Greenliant is headquartered in Sunnyvale, California, with its product development and sales teams situated in North America, Europe, and Asia. It is committed to developing energy-efficient, highly reliable, and secure storage solutions for embedded systems, data centers, and mobile network applications.

Represented Alcor Micro, Corp.'s input/output (I/O) device and storage device chips.

Represented Amicom's wireless and internet communication chips.

2012: Began to represent Microchip's PIC series of microcontroller products in January.

Established the R&D center for Airfonix products with the Chief Long-term Strategy Executive Officer in charge.

Represented Faraday Technology's IP CAM chips.

2013: Obtained the agency to sell Chrontel's video decoding/encoding chips.

2014: Launched the PCTuino platform developed using Microchip's PIC series of products.

2015: Represented and sold Greenliant's highly reliable G-card, an NVMe flash storage product.

2016: Represented and sold Memsensing's MEMS series of microphone products.

Represented and sold Energic Technologies Corporation's motor control ICs and series of CMOS power ICs.

As Microchip acquired Atmel, the Company represented and sold the entire Atmel series of microprocessors, microcontroller memory, and a full range of mixed-signal processing ICs.

Represented and sold Airoha Technology Corp.'s Bluetooth audio control chips.

2017: Represented and sold GigaDevice's entire series of NOR/NAND flash products.

Represented and sold Innodisk Corp.'s series of memory module products.

Represented and sold Fibocom's GSM/GPRS LTE wireless communication and GPS/GNSS modules and total solutions.

2018: Represented and sold Richwave's entire series of PA/FEM/SWITCH and digital broadcast receiver single chips, RF transceivers for wireless audio and video transmission, and other single chips.

2019: Established Asia PCT Group Limited in March.

GigaDevice launched the series of Micro controllers based on ARM Cortex M0+/M3/M4.

Greenliant launched a series of industrial-grade solid state drive with SATA/PCIe M.2 interface and capacity.

2020: Represented and sold Synaptics' USB video products.

2021: GigaDevice launched DDR4 DRAM products for applications in set-top boxes, TVs, monitoring, and network communications.

Represented and sold LB Link's full range of products as well as WiFi, IoT, and router modules.

Represented and sold Galaxycore's microelectronic products to provide high-pixel CMOS sensors.

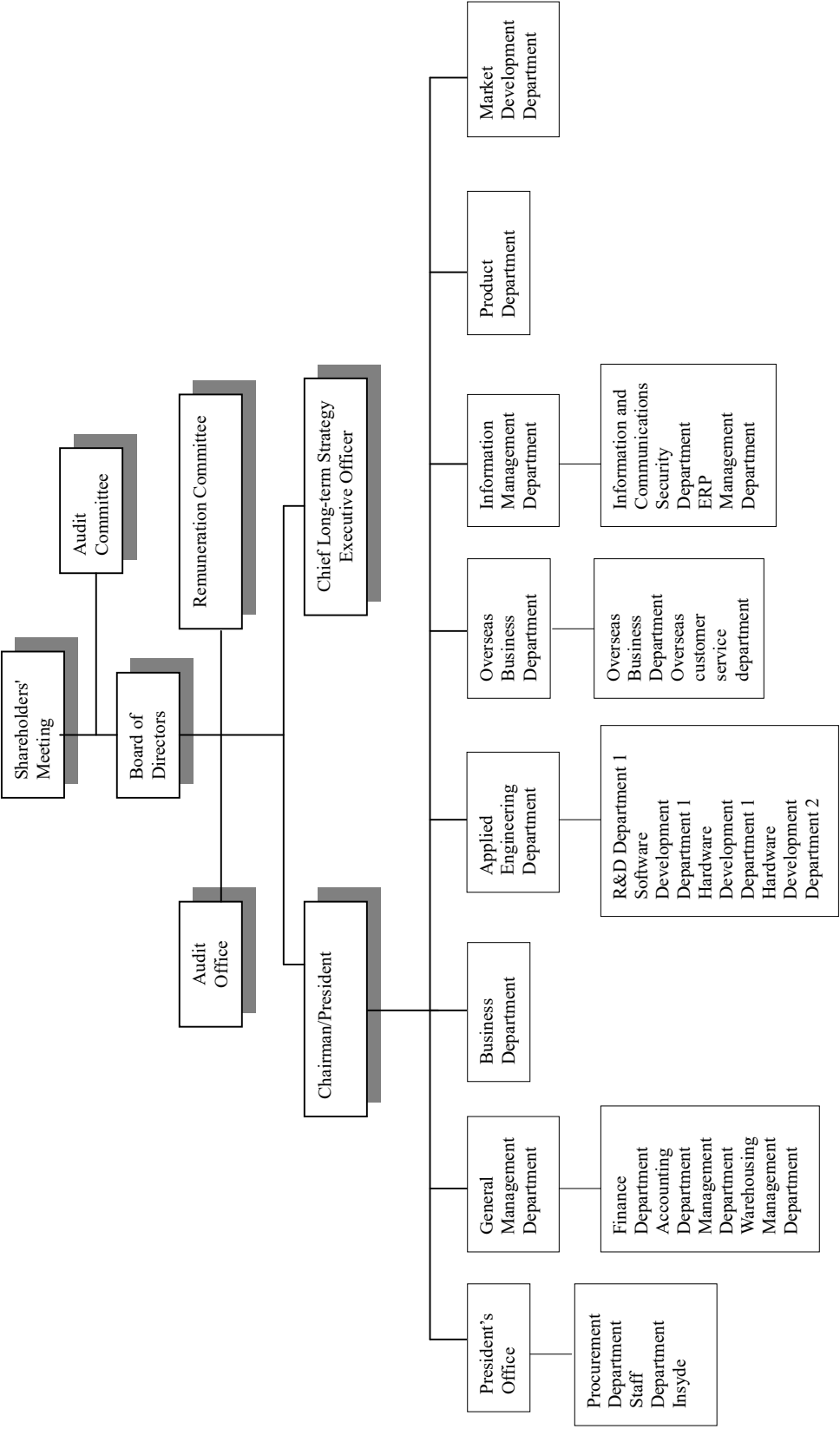
2022: Distributes Genesys products and offers the USB hub & PD family of products.
Sales agent Airoha products, providing GPS series products.

3. Corporate Governance Report

3.1. Organization

April 19, 2023

3.1.1. Organizational structure



3.1.2. Main business by each department

Department	Main duties
Chief Long-term Strategy Executive Officer	Plan business strategies, develop new business divisions and new technologies, and draw up investment plans.
Audit Office	Establish and modify the internal control system, establish and modify the internal audit system, follow up on improvements to defects in audits, and assess the internal control system.
Chairman/President's Office	Assist the Chairman and the President in handling the administrative business and procurement.
General Management Department	<p>Govern the Finance Department, the Accounting Department, the Management Department, and the Warehousing Management Department.</p> <p>A. Finance Department:</p> <ul style="list-style-type: none"> • Formulate financing plans and manage funds and capital movement; • Manage petty cash; • Manage accounts receivable; • Manage clients' credit; • Manage securities investments; • Manage exchange rate risks. <p>B. Accounting Department:</p> <ul style="list-style-type: none"> • Enter accounting transactions into the accounting records; • Manage account books and original receipts of various transactions; • Analyze annual budget variance; • Calculate profit and loss; • File tax returns; • Analyze business administration data. <p>C. Management Department:</p> <ul style="list-style-type: none"> • Manage fixed assets; • Purchase stationery supplies; • Plan human resources and recruit talents; • Formulate and execute education and training plans; • Manage salaries; • Manage employee group insurance and various benefits; • Maintain labor-management relations. <p>D. Warehousing Management Department</p> <ul style="list-style-type: none"> • Manage warehouses
Business Department	Sell and promote various products, including flash memory, I/O system drivers, touch panels, embedded system memory modules, and semiconductor products.

Department	Main duties
Applied Engineering Department	Provide product technical support, assist clients with product designs, provide after-sales service, and R&D products/technologies
Information Management Department	There is ERP department and information security department, ERP department is responsible for maintaining the group's ERP system, process optimization, customization and routine operations, database monitoring and management, performance optimization, backup management, etc.; The information Security Department has an Information Security Officer and Information Security Personnel, who are responsible for formulating the information Security operation procedures, including core business and its importance, information system inventory and risk assessment, information system development and maintenance security, information security protection and control measures, information system or information service outsourcing management measures, information security incident reporting response and intelligence assessment response, continuous improvement of information security and performance management mechanism, etc
Overseas Business Department	Engage in marketing business related to investees.
Product Department	Responsible for the manufacturing, quality control, and marketing of the Company's own products.
Market Development Department	Seek new products to represent, study and judge future market product and technology trends, keep abreast of market trends and information on technologies, provide relevant departments with complete education and training, and develop software and hardware for products the Company represents.

3.2. Information on directors, supervisors, the President, Vice Presidents, Assistant Vice Presidents, and the heads of various departments and branches:

3.2.1. Information on directors and supervisors

April 1, 2023; unit: shares

Title	Nationality or place of registration	Name	Gender Age	Date elected	Term of office	Date first elected	Shareholding when elected		Number of shares currently held		Current shareholding of spouse or minor children		Shareholding by nominee arrangement		Major education and experience	Concurrent positions at the Company or other companies	Spouse or relatives within second degree of kinship who are other managers, directors, or supervisors of the Company			Remarks
							Number of shares	Shareholding Percentage	Number of shares	Shareholding Percentage	Number of shares	Shareholding Percentage	Numb er of shares	Shareh olding Percen tage			Title	Name	Relations	
Chairman	Taiwan	Fu, Chiang-Sung	Male 56-60 years old	2022.06.09	3	2001.04.30	7,887,265	10.93%	8,911,265	12.35%	1,837,422	2.55%	—	—	<ul style="list-style-type: none"> ● Education: Electrical Engineering Department, Lunghwa University of Science and Technology ● Experience: <ol style="list-style-type: none"> 1. Assistant Manager of airysc Co., Ltd. 2. Engineer of ASEC International Corporation 3. Chairman-cum-President of Professional Computer Technology Limited (incumbent) 	The Company: Chairman-cum-President Other companies: <ol style="list-style-type: none"> 1. Director of Insyde Software Co., Ltd. 2. Director of Silicon Professional Technology Ltd. 3. Director and President of Silicon Professional Technology Hong Kong Ltd. 4. Director of Excellence International Holding Corp. 5. President of Professional Computer Electronics (Shenzhen) Co., Ltd. 6. Director and President of APG Ltd. 	Corporate director representative	Fuh, Jiang-Ching	Relative within the second degree of kinship	(Note 1) (Note 2)
Director	Taiwan	Wang, Chih-Kao	Male 61-65 years old	2022.06.09	3	2001.04.30	2414733	3.35%	2,414,733	3.35%	1,580,222	2.19%	—	—	<ul style="list-style-type: none"> ● Education: Department of Electronic Engineering, Fu Jen Catholic University ● Experience: <ol style="list-style-type: none"> 1. President of airysc Co., Ltd. 2. President of the Business Department 4 of ASEC International Corporation 3. Chairman and CEO of Insyde Software Co., Ltd. (incumbent) 4. Honorary Chairman and Chief Long-term Strategy Executive Officer of Professional Computer Technology Limited (incumbent) 	The Company: Honorary Chairman and Chief Long-term Strategy Executive Officer Other companies: <ol style="list-style-type: none"> 1. Chairman and CEO of Insyde Software Co., Ltd. 2. Director of Silicon Professional Technology Ltd. 3. Director of Silicon Professional Technology Hong Kong Ltd. 4. Director of Excellence International Holding Corp. 5. Director of APC Ltd. 6. Representative of Clean Slate Ltd., a corporate director of Insyde Software Inc. 	General Management Department President Corporate director representative Institutional supervisor representative	Huang, Mei-Chin Wang, Yen-Chi Wang, Yen-Hsiang	Spouse Relative within the first degree of kinship Relative within the first degree of kinship	(Note 2)

Title	Nationality or place of registration	Name	Gender Age	Date elected	Term of office	Date first elected	Shareholding when elected		Number of shares currently held		Current shareholding of spouse or minor children		Shareholding by nominee arrangement		Major education and experience	Concurrent positions at the Company or other companies	Spouse or relatives within second degree of kinship who are other managers, directors, or supervisors of the Company			Remarks
							Number of shares	Shareholding Percentage	Number of shares	Shareholding Percentage	Number of shares	Shareholding Percentage	Number of shares	Shareholding Percentage			Title	Name	Relations	
Director	Taiwan	Wang, Chien-Chih	Male 61–65 years old	2022.06.09	3	2015.06.25	10,000	0.01%	10,000	0.01%	32,633	0.05%	—	—	● Education: Department of Law, Fu Jen Catholic University ● Experience: 1. Chairman of Smartant Telecom Co., Ltd. 2. Person in charge of Chien Chih Law Office (incumbent)	The Company: Legal advisor Director Other companies: 1. Person in charge of Chien Chih Law Office 2. Independent director and member of the Remuneration Committee and the Audit Committee of Strong H Machinery Technology Co., Ltd. 3. Representative of Ming Liang Investment Co., Ltd., a corporate director of Insys Software Inc.	None	None	None	(Note 2)
Director	Taiwan	Bei Li Investment Co., Ltd. representative: Fu, Jiang-Ching	Male 56–60 years old	2022.06.09	3	2015.06.25	1,783,437	2.47%	1,783,437	2.47%	—	—	—	—	● Education: Master's degree in military engineering, National Defense University ● Experience: 1. Chief (Major) of the Map Compilation Section, Factory No. 401 of the Manufacturing Center, Armaments Bureau 2. Chief of the Mapping Information Section, Manufacturing Center, Armaments Bureau 3. Chief (Lieutenant Colonel) of the Spatial Intelligence Office, Factory No. 401 of the Manufacturing Center, Armaments Bureau	The Company: Representative of the director, Bei Li Investment Co., Ltd. Other companies: (None)	Chairman	Fu, Chiang-Sung	Relative within the second degree of kinship	(Note 2)

Title	Nationality or place of registration	Name	Gender Age	Date elected	Term of office	Date first elected	Shareholding when elected		Number of shares currently held		Current shareholding of spouse or minor children		Shareholding by nominee arrangement		Major education and experience	Concurrent positions at the Company or other companies	Spouse or relatives within second degree of kinship who are other managers, directors, or supervisors of the Company			Remarks
							Number of shares	Shareholding Percentage	Number of shares	Shareholding Percentage	Number of shares	Shareholding Percentage	Number of shares	Shareholding Percentage			Title	Name	Relations	
Director	Taiwan	Ming Liang Investment Co., Ltd. representative ; Wang, Yen-Chi	Male 31–35 years old	2022.06.09	3	2015.06.25	2,933,815	407%	2,933,815	407%	—	—	—	—	●Education: Bachelor's Program in Mass Communication, Fu Jen Catholic University ●Experience: 1. Person in charge of Insyde Software Technology (Shanghai) Ltd. (incumbent) 2. Person in charge of Ming Liang Investment Co., Ltd. (incumbent) 3. Aventura Group AB (AVENT-B-ST) Chief Growth Officer (incumbent) 4. TicToe Ventures AB Co-Founder & Managing Director (incumbent) 5. Representative of Ming Liang Investment Co., Ltd., a corporate Supervisors of Insyde Software Inc.	The Company: Representative of the director, Ming Liang Investment Co., Ltd. Other companies: 1. Person in charge of Insyde Software Technology (Shanghai) Ltd. (incumbent) 2. Person in charge of Ming Liang Investment Co., Ltd. (incumbent) 3. Aventura Group AB (AVENT-B-ST) Chief Growth Officer (incumbent) 4. TicToe Ventures AB Co-Founder & Managing Director (incumbent)	Director	Wang, Chih-Kao	Relative within the first degree of kinship	Relative within the first degree of kinship
Independent director	Taiwan	Chou, Chin-Piao	Male 61–65 years old	2022.06.09	3	2015.06.25	—	—	—	—	—	—	—	●Education: Business Administration Department, Hsing Wu University ●Experience: 1. Business Manager of ASEC International Corporation 2. Senior President of Business Department, Professional Computer Technology Limited	The Company: Independent director and a member of the Audit Committee Other companies: (None)	None	None	None	(Note 2)	

Title	Nationality or place of registration	Name	Gender Age	Date elected	Term of office	Date first elected	Shareholding when elected		Number of shares currently held		Current shareholding of spouse or minor children	Shareholding by nominee arrangement		Major education and experience	Concurrent positions at the Company or other companies	Spouse or relatives within second degree of kinship who are other managers, directors, or supervisors of the Company			Remarks
							Number of shares	Shareholding Percentage	Number of shares	Shareholding Percentage	Number of shares	Number of shares	Shareholding Percentage			Title	Name	Relations	
Independent director	Taiwan	Chiu, Jun-Li	Male 56-60 years old	2022.06.09	3	2022.06.09	—	—	—	—	—	—	—	● Education: Department of Electrical Engineering, Tatung University ● Experience: 1. Vice President of Asia Pacific Region of Synaptics Taiwan 2. Senior President of Business Department, Professional Computer Technology Limited	The Company: Independent director and a member of the Audit Committee and the Remuneration Committee Other companies: 1. CEO of KPHB International limited.	None	None	None	(Note 2)
Independent director	Taiwan	Chin, Chih-Hai	Male 56-60 years old	2022.06.09	3	2022.06.09	—	—	—	—	—	—	—	● Education: Department of Electronics Engineering, Tamkang University ● Experience: 1. Assistant Vice President of Business Department, Professional Computer Technology Limited 2. Vice President of Business Department, Heye Technology Co., Ltd. 3. Vice President of Business Department, Heye Technology Co., Ltd.	The Company: Independent director and a member of the Audit Committee Other companies: (None)	None	None	None	(Note 2)
Independent director	Taiwan	Chen, Chao-Sen	Male 61-65 years old	2022.06.09	3	2022.06.09	—	—	—	—	—	—	—	● Education: Department of Architecture, Chung Yuan Christian University ● Experience: 1. Manager, Qingshu Branch, Cathay United Bank 2. Assistant Vice President, Duxing Branch, Cathay United Bank 3. Assistant Vice President, Wuquan Branch, Cathay United Bank 4. Assistant Vice President, Duxing Branch, Cathay United Bank	The Company: Independent director and a member of the Audit Committee Other companies: (None)	None	None	None	(Note 2)

Title	Nationality or place of registration	Name	Gender Age	Date elected	Term of office	Date first elected	Shareholding when elected		Number of shares currently held		Current shareholding of spouse or minor children		Shareholding by nominee arrangement		Major education and experience	Concurrent positions at the Company or other companies	Spouse or relatives within second degree of kinship who are other managers, directors, or supervisors of the Company			Remarks
							Number of shares	Shareholding Percentage	Number of shares	Shareholding Percentage	Number of shares	Shareholding Percentage	Number of shares	Shareholding Percentage			Title	Name	Relations	
Director	U.S.	Bing Yeh	Male 71-75 years old	2019.06.19	3	2010.06.17	—	—	—	—	—	—	—	—	● Education: 1. Department of Physics, National Taiwan University 2. Master's degree in Physics, National Taiwan University 3. Degree of the Stanford Engineering Program 4. Doctoral candidate at Stanford ● Experience: 1. Former Chairman and CEO of SST 2. Chairman and CEO of Greenliant Systems LTD. (incumbent)	The Company: Director Other companies: 1. Chairman and CEO of Greenliant Systems LTD.	None	None	None	(Note 3)
Independent director	Taiwan	Chen, Bo-Rong	Male 61-65 years old	2019.06.19	3	2002.08.23	—	—	—	000%	5224	—	—	—	● Education: MBA, San Francisco State University ● Experience: 1. Vice President of Nextron 2. Marketing Planning Manager of 3M 3. President and Vice Chairman of Xuan De Corp. 4. Chairman and CEO of U.D.Electronic Corp. (incumbent)	The Company: Independent director and a member of the Remuneration Committee Other companies: 1. Chairman and CEO of U.D.Electronic Corp. 2. Chairman of CDE Corp. 3. Chairman of DYP Corp.	None	None	None	(Note 3)

Title	Nationality or place of registration	Name	Gender Age	Date elected	Term of office	Date first elected	Shareholding when elected		Number of shares currently held		Current shareholding of spouse or minor children		Shareholding by nominee arrangement		Major education and experience	Concurrent positions at the Company or other companies	Spouse or relatives within second degree of kinship who are other managers, directors, or supervisors of the Company			Remarks
							Number of shares	Shareholding Percentage	Number of shares	Shareholding Percentage	Number of shares	Shareholding Percentage	Number of shares	Shareholding Percentage			Title	Name	Relations	
Independent director	Taiwan	Liou, Syue-Yu	Male 61-65 years old	2019.06.19	3	2002.08.23	—	—	—	—	10224	001%	—	—	<ul style="list-style-type: none"> Education: Department of Electronic Engineering, Fu Jen Catholic University Experience: <ol style="list-style-type: none"> 1. Manager of the Manufacturing Department, Hewlett-Packard Company 2. Vice President of WK Technology Fund 3. President of NTU Innovation & Incubation Co., Ltd. (incumbent) 	The Company: Independent director and a member of the Remuneration Committee Other companies: <ol style="list-style-type: none"> 1. President of NTU Innovation & Incubation Co., Ltd. 2. Representative of the director, P-Duke Technology Co., Ltd. 3. Representative of the director, FineArt Technology 4. Independent director and a member of the Audit Committee and the Remuneration Committee of Wieson Technologies Co., Ltd. 5. Supervisor of ELTA Technology Co., Ltd. 6. Representative of the director, Portal International IPRs Service Co., Ltd. 7. Independent director and a member of the Remuneration Committee of U.D.Electronic Corp. 8. Independent director and a member of the Audit Committee and the Remuneration Committee of Fitipower Integrated Technology Inc. 	None	None	None	(Note 3)
Supervisors	Taiwan	Wu, Hong-Ci	Male 66-70 years old	2019.06.19	3	2002.08.23	—	—	—	—	—	—	—	—	<ul style="list-style-type: none"> Education: Doctoral candidate in Finance at Boston University Experience: <ol style="list-style-type: none"> 1. Managing Director of the Small and Medium Enterprise Credit Guarantee Fund of Taiwan 2. Director of the Export-Import Bank of the Republic of China 	The Company: Supervisors Other companies: (None)	None	None	None	(Note 3)

Title	Nationality or place of registration	Name	Gender Age	Date elected	Term of office	Date first elected	Shareholding when elected		Number of shares currently held		Current shareholding of spouse or minor children		Shareholding by nomination arrangement		Major education and experience	Concurrent positions at the Company or other companies	Spouse or relatives within second degree of kinship who are other managers, directors, or supervisors of the Company			Remarks
							Number of shares	Shareholding Percentage	Number of shares	Shareholding Percentage	Number of shares	Shareholding Percentage	Number of shares	Shareholding Percentage			Title	Name	Relations	
Supervisors	Taiwan	Ming Liang Investment Co., Ltd. representative; Wang, Yen-Hsiang	Male 31-35 years old	2019.06.19	3	2015.06.25	293,3815	407%	293,3815	4.07%	—	—	—	—	<ul style="list-style-type: none"> ● Education: Bachelor Degree, Computer Science, San Jose State University. ● Experience: <ol style="list-style-type: none"> 1. Developer, Barco Staff Mobile 2. CTO, CloudMile 3. Senior Manager, Deloitte (incumbent) 	The Company: Representative of the supervisor, Ming Liang Investment Co., Ltd. Other companies: <ol style="list-style-type: none"> 1. Senior Manager, Deloitte Taiwan (incumbent) 	Director	Wang, Chih-Kao	Relative within the first degree of kinship	(Note 3)
Supervisors	Taiwan	Bei Li Investment Co., Ltd. representative; Wang, Chien-Chih	Male 61-65 years old	2019.06.19	3	2015.06.25	1,783,437	2.47%	1,783,437	2.47%	—	—	—	—	<ul style="list-style-type: none"> ● Education: Department of Law, Fu Jen Catholic University ● Experience: <ol style="list-style-type: none"> 1. Chairman of Smartant Telecom Co., Ltd. 2. Person in charge of Chien Chih Law Office (incumbent) 	The Company: Legal advisor Representative of the supervisor, Bei Li Investment Co., Ltd. Other companies: <ol style="list-style-type: none"> 1. Person in charge of Chien Chih Law Office 2. Independent director and member of the Remuneration Committee and the Audit Committee of Strong H Machinery Technology Co., Ltd. 3. Representative of Ming Liang Investment Co., Ltd., a corporate director of Insyde Software Inc. 	None	None	None	

Note 1: As the Chairman has a unique leadership style and experience in the electronic component distribution industry and market and is familiarized with the Company's operations, he also serves as the President of the Company. We have worked to enhance corporate governance by having more than half of all directors who do not serve as employees or managers concurrently and elected four independent directors in 2022.

Note 2: Elected at the election held on June 9, 2022.

Note 3: Dismissed at the election held on June 9, 2022.

Major shareholders of institutional shareholders (Table 1)

April 1, 2023

Name of institutional shareholder	Major shareholders of institutional shareholders
Ming Liang Investment Co., Ltd.	Wang, Yen-Chi 31.46%; Wang, Pei-Wen 29.05%; Huang, Mei-Chin 15.33%; Wang, Chih-Kao 24.16%
Bei Li Investment Co., Ltd.	Fu, Ling-Hsuan 31.09%; Fu, Yin-Chi 31.09%; Fu, Chiang-Sung 28.49%; Hsiao, Jui-Yuan 7.06%; Fuh, Jiang-Ching 2.27%

Information on directors and supervisors

1. Disclosure of information on directors' and supervisors' professional qualifications and the independence of independent directors:

Criteria Name	Professional qualifications and experience	Independence	public companies where the individual serves as an independent director
Director Fu, Chiang-Sung (Note 1)	Has a unique leadership style and experience in the electronic component distribution industry and market, expertise in business, law, finance, and accounting, and work experience required for the Company's business	<p>(1) Not a director, supervisor, or employee of another company where a majority of the Company's director seats or voting shares and those of another company are controlled by the same person (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).</p> <p>(2) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company for which the provider in the past two years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Security and Exchanges Act or to the Business Mergers and Acquisitions Act or relevant laws or regulations.</p> <p>(3) Not under any of the circumstances under the subparagraphs of Article 30 of the Company Act.</p> <p>(4) Not the government, juridical person, or representative thereof elected as per Article 27 of the Companies Act.</p>	0
Director Wang, Chih-Kao (Note 1)	Has a unique leadership style and experience in the electronics-related industries and markets, expertise in business, law, finance, and accounting, and work experience required for the Company's business	<p>(1) Not a director, supervisor, or employee of another company where a majority of the Company's director seats or voting shares and those of another company are controlled by the same person (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).</p> <p>(2) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company for which the provider in the past two years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Security and Exchanges Act or to the Business Mergers and Acquisitions Act or relevant laws or regulations.</p> <p>(3) Not under any of the circumstances under the subparagraphs of Article 30 of the Company Act.</p> <p>(4) Not the government, juridical person, or representative thereof elected as per Article 27 of the Companies Act.</p>	0

Criteria Name	Professional qualifications and experience	Independence	public companies where the individual serves as an independent director
Director Wang, Chien-Chih (Note 1)	Has professional qualifications as an attorney, expertise in business and law, and work experience required for the Company's business	<p>(1) Not an employee of the Company or any of its affiliates.</p> <p>(2) Not a director, spouse, minor child thereof, or other natural person shareholders who hold more than 1% of the total issued shares of the Company by nominee arrangement or with top ten ownership .</p> <p>(3) Not the manager listed in (1) or the spouse, relatives within the second degree of kinship or direct blood relative within the third degree of kinship of the person listed in (2).</p> <p>(4) Not a director, supervisor, or employee of another company where a majority of the Company's director seats or voting shares and those of another company are controlled by the same person (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).</p> <p>(5) Not a director (managing director), supervisor, or employee of another company or institution where the Chairman, the President, or person holding an equivalent position of the Company and a person in an equivalent position at another company or institution are the same person or are spouses (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).</p> <p>(6) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company for which the provider in the past two years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Security and Exchanges Act or to the Business Mergers and Acquisitions Act or relevant laws or regulations.</p> <p>(7) Not a spouse or relative within the second degree of kinship of any other director.</p> <p>(8) Not under any of the circumstances under the subparagraphs of Article 30 of the Company Act.</p> <p>(9) Not the government, juridical person, or representative thereof elected as per Article 27 of the Companies Act.</p>	1

Criteria Name	Professional qualifications and experience	Independence	public companies where the individual serves as an independent director
Director Bei Li Investment Co., Ltd. Representative : Fuh, Jiang-Ching (Note 1)	Has expertise in business administration, leadership, decision-making, industry knowledge, and financial accounting, and work experience required for the Company's business	<p>(1) Not an employee of the Company or any of its affiliates.</p> <p>(2) Not a director or supervisor of the Company or its affiliates (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary, or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).</p> <p>(3) Not a director, spouse, minor child thereof, or other natural person shareholders who hold more than 1% of the total issued shares of the Company by nominee arrangement or with top ten ownership.</p> <p>(4) Not a director, supervisor, or employee of another company where a majority of the Company's director seats or voting shares and those of another company are controlled by the same person (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).</p> <p>(5) Not a director (managing director), supervisor, or employee of another company or institution where the Chairman, the President, or person holding an equivalent position of the Company and a person in an equivalent position at another company or institution are the same person or are spouses (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).</p> <p>(6) Not a director (managing director), supervisor, manager, or shareholder holding 5% or more of the shares of a specific company or institution which has a financial or business relationship with the Company (except for a specific company or institution holding more than 20% and no more than 50% of the total issued shares of the Company and for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).</p> <p>(7) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company for which the provider in the past two years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Security and Exchanges Act or to the Business Mergers and Acquisitions Act or relevant laws or regulations.</p> <p>(8) Not under any of the circumstances under the subparagraphs of Article 30 of the Company Act.</p>	0

Criteria Name	Professional qualifications and experience	Independence	public companies where the individual serves as an independent director
Director Ming Liang Investment Co., Ltd. Representative : Wang, Yen-Chi (Note 1)	Has expertise in business administration, leadership, decision-making, industry knowledge, and financial accounting, and work experience required for the Company's business	<p>(1) Not an employee of the Company or any of its affiliates.</p> <p>(2) Not a director or supervisor of the Company or its affiliates (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary, or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).</p> <p>(3) Not a director, spouse, minor child thereof, or other natural person shareholders who hold more than 1% of the total issued shares of the Company by nominee arrangement or with top ten ownership.</p> <p>(4) Not a director, supervisor, or employee of another company where a majority of the Company's director seats or voting shares and those of another company are controlled by the same person (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).</p> <p>(5) Not a director (managing director), supervisor, or employee of another company or institution where the Chairman, the President, or person holding an equivalent position of the Company and a person in an equivalent position at another company or institution are the same person or are spouses (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).</p> <p>(6) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company for which the provider in the past two years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Security and Exchanges Act or to the Business Mergers and Acquisitions Act or relevant laws or regulations.</p> <p>(7) Not under any of the circumstances under the subparagraphs of Article 30 of the Company Act.</p>	0

Criteria Name	Professional qualifications and experience	Independence	public companies where the individual serves as an independent director
Independent director Chou, Chin-Piao (Note 1)	Has expertise in business administration, leadership, decision-making, industry knowledge, and financial accounting, and work experience required for the Company's business	<p>(1) Not an employee of the Company or any of its affiliates.</p> <p>(2) Not a director or supervisor of the Company or its affiliates (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary, or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).</p> <p>(3) Not a director, spouse, minor child thereof, or other natural person shareholders who hold more than 1% of the total issued shares of the Company by nominee arrangement or with top ten ownership.</p> <p>(4) Not the manager listed in (1) or the spouse, relatives within the second degree of kinship or direct blood relative within the third degree of kinship of the person listed in (2) and (3).</p> <p>(5) Not a director, supervisor, or employee of an institutional shareholder who directly holds more than 5% of the Company's total issued shares, who are among the top five shareholders, or who designates its representative to serve as a director or supervisor of the Company in accordance with Article 27, paragraph 1 or 2 of the Company Act (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).</p> <p>(6) Not a director, supervisor, or employee of another company where a majority of the Company's director seats or voting shares and those of another company are controlled by the same person (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).</p> <p>(7) Not a director (managing director), supervisor, or employee of another company or institution where the Chairman, the President, or person holding an equivalent position of the Company and a person in an equivalent position at another company or institution are the same person or are spouses (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).</p> <p>(8) Not a director (managing director), supervisor, manager, or shareholder holding 5% or more of the shares of a specific company or institution which has a financial or business relationship with the Company (except for a specific company or institution holding more than 20% and no more than 50% of the total issued shares of the Company and for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).</p> <p>(9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company for which the provider in the past two years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Security and Exchanges Act or to the Business Mergers and Acquisitions Act or relevant laws or regulations.</p> <p>(10) Not a spouse or relative within the second degree of kinship of any other director.</p> <p>(11) Not under any of the circumstances under the subparagraphs of Article 30 of the Company Act.</p> <p>(12) Not the government, juridical person, or representative thereof elected as per Article 27 of the Companies Act.</p>	0

Criteria Name	Professional qualifications and experience	Independence	public companies where the individual serves as an independent director
Independent director Chiu, Jui-Li (Note 1)	Has expertise in business administration, leadership, decision-making, industry knowledge, and financial accounting, and work experience required for the Company's business	<p>(1) Not an employee of the Company or any of its affiliates.</p> <p>(2) Not a director or supervisor of the Company or its affiliates (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary, or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).</p> <p>(3) Not a director, spouse, minor child thereof, or other natural person shareholders who hold more than 1% of the total issued shares of the Company by nominee arrangement or with top ten ownership.</p> <p>(4) Not the manager listed in (1) or the spouse, relatives within the second degree of kinship or direct blood relative within the third degree of kinship of the person listed in (2) and (3).</p> <p>(5) Not a director, supervisor, or employee of an institutional shareholder who directly holds more than 5% of the Company's total issued shares, who are among the top five shareholders, or who designates its representative to serve as a director or supervisor of the Company in accordance with Article 27, paragraph 1 or 2 of the Company Act (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).</p> <p>(6) Not a director, supervisor, or employee of another company where a majority of the Company's director seats or voting shares and those of another company are controlled by the same person (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).</p> <p>(7) Not a director (managing director), supervisor, or employee of another company or institution where the Chairman, the President, or person holding an equivalent position of the Company and a person in an equivalent position at another company or institution are the same person or are spouses (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).</p> <p>(8) Not a director (managing director), supervisor, manager, or shareholder holding 5% or more of the shares of a specific company or institution which has a financial or business relationship with the Company (except for a specific company or institution holding more than 20% and no more than 50% of the total issued shares of the Company and for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).</p> <p>(9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company for which the provider in the past two years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Security and Exchanges Act or to the Business Mergers and Acquisitions Act or relevant laws or regulations.</p> <p>(10) Not a spouse or relative within the second degree of kinship of any other director.</p> <p>(11) Not under any of the circumstances under the subparagraphs of Article 30 of the Company Act.</p> <p>(12) Not the government, juridical person, or representative thereof elected as per Article 27 of the Companies Act.</p>	0

Criteria Name	Professional qualifications and experience	Independence	public companies where the individual serves as an independent director
Independent director Chin, Chih-Hai (Note 1)	Has expertise in business administration, leadership, decision-making, industry knowledge, and financial accounting, and work experience required for the Company's business	<p>(1) Not an employee of the Company or any of its affiliates.</p> <p>(2) Not a director or supervisor of the Company or its affiliates (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary, or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).</p> <p>(3) Not a director, spouse, minor child thereof, or other natural person shareholders who hold more than 1% of the total issued shares of the Company by nominee arrangement or with top ten ownership.</p> <p>(4) Not the manager listed in (1) or the spouse, relatives within the second degree of kinship or direct blood relative within the third degree of kinship of the person listed in (2) and (3).</p> <p>(5) Not a director, supervisor, or employee of an institutional shareholder who directly holds more than 5% of the Company's total issued shares, who are among the top five shareholders, or who designates its representative to serve as a director or supervisor of the Company in accordance with Article 27, paragraph 1 or 2 of the Company Act (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).</p> <p>(6) Not a director, supervisor, or employee of another company where a majority of the Company's director seats or voting shares and those of another company are controlled by the same person (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).</p> <p>(7) Not a director (managing director), supervisor, or employee of another company or institution where the Chairman, the President, or person holding an equivalent position of the Company and a person in an equivalent position at another company or institution are the same person or are spouses (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).</p> <p>(8) Not a director (managing director), supervisor, manager, or shareholder holding 5% or more of the shares of a specific company or institution which has a financial or business relationship with the Company (except for a specific company or institution holding more than 20% and no more than 50% of the total issued shares of the Company and for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).</p> <p>(9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company for which the provider in the past two years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Security and Exchanges Act or to the Business Mergers and Acquisitions Act or relevant laws or regulations.</p> <p>(10) Not a spouse or relative within the second degree of kinship of any other director.</p> <p>(11) Not under any of the circumstances under the subparagraphs of Article 30 of the Company Act.</p> <p>(12) Not the government, juridical person, or representative thereof elected as per Article 27 of the Companies Act.</p>	0

Criteria Name	Professional qualifications and experience	Independence	public companies where the individual serves as an independent director
Independent director Chen, Chao-Sen (Note 1)	Has expertise in business administration, leadership, decision-making, industry knowledge, and financial accounting, and work experience required for the Company's business	<p>(1) Not an employee of the Company or any of its affiliates.</p> <p>(2) Not a director or supervisor of the Company or its affiliates (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary, or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).</p> <p>(3) Not a director, spouse, minor child thereof, or other natural person shareholders who hold more than 1% of the total issued shares of the Company by nominee arrangement or with top ten ownership.</p> <p>(4) Not the manager listed in (1) or the spouse, relatives within the second degree of kinship or direct blood relative within the third degree of kinship of the person listed in (2) and (3).</p> <p>(5) Not a director, supervisor, or employee of an institutional shareholder who directly holds more than 5% of the Company's total issued shares, who are among the top five shareholders, or who designates its representative to serve as a director or supervisor of the Company in accordance with Article 27, paragraph 1 or 2 of the Company Act (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).</p> <p>(6) Not a director, supervisor, or employee of another company where a majority of the Company's director seats or voting shares and those of another company are controlled by the same person (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).</p> <p>(7) Not a director (managing director), supervisor, or employee of another company or institution where the Chairman, the President, or person holding an equivalent position of the Company and a person in an equivalent position at another company or institution are the same person or are spouses (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).</p> <p>(8) Not a director (managing director), supervisor, manager, or shareholder holding 5% or more of the shares of a specific company or institution which has a financial or business relationship with the Company (except for a specific company or institution holding more than 20% and no more than 50% of the total issued shares of the Company and for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).</p> <p>(9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company for which the provider in the past two years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Security and Exchanges Act or to the Business Mergers and Acquisitions Act or relevant laws or regulations.</p> <p>(10) Not a spouse or relative within the second degree of kinship of any other director.</p> <p>(11) Not under any of the circumstances under the subparagraphs of Article 30 of the Company Act.</p> <p>(12) Not the government, juridical person, or representative thereof elected as per Article 27 of the Companies Act.</p>	0

Criteria Name	Professional qualifications and experience	Independence	public companies where the individual serves as an independent director
Director Bing Yeh (Note 2)	Has experience in leading multinational companies in the electronics-related industries, expertise in business, law, finance, and accounting, and work experience required for the Company's business	<p>(1) Not an employee of the Company or any of its affiliates.</p> <p>(2) Not a director or supervisor of the Company or its affiliates (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary, or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).</p> <p>(3) Not a director, spouse, minor child thereof, or other natural person shareholders who hold more than 1% of the total issued shares of the Company by nominee arrangement or with top ten ownership.</p> <p>(4) Not the manager listed in (1) or the spouse, relatives within the second degree of kinship or direct blood relative within the third degree of kinship of the person listed in (2) and (3).</p> <p>(5) Not a director, supervisor, or employee of an institutional shareholder who directly holds more than 5% of the Company's total issued shares, who are among the top five shareholders, or who designates its representative to serve as a director or supervisor of the Company in accordance with Article 27, paragraph 1 or 2 of the Company Act (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).</p> <p>(6) Not a director, supervisor, or employee of another company where a majority of the Company's director seats or voting shares and those of another company are controlled by the same person (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).</p> <p>(7) Not a director (managing director), supervisor, or employee of another company or institution where the Chairman, the President, or person holding an equivalent position of the Company and a person in an equivalent position at another company or institution are the same person or are spouses (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).</p> <p>(8) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company for which the provider in the past two years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Security and Exchanges Act or to the Business Mergers and Acquisitions Act or relevant laws or regulations.</p> <p>(9) Not a spouse or relative within the second degree of kinship of any other director.</p> <p>(10) Not under any of the circumstances under the subparagraphs of Article 30 of the Company Act.</p> <p>(11) Not the government, juridical person, or representative thereof elected as per Article 27 of the Companies Act.</p>	0

Criteria Name	Professional qualifications and experience	Independence	public companies where the individual serves as an independent director
Independent director Liou, Syue-Yu (Note 2)	Has professional qualifications for and experience in management at companies in the electronics industry and other relevant industries, expertise in business, law, finance, and accounting, and work experience required for the Company's business	<p>(1) Not an employee of the Company or any of its affiliates.</p> <p>(2) Not a director or supervisor of the Company or its affiliates (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary, or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).</p> <p>(3) Not a director, spouse, minor child thereof, or other natural person shareholders who hold more than 1% of the total issued shares of the Company by nominee arrangement or with top ten ownership.</p> <p>(4) Not the manager listed in (1) or the spouse, relatives within the second degree of kinship or direct blood relative within the third degree of kinship of the person listed in (2) and (3).</p> <p>(5) Not a director, supervisor, or employee of an institutional shareholder who directly holds more than 5% of the Company's total issued shares, who are among the top five shareholders, or who designates its representative to serve as a director or supervisor of the Company in accordance with Article 27, paragraph 1 or 2 of the Company Act (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).</p> <p>(6) Not a director, supervisor, or employee of another company where a majority of the Company's director seats or voting shares and those of another company are controlled by the same person (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).</p> <p>(7) Not a director (managing director), supervisor, or employee of another company or institution where the Chairman, the President, or person holding an equivalent position of the Company and a person in an equivalent position at another company or institution are the same person or are spouses (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).</p> <p>(8) Not a director (managing director), supervisor, manager, or shareholder holding 5% or more of the shares of a specific company or institution which has a financial or business relationship with the Company (except for a specific company or institution holding more than 20% and no more than 50% of the total issued shares of the Company and for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).</p> <p>(9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company for which the provider in the past two years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Security and Exchanges Act or to the Business Mergers and Acquisitions Act or relevant laws or regulations.</p> <p>(10) Not a spouse or relative within the second degree of kinship of any other director.</p> <p>(11) Not under any of the circumstances under the subparagraphs of Article 30 of the Company Act.</p> <p>(12) Not the government, juridical person, or representative thereof elected as per Article 27 of the Companies Act.</p>	3

Criteria Name	Professional qualifications and experience	Independence	public companies where the individual serves as an independent director
Independent director Chen, Bo-Rong (Note 2)	Has professional qualifications for and experience in management at companies in the electronics industry and other relevant industries, expertise in business, law, finance, and accounting, and work experience required for the Company's business	<p>(1) Not an employee of the Company or any of its affiliates.</p> <p>(2) Not a director or supervisor of the Company or its affiliates (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary, or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).</p> <p>(3) Not a director, spouse, minor child thereof, or other natural person shareholders who hold more than 1% of the total issued shares of the Company by nominee arrangement or with top ten ownership.</p> <p>(4) Not the manager listed in (1) or the spouse, relatives within the second degree of kinship or direct blood relative within the third degree of kinship of the person listed in (2) and (3).</p> <p>(5) Not a director, supervisor, or employee of an institutional shareholder who directly holds more than 5% of the Company's total issued shares, who are among the top five shareholders, or who designates its representative to serve as a director or supervisor of the Company in accordance with Article 27, paragraph 1 or 2 of the Company Act (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).</p> <p>(6) Not a director, supervisor, or employee of another company where a majority of the Company's director seats or voting shares and those of another company are controlled by the same person (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).</p> <p>(7) Not a director (managing director), supervisor, or employee of another company or institution where the Chairman, the President, or person holding an equivalent position of the Company and a person in an equivalent position at another company or institution are the same person or are spouses (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).</p> <p>(8) Not a director (managing director), supervisor, manager, or shareholder holding 5% or more of the shares of a specific company or institution which has a financial or business relationship with the Company (except for a specific company or institution holding more than 20% and no more than 50% of the total issued shares of the Company and for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).</p> <p>(9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company for which the provider in the past two years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Security and Exchanges Act or to the Business Mergers and Acquisitions Act or relevant laws or regulations.</p> <p>(10) Not a spouse or relative within the second degree of kinship of any other director.</p> <p>(11) Not under any of the circumstances under the subparagraphs of Article 30 of the Company Act.</p> <p>(12) Not the government, juridical person, or representative thereof elected as per Article 27 of the Companies Act.</p>	0

Criteria Name	Professional qualifications and experience	Independence	public companies where the individual serves as an independent director
Supervisors Wu, Hong-Ci (Note 2)	Has professional qualifications for and experience in management at companies in the electronics industry and other relevant industries, expertise in business, law, finance, and accounting, and work experience required for the Company's business	<p>(1) Not an employee of the Company or any of its affiliates.</p> <p>(2) Not a director or supervisor of the Company or its affiliates (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary, or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).</p> <p>(3) Not a director, spouse, minor child thereof, or other natural person shareholders who hold more than 1% of the total issued shares of the Company by nominee arrangement or with top ten ownership.</p> <p>(4) Not the manager listed in (1) or the spouse, relatives within the second degree of kinship or direct blood relative within the third degree of kinship of the person listed in (2) and (3).</p> <p>(5) Not a director, supervisor, or employee of an institutional shareholder who directly holds more than 5% of the Company's total issued shares, who are among the top five shareholders, or who designates its representative to serve as a director or supervisor of the Company in accordance with Article 27, paragraph 1 or 2 of the Company Act (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).</p> <p>(6) Not a director, supervisor, or employee of another company where a majority of the Company's director seats or voting shares and those of another company are controlled by the same person (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).</p> <p>(7) Not a director (managing director), supervisor, or employee of another company or institution where the Chairman, the President, or person holding an equivalent position of the Company and a person in an equivalent position at another company or institution are the same person or are spouses (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).</p> <p>(8) Not a director (managing director), supervisor, manager, or shareholder holding 5% or more of the shares of a specific company or institution which has a financial or business relationship with the Company (except for a specific company or institution holding more than 20% and no more than 50% of the total issued shares of the Company and for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).</p> <p>(9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company for which the provider in the past two years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Security and Exchanges Act or to the Business Mergers and Acquisitions Act or relevant laws or regulations.</p> <p>(10) Not a spouse or relative within the second degree of kinship of any other director.</p> <p>(11) Not under any of the circumstances under the subparagraphs of Article 30 of the Company Act.</p> <p>(12) Not the government, juridical person, or representative thereof elected as per Article 27 of the Companies Act.</p>	0

Criteria Name	Professional qualifications and experience	Independence	public companies where the individual serves as an independent director
Supervisors Ming Liang Investment Co., Ltd. Representative : Wang, Yen-Hsiang (Note 2)	Has expertise in business administration, leadership, decision-making, industry knowledge, and financial accounting, and work experience required for the Company's business	<p>(1) Not an employee of the Company or any of its affiliates.</p> <p>(2) Not a director or supervisor of the Company or its affiliates (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary, or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).</p> <p>(3) Not a director, spouse, minor child thereof, or other natural person shareholders who hold more than 1% of the total issued shares of the Company by nominee arrangement or with top ten ownership.</p> <p>(4) Not a director, supervisor, or employee of another company where a majority of the Company's director seats or voting shares and those of another company are controlled by the same person (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).</p> <p>(5) Not a director (managing director), supervisor, or employee of another company or institution where the Chairman, the President, or person holding an equivalent position of the Company and a person in an equivalent position at another company or institution are the same person or are spouses (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).</p> <p>(6) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company for which the provider in the past two years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Security and Exchanges Act or to the Business Mergers and Acquisitions Act or relevant laws or regulations.</p> <p>(7) Not under any of the circumstances under the subparagraphs of Article 30 of the Company Act.</p>	0

Criteria Name	Professional qualifications and experience	Independence	public companies where the individual serves as an independent director
Supervisors Bei Li Investment Co., Ltd. Representative : Wang, Chien-Chih (Note 2)	Has professional qualifications as an attorney, expertise in business and law, and work experience required for the Company's business	<p>(1) Not an employee of the Company or any of its affiliates.</p> <p>(2) Not a director, spouse, minor child thereof, or other natural person shareholders who hold more than 1% of the total issued shares of the Company by nominee arrangement or with top ten ownership .</p> <p>(3) Not the manager listed in (1) or the spouse, relatives within the second degree of kinship or direct blood relative within the third degree of kinship of the person listed in (2).</p> <p>(4) Not a director, supervisor, or employee of another company where a majority of the Company's director seats or voting shares and those of another company are controlled by the same person (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).</p> <p>(5) Not a director (managing director), supervisor, or employee of another company or institution where the Chairman, the President, or person holding an equivalent position of the Company and a person in an equivalent position at another company or institution are the same person or are spouses (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).</p> <p>(6) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company for which the provider in the past two years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Security and Exchanges Act or to the Business Mergers and Acquisitions Act or relevant laws or regulations.</p> <p>(7) Not a spouse or relative within the second degree of kinship of any other director.</p> <p>(8) Not under any of the circumstances under the subparagraphs of Article 30 of the Company Act.</p>	1

Note 1: Elected at the election held on June 9, 2022.

Note 2: Dismissed at the election held on June 9, 2022.

2. Board diversity and independence:

(1) Board diversity:

The 9th meeting of the 8th Board of Directors adopted the Corporate Governance Best Practice Principles on November 1, 2017, and a diversity policy is specified under Chapter 3 "Enhanced Functions of the Board of Directors" of the principles. We adopt a candidate nomination system for the nomination for and selection of board members as per the Company's Articles of Incorporation and nominate candidates for directors as per the Directors and Supervisors Election Regulations through rigorous selection procedures to ensure the diversity and independence of our directors. Our directors have extensive experience in industry and academia with a great personal reputation for ethical conduct and leadership. Directors' considerable knowledge, personal insight, and precise business judgment are conducive to the Company's operations.

On the premise that board diversity and independence of directors are ensured, we nominated candidates and elected directors as per the Directors and Supervisors Election Regulations through rigorous selection procedures and formulated the Board Self-Evaluation

or Peer-Evaluation Regulations on May 8, 2019 to carry out performance evaluation on a regular basis to ensure board members' diverse backgrounds and suitability. The 10th term of directors' diverse backgrounds are specified below:

Diverse backgrounds	Board members
Has expertise in business administration, leadership, decision-making, industry knowledge, and financial accounting.	Fu, Chiang-Sung, director Wang, Chih-Kao, director Wang, Yen-Chi, representative of the director, Ming Liang Investment Co., Ltd. Fuh, Jiang-Ching, representative of the director Bei Li Investment Co., Ltd.
Has experience in commercial law and an attorney license	Wang, Chien-Chih, director
Has years of experience in electronics distribution and relevant industries	Chou, Chin-Piao, independent director Chiu, Jui-Li, independent director Chin, Chih-Hai, independent director
Has expertise in financial accounting and years of practical experience in business and finance	Chen, Chao-Sen, independent director

(2) Independence of the board:

The current term of the Board of Directors consists of nine directors, including five directors and four independent directors, and independent directors account for 45% of all board members. All our board members have extensive experience and expertise in the fields of finance, business, and management. The nomination and selection are handled in accordance with the Company's Articles of Incorporation. We adopt a candidate nomination system, evaluate each candidate's education, experience, and qualifications, refer to stakeholders' opinions, and comply with the Directors and Supervisors Election Regulations and the Corporate Governance Best Practice Principles to ensure directors' diversity and independence as well as compliance with Article 26-3, paragraphs 3 and 4 of the Securities and Exchange Act.

3.2.2. Information on the President, Vice Presidents, Assistant Vice Presidents, and the heads of various departments and branches as well as their shareholdings

April 1, 2023 Unit: Shares

Title	Nationality	Name	Gender	Date elected/Date	Shareholding		Shareholding of spouse or minor children		Shareholding by nominee arrangement		Major education and experience	Current employment with other companies	Spouse or relatives within second degree of kinship who are other managers of the Company			Remarks
					Number of shares	Shareholding	Number of shares	Shareholding	Number of shares	Shareholding			Title	Name	Relations	
Chairman-cum-President	Taiwan	Fu, Chang-Sung	Male	1999.07.01	8,911,265	12.35%	1,837,422	2.55%	—	—	<ul style="list-style-type: none"> Education: Electrical Engineering Department, Lunghwa University of Science and Technology Experience: <ul style="list-style-type: none"> 1. Assistant Manager of airysc Co., Ltd. 2. Engineer of ASEC International Corporation 3. Chairman-cum-President of Professional Computer Technology Limited (incumbent) 	Other companies: <ol style="list-style-type: none"> 1. Director of Insysde Software Co., Ltd. 2. Director of Silicon Professional Technology Director 3. Director and President of Silicon Professional Technology Hong Kong Ltd. 4. Director of Excellence International Holding Corp. 5. President of Professional Computer Electronics (Shenzhen) Co., Ltd. 6. Director and President of APG Ltd. 	None	None	None	(Note 1)
Chief Long-term Strategy Executive Officer	Taiwan	Wang, Chih-Kao	Male	2002.01.01	2,414,733	3.35%	1,580,222	2.19%	—	—	<ul style="list-style-type: none"> Education: Department of Electronic Engineering, Fu Jen Catholic University Experience: <ul style="list-style-type: none"> 1. President of airysc Co., Ltd. 2. President of the Business Department 4 of ASEC International Corporation 3. Chairman and CEO of Insysde Software Co., Ltd. (incumbent) 4. Honorary Chairman and Chief Long-term Strategy Executive Officer of Professional Computer Technology Limited (incumbent) 	Other companies: <ol style="list-style-type: none"> 1. Chairman and CEO of Insysde Software Co., Ltd. 2. Director of Silicon Professional Technology Ltd. 3. Director of Silicon Professional Technology Hong Kong Ltd. 4. Director of Excellence International Holding Corp. 5. Director of APG Ltd. 6. Representative of Clean Slate Ltd., a corporate director of Insysde Software Inc. 	President of the General Management Department	Huang, Mei-Chin	Spouse	
General Management Department President	Taiwan	Huang, Mei-Chin	Female	2000.10.01	1,580,222	2.19%	2,414,733	3.35%	—	—	<ul style="list-style-type: none"> Education: Department of Japanese Language and Culture, Fu Jen Catholic University Experience: <ul style="list-style-type: none"> Secretary to the President, Taipei Branch of ITOCHU Taiwan Corporation 	Insysde Software Co., Ltd. Representative of the director, Portal International IPRs Service Co., Ltd.	Chief Long-term Strategy Executive Officer	Wang, Chih-Kao	Spouse	
General Management Department Assistant VP, Accounting	Taiwan	Liu, Li-Hua	Female	2000.07.01	59,269	0.08%	—	—	—	—	<ul style="list-style-type: none"> Education: Department of Applied Business Studies, National Taipei University of Business Experience: Chief accountant at Ming Hsiang 	None	None	None	None	
General Management Department Assistant VP, Warehousing	Taiwan	Hsieh, Neng-Hsin	Male	2006.01.01	6,186	0.01%	—	—	—	—	<ul style="list-style-type: none"> Education: Department of Information Management, Southern Taiwan University of Science and Technology Experience: Chief of Logistics Section, Nextronics Engineering Corp. 	None	None	None	None	

Title	Nationality	Name	Gender	Date elected	Shareholding		Shareholding of spouse or minor children		Shareholding by nominee		Major education and experience	Current employment with other companies	Spouse or relatives within second degree of kinship who are other managers of the Company			Remarks
					Number of shares	Shareholding	Number of shares	Shareholding	Number of shares	Shareholding			Title	Name	Relations	
General Management Department Assistant VP, Finance	Taiwan	Huang, Shu-Hua	Female	2018.07.03	52,788	0.07%	—	—	—	—	<ul style="list-style-type: none"> Education: Department of International Trade, Chihlee University of Technology Experience: Accountant of Yongxing Harbor Marine Engineering Co., Ltd. 	None	None	None	None	
President's Office Assistant VP	Taiwan	Sung, Ching-Li	Female	2018.07.03	0	0	191	—	—	—	<ul style="list-style-type: none"> Education: Department of English Language, Literature and Linguistics, Providence University Experience: Salesperson of Lee Brothers Hat Corp. 	None	None	None	None	
Business Department General manager	Taiwan	Wen, Teng-Chuan	Male	2002.09.16	50,794	0.07%	150,000	0.21%	—	—	<ul style="list-style-type: none"> Education: EMBA, National Taiwan University of Science and Technology Experience: Manager of Kecheng Co., Ltd. 	Managing director, Professional Computer Electronics (Shenzhen) Co., Ltd.	None	None	None	
Vice President of Market Development Department	Taiwan	Chen, Yung-Cheng	Male	2004.02.15	456	0.00%	10,026	0.01%	—	—	<ul style="list-style-type: none"> Education: Electronic Data Processing Department, China University of Technology Experience: Salesperson of Prospect Technology Corp. 	None	None	None	None	
Market Development Department Assistant VP	Taiwan	Yeh Chuang, Jen-Cheng	Male	2005.05.16	19,454	0.03%	—	—	—	—	<ul style="list-style-type: none"> Education: Department of Electronics, Lee-Ming Institute of Technology Experience: Assistant Vice President of Sales & Marketing, Yuquan Technology Co., Ltd. 	Supervisor of Professional Computer Electronics (Shenzhen) Co., Ltd.	None	None	None	
Market Development Department Assistant VP	Taiwan	Tsen, Sih-Tao	Male	2006.11.15	—	—	—	—	—	—	<ul style="list-style-type: none"> Education: Department of Electrical Engineering, National Central University Experience: Assistant Vice President, Synaptics 	None	None	None	None	
Business Department Sales Department 4 Assistant VP	Taiwan	Chien, Li-Chuan	Female	2014.07.03	104	0.00%	—	—	—	—	<ul style="list-style-type: none"> Education: Department of Integrated Business Studies, Yu Da High School of Commerce and Home Economics Experience: Sales representative of Grand Advance Corp. 	None	None	None	None	
Business Department Sales Department 1 Assistant VP	Taiwan	Tsai, Ming-Hung	Male	2014.07.03	—	—	—	—	—	—	<ul style="list-style-type: none"> Education: Department of Mechanical Engineering, Asia Eastern University of Science and Technology Experience: Sales representative of Helm Technology Inc. 	None	None	None	None	
Business Department Sales Department 3 Assistant VP	Taiwan	Yeh, Tsai-Fu	Male	2016.09.01	—	—	—	—	—	—	<ul style="list-style-type: none"> Education: Master's degree, Graduate Institute of Management, National Taiwan University of Science and Technology Experience: Sales Supervisor of Yuquan Technology Co., Ltd. 	None	None	None	None	
Information Management Department Assistant VP	Taiwan	Chiu, Kai-Pin	Male	2008.01.01	333	0.00%	—	—	—	—	<ul style="list-style-type: none"> Education: Department of Business Administration, China University of Technology Experience: MIS, Guanglong Business Management Consultancy 	None	None	None	None	

Title	Nationality	Name	Gender	Date elected Date	Shareholding		Shareholding of spouse or minor children		Shareholding by nominee arrangement		Major education and experience	Current employment with other companies	Spouse or relatives within second degree of kinship who are other managers of the Company			Remarks
					Number of shares	Shareholding	Number of shares	Shareholding	Number of shares	Shareholding			Title	Name	Relations	
Applied Engineering Department Assistant VP	Taiwan	Chen, Shou-I	Male	2012.07.01	—	—	—	—	—	—	<ul style="list-style-type: none"> • Education: Department of Electronic Engineering, Asia Eastern University of Science and Technology • Experience: Yuquan Technology Co., Ltd. Senior Manager of Applied Engineering Department 	None	None	None	None	
Audit Office Assistant VP	Taiwan	Li, Chih-Chiang	Male	2013.07.01	474	0.00%	745	—	—	—	<ul style="list-style-type: none"> • Education: Department of Business Administration, Fu Jen Catholic University • Experience: Section Chief of Ju-Hsun Technology Inc. 	None	None	None	None	
Information Management Department Assistant VP	Taiwan	Tseng, Yu-Sung	Male	2013.07.01	2,145	0.00%	—	—	—	—	<ul style="list-style-type: none"> • Education: Department of Information Management, National Taiwan University of Science and Technology • Experience: Section Chief of Everspring Industry Co., Ltd. 	None	None	None	None	

Note 1: As the Chairman has a unique leadership style and experience in the electronic component distribution industry and market and is familiarized with the Company's operations, he also serves as the President of the Company. We have worked to enhance corporate governance by having more than half of all directors who do not serve as employees or managers concurrently and elected four independent directors in 2022.

3.3. Remuneration paid to directors, supervisors, the President, and Vice Presidents in the most recent year

(1) Remuneration to general directors and independent directors

Unit: NTS thousand

Title	Name	Remuneration to directors						Sum of A, B, C, and D as a % of the net income after tax		Remuneration received for serving as an employee concurrently				Sum of A, B, C, D, E, F, and G as a % of the net income after tax		Remuneration from investees other than subsidiaries or from the parent company		
		Base remuneration (A)		Severance and pension (B)		Remuneration to directors (C)		Business execution expenses (D)		Remuneration, bonus, and allowance (E)		Severance and pension (F)		Employee remuneration (G)			The Company	All companies in the financial statements
		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	Cash amount	Stock amount	Cash amount	Stock amount			
Chairman (Note 1)	Fu, Chiang-Sung																	
Director (Note 1)	Wang, Chih-Kao																	
Director (Note 1)	Wang, Chien-Chih																	
Director (Note 1)	Bei Li Investment Co., Ltd. (Representative: Fuh, Jiang-Ching)	0	0	0	3,808	3,808	200	200										
Director (Note 1)	Ming Liang Investment Co., Ltd. (Representative: Wang, Yen-Chi)																	
Director (Note 2)	Bing Yeh																	
Independent director (Note 1)	Chou, Chin-Piao																	
Independent director (Note 1)	Chiu, Jui-Li																	
Independent director (Note 1)	Chin, Chih-Hai																	
Independent director (Note 1)	Chen, Chao-Sen	0	0	0	1,713	1,713	140	140										
Independent director (Note 2)	Chen, Bo-Rong																	
Independent director (Note 2)	Liou, Syue-Yu																	

1. Please specify the policy, system, standard, and structure of remuneration to independent directors, and the association between the amount of remuneration and the responsibilities and risks assumed, time spent, and other factors: As per the Articles of Incorporation, if the Company makes a profit for a year, the Board of Directors will resolve a decision to allocate no more than 3% as remuneration to directors and supervisors, and their annual attendance at board meetings and performance evaluation results will be adopted as the basis to decide the amount of their individual remuneration.

2. Except as disclosed in the above table, the remuneration received by the Company's directors for providing services to all companies in the financial statements (such as serving as a consultant in a non-employee capacity) in the most recent year: None.

1. Please specify the policy, system, standard, and structure of remuneration to independent directors, and the association between the amount of remuneration and the responsibilities and risks assumed, time spent, and other factors: As per the Articles of Incorporation, if the Company makes a profit for a year, the Board of Directors will resolve a decision to allocate no more than 3% as remuneration to directors and supervisors, and their annual attendance at board meetings and performance evaluation results will be adopted as the basis to decide the amount of their individual remuneration.

2. Except as disclosed in the above table, the remuneration received by the Company's directors for providing services to all companies in the financial statements (such as serving as a consultant in a non-employee capacity) in the most recent year: None.

Note 1: Elected at the election held on June 9, 2022.

Note 2: Dismissed at the election held on June 9, 2022.

Note 3: Employee pensions for directors who are serving as employees concurrently are expensed.

Remuneration range table

Ranges of remuneration paid to each director of the Company	Name of director			
	Sum of A+B+C+D		Sum of A+B+C+D+E+F+G	
	The Company	All companies in the financial statements (H)	The Company	All companies in the financial statements (I)
Below NT\$1,000,000	General director: Bing Yeh and Wang, Chien-Chih, Ming Liang Investment Co., Ltd. (Representative: Wang, Yen-Chi), Bei Li Investment Co., Ltd. (Representative: Fuh, Jiang-Ching) Independent directors: Chen, Bo-Rong and Liou, Syue-Yu, Chou, Chin-Piao and Chiu, Jui-Li, Chin, Chih-Hai and Chen, Chao-Sen	General director: Bing Yeh and Wang, Chien-Chih, Ming Liang Investment Co., Ltd. (Representative: Wang, Yen-Chi), Bei Li Investment Co., Ltd. (Representative: Fuh, Jiang-Ching) Independent directors: Chen, Bo-Rong and Liou, Syue-Yu, Chou, Chin-Piao and Chiu, Jui-Li, Chin, Chih-Hai and Chen, Chao-Sen	General director: Bing Yeh and Wang, Chien-Chih, Ming Liang Investment Co., Ltd. (Representative: Wang, Yen-Chi), Bei Li Investment Co., Ltd. (Representative: Fuh, Jiang-Ching) Independent directors: Chen, Bo-Rong and Liou, Syue-Yu, Chou, Chin-Piao and Chiu, Jui-Li, Chin, Chih-Hai and Chen, Chao-Sen	General director: Bing Yeh and Wang, Chien-Chih, Ming Liang Investment Co., Ltd. (Representative: Wang, Yen-Chi), Bei Li Investment Co., Ltd. (Representative: Fuh, Jiang-Ching) Independent directors: Chen, Bo-Rong and Liou, Syue-Yu, Chou, Chin-Piao and Chiu, Jui-Li, Chin, Chih-Hai and Chen, Chao-Sen
NT\$1,000,000 (inclusive)–NT\$2,000,000 (exclusive)	General director: Fu, Chiang-Sung and Wang, Chih-Kao	General director: Fu, Chiang-Sung and Wang, Chih-Kao		
NT\$2,000,000 (inclusive)–NT\$3,500,000 (exclusive)				
NT\$3,500,000 (inclusive)–NT\$5,000,000 (exclusive)				
NT\$5,000,000 (inclusive)–NT\$10,000,000 (exclusive)			General director: Wang, Chih-Kao	General director: Wang, Chih-Kao
NT\$10,000,000 (inclusive)–NT\$15,000,000 (exclusive)			General director: Fu, Chiang-Sung	General director: Fu, Chiang-Sung

(2) Supervisors' remuneration

Unit: NT\$ thousand

Title	Name	Supervisors' remuneration				Sum of A, B, and C as a % of the net income after tax		Remuneration from investees other than subsidiaries or from the parent company
		Base remuneration (A)		Remuneration (B)		Business execution expenses (C)		
		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	
Supervisors	Wu, Hong-Ci							
Supervisors	Ming Liang Investment Co., Ltd. (Representative: Wang, Yen-Hsiang)	0	0	725	725	40	40	0.46%
Supervisors	Bei Li Investment Co., Ltd. (Representative: Wang, Chien-Chih)							None

Remuneration range table

Ranges of remuneration paid to each supervisor of the Company	Name of supervisor	
	Sum of (A+B+C)	
	The Company	All companies in the financial statements (D)
Below NT\$1,000,000	Wu, Hong-Ci, Wang, Yen-Hsiang, representative of Ming Liang Investment Co., Ltd., and Wang, Chien-Chih, representative of Bei Li Investment Co., Ltd.	Wu, Hong-Ci, Wang, Yen-Hsiang, representative of Ming Liang Investment Co., Ltd., and Wang, Chien-Chih, representative of Bei Li Investment Co., Ltd.

(3) Remuneration to the President and Vice Presidents

Unit: NT\$ thousand

Title	Name	Salary (A)		Severance and pension (B) (Note 1)		Bonus and allowance (C)		Employee remuneration (D)				Sum of A, B, C, and D as a % of the net income after tax			Remuneration from investees other than subsidiaries or from the parent company
		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements		The Company	All companies in the financial statements	The Company	All companies in the financial statements			
							Cash amount	Stock amount					Cash amount	Stock amount	
Chairman-cum-President	Fu, Chiang-Sung														
Chief															
Long-term Strategy Executive Officer	Wang, Chih-Kao														
General Management Department President	Huang, Mei-Chin	12,157	12,157	410	410	5,095	5,095	3,323	0	3,323	0	12.59%	12.59%	None	
President, Business Department	Wen, Teng-Chuan														
Vice President	Chen, Yung-Cheng														

Note 1: Pensions for the President and Vice Presidents are expensed.

Remuneration range table

Range of remuneration paid to the President and Vice Presidents of the Company	Name of President/Vice President	
	The Company	All companies in the financial statements (E)
Below NT\$1,000,000		
NT\$1,000,000 (inclusive)–NT\$2,000,000 (exclusive)	Chen, Yung-Cheng	Chen, Yung-Cheng
NT\$2,000,000 (inclusive)–NT\$3,500,000 (exclusive)	Huang, Mei-Chin and Wen, Teng-Chuan	Huang, Mei-Chin and Wen, Teng-Chuan
NT\$3,500,000 (inclusive)–NT\$5,000,000 (exclusive)	Wang, Chih-Kao	Wang, Chih-Kao
NT\$5,000,000 (inclusive)–NT\$10,000,000 (exclusive)	Fu, Chiang-Sung	Fu, Chiang-Sung

3.3.4. Name of the manager who receives employee remuneration and distribution

December 31, 2022

Unit: NT\$ Thousand

	Title	Name	Stock amount	Cash amount	Total	Total as a percentage of net income after tax
Manager	Chairman-cum-President	Fu, Chiang-Sung	0	6,662	6,662	4.00%
	Chief Long-term Strategy Executive Officer	Wang, Chih-Kao				
	President of the General Management Department	Huang, Mei-Chin				
	President, Business Department	Wen, Teng-Chuan				
	Vice President	Chen, Yung-Cheng				
	Assistant VP	Yeh Chuang, Jen-Cheng				
	Assistant VP	Hsieh, Neng-Hsin				
	Assistant VP	Tsen, Sih-Tao				
	Assistant VP	Chiu, Kai-Pin				
	Assistant VP	Li, Chih-Chiang				
	Assistant VP	Tseng, Yu-Sung				
	Assistant VP	Chen, Shou-I				
	Assistant VP	Chien, Li-Chuan				
	Assistant VP	Tsai, Ming-Hung				
	Assistant VP	Yeh, Tsai-Fu				
	Assistant VP	Sung, Ching-Li				
	Assistant VP, Accounting	Huang, Shu-Hua				
	Assistant VP, Finance	Liu, Li-Hua				

3.3.5. An analysis of the total remuneration paid to the Company's directors, supervisors, the President, and Vice Presidents by the Company and all companies in the consolidated financial statements as a percentage of the net income after tax in the standalone financial report for the most recent two years, and a description of the remuneration policy, standard, and package, the procedure for determining the remuneration, and the association between business performance and future risks:

(A) The total remuneration paid to the Company's directors, supervisors, the President, and Vice Presidents by the Company as a percentage of the net income after tax in the standalone financial report for the most recent two years:

Year	The total remuneration paid to the Company's directors, supervisors, the President, and Vice Presidents by the Company as a percentage of the net income after tax in the standalone financial report
2021	15.84%
2022	16.56%

- (B) The remuneration to the directors and supervisors includes business execution expenses and directors' and supervisors' remuneration. Business execution expenses are paid based on the general standard in the market. The remuneration paid to directors and supervisors is proposed by the Remuneration Committee and paid after the resolution by the Board of Directors. In accordance with the Articles of Incorporation, the Company shall allocate no less than 6% of the profit, if any, for employee remuneration, which shall be paid out in stock or cash by the resolution of the Board of Directors. The recipients of the employee remuneration include not only the Company's employees but also the employees at subsidiaries, in which the Company, directly or indirectly, holds 50% or more of their shares. The Company may allocate no more than 3% of said profit for remuneration to directors and supervisors by the resolution of the Board of Directors and decide individual amounts as per their annual performance evaluation results in respect of (1) alignment with the Company's goals and mission; (2) awareness of responsibilities as a director; (3) degree of involvement in the Company's operations; (4) management and communication of internal relations; (5) directors' professional and continuing education; (6) internal control and individual attendance.
- (C) The reasonable remuneration to the Chairman, the President, and other managers, including salaries, bonuses, and employee remuneration, is paid in accordance with the Company's Salary Management Regulations and with reference to (1) target achievement rate, (2) profit rate, (3) individual performance, and (4) contribution after the percentages for individual remuneration are calculated.

3.4. Implementation of corporate governance

3.4.1 Information on the operations of the Board of Directors and relevant matters to be recorded

The Board of Directors held seven meetings during the most recent year (2022), and directors' and supervisors' attendance is as follows:

Title	Name	Attendance in person	Attendance by proxy	Attendance	Remarks
Chairman	Fu, Chiang-Sung	7	0	100%	(Note 1)
Director	Wang, Chih-Kao	7	0	100%	(Note 1)
Director	Bing Yeh	4	0	100%	(Note 2)
Independent director	Liou, Syue-Yu	4	0	100%	(Note 2)
Independent director	Chen, Bo-Rong	4	0	100%	(Note 2)
Supervisors	Wu, Hong-Ci	4	0	100%	(Note 2)
Supervisors	Ming Liang Investment Co., Ltd. (Representative: Wang, Yen-Hsiang)	4	0	100%	(Note 2)
Supervisors	Bei Li Investment Co., Ltd. (Representative: Wang, Chien-Chih)	4	0	100%	(Note 2)
Director	Wang, Chien-Chig	3	0	100%	(Note 1)
Director	Ming Liang Investment Co., Ltd. (Representative: Wang, Yen-Chi)	3	0	100%	(Note 1)
Director	Bei Li Investment Co., Ltd. (Representative: Fuh, Jiang-Ching)	3	0	100%	(Note 1)
Independent director	Chou, Chin-Piao	3	0	100%	(Note 1)
Independent director	Chiu, Jui-Li	3	0	100%	(Note 1)
Independent director	Chin, Chih-Hai	3	0	100%	(Note 1)
Independent director	Chen, Chao-Sen	3	0	100%	(Note 1)

Note 1: Elected at the election held on June 9, 2022.

Note 2: Dismissed at the election held on June 9, 2022.

Additional information:

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

(1) Matters under Article 14-3 of the Securities and Exchange Act: There are some cases; see pages 76-80.

(2) Except for the above matters, other matters resolved by the Board of Directors with objection or reservation made by any independent directors, with records or a written statement: None; see pages 76-80.

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

Regarding the 2022 managers' remuneration proposal and the Chairman's/President's remuneration proposal at the board meeting on January 19, 2022, the chair (Chairman-cum-President) Mr. Fu, Chiang-Sung and director Mr. Wang, Chih-Kao recused themselves from these proposals as their person interest was involved. Independent director Liou, Syue-Yu acted as an acting chair and passed these proposals as proposed after consulting all directors, who expressed no objection.

3. Disclose information on the cycle, period, scope, method, and content of the Board of Directors' self-evaluation (peer evaluation) and fill out the implementation of the board evaluation in table (2): See page 43.
4. The objectives of reinforcement of the competency of the Board of Directors (such as establishing an audit committee or improving information transparency) in the current year and the most recent year and evaluation of the implementation:

The Company has established an audit committee on 2022.06.09 to send major information in Chinese and English throughout the year to enhance information transparency.
5.
 - (1) The internal audit unit submits a copy of each audit report to the independent directors and supervisors on a monthly basis according to law.
 - (2) If independent directors and supervisors have any questions or instructions after reviewing the copy of the audit report, they will ask or request the chief internal auditor to act accordingly.
 - (3) Each audit report should contain the information on the follow-up on the defects in the internal control and the improvement thereto, and a follow-up report should be prepared on a quarterly basis and submitted to the independent directors and supervisors.
 - (4) The chief internal auditor attends the board meetings quarterly to report on the audit business as per the regulations.
 - (5) The communication between the Company's chief internal auditor and independent directors is obstacle-free.
 - (6) The Company's CPAs visit the independent directors from time to time and report on the audit of the quarterly financial statements or review results as well as other matters to be communicated as required by applicable laws and regulations.

Implementation of the board evaluation:

Cycle (Note 1)	Period (Note 2)	Scope (Note 3)	Method (Note 4)	Content (Note 5)
Once a year	January 1, 2022– December 31, 2022	The Board of Directors, individual board members', and functional committees' performance evaluation	Internal board self-evaluation and board members' self-evaluation	<p>(1) The Board of Directors performance evaluation covers the degree of involvement in the Company's operations, the quality of the Board of Directors' decision-making, the composition and structure of the Board of Directors, the election of directors and their continuing education, and internal control.</p> <p>(2) Individual directors' performance evaluation covers alignment with the Company's goals and mission, awareness of responsibilities as a director, directors' awareness of responsibilities, degree of involvement in the Company's operations, internal relationship management and communication, management and communication of internal relations, and internal control.</p> <p>(3) Functional committees' performance evaluation covers the degree of involvement in the Company's operations, awareness of responsibilities as a functional committee member, the quality of the functional committee's decision-making, the composition and selection of members of the functional committees, and internal control.</p>

Note 1: Fill in the cycle of the board evaluation, e.g., once a year.

Note 2: Fill in the period covered for the board evaluation, e.g. the performance of the Board of Directors from January 1, 2022 to December 31, 2022 is evaluated.

Note 3: The evaluation covers the Board of Directors, individual board members', and functional committees' performance.

Note 4: Evaluation methods include internal board self-evaluation, board members' self-evaluation, peer evaluation, evaluation by external professional organizations or experts, or other appropriate methods.

Note 5: The evaluation content includes at least the indicators below within the evaluation scope:

- (1) The Board of Directors performance evaluation covers at least the degree of involvement in the Company's operations, the quality of the Board of Directors' decision-making, the composition and structure of the Board of Directors, the election of directors and their continuing education, and internal control.
- (2) Individual directors' performance evaluation covers at least the alignment with the Company's goals and mission, awareness of responsibilities as a director, directors' awareness of responsibilities, degree of involvement in the Company's operations, internal relationship management and communication, management and communication of internal relations, and internal control.
- (3) Functional committees' performance evaluation covers the degree of involvement in the Company's operations, awareness of responsibilities as a functional committee member, the quality of the functional committee's decision-making, the composition and selection of members of the functional committees, and internal control.

3.4.2 The operations of the Audit Committee or the supervisors' participation in the operations of the Board of Directors

(1) The operations of the Audit Committee:

The Audit Committee held two meetings in the most recent year (2022) (A), and the independent directors' attendance is as follows:

Title	Name	Attendance in person (B)	Attendance by proxy	Attendance (%) (B/A)	Remarks
Independent director	Chou, Chin-Piao	2	0	100%	None
Independent director	Chiu, Jui-Li	2	0	100%	None
Independent director	Chin, Chih-Hai	2	0	100%	None
Independent director	Chen, Chao-Sen	2	0	100%	None

Additional information:

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

(1) The matters under Article 14-5 of the Securities and Exchange Act: There are some cases; see pages 45–46.

(2) Other than those described above, any resolutions not approved by the Audit Committee but approved by more than two-thirds of all directors: None, see pages 45–46.

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

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

Date of meeting: November 2, 2022

Communication: Annual audit plan

(1) Communication plan

(2) The responsibilities and roles of the host accountant

(3) Audit plan

(4) The independence of accountants

Communication results: No major opinions.

(2) The summary of the important resolutions of the Audit Committee as of the publication of the Company's 2022 Annual Report and as of the date of publication is as follows:

Audit Commission	Contents of proposal and subsequent actions taken	Matters under Article 14-5 of the Securities and Exchange Act	Objection or reservation by independent directors
1th term 1th meeting 2022.08.03	1. Elect the chairman of the first audit committee of the Company and submit the election.		
	2. The Company's 2022 Second Quarter Financial Report is submitted for discussion.	V	
	3. The proposal to sign a bank financing agreement was submitted for discussion.		
	4. The appointment of the general manager and the CEO of long-term strategy is submitted for discussion.	V	
	Independent directors' opinions: None.		
	The Company's response to independent directors' opinions: None.		
	Resolution result: All directors present agreed to pass all these proposals.		

Audit Commission	Contents of proposal and subsequent actions taken	Matters under Article 14-5 of the Securities and Exchange Act	Objection or reservation by independent directors
1th term 2th meeting 2022.11.02	1. The Company's 2022 Third Quarter Financial Report is submitted for discussion.	V	
	2. Amendments to the internal control system and internal audit system are submitted for discussion.	V	
	Independent directors' opinions: None.		
	The Company's response to independent directors' opinions: None.		
	Resolution result: All directors present agreed to pass all these proposals.		

Audit Commission	Contents of proposal and subsequent actions taken	Matters under Article 14-5 of the Securities and Exchange Act	Objection or reservation by independent directors
1th term 3th meeting 2023.03.08	1. The Company's 2022 financial statements were submitted for discussion.	V	
	2. The Company's 2022 Statement of Surplus Distribution was submitted for discussion.		
	3. The Company's 2023 Annual Certified Public Accountant Appointment and Independence Review is submitted for discussion.	V	
	4. The proposed pre-approved certified public accountant, its firm and its affiliates and alliance firms intend to provide non-assurance services to the Company and its subsidiaries for discussion.		
	5. Pass the statement of the company's 2022 internal control system for discussion.	V	
	6. Amend the Rules of Procedure of the Board of Directors of the Company for discussion	V	
	7. Revise the operating standards related to the financial business of the Company's affiliates and submit them for discussion.	V	

Audit Commission	Contents of proposal and subsequent actions taken	Matters under Article 14-5 of the Securities and Exchange Act	Objection or reservation by independent directors
	8. Revise the Company's Code of Practice on Corporate Governance for discussion.	V	
	9. The proposal to sign a bank financing agreement was submitted for ratification.		
	Independent directors' opinions: None.		
	The Company's response to independent directors' opinions: None.		
	Resolution result: All directors present agreed to pass all these proposals.		

(3) Supervisors' participation in the operations of the Board of Directors:

The Board of Directors held seven meetings during the most recent year (2022), and supervisors' attendance in a non-voting capacity is as follows:

Title	Name	Attendance in person (Note 1)	Attendance (%)	Remarks
Supervisors	Wu, Hong-Ci	4	100%	None
Supervisors	Ming Liang Investment Co., Ltd. (Representative: Wang, Yen-Hsiang)	4	100%	None
Supervisors	Bei Li Investment Co., Ltd. (Representative: Wang, Chien-Chih)	4	100%	None

Note 1: On June 9, 2022, all supervisors were dismissed upon expiry of their term of office, and the company established an audit committee according to law.

Additional information:

1. The composition and responsibilities of supervisors:

(1) Communication between supervisors and employees and shareholders:

We have a supervisor's e-mail (supervisor@pct.com.tw) and a supervisor office with assistants in place in the Company as a communication channel for the supervisors to perform their duties.

(2) Communication between supervisors and the chief internal auditor:

(1) The internal audit unit submits a copy of each audit report to each supervisor for review per month and reports on the content of the internal audit work to the supervisors on a quarterly basis to the Board of Directors.

(2) The Company's CPAs visit the supervisors from time to time and report on the audit of the quarterly financial statements or review results as well as other matters to be communicated as required by applicable laws and regulations.

2. If supervisors expressed their opinions at a board meeting, the date of the board meeting, the session, the content of the proposal, the results of the resolutions by the Board of Directors, and the Company's response to said opinions shall be specified: None.

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

Item	Operations		Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	
1. Has the Company formulated and disclosed the Corporate Governance Best Practice Principles in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies?	V		The Company has formulated the Corporate Governance Best Practice Principles and disclosed it on the official website. Please visit http://www.pct.com.tw/company/1
2. The Company's shareholding structure and shareholders' equity			
(1) Has the Company formulated internal operating procedures for handling shareholders' suggestions or questions or disputes and litigation with them and complied with the procedures?	V		(1) The Company's spokesperson, acting spokesperson, and shareholder service personnel are responsible for handling such affairs.
(2) Does the Company have a list of the major shareholders with ultimate control over the Company and a list of the ultimate controllers of the major shareholders?	V		(2) The General Management Department is responsible for handling such affairs.
(3) Has the Company established and implemented a risk control and a firewall mechanism between itself and affiliates?	V		(3) We have formulated relevant internal control systems, the Procedures for Asset Acquisition and Disposal, the Long-term and Short-term Investment Regulations, and the Operating Guidelines for Transactions with Business Groups, Specific Companies, and Related Parties and implement them accordingly.
(4) Has the Company formulated internal regulations to prohibit insiders from using information undisclosed in the market to buy and sell securities?	V		(4) We have formulated the Procedures for Handling Material Inside Information and Managing Insider Trading Prevention to prohibit insiders from using information undisclosed in the market to buy and sell securities.

Item	Operations		Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor										
	Yes	No											
3. Composition and responsibilities of the Board of Directors (1) Has the board of directors formulated a diversity policy for the board structure and implemented them accordingly?	V	<p>(1) The 9th meeting of the 8th Board of Directors adopted the Corporate Governance Best Practice Principles on November 1, 2017, and a diversity policy is specified under Chapter 3 "Enhanced Functions of the Board of Directors" of the principles. On the premise that board diversity and independence of directors are ensured, we nominated candidates and elected directors as per the Directors and Supervisors Election Regulations through rigorous selection procedures and formulated the Board Self-Evaluation or Peer-Evaluation Regulations on May 8, 2019 to carry out performance evaluation on a regular basis to ensure board members' diverse backgrounds and suitability, and to balance the list of members of the 10th term of the Board of Directors of the Company, the diverse backgrounds of the Board members are as follows:</p> <table><tr><th>Diverse backgrounds</th><th>Board Member</th></tr><tr><td>Expertise in business management, leadership decision-making, industry knowledge, and financial accounting</td><td>Director: Fu, Chiang-Sung and Wang, Chih-Kao Ming Liang Investment Co., Ltd. (Representative: Wang, Yen-Chi) Bei Li Investment Co, Ltd. (Representative: Fuh, Jiang-Ching)</td></tr><tr><td>Possess commercial legal experience and legal qualifications</td><td>Director Wang, Chien-Chih</td></tr><tr><td>business experience in electronic distributors and related industries</td><td>Independent Director: Chou, Chin-Piao, Chiu, Jui-Li and Chin, Chih-Hai</td></tr><tr><td>Professional in financial accounting and many years of practical experience in commercial finance</td><td>Independent Director: Chen, Chao-Sen</td></tr></table>	Diverse backgrounds	Board Member	Expertise in business management, leadership decision-making, industry knowledge, and financial accounting	Director: Fu, Chiang-Sung and Wang, Chih-Kao Ming Liang Investment Co., Ltd. (Representative: Wang, Yen-Chi) Bei Li Investment Co, Ltd. (Representative: Fuh, Jiang-Ching)	Possess commercial legal experience and legal qualifications	Director Wang, Chien-Chih	business experience in electronic distributors and related industries	Independent Director: Chou, Chin-Piao, Chiu, Jui-Li and Chin, Chih-Hai	Professional in financial accounting and many years of practical experience in commercial finance	Independent Director: Chen, Chao-Sen	(1) No difference.
Diverse backgrounds	Board Member												
Expertise in business management, leadership decision-making, industry knowledge, and financial accounting	Director: Fu, Chiang-Sung and Wang, Chih-Kao Ming Liang Investment Co., Ltd. (Representative: Wang, Yen-Chi) Bei Li Investment Co, Ltd. (Representative: Fuh, Jiang-Ching)												
Possess commercial legal experience and legal qualifications	Director Wang, Chien-Chih												
business experience in electronic distributors and related industries	Independent Director: Chou, Chin-Piao, Chiu, Jui-Li and Chin, Chih-Hai												
Professional in financial accounting and many years of practical experience in commercial finance	Independent Director: Chen, Chao-Sen												

Item	Operations		Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	
(2) Has the Company voluntarily established other functional committees in addition to the remuneration and the audit committees established in accordance with the law?		V	(2) We have established Audit Committee and Remuneration Committee in accordance with the law. (3) We passed the Rules of the Performance Evaluation of the Board of Directors on May 8, 2019 and carried out the 2022 board performance evaluation in January 2023; then, we submitted the performance evaluation results to the Board of Directors in March 2023 as a reference for the board to decide the remuneration of and nominate candidates for individual directors. Please reference https://www.pct.com.tw/company/11
(3) Has the Company formulated board performance evaluation regulations and evaluations methods, conducted performance evaluations annually and regularly, reported the results of performance evaluations to the board of directors, and adopted such results as a reference for deciding the remuneration of and nominating candidates for individual directors?	V		(3) No difference.
(4) Does the Company regularly assess the independence of the CPAs?	V		(4) The Board conducts regular assessments of the appointment and independence of certified public accountants with reference to the Auditing Indicators (AQIs) evaluation indicators in the first quarter of each year. (See point 3.4.16 on page 84 for details.)
4. Has the Company has appointed an appropriate number of competent corporate governance personnel and designated a corporate governance officer to be responsible for corporate governance affairs (including but not limited to providing directors and supervisors with the materials required for performance of their duties, assisting directors and supervisors with compliance, handling matters related to board meetings and the shareholders' meetings, and preparing minutes of board meetings and shareholders' meetings)?	V		The General Manager of the General Management Office is also the head of corporate governance, and is responsible for corporate governance related matters, and we have appointed an appropriate number of competent corporate governance personnel to be responsible for corporate governance affairs (including but not limited to providing directors and supervisors with the materials required for performance of their duties, assisting directors and supervisors with compliance, handling matters related to board meetings and the shareholders' meetings, and preparing minutes of board meetings and shareholders' meetings).
			No difference.

Item	Operations		Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	
5. Has the Company has established communication channels with stakeholders (including but not limited to shareholders, employees, clients, and suppliers) and set up a section dedicated to stakeholders on the Company's website to properly respond to stakeholders' major CSR issues of concern?	V		No difference.
6. Does the Company appoint a professional stock affairs agency to handle the affairs related to shareholders' meetings?	V		No difference.
7. Information disclosures (1) Has the Company set up a website to disclose information on financial business and corporate governance? (2) Does the Company adopt other methods to disclose information (such as setting up an English website, designating personnel to collect and disclose company information, implementing a spokesperson system, or placing the proceeding of investor conferences on the Company website)? (3) Does the Company announce and submit an annual financial report to the competent authority within two months after the end of each fiscal year and announce and submit the financial reports for the first, second, and third quarters and the operations of each month to the competent authority before a specified deadline?	V V V	V	(1) No difference. (2) No difference. (3) We disclose and file a report on the Company's annual financial data within three months after the end of each fiscal year as required.

Item	Operations		Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	
8. Does the Company have other important information that facilitates the understanding of the operations of corporate governance (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholders' rights, directors' and supervisors' continuing education, the implementation of risk management policies and risk measurement standards, the implementation of client policies, and the Company's purchase of directors and supervisors liability insurance)?	V		<p>(1) Employee rights and interest: We protect employees' legitimate rights and interest in accordance with the Labor Standards Act.</p> <p>(2) Employee care: The Company has formulated benefit measures and an employee education and training system to establish positive relations based on mutual trust and mutual dependence with employees.</p> <p>(3) Investor relations: The Company regularly announces financial information.</p> <p>(4) Supplier relationship: We have maintained an appropriate supply and demand relationship with our suppliers.</p> <p>(5) Stakeholders' rights: Stakeholders can provide opinions to and communicate with the Company as per laws and regulations, and we will adopt their views as a reference for the Company's future development where appropriate.</p> <p>(6) Directors' and supervisors' continuing education: The directors and supervisors continue to receive training as per laws and regulations, and we disclose their training status on the MOPS.</p> <p>(7) Implementation of a risk management policy and the risk measurement standards: We have formulated an internal control system in accordance with the Regulations Governing Establishment of Internal Control Systems by Public Companies and implemented it effectively, while regularly self-evaluating and revising it to reduce the Company's operational risks.</p> <p>(8) Implementation of a client policy: We have maintained an obstacle-free communication channel with clients and have personnel responsible for understanding and addressing their issues to improve their satisfaction.</p> <p>No difference.</p>

Item	Operations		Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	
			(9) We have purchased directors and supervisors liability insurance and reported on the details of the insurance policy purchased (insurance company, insured amount, insurance period, coverage, and insurance premium) to directors and supervisors in the board meeting on March 8, 2023 and disclosed the information on the MOPS.
9. Please specify any improvements made as per the results of the corporate governance evaluation announced by the Corporate Governance Center, Taiwan Stock Exchange Corporation, in the most recent year and put forth prioritized measures to improve those that have not yet improved: (1) The company established an audit committee in 2022 (2) None of the independent directors has served more than three terms.			
Note: Either “Yes” or “No” checked, the operation shall be specified in the Brief description column.			

3.4.4 If the Company has established a remuneration committee, the composition, responsibilities, and operations of the committee shall be disclosed:

(1) 1. Information on members of the Remuneration Committee

Title (Note 4)	Criteria		Independence (Note 6)	Number of other public companies where the individual serves as a member of the remuneration committee concurrently
	Name	Professional qualifications and experience (Note 5)		
Independent director	Chou, Chin-Piao (Convener) (Note 1)	Has expertise in business administration, leadership, decision-making, industry knowledge, and financial accounting, and work experience required for the Company's business	<p>(1) Not an employee of the Company or any of its affiliates.</p> <p>(2) Not a director or supervisor of the Company or its affiliates (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary, or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).</p> <p>(3) Not a director, spouse, minor child thereof, or other natural person shareholders who hold more than 1% of the total issued shares of the Company by nominee arrangement or with top ten ownership.</p> <p>(4) Not the manager listed in (1) or the spouse, relatives within the second degree of kinship or direct blood relative within the third degree of kinship of the person listed in (2) and (3).</p> <p>(5) Not a director, supervisor, or employee of an institutional shareholder who directly holds more than 5% of the Company's total issued shares, who are among the top five shareholders, or who designates its representative to serve as a director or supervisor of the Company in accordance with Article 27, paragraph 1 or 2 of the Company Act (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).</p> <p>(6) Not a director, supervisor, or employee of another company where a majority of the Company's director seats or voting shares and those of another company are controlled by the same person (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).</p> <p>(7) Not a director (managing director), supervisor, or employee of another company or institution where the Chairman, the President, or person holding an equivalent position of the Company and a person in an equivalent position at another company or institution are the same person or are spouses (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).</p> <p>(8) Not a director (managing director), supervisor, manager, or shareholder holding 5% or more of the shares of a specific company or institution which has a financial or business relationship with the Company (except for a specific company or institution holding more than 20% and no more than 50% of the total issued shares of the Company and for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).</p> <p>(9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company for which the provider in the past two years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Security and Exchanges Act or to the Business Mergers and Acquisitions Act or relevant laws or regulations.</p> <p>(10) Not a spouse or relative within the second degree of kinship of any other director.</p> <p>(11) Not under any of the circumstances under the subparagraphs of Article 30 of the Company Act.</p> <p>(12) Not the government, juridical person, or representative thereof elected as per Article 27 of the Companies Act.</p>	0

Title (Note 4)	Criteria	Professional qualifications and experience (Note 5)	Independence (Note 6)	Number of other public companies where the individual serves as a member of the remuneration committee concurrently
	Name			
Others Independent Director (Note 3)	Chiu, Jui-Li	Has expertise in business administration, leadership, decision-making, industry knowledge, and financial accounting, and work experience required for the Company's business	<p>(1) Not an employee of the Company or any of its affiliates.</p> <p>(2) Not a director or supervisor of the Company or its affiliates (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary, or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).</p> <p>(3) Not a director, spouse, minor child thereof, or other natural person shareholders who hold more than 1% of the total issued shares of the Company by nominee arrangement or with top ten ownership.</p> <p>(4) Not the manager listed in (1) or the spouse, relatives within the second degree of kinship or direct blood relative within the third degree of kinship of the person listed in (2) and (3).</p> <p>(5) Not a director, supervisor, or employee of an institutional shareholder who directly holds more than 5% of the Company's total issued shares, who are among the top five shareholders, or who designates its representative to serve as a director or supervisor of the Company in accordance with Article 27, paragraph 1 or 2 of the Company Act (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).</p> <p>(6) Not a director, supervisor, or employee of another company where a majority of the Company's director seats or voting shares and those of another company are controlled by the same person (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).</p> <p>(7) Not a director (managing director), supervisor, or employee of another company or institution where the Chairman, the President, or person holding an equivalent position of the Company and a person in an equivalent position at another company or institution are the same person or are spouses (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).</p> <p>(8) Not a director (managing director), supervisor, manager, or shareholder holding 5% or more of the shares of a specific company or institution which has a financial or business relationship with the Company (except for a specific company or institution holding more than 20% and no more than 50% of the total issued shares of the Company and for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).</p> <p>(9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company for which the provider in the past two years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Security and Exchanges Act or to the Business Mergers and Acquisitions Act or relevant laws or regulations.</p> <p>(10) Not a spouse or relative within the second degree of kinship of any other director.</p> <p>(11) Not under any of the circumstances under the subparagraphs of Article 30 of the Company Act.</p> <p>(12) Not the government, juridical person, or representative thereof elected as per Article 27 of the Companies Act.</p>	0

Title (Note 4)	Criteria	Professional qualifications and experience (Note 5)	Independence (Note 6)	Number of other public companies where the individual serves as a member of the remuneration committee concurrently
	Name			
Independent Director	Chen, Chao-Sen (Note 1)	Has expertise in business administration, leadership, decision-making, industry knowledge, and financial accounting, and work experience required for the Company's business	<p>(1) Not an employee of the Company or any of its affiliates.</p> <p>(2) Not a director or supervisor of the Company or its affiliates (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary, or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).</p> <p>(3) Not a director, spouse, minor child thereof, or other natural person shareholders who hold more than 1% of the total issued shares of the Company by nominee arrangement or with top ten ownership.</p> <p>(4) Not the manager listed in (1) or the spouse, relatives within the second degree of kinship or direct blood relative within the third degree of kinship of the person listed in (2) and (3).</p> <p>(5) Not a director, supervisor, or employee of an institutional shareholder who directly holds more than 5% of the Company's total issued shares, who are among the top five shareholders, or who designates its representative to serve as a director or supervisor of the Company in accordance with Article 27, paragraph 1 or 2 of the Company Act (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).</p> <p>(6) Not a director, supervisor, or employee of another company where a majority of the Company's director seats or voting shares and those of another company are controlled by the same person (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).</p> <p>(7) Not a director (managing director), supervisor, or employee of another company or institution where the Chairman, the President, or person holding an equivalent position of the Company and a person in an equivalent position at another company or institution are the same person or are spouses (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).</p> <p>(8) Not a director (managing director), supervisor, manager, or shareholder holding 5% or more of the shares of a specific company or institution which has a financial or business relationship with the Company (except for a specific company or institution holding more than 20% and no more than 50% of the total issued shares of the Company and for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).</p> <p>(9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company for which the provider in the past two years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Security and Exchanges Act or to the Business Mergers and Acquisitions Act or relevant laws or regulations.</p> <p>(10) Not a spouse or relative within the second degree of kinship of any other director.</p> <p>(11) Not under any of the circumstances under the subparagraphs of Article 30 of the Company Act.</p> <p>(12) Not the government, juridical person, or representative thereof elected as per Article 27 of the Companies Act.</p>	0

Title (Note 4)	Criteria	Professional qualifications and experience (Note 5)	Independence (Note 6)	Number of other public companies where the individual serves as a member of the remuneration committee concurrently
	Name			
Independent director	Liou, Syue-Yu (Note 2)	Has professional qualifications for and experience in management at companies in the electronics industry and other relevant industries, expertise in business, law, finance, and accounting, and work experience required for the Company's business	<p>(1) Not an employee of the Company or any of its affiliates.</p> <p>(2) Not a director or supervisor of the Company or its affiliates (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary, or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).</p> <p>(3) Not a director, spouse, minor child thereof, or other natural person shareholders who hold more than 1% of the total issued shares of the Company by nominee arrangement or with top ten ownership.</p> <p>(4) Not the manager listed in (1) or the spouse, relatives within the second degree of kinship or direct blood relative within the third degree of kinship of the person listed in (2) and (3).</p> <p>(5) Not a director, supervisor, or employee of an institutional shareholder who directly holds more than 5% of the Company's total issued shares, who are among the top five shareholders, or who designates its representative to serve as a director or supervisor of the Company in accordance with Article 27, paragraph 1 or 2 of the Company Act (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).</p> <p>(6) Not a director, supervisor, or employee of another company where a majority of the Company's director seats or voting shares and those of another company are controlled by the same person (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).</p> <p>(7) Not a director (managing director), supervisor, or employee of another company or institution where the Chairman, the President, or person holding an equivalent position of the Company and a person in an equivalent position at another company or institution are the same person or are spouses (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).</p> <p>(8) Not a director (managing director), supervisor, manager, or shareholder holding 5% or more of the shares of a specific company or institution which has a financial or business relationship with the Company (except for a specific company or institution holding more than 20% and no more than 50% of the total issued shares of the Company and for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).</p> <p>(9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company for which the provider in the past two years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Security and Exchanges Act or to the Business Mergers and Acquisitions Act or relevant laws or regulations.</p> <p>(10) Not a spouse or relative within the second degree of kinship of any other director.</p> <p>(11) Not under any of the circumstances under the subparagraphs of Article 30 of the Company Act.</p> <p>(12) Not the government, juridical person, or representative thereof elected as per Article 27 of the Companies Act.</p>	3

Title (Note 4)	Criteria	Professional qualifications and experience (Note 5)	Independence (Note 6)	Number of other public companies where the individual serves as a member of the remuneration committee concurrently
	Name			
Independent director	Chen, Bo-Rong (Note 2)	Has professional qualifications for and experience in management at companies in the electronics industry and other relevant industries, expertise in business, law, finance, and accounting, and work experience required for the Company's business	<p>(1) Not an employee of the Company or any of its affiliates.</p> <p>(2) Not a director or supervisor of the Company or its affiliates (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary, or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).</p> <p>(3) Not a director, spouse, minor child thereof, or other natural person shareholders who hold more than 1% of the total issued shares of the Company by nominee arrangement or with top ten ownership.</p> <p>(4) Not the manager listed in (1) or the spouse, relatives within the second degree of kinship or direct blood relative within the third degree of kinship of the person listed in (2) and (3).</p> <p>(5) Not a director, supervisor, or employee of an institutional shareholder who directly holds more than 5% of the Company's total issued shares, who are among the top five shareholders, or who designates its representative to serve as a director or supervisor of the Company in accordance with Article 27, paragraph 1 or 2 of the Company Act (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).</p> <p>(6) Not a director, supervisor, or employee of another company where a majority of the Company's director seats or voting shares and those of another company are controlled by the same person (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).</p> <p>(7) Not a director (managing director), supervisor, or employee of another company or institution where the Chairman, the President, or person holding an equivalent position of the Company and a person in an equivalent position at another company or institution are the same person or are spouses (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).</p> <p>(8) Not a director (managing director), supervisor, manager, or shareholder holding 5% or more of the shares of a specific company or institution which has a financial or business relationship with the Company (except for a specific company or institution holding more than 20% and no more than 50% of the total issued shares of the Company and for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company in accordance with the Act or local laws and regulations).</p> <p>(9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company for which the provider in the past two years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Security and Exchanges Act or to the Business Mergers and Acquisitions Act or relevant laws or regulations.</p> <p>(10) Not a spouse or relative within the second degree of kinship of any other director.</p> <p>(11) Not under any of the circumstances under the subparagraphs of Article 30 of the Company Act.</p> <p>(12) Not the government, juridical person, or representative thereof elected as per Article 27 of the Companies Act.</p>	0

Note 1: Elected at the election held on June 9, 2022.

Note 2: Dismissed at the election held on June 9, 2022.

Note 3: He was a member of the remuneration committee of the Company, 2022/06/09 Re-elected as an Independent Director and a member of the Remuneration Committee

- Note 4: Please specify in the form the years of professional service, professional qualifications and experience, and independence of the members of the Remuneration Committee. If they are independent directors, please refer to “Information on directors and supervisors (1)” in Appendix 1 on page 10-16. Please fill in “Independent director” or “Others” in the Title column (please indicate “Convener” if applicable).
- Note 5: Professional qualifications and experience: Specify the professional qualifications and experience of individual members of the Remuneration Committee.
- Note 6: Independence status: Specify if the members of the Remuneration Committee meet the criteria for independence, including but not limited to (1) whether the individual and spouse or relatives within the second degree of kinship thereof are serving as directors, supervisors, or employees of the Company or its affiliates; (2) the number of the Company's shares held by the individual or spouse or relatives within the second degree of kinship thereof (or by nominee arrangement) and percentage; (3) whether the individual is serving as a director, supervisor, or employee of a company with specific relations with the Company (refer to Article 6, paragraph 1, subparagraphs 5 to 8 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange); (4) the amount of remuneration received for providing business, legal, financial, accounting, or other services to the Company or its affiliates in the last two years.

(2) Information on the operation of the Remuneration Committee

1. There are three members in the Remuneration Committee.
2. The term of office of the current term is from August 3, 2022 through June 8, 2025. During the most recent year, the Remuneration Committee held two meetings (A), and the committee members' qualifications and attendance are as follows:

Title	Name	Attendance in person (B)	Attendance by proxy	Attendance (%) (B / A)	Remarks
Chair	Independent director Chou, Chin-Piao	0	0	0%	(Note 1)
Committee member	Independent director Chiu, Jui-Li	2	0	100%	(Note 1)
Committee member	Independent director Chen, Chao-Sen	0	0	0%	(Note 1)
Committee member	Independent director Liou, Syue-Yu	2	0	100%	(Note 2)
Committee member	Independent director Chen, Bo-Rong	2	0	100%	(Note 2)

Note 1: Elected at the election held on June 9, 2022.

Note 2: Dismissed at the election held on June 9, 2022.

Additional information:

1. If the Board of Directors did not adopt or amend the Remuneration Committee's suggestions, the date of the board meeting, the session, the content of the proposal, the results of the resolutions by the Board of Directors, and the Company's response to said opinions shall be specified (if the remuneration approved by the Board of Directors is better than the Remuneration Committee's suggestions, the difference and the reasons therefor shall be specified): None.
2. For proposals resolved by the Remuneration Committee, if any members expressed objection or reservation with a record or written statement, the date of the Remuneration Committee meeting, the session, the content of the proposal, all members' opinions, and the response to the members' opinions shall be specified: None.

Note:

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

(3) The summary of important resolutions adopted by the Remuneration Committee during 2022 and up to the publication date of this annual report is as follows:

Remuneration Committee	Contents of proposal and subsequent actions taken	Resolution results	The Company's response to the Remuneration Committee's opinions
4th term 7th meeting 2022.01.19	1. The Company's 2022 managers remuneration proposal was submitted for discussion. 2. The Company's 2022 Chairman/President remuneration proposal was submitted for discussion.	Approved by all members of the committee.	Approved by all the directors present after submitted to the Board of Directors.
4th term 8th meeting 2022.03.09	1. The Company's 2021 employee remuneration and directors' and supervisors' remuneration distribution proposal was submitted for discussion.	Approved by all members of the committee.	Approved by all the directors present after submitted to the Board of Directors.
5th term 1th meeting 2023.01.12	1. The Company's 2023 managers remuneration proposal was submitted for discussion. 2. The Company's 2023 Chairman/President remuneration proposal was submitted for discussion.	Approved by all members of the committee.	Approved by all the directors present after submitted to the Board of Directors.
5th term 2th meeting 2023.03.08	1. The Company's 2023 managers remuneration proposal was submitted for ratification. 2. The Company's 2022 employee remuneration and directors' and supervisors' remuneration distribution proposal was submitted for discussion. 3. The proposal to intends to settle the Chairman/General Manager, the Chief Executive Officer of Long-term Strategy and the Manager of the Former Labor Pension for discussion.	Approved by all members of the committee.	Approved by all the directors present after submitted to the Board of Directors.

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

Item	Implementation		Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	
1. Has the Company established a governance structure to promote sustainable development and set up a dedicated (concurrent) unit to promote sustainable development, governed by the senior management as authorized by the board of directors, which supervises the implementation?	✓		No difference.

Item	Implementation			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Brief description	
2. Does the Company conduct risk assessments of environmental, social, and corporate governance issues related to company operations as per the principle of materiality? Has the Company formulated relevant risk management policies or strategies?	✓		The Company assesses the risks arising from issues in the environment, social, and governance aspects, and the indicators include environmental protection and ecological conservation, occupational safety, product safety, and socio-economic and legal compliance. We have formulated relevant risk management policies. Please refer to our official website https://www.pct.com.tw/company/23	No difference.
3. Environmental issues (1) Has the Company set up an appropriate environmental management system as per its industrial characteristics?	✓		The Company is a professional electronic component distributor, does not engage in manufacturing activities, and is not in a major energy-intensive industry. Although we are not required by law to apply for a pollution facility installation permit or a pollution discharge permit, or pay pollution prevention and control fees, or set up a dedicated unit for environmental protection, we attach great importance to environmental protection, sustainable use of resources, and issues of the ecological system. The Management Department strives to establish and implement an environmental management system.	No difference.
(2) Is the Company committed to improving energy efficiency and adopting recycled materials with low environmental impact?	✓		We committed to improving the resource use efficiency and adopting recycled materials with low impact on the environment. The specific measures are as follows: (1) Launched a paperless campaign to reduce the consumption of paper and printer paper.	No difference.

Item	Implementation		Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	
		<p>(2) Replaced written documents with electronic documents by launching a digital sign-off process.</p> <p>(3) Reused paper.</p> <p>(4) Reduced the use of paper cups by encouraging employees to use their personal cups to reduce paper cup waste.</p> <p>(5) Left only the aisle lights on during the lunch time to respond to the energy conservation and carbon reduction campaigns.</p> <p>(6) Gradually replaced traditional lamps in the office with LED ones to save energy.</p> <p>(7) Recycled waste batteries and CDs to reduce environmental pollution. Donated waste paper and PET bottles to the Tzu Chi Foundation for resource recycling.</p> <p>(8) We manage to reduce the amount of product packaging materials used and try to use the original packaging materials when delivering products to clients (that is, reuse all the original packaging materials) without using additional packaging materials, while reusing cushioning materials from employees' homes.</p>	
(3) Has the Company assessed its current and future potential risks and opportunities of climate change and taken countermeasures against climate-related issues?	✓		No difference.

Item	Implementation		Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	
			disasters, such as strong typhoons and earthquakes, extreme climate events, and high temperatures. All economic activities and energy supply will be subject to varying degrees of impact. Thus, we strive to protect the earth and cherish resources. In the face of climate-related issues, we have taken appropriate countermeasures, including purchase of appropriate property insurance policies and remote backup of electronic data, to transfer and diversify risks, while taking specific energy conservation and carbon reduction actions listed in item (2) of this table to mitigate the impact of climate change.
(4) Has the Company counted the greenhouse gas emissions, water consumption, and total weight of waste over the past two years and formulated policies on greenhouse gas reduction, water consumption reduction, or other waste management?	✓		<p>(1) The company's main energy consumption comes from purchased electricity, without emergency generators and official car configuration. In the past two years, the main source of emissions has been purchased electricity, accounting for more than 98% of the overall emissions, and there is no process emission source (Scope 1) because there is no production process.</p> <p>The Company's statistics on the greenhouse gas emissions converted by the kWh of purchased electricity (Scope 2) in the past year are as follows: (Scope 1 and Scope 2 information covers the location of the Company)</p> <p>No difference.</p>

Item	Implementation		Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	
		<p>2020: 50,430 kg 2021: 51,634 kg 2022: 56,687 kg</p> <p>The Company's greenhouse gas reduction target: We plan to reduce greenhouse gas emissions by 1%–2% per year compared with the prior year.</p> <p>(2) Water consumption: The Company is a professional electronic component distributor, and the overall business activities generally consume domestic water, so there is no need to apply for a business water meter. The water cost is calculated by the office building management committee, and the public water cost is shared by all building tenants and is accounted for under the repair and maintenance expenses. Based on the total water consumption of the office building in the water bills converted, the most recent annual water consumption is as follows:</p> <p>2020: 1.3 cubic meters 2021: 1.14 cubic meters 2022: 0.96 cubic meters</p> <p>We actively cooperate with various water-saving measures of the office building, including rinsing mouth with water in a cup, turning off the faucet when</p>	

Item	Implementation		Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	
		<p>necessary, adjusting the water flow from the faucets, wiping off personal tableware before washing it, and repairing leakages of the water tank in the shortest time, with the aim of achieving the target of reducing water consumption by 1%-2% compared with the prior year.</p> <p>(3) Total weight of waste:</p> <p>The company is an electronic component distributor, not a manufacturing industry, the nature of operation does not include the manufacture and production of products, product subcontracting and distribution are streamlined and environmentally friendly packaging, and timely use of recycled packaging materials, waste to non-hazardous waste generated by daily office, so it is not listed as a major issue of the company, and the treatment method is handled in accordance with the provisions of the factory building. Approximate statistics of the cleaning of non-hazardous waste on the company's floors:</p> <p>2020: 6.5 metric tons 2021: 5.7 metric tons 2022: 5.3 metric tons</p> <p>Although waste management is not a material issue for our company, we still advocate various environmental</p>	

Item	Implementation		Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	
4. Social issues (1) Does the Company formulate relevant management policies and procedures in accordance with applicable laws and the International Bill of Human Rights?	✓	<p>protection concepts from time to time, advocate a green office environment, and strive to reduce the amount of waste carbon emissions generated in office services.</p> <p>The Company honors the principles disclosed in the Universal Declaration of Human Rights, the United Nations Guiding Principles on Business and Human Rights, the United Nations Global Compact, the International Labor Organization, and other international human rights conventions and respects internationally recognized basic human rights, including freedom of association, care for the disadvantaged, no child labor, termination of all forms of forced labor, and termination of employment discrimination, while complying with the local labor-related laws and regulations where the Company is based. We have formulated the work rules in accordance with the Labor Standards Act and raise each employee's awareness of the rules through emails or various important occasions. Please refer to the Company's website: https://www.pct.com.tw/company/22 and (see 5.5.1 (A) on page 120 for more details)</p>	No difference.

Item	Implementation		Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	
(2) Has the Company formulated and implemented reasonable employee benefit measures (including remuneration, leave, and other benefits) and reflected business performance or achievements in employee remuneration appropriately?	✓	<p>1. We have formulated and implemented reasonable employee benefit measures in accordance with the Labor Standards Act, The Committee organizes various activities from time to time to connect with employees and their families to enhance their centripetal force towards the company. (see 5.5.1 on page 120 for more details).</p> <p>2. The Company's Articles of Incorporation clearly stipulate that if the Company makes a profit for a year, it shall allocate no less than 6% for employee remuneration and reflect its operating performance or achievements in employee salaries appropriately.</p>	No difference.
(3) Does the Company provide employees with a safe and healthy work environment and offer safety and health education to employees regularly?	✓	<p>1. The company is committed to protecting the safety of employees and establishing a friendly office environment. In addition to a safe and comfortable work environment, we organize regular health examinations and fire exercises for employees and remind them to pay attention to their personal safety before an typhoon strikes, while advocating for no smoking in the work environment. Safety and health education and training are conducted at monthly meetings. (see 5.5.1 on page 120 for more details)</p>	No difference.

Item	Implementation			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Brief description	
			2. No occupational accident occurred to our employees during the most recent year.	
(4) Has the Company established an effective career development training program for employees?	✓		<p>1. The Company offers a series of education and training to new employees, ranging from the work rules, administrative management to courses related to individuals' jobs, to help them adapt to their work.</p> <p>2. We arrange internal or external on-the-job training courses to employees in different jobs, while actively arranging for them to participate in various technical courses offered by the original manufacturers. We train employees' professional knowledge and enhance their career skills through external and internal training sessions.</p>	No difference.
(5) Does the Company comply with applicable laws and international standards regarding issues, such as customer health and safety, customer privacy, as well as marketing and labelling of products and services? Has it formulated relevant policies and complaint procedures to protect consumers' or customers' rights and interest?	✓		As our sales targets are not end consumers, the part regarding consumers' rights and interest does not apply to the Company. However, we have maintained an obstacle-free communication channel with clients and have personnel responsible for understanding and addressing their issues to improve their satisfaction.	No difference.
(6) Has the Company formulated a supplier management policy, required suppliers to	✓		Our suppliers are all well-known suppliers in the electronics-related industry, and we have assessed their	No difference.

Item	Implementation		Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	
follow applicable regulations on issues, such as environmental protection, occupational safety and health, or labor rights? The implementation thereof?		qualifications in respect of issues of environmental protection, occupational safety and health, and labor rights.	
5. Has the Company referred to the internationally accepted reporting standards or guidelines to prepare reports, such as ESG reports that discloses the Company's non-financial information? Has a third-party verification entity provided assurance or assurance opinion for said report?		We have not yet prepared an ESG report but continue to plan and organize various charity events. We will prepare such reports in the future depending on the development needs. We are actively fulfilling our corporate social responsibility in terms of relevant issues by participating in various charity events.	In the future, we will prepare such reports depending on the actual needs and as per legal requirements.
6. Where the Company has formulated its own sustainable development code in accordance with the Sustainable Development Best Practice Principles, please specified the differences between the implementation and the principles: We have not yet prepared an ESG report.			
7. Other important information that facilitates the understanding of the promotion of sustainable development: (1) We work with the ASUS Foundation to implement the Recycled Computer Hope Project, which combined environmental protection and social charity in the hope of establishing a recycling-oriented society and reusing recycled information products. During 2022, we recycled 6 monitors, 1 laptop, 11 desktops, 3 mobile phones, 2 tablet computers, 5 printers, 16 servers, 1 projector, 38 3C peripheral products. (2) We recycled 8 kg of waste batteries. (3) We donated a batch of food supplies to Taiwan Fund for Children and Families, Chiayi, on the Ghost Festival. (4) We called on employees to participate in Children Are Us Foundation's Send Love to Tribes on the Moon Festival and donated 67 boxes of moon cake. (5) In response to the "Used Shoes Life-Saving Step30" activity to help African Kenyan students, a total of 16 boxes of second-hand backpacks, old clothes, used shoes and other reusable materials were collected from colleagues' homes, passing on love to students in Kenya. Africa.			

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

Item	Operations		Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	
1. Formulation of ethical management policies and plans (1) Has the Company formulated an ethical management policy approved by the board of directors and disclosed the policy and practice of ethical management in its regulations and public documents? Are the board of directors and the senior management committed to actively implementing the policy?	✓		(1) We implement the Ethical Corporate Management Best Practice Principles formulated by the Board of Directors and comply with the Company Act, the Securities and Exchange Act, the regulations on listing on Taiwan Stock Exchange and Taipei Exchange, or other applicable laws and regulations as the basic principles for implementing ethical management. We explicitly disclose ethical management policies and approaches in the regulations and external documents; the Board of Directors and the senior management actively honor the commitment to implementing ethical management and complying with Company Act, the Securities and Exchange Act, the regulations on listing on Taiwan Stock Exchange and Taipei Exchange, or other applicable laws and regulations as the basic principles for implementing ethical management.
(2) Has the Company established an assessment mechanism for the risk of unethical conduct to regularly analyze and evaluate the business activities with a higher risk of unethical conduct within the business scope and formulated a prevention plan accordingly, at least covering the prevention measures for the acts under each subparagraph under Article 7, paragraph 2 of the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies?	✓		(2) Our Ethical Corporate Management Best Practice Principles cover the preventive measures for the conduct specified in each subparagraph under Article 7, paragraph 2 of the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies. We have also established a mechanism to assess the risk of unethical conduct, and we regularly analyze and evaluate the business activities with a higher risk of unethical conduct within the business scope.

No difference.

Item	Operations			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Brief description	
(3) Has the Company clearly specified operating procedures, guidelines for conduct, and a violation punishment and complaint system in the unethical conduct prevention plan and duly implemented them? Does the Company regularly review and revise said plan?	✓		(3) The Company's unethical conduct prevention plan clearly defines the operating procedures, guidelines for conduct, a punishment and grievance system for violations, and we implement the plan accordingly. The Company's internal audit unit should formulate an audit plan based on the unethical conduct risk assessment results, covering the auditees, scope, indicators, and frequency and audit the compliance with the prevention plan accordingly. We may appoint a CPA to perform the audit and may appoint professionals for additional assistance if necessary. The unit should report on the audit results as mentioned in the preceding paragraph to the senior management and the unit dedicated to ethical management and prepare and submit an audit report to the Board of Directors as a basis for regularly reviewing and modifying the plan.	
2. Implementation of ethical management (1) Does the Company evaluate each counterparty's records for ethics? Has the Company specified the terms of ethical conduct in each contract signed with each counterparty?	✓		(1) We first evaluate the legitimacy of our transaction counterparties to see if they have a record of unethical conduct to ensure that their business operations are fair and transparent and that they will not request, provide, or accept bribes.	No difference.
(2) Has the Company established a dedicated (concurrent) unit under the board of directors to conduct ethical corporate management, regularly (at least once a year) report to the board of directors on its ethical management policies and prevention plans for unethical conduct, and supervise the implementation?	✓		(2) The Company's General Management Department implements the Corporate Governance Best Practice Principles concurrently and is responsible for assisting the Board of Directors and the management team in formulating and supervising the implementation of the ethical management policy and prevention plan, thereby ensuring the implementation of the Corporate Governance Best	

Item	Operations		Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	
			<p>Practice Principles. The department regularly reports on the annual implementation to the Board of Directors per year.</p> <p>For the implementation of the integrity management policy of the company on 2022, please refer to https://www.pct.com.tw/company/18</p>
(3) Has the Company formulated policies to prevent conflicts of interest, provided appropriate methods for stating one's conflicts of interest, and implemented them appropriately?	✓		<p>(3) We have formulated the Ethical Corporate Management Best Practice Principles to require director to be highly self-disciplined. Those who have personal interest or the interest of the juridical person they represent involved in the proposals on the agenda of the board meetings, which may be detrimental to the Company's interest, may state their opinions and answer questions and should recuse themselves from the discussion and voting on a given proposal.</p>
(4) Has the Company has established an effective accounting system and an internal control system for the implementation of ethical management and assigned the internal audit unit to formulate relevant audit plans based on the assessment results of the risk of unethical conduct and audit the compliance with the unethical conduct prevention plan accordingly or commissioned a CPA to perform such audits?	✓		<p>(4) We have established an accounting system, an internal control system, and relevant management regulations as per law. The Company's internal audit unit formulates an audit plan based on the unethical conduct risk assessment results, covering the auditees, scope, indicators, and frequency and audits the compliance with the prevention plan accordingly. We may appoint a CPA to perform the audit and may appoint professionals for additional assistance if necessary. The unit should report on the audit results as mentioned in the preceding</p>

Item	Operations		Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	
(5) Does the Company regularly hold internal and external education and training on ethical management?	✓		<p>paragraph to the senior management and the unit dedicated to ethical management and prepare and submit an audit report to the Board of Directors.</p> <p>(5) We have formulated the Ethical Corporate Management Best Practice Principles to specifically specify the matters that employees should pay attention to at work. We raise employee awareness of this issue per quarter at the Company's monthly meeting.</p>
3. Implementation of the Company's whistleblowing system			
(1) Has the Company formulated a specific whistleblowing and reward system, established a convenient whistleblowing method, and assigned appropriate personnel to handle the party accused?	✓		<p>(1) The Company has established the Procedures for Handling Cases of Illegal and Unethical or Dishonest Conduct and disclosed it on the official website.</p>
(2) Has the Company formulated standard operating procedures for investigation of reported cases, the follow-up measures to be taken after the investigation is completed, and a confidentiality mechanism?	✓		<p>(2) The Company has specified the standard operating procedures for investigation, the follow-up measures to be taken after the investigation is completed, and a confidentiality mechanism in the Procedures for Handling Cases of Illegal and Unethical or Dishonest Conduct.</p>
(3) Does the Company take measures to protect whistleblowers from being mistreated due to their whistleblowing behavior?	✓		<p>(3) We keep whistleblowers' identity and the contents of their reports strictly confidential. If a violation of the ethical management regulations is proven true, we will impose disciplinary actions depending on the seriousness of the circumstances and reward the whistleblower.</p> <p>Whistleblowing email: public@pct.com.tw</p> <p>Whistleblowing hotline: 02-26980098 ext. 220.</p> <p>No difference.</p>

Item	Operations		Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	
4. Enhanced information disclosure Has the Company disclosed the content of its Corporate Governance Best Practice Principles and the effectiveness of the implementation of the principles on its website and the MOPS?	✓		No difference.
5. If the Company has formulated its own Corporate Governance Best Practice Principles as per the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, please specify the difference between its operation and the principles: We have formulated the Ethical Corporate Management Best Practice Principles to specifically specify the matters that employees should pay attention to at work; there is no difference between the operation and the principles.			
6. Other important information that facilitates the understanding of the Company's ethical management (e.g., reviewing and amending the Company's corporate governance best practice principles): None.			

3.4.7 The Corporate Governance Best Practice Principles and relevant regulations are available on <http://www.pct.com.tw/company>.

3.4.8 Other important information that may facilitate the understanding of the operation of corporate governance: <http://www.pct.com.tw/company>.

3.4.9 Implementation of the internal control system

- (1) Statement of Internal Control: Please refer to page 145 of this annual report.
- (2) For those who appointed a CPA to review the internal control system, the CPA's review report shall be disclosed: None.

3.4.10 If there has been any legal penalty against the Company and its internal personnel, or any disciplinary penalty by the Company against its internal personnel for violation of the internal control system, during the most recent fiscal year or during the current fiscal year up to the publication date of the Annual Report, where the result of such penalty could have a material effect on shareholder interests or securities prices, the Annual Report shall disclose the penalty, the main defects, and the improvements made: None.

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

(1) Important resolutions by the 2022 general shareholders' meeting and implementation:

(1.1) Ratifications:

- (1.1.1) The 2021 financial statements.
- (1.1.2) The 2021 Statement Of Earnings Distribution.

(1.2) Discussions:

- (1.2.1) Amendment to the Company's Articles of Association.
- (1.2.2) Amend the Rules of Procedure of the Company's Shareholders' Meeting"
- (1.2.3) Amend the Company's "Procedures for Acquiring or Disposing of Assets"

Implementation:

- (1.1.2) We set August 3, 2022 as the distribution record date and August 26, 2022 as the payout date

(cash dividend of NT\$2.0 per share).

- (1.2.1) Amendment to the Company's Articles of Association.:The shareholders' meeting passes a resolution and implements it according to the case.

- (1.2.2) Amend the Rules of Procedure of the Company's Shareholders' Meeting": The shareholders' meeting passes a resolution and implements it according to the case.

- (1.2.3) Amend the Company's "Procedures for Acquiring or Disposing of Assets": The shareholders' meeting passes a resolution and implements it according to the case.

(2) Board of Directors

The summary of important resolutions adopted by the Board of Directors during 2022 and up to the publication date of this annual report is as follows:

Board of Directors	Contents of proposal and subsequent actions taken	Matters under Article 14-3 of the Securities and Exchange Act	Objection or reservation by independent directors
9th term 18th meeting 2022.01.19	1. The Company's 2022 business plan was submitted for discussion.		
	2. The Company's 2022 managers remuneration proposal was submitted for discussion.		

Board of Directors	Contents of proposal and subsequent actions taken	Matters under Article 14-3 of the Securities and Exchange Act	Objection or reservation by independent directors
	3. The Company's 2022 Chairman/President remuneration proposal was submitted for discussion.	V	
	4. The proposal to replace CPAs in alignment with the accounting firm's internal adjustment was submitted for discussion.	V	
	Independent directors' opinions: None.		
	The Company's response to independent directors' opinions: None.		
	Resolution result: All directors present agreed to pass all these proposals.		

Board of Directors	Contents of proposal and subsequent actions taken	Matters under Article 14-3 of the Securities and Exchange Act	Objection or reservation by independent directors
9th term 19th meeting 2022.03.09	1. The Company's 2021 employee remuneration and directors' and supervisors' remuneration distribution proposal was submitted for discussion.		
	2. The Company's 2021 financial statements were submitted for discussion.	V	
	3. The Company's 2021 Statement of Surplus Distribution was submitted for discussion.		
	4. The proposal for annual review of the independence of the Company's CPAs was submitted for discussion.		
	5. The proposal to approve the 2021 statement of the internal control system was submitted for discussion.		
	6. Amendment to the Company's Articles of Incorporation was submitted for discussion.	V	
	7. Amendment to the Company's Rules of Procedure for Shareholders' Meetings was submitted for discussion.	V	
	8. Amendment to the Procedures for Asset Acquisition and Disposal was submitted for discussion.	V	
	9. The proposal to hold the general shareholders' meeting on June 9, 2022, along with relevant matters, were submitted for discussion.		
	10. The proposal to sign a bank financing agreement was submitted for discussion.		
	11. The proposal to cancel the loans to the subsidiaries, Excellence International Holding Corp. and Aisa PCT Group Limited, early was submitted for discussion.	V	
	12. The proposal for a loan between the Company and the subsidiary, Excellence International Holding Corp., was submitted for discussion.	V	
	Independent directors' opinions: None.		
	The Company's response to independent directors' opinions: None.		
	Resolution result: All directors present agreed to pass all these proposals.		

Board of Directors	Contents of proposal and subsequent actions taken	Matters under Article 14-3 of the Securities and Exchange Act	Objection or reservation by independent directors
9th term 20th meeting 2022.04.20	1. The proposal to review the qualifications of director candidates for an election of directors at the 2022 shareholders' meeting was submitted for discussion.		
	2. The proposal to remove the non-compete clause for new directors was submitted for discussion.		
	Independent directors' opinions: None.		
	The Company's response to independent directors' opinions: None.		
	Resolution result: All directors present agreed to pass all these proposals.		

Board of Directors	Contents of proposal and subsequent actions taken	Matters under Article 14-3 of the Securities and Exchange Act	Objection or reservation by independent directors
9th term 21th meeting 2022.05.04	1. The proposal to sign a bank financing agreement was submitted for discussion.		
	2. Amendment to the Company's Rules of Procedure for Shareholders' Meetings was submitted for ratification.	V	
	3. Revise the Company's Code of Practice on Corporate Social Responsibility (renamed as Code of Practice for Sustainable Development) for discussion.		
	Independent directors' opinions: None.		
	The Company's response to independent directors' opinions: None.		
	Resolution result: All directors present agreed to pass all these proposals.		

Board of Directors	Contents of proposal and subsequent actions taken	Matters under Article 14-3 of the Securities and Exchange Act	Objection or reservation by independent directors
10th term 1th meeting 2022.06.09	1. Propose the election of the 10th chairman of the board of directors of the Company.		
	2. The proposal to draw up a schedule for the Company's dividend distribution was submitted for discussion.		
	Independent directors' opinions: None.		
	The Company's response to independent directors' opinions: None.		
	Resolution result: All directors present agreed to pass all these proposals.		

Board of Directors	Contents of proposal and subsequent actions taken	Matters under Article 14-3 of the Securities and Exchange Act	Objection or reservation by independent directors
10th term 2th meeting 2022.08.03	1. The Company's 2022 Second Quarter Financial Report is submitted for discussion.	V	
	2. The proposal to renew a bank financing agreement was submitted for discussion.		

Board of Directors	Contents of proposal and subsequent actions taken	Matters under Article 14-3 of the Securities and Exchange Act	Objection or reservation by independent directors
	3. The appointment of the General Manager and the Chief Executive Officer of Long-Term Strategy is submitted for discussion.	V	
	4. Appoint members of the Remuneration Committee and submit them for discussion.		
	5. Amend the 「 Code of Practice on Corporate Governance 」 and submit it for discussion.		
	Independent directors' opinions: None.		
	The Company's response to independent directors' opinions: None.		
	Resolution result: All directors present agreed to pass all these proposals.		

Board of Directors	Contents of proposal and subsequent actions taken	Matters under Article 14-3 of the Securities and Exchange Act	Objection or reservation by independent directors
10th term 3th meeting 2022.11.02	1. The Company's 2022 third Quarter Financial Report is submitted for discussion.	V	
	2. Amendments to the internal control system and internal audit system are submitted for discussion.	V	
	3. The 2023 audit plan was submitted for discussion.		
	4. Appointment of the Head of Corporate Governance, submitted for discussion.		
	Independent directors' opinions: None.		
	The Company's response to independent directors' opinions: None.		
	Resolution result: All directors present agreed to pass all these proposals.		

Board of Directors	Contents of proposal and subsequent actions taken	Matters under Article 14-3 of the Securities and Exchange Act	Objection or reservation by independent directors
10th term 4th meeting 2023.01.12	1. The Company's 2023 business plan was submitted for discussion.		
	2. The Company's 2023 managers remuneration proposal was submitted for discussion.		
	3. The Company's 2023 Chairman/President remuneration proposal was submitted for discussion.	V	
	4. The proposal to renew a bank financing agreement was submitted for discussion.		
	Independent directors' opinions: None.		
	The Company's response to independent directors' opinions: None.		
	Resolution result: All directors present agreed to pass all these proposals.		

Board of Directors	Contents of proposal and subsequent actions taken	Matters under Article 14-3 of the Securities and Exchange Act	Objection or reservation by independent directors
10th term 5th meeting 2023.03.08	1. The Company's 2022 employee remuneration and directors' and supervisors' remuneration distribution proposal was submitted for discussion.		
	2. The Company's 2022 financial statements were submitted for discussion.	V	
	3. The Company's 2022 Statement of Surplus Distribution was submitted for discussion.		
	4. The Company's 2023 Annual Certified Public Accountant Appointment and Independence Review is submitted for discussion.	V	
	5. The proposed pre-approved certified public accountant, its firm and its affiliates and alliance firms intend to provide non-assurance services to the Company and its subsidiaries for discussion.		
	6. The proposal to approve the 2022 statement of the internal control system was submitted for discussion.		
	7. Amend the Rules of Procedure of the Board of Directors of the Company for discussion.	V	
	8. Revise the operating standards related to the financial business of the Company's affiliates and submit them for discussion.	V	
	9. Revise the Company's Code of Practice on Corporate Governance for discussion.	V	
	10. The Company's 2023 managers remuneration proposal was submitted for discussion.		
	11. The proposal to hold the general shareholders' meeting on May 30, 2023, along with relevant matters, were submitted for discussion.		
	12. The proposal to draw up a schedule for the Company's dividend distribution was submitted for discussion..		
	13. The proposal to intends to settle the case of the Chairman/General Manager and the manager's old labor pension seniority and submit it for discussion.	V	
	Independent directors' opinions: None.		
	The Company's response to independent directors' opinions: None.		
	Resolution result: All directors present agreed to pass all these proposals.		

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

3.4.13 During the most recent year and up to the date publication of this annual report, a summary of the resignation and dismissal of the Company's Chairman, President, chief accounting officer, chief financial officer, chief internal auditor, corporate governance officer, or R&D officer: None.

3.4.14 Personnel involved in financial information transparency who have obtained the licenses designated by competent authorities:

Name of officer	Course title	Training hours	Certificate issuing entity	Date of certificate issuance
Chief Accounting Officer Liu, Li-Hua	Continuing Education Course for Chief Accounting Officers at Issuers, Securities Firms, and Stock Exchanges	12	Accounting Research and Development Foundation	2022.06.17

3.4.15 Directors who have obtained certificates and licenses designated by competent authorities:

Directors and Supervisors	Course title	Training hours	Certificate issuing entity	Date of certificate issuance
Director Fu, Chiang-Sung	Leadership Academy Forum New Reality, Reboot - See Digital New Taiwan	3	Taiwan Institute of Directors	2022.03.09
Director Fu, Chiang-Sung	Corporate Governance and Corporate Sustainability Workshop	3	Taiwan Institute of Financial Research	2022.06.22
Director Fu, Chiang-Sung	Corporate Governance Lecture Hall	3	Taiwan Institute of Financial Research	2022.10.25
Director Wang, Chih-Kao	Leadership Academy Forum New Reality, Reboot - See Digital New Taiwan	3	Taiwan Institute of Directors	2022.03.09
Director Wang, Chih-Kao	Corporate Governance and Corporate Sustainability Workshop	3	Taiwan Institute of Financial Research	2022.06.22
Director Wang, Chih-Kao	Sustainable development roadmap industry theme promotion meeting	2	Securities Over-the-counter Trading Center	2022.07.27
Director Wang, Chih-Kao	Corporate Governance Lecture Hall	3	Taiwan Institute of Financial Research	2022.10.25
Director Wang, Chien-Chih	Sustainable development roadmap industry theme promotion meeting	2	Securities Over-the-counter Trading Center	2022.07.27
Director Wang, Chien-Chih	The Independent Directors and Audit Committee issued a reference guide for the exercise of their powers and the Directors and Supervisors Advocacy Committee	3	Securities Over-the-counter Trading Center	2022.10.11
Director Wang, Chien-Chih	2022 Annual Insider Trading Prevention Advocacy Meeting	3	Securities and Futures Market Development Foundation	2022.10.21
Bei Li Investment Co., Ltd./Representative: Director Fuh, Jiang-Ching	Sustainable development roadmap industry theme promotion meeting	2	Securities Over-the-counter Trading Center	2022.07.27
Bei Li Investment Co., Ltd./Representative: Director Fuh, Jiang-Ching	Insider equity promotion briefing meeting of the OTC Xinghu Company	3	Securities Over-the-counter Trading Center	2022.08.25
Bei Li Investment Co., Ltd./Representative: Director Fuh, Jiang-Ching	The Independent Directors and Audit Committee issued a reference guide for the exercise of their powers and the Directors and Supervisors Advocacy Committee	3	Securities Over-the-counter Trading Center	2022.10.06
Bei Li Investment Co., Ltd./Representative: Director Fuh, Jiang-Ching	Corporate Governance Lecture Hall	3	Taiwan Institute of Financial Research	2022.10.25

Directors and Supervisors	Course title	Training hours	Certificate issuing entity	Date of certificate issuance
Bei Li Investment Co., Ltd./Representative: Director Fuh, Jiang-Ching	Discuss the current status and future trends of ESG reporting from investment grade data	3	Discuss the current status and future trends of ESG reporting from investment grade data	2022.12.06
Ming Liang Investment Co., Ltd./Representative: Director Wang, Yen-Chi	Sustainable development roadmap industry theme promotion meeting	2	Securities Over-the-counter Trading Center	2022.07.27
Ming Liang Investment Co., Ltd./Representative: Director Wang, Yen-Chi	The Independent Directors and Audit Committee issued a reference guide for the exercise of their powers and the Directors and Supervisors Advocacy Committee	3	Securities Over-the-counter Trading Center	2022.09.29
Ming Liang Investment Co., Ltd./Representative: Director Wang, Yen-Chi	Corporate Governance Lecture Hall	3	Taiwan Institute of Financial Research	2022.10.25
Ming Liang Investment Co., Ltd./Representative: Director Wang, Yen-Chi	Discuss the current status and future trends of ESG reporting from investment grade data	3	Discuss the current status and future trends of ESG reporting from investment grade data	2022.12.06
Independent director Chou, Chin-Piao	Sustainable development roadmap industry theme promotion meeting	2	Securities Over-the-counter Trading Center	2022.07.27
Independent director Chou, Chin-Piao	The Independent Directors and Audit Committee issued a reference guide for the exercise of their powers and the Directors and Supervisors Advocacy Committee	3	Securities Over-the-counter Trading Center	2022.10.11
Independent director Chou, Chin-Piao	Corporate Governance Lecture Hall	3	Taiwan Institute of Financial Research	2022.10.25
Independent director Chiu, Jui-Li	Sustainable development roadmap industry theme promotion meeting	2	Securities Over-the-counter Trading Center	2022.07.27
Independent director Chiu, Jui-Li	The Independent Directors and Audit Committee issued a reference guide for the exercise of their powers and the Directors and Supervisors Advocacy Committee	3	Securities Over-the-counter Trading Center	2022.09.29
Independent director Chiu, Jui-Li	Corporate Governance Lecture Hall	3	Taiwan Institute of Financial Research	2022.10.25
Independent director Chiu, Jui-Li	Derivatives Trading Strategy and Market Outlook Seminar	3	Securities and Futures Market Development Foundation	2022.11.11
Independent director Chiu, Jui-Li	Discuss the current status and future trends of ESG reporting from investment grade data	3	Discuss the current status and future trends of ESG reporting from investment grade data	2022.12.06

Directors and Supervisors	Course title	Training hours	Certificate issuing entity	Date of certificate issuance
Independent director Chin, Chin-Hai	Sustainable development roadmap industry theme promotion meeting	2	Securities Over-the-counter Trading Center	2022.07.27
Independent director Chin, Chin-Hai	Insider equity promotion briefing meeting of the OTC Xinghu Company	3	Securities Over-the-counter Trading Center	2022.08.25
Independent director Chin, Chin-Hai	The Independent Directors and Audit Committee issued a reference guide for the exercise of their powers and the Directors and Supervisors Advocacy Committee	3	Securities Over-the-counter Trading Center	2022.10.11
Independent director Chin, Chin-Hai	Corporate Governance Lecture Hall	3	Taiwan Institute of Financial Research	2022.10.25
Independent director Chin, Chin-Hai	Discuss the current status and future trends of ESG reporting from investment grade data	3	Discuss the current status and future trends of ESG reporting from investment grade data	2022.12.06
Independent director Chen, Chao-Sen	Sustainable development roadmap industry theme promotion meeting	2	Securities Over-the-counter Trading Center	2022.07.27
Independent director Chen, Chao-Sen	The Independent Directors and Audit Committee issued a reference guide for the exercise of their powers and the Directors and Supervisors Advocacy Committee	3	Securities Over-the-counter Trading Center	2022.10.06
Independent director Chen, Chao-Sen	Corporate Governance Lecture Hall	3	Taiwan Institute of Financial Research	2022.10.25
Independent director Chen, Chao-Sen	Discuss the current status and future trends of ESG reporting from investment grade data	3	Discuss the current status and future trends of ESG reporting from investment grade data	2022.12.06

3.4.16 The Company's regular assessment of the independence and suitability of the CPAs:

The Audit Committee of the Company evaluates the independence and suitability of the certified public accountants of the Company on an annual basis, except for the requirement that the certified public accountants provide a "Declaration of Extraordinary Independence" and an excerpt with reference to the "Auditing Indicators (AQIs)" section of the assessment index items as follows. It is confirmed that the accountant has no other financial interests and business relationship with the company other than the fees for visa and tax cases, and the family members of the accountant do not violate the independence requirement. The results of the latest annual assessment have been discussed and approved by the Audit Committee on March 08, 2023, and submitted to the Board of Directors resolution on March 08, 2023 to approve the assessment of the independence and suitability of accountants.

During the most recent year (2022) and as of the publication date of this annual report, the Company reference to audit indicators (AQIs) some of the evaluation indicators are excerpted as follows, and we have obtained the CPAs' signed statement of independence. The appointment and independence of CPAs is evaluated and discussed in board meetings.

Item	Content
1	Whether the CPA avoids undertaking the task with a direct or significant indirect personal interest involved.
2	Whether the independence is affected by the CPA's personal interest and whether the CPA obtains financial gain from clients through audits or has a conflict of interest with clients due to other gains.
3	Whether the independence is affected by the self-assessment is the report issued or the judgment made by the CPA in the delivery of a non-audit service, which is an important basis for drawing an audit conclusion during an audit or review of financial data; or any member of the audit team has served as a director or supervisor of any client or held a position with a direct and significant impact on any audit case.
4	Whether the independence is affected by defense, i.e., when a member of the audit team has become a defender for any client's position or opinion, causing their objectivity to be questioned.
5	Whether the independence is affected by familiarity, i.e. the CPA or any member of the audit team pays excessive attention to or sympathize with clients' interest through the close relationship with clients or their directors, supervisors, or managers.
6	Whether any member of the audit team is or feels intimidated by any client, so it is impossible for them to maintain objectivity and clarify professional doubts.
7	Whether any member of the audit team or their family members have direct financial interest or significant indirect financial interest with any client in an audit case.
8	Whether other CPAs who work with the CPA or their family members have direct financial interest or significant indirect financial interest with the firm's clients.
Other indicators are omitted due to too much information.	

3.5. Information on the Company's audit fees

Unit: NT\$ thousand

Name of accounting firm	Name of CPA	Audit period	Audit fees	Non-audit fees	Total	Remarks
PwC Taiwan	Liao, Fu-Ming	From 2022.01.01	2,290	540	2,830	NT\$460,000 for tax compliance audit+ NT\$ 80,000 for audit of the annual report
	Chen, Chin-Chang	through 2022.12.31				

3.5.1 Where the non-audit fees paid to the CPAs, the CPA firm at which the CPAs work, and the CPA firm's affiliates account for 25% or more of the audit fees, the amount of audit and non-audit fees and the content of non-audit services shall be disclosed: N/A.

3.5.2 If the CPA firm is replaced and the audit fees paid during the year in which the replacement occurs are less than those paid in the prior year, the amount of the decrease in the audit fees and the reason thereof shall be disclosed: N/A.

3.5.3 When the audit fees paid for the current year are lower than those paid for the prior year by 10% or more, the amount and percentage of the decrease and thereof shall be disclosed: N/A.

3.6. Replacement of CPAs

3.6.1 Information on the former CPAs: N/A.

3.6.2 Information on new CPAs: N/A.

3.6.3 Reply from the former CPAs to the matters under Article 10, subparagraph 6, items 1 and 2- of the Regulations: N/A.

3.7 Where the Chairman, President, chief financial officer, or chief accounting officer has been employed by the accounting firm or its affiliates in the most recent year, the name, title, and period of employment at the firm where the CPAs work or its affiliate shall be disclosed: N/A.

3.8 The changes in the transfer or pledge of equity shares by directors, supervisors, managers, or shareholders holding more than 10% of the shares issued by the Company in the most recent year and up to the publication date of this annual report:

(1) Movements in shareholdings of directors, supervisors, managers, and major shareholders

Unit: Shares

Title	Name	2022		2023 up to April 1, 2023	
		Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged (Note 1)	Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged (Note 1)
Director	Wang, Chih-Kao (Note 2)	—	—	—	—
Director	Fu, Chiang-Sung (Note 2)	1,141,000	—	44,000	—
Director	Wang, Chien-Chih (Note 2)	—	—	—	—
Director	Ming Liang Investment Co., Ltd. (Note 2)	—	—	—	—
Director	Bei Li Investment Co., Ltd. (Note 2)	—	—	—	—
Director	Bing Yeh (Note 3)	—	—	—	—
Independent director	Chou, Chin-Piao (Note 2)	—	—	—	—
Independent director	Chiu, Jui-Li (Note 2)	—	—	—	—
Independent director	Chin, Chih-Hai (Note 2)	—	—	—	—
Independent director	Chen, Chao-Sen (Note 2)	—	—	—	—
Independent director	Chen, Bo-Rong (Note 3)	—	—	—	—
Independent director	Liou, Syue-Yu (Note 3)	—	—	—	—
Supervisors	Wu, Hong-Ci (Note 3)	—	—	—	—
Supervisors	Ming Liang Investment Co., Ltd. (Note 3)	—	—	—	—
Supervisors	Bei Li Investment Co., Ltd. (Note 3)	—	—	—	—
General Management Department President	Huang, Mei-Chin	—	—	—	—
President, Business Department	Wen, Teng-Chuan	—	—	—	—
Vice President	Chen, Yung-Cheng	—	—	—	—
Assistant VP	Liu, Li-Hua	—	—	—	—

Title	Name	2022		2023 up to April 1, 2023	
		Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged (Note 1)	Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged (Note 1)
Assistant VP	Yeh Chuang, Jen-Cheng	—	—	—	—
Assistant VP	Hsieh, Neng-Hsin	—	—	—	—
Assistant VP	Tsen, Sih-Tao	—	—	—	—
Assistant VP	Chiu, Kai-Pin	—	—	—	—
Assistant VP	Chen, Shou-I	—	—	—	—
Assistant VP	Li, Chih-Chiang	—	—	—	—
Assistant VP	Tseng, Yu-Sung	2,000	—	—	—
Assistant VP	Chien, Li-Chuan	—	—	—	—
Assistant VP	Tsai, Ming-Hung	—	—	—	—
Assistant VP	Yeh, Tsai-Fu	—	—	—	—
Assistant VP	Huang, Shu-Hua	—	—	—	—
Assistant VP	Sung, Ching-Li	—	—	—	—

Note 1: During 2022 and 2023 up to the publication date of this annual report, none of the directors and supervisors had pledged the shares they held.

Note 2: Elected at the election held on June 9, 2022.

Note 3: Dismissed at the election held on June 9, 2022.

(2) Equity transfer information: No counterparty of the equity transfer is a related party.

(3) Information on equity pledged: No counterparty to whom the equity is pledged is a related party.

3.9 Information about the top ten shareholders with shareholding ratio, and their relationship with each other or their spouses or relatives within the second degree of kinship:

Date: April 1, 2023

Name	Shareholding of the individual		Shareholding of spouse or minor children		Total shareholding by nominee arrangement		Information on the relations among the top 10 shareholders if anyone is a related party, a spouse, or a relative within second degree of kinship of another and their names		Remarks
	Number of shares	Shareholding Ratio	Number of shares	Shareholding Ratio	Number of shares	Shareholding Ratio	Title (Name)	Relations	
Fu, Chiang-Sung	8,911,265	12.35%	1,837,422	2.55%	-	-	Bei Li Investment Co., Ltd. Fu, Ling-Hsuan Fu, Yin-Chi	His spouse is the chairperson of the Company Relative within the first degree of kinship Relative within the first degree of kinship	
Ming Liang Investment Co., Ltd.	2,933,815	4.07%	-	-	-	-	-	-	
Representative: Wang, Yen-Chi	1,360,962	1.89%	-	-	-	-	Wang, Chih-Kao Huang, Mei-Chin Wang, Pei-Wen	Relative within the first degree of kinship Relative within the first degree of kinship Relative within the second degree of kinship	
Wang, Chih-Kao	2,414,733	3.35%	1,580,222	2.19%	-	-	Huang, Mei-Chin Ming Liang Investment Co., Ltd. Wang, Pei-Wen	Spouse His relative within the first degree of kinship is the chairperson of the Company Relative within the first degree of kinship	
Baohong Investment Co., Ltd.	2,292,000	3.18%	-	-	-	-	-	-	
Representative: Tseng, Pao-Tang	-	-	-	-	-	-	-	-	
Fu, Ling-Hsuan	1,919,304	2.66%	-	-	-	-	Fu, Chiang-Sung Bei Li Investment Co., Ltd. Fu, Yin-Chi	Relative within the first degree of kinship His relative within the first degree of kinship is the chairperson of the Company Relative within the second degree of kinship	

Name	Shareholding of the individual		Shareholding of spouse or minor children		Total shareholding by nominee arrangement		Information on the relations among the top 10 shareholders if anyone is a related party, a spouse, or a relative within second degree of kinship of another and their names		Remarks
	Number of shares	Shareholding Ratio	Number of shares	Shareholding Ratio	Number of shares	Shareholding Ratio	Title (Name)	Relations	
Hsiao, Jui-Yuan	1,837,422	2.55%	8,911,265	12.35%	-	-	Fu, Chiang-Sung Fu, Ling-Hsuan Fu, Yin-Chi	Spouse Relative within the first degree of kinship Relative within the first degree of kinship	
Fu, Yin-Chi	1,818,063	2.52%	-	-	-	-	Fu, Chiang-Sung Bei Li Investment Co., Ltd. Fu, Ling-Hsuan	Relative within the first degree of kinship His relative within the first degree of kinship is the chairperson of the Company Relative within the second degree of kinship	
Bei Li Investment Co., Ltd.	1,783,437	2.47%	-	-	-	-	-	-	
Representative: Hsiao, Jui-Yuan	1,837,422	2.55%	8,911,265	12.35%	-	-	Fu, Chiang-Sung Fu, Ling-Hsuan Fu, Yin-Chi	Spouse Relative within the first degree of kinship Relative within the first degree of kinship	
Wang, Pei-Wen	1,654,778	2.29%	-	-	-	-	Wang, Chih-Kao Huang, Mei-Chin Ming Liang Investment Co., Ltd.	Relative within the first degree of kinship Relative within the first degree of kinship Her relative within the second degree of kinship is the chairperson of the Company	
Huang, Mei-Chin	1,580,222	2.19%	2,414,733	3.35%	-	-	Wang, Chih-Kao Ming Liang Investment Co., Ltd. Wang, Pei-Wen	Spouse Her relative within the first degree of kinship is the chairperson of the Company Relative within the first degree of kinship	

3.10. The total number of shares held and the consolidated shareholdings in any single investee by the Company, its directors, supervisors, managers, or any companies controlled either directly or indirectly by the Company:

Date: December 31, 2022

Investee (Note 1)	Investment by the Company		Investment by directors, supervisors, managers, or any companies controlled either directly or indirectly by the Company		Combined investment	
	Number of shares (in thousands)	Shareholding	Number of shares (in thousands)	Shareholding	Number of shares (in thousands)	Shareholding
Excellence International Holding Corporation	10	100.00%	-	-	10	100.00%
Silicon Professional Technology Ltd. (SPT-BVI)	-	-	11	100.00%	11	100.00%
Silicon Professional Technology Hong Kong Ltd.	-	-	78,023	100.00%	78,023	100.00%
Professional Computer Electronics (Shenzhen) Co., Ltd.	-	-	-	100.00%	-	100.00%
Asia PCT Group Limited	500	100.00%	-	-	500	100.00%

Note 1: It is a long-term investment made by the Company using the equity method.

4. Fundraising Status

4.1 Capital and shares

4.1.1 Source of share capital

(1) The formation of share capital

Unit: NT\$/Share

Year/ Month	Issue price	Authorized capital		Paid-in capital		Remarks		
		Number of shares	amount	Number of shares	amount	Source of share capital	Capital increased by assets other than cash	Others
2002.06	10	53,600,000	536,000,000	33,921,653	339,216,530	Capitalization of earnings to increase the capital by NT\$69,716,530	None	Per Letter (2002)-Tai-Cai-Zeng-(I) No. 111829 dated 2002.3.26
						Cash capital increase by NT\$11,200,000	None	Per Letter (2002)-Tai-Cai-Zeng-(I) No. 111829 dated 2002.3.26
2003.06	10	53,600,000	536,000,000	39,491,501	394,915,010	Capitalization of earnings to increase the capital by NT\$55,698,480	None	Per Letter Tai-Cai-Zeng-I No. 0920123758 dated 2003.5.29
2004.04	60.5	53,600,000	536,000,000	39,600,945	396,009,450	ECB converted to ordinary shares in the amount of NT\$1,094,440	None	-
2004.07	10	79,266,100	792,661,000	46,158,270	461,582,700	Capitalization of earnings to increase the capital by NT\$65,573,250	None	Per Letter Tai-Cai-Zeng-I No. 0930128481 dated 2004.06.28
2004.10	51.1	79,266,100	792,661,000	46,352,635	463,526,350	ECB converted to ordinary shares in the amount of NT\$1,943,650	None	-
2005.08	10	79,266,100	792,661,000	51,702,614	517,026,140	Capitalization of earnings to increase the capital by NT\$53,499,790	None	Per Letter Jin-Guan-Zheng-I No. 0940125944 dated 2005.06.28
2005.10	30.5 11.5 11.2 42.8 36.8	99,637,152	996,371,520	61,401,160	614,011,600	Cash capital increase by NT\$75,000,000 Employee stock warrants in the amount of NT\$7,225,000 ECB converted to ordinary shares in the amount of NT\$6,961,730 CB converted to ordinary shares in the amount of NT\$7,798,730	None	Per Letter Jin-Guan-Zheng-I No. 0940111048 dated 2005.04.14

Year/ Month	Issue price	Authorized capital		Paid-in capital		Remarks		
		Number of shares	amount	Number of shares	amount	Source of share capital	Capital increased by assets other than cash	Others
2005.12	11.2 42.8 36.8	99,637,152	996,371,520	63,536,713	635,367,130	Employee stock warrants in the amount of NT\$80,000 ECB converted to ordinary shares in the amount of NT\$18,177,780 CB converted to ordinary shares in the amount of NT\$3,097,750	None	-
2006.03	36.8 38.9	99,637,152	996,371,520	64,585,496	645,854,960	CB converted to ordinary shares in the amount of NT\$7,934,620 ECB converted to ordinary shares in the amount of NT\$2,553,210	None	-
2006.08	10	99,637,152	996,371,520	68,322,682	683,226,820	Capitalization of earnings to increase the capital by NT\$37,371,860	None	Per Letter Jin-Guan-Zheng-I No. 0950127431 dated 2006.06.29
2006.09	11.2 8.2	99,637,152	996,371,520	68,679,182	686,791,820	Employee stock warrants in the amount of NT\$2,627,500 Employee stock warrants in the amount of NT\$937,500	None	-
2006.12	8.2	99,637,152	996,371,520	68,729,932	687,299,320	Employee stock warrants in the amount of NT\$507,500	None	-
2007.03	32.8	99,637,152	996,371,520	68,760,418	687,604,180	CB converted to ordinary shares in the amount of NT\$304,860	None	-
2007.07	32.8	99,637,152	996,371,520	68,812,246	688,122,460	CB converted to ordinary shares in the amount of NT\$518,280	None	-

Year/ Month	Issue price	Authorized capital		Paid-in capital		Remarks		
		Number of shares	amount	Number of shares	amount	Source of share capital	Capital increased by assets other than cash	Others
2007.08	10	99,637,152	996,371,520	83,990,899	839,908,990	Capitalization of earnings to increase the capital by NT\$76,559,920 CB converted to ordinary shares in the amount of NT\$17,377,720 ECB converted to ordinary shares in the amount of NT\$55,113,890 Employee stock warrants in the amount of NT\$2,342,500 Employee stock warrants in the amount of NT\$337,500 Employee stock warrants in the amount of NT\$55,000	None	-
	29.5							
	30.99							
	5.8							
	32.4							
	34.2							
2007.11	29.5	99,637,152	996,371,520	86,339,426	863,394,260	CB converted to ordinary shares in the amount of NT\$6,576,090 ECB converted to ordinary shares in the amount of NT\$14,101,680 Employee stock warrants in the amount of NT\$920,000 Employee stock warrants in the amount of NT\$30,000 Employee stock warrants in the amount of NT\$22,500 Employee stock warrants in the amount of NT\$1,835,000	None	-
	30.99							
	5.8							
	32.4							
	34.2							
	32.2							

Year/ Month	Issue price	Authorized capital		Paid-in capital		Remarks		
		Number of shares	amount	Number of shares	amount	Source of share capital	Capital increased by assets other than cash	Others
2008.04	29.5 30.99 5.8	99,637,152	996,371,520	87,954,381	879,543,810	CB converted to ordinary shares in the amount of NT\$2,271,160 ECB converted to ordinary shares in the amount of NT\$13,033,390 Employee stock warrants in the amount of NT\$845,000	None	-
2008.05	5.8	99,637,152	996,371,520	87,980,631	879,806,310	Employee stock warrants in the amount of NT\$262,500	None	-
2008.09	10	150,000,000	1,500,000,000	92,959,328	929,593,280	Capitalization of earnings to increase the capital by NT\$49,786,970	None	Per Letter Jin-Guan-Zheng-I No. 0970035942 dated 2008.07.16
2008.11	10	150,000,000	1,500,000,000	88,383,328	883,833,280	Treasury shares cancelled in the amount of NT\$45,760,000	None	-
2009.02	3.6	150,000,000	1,500,000,000	88,399,078	883,990,780	Employee stock warrants in the amount of NT\$157,500	None	-
2009.04	10	150,000,000	1,500,000,000	87,570,078	875,700,780	Treasury shares cancelled in the amount of NT\$8,290,000	None	-
2009.06	10	150,000,000	1,500,000,000	87,606,078	876,060,780	Employee stock warrants in the amount of NT\$360,000	None	-
2009.08	10	150,000,000	1,500,000,000	74,470,567	744,705,670	Capital returned due to capital reduction in the amount of NT\$131,355,110	None	-
2010.04	10	150,000,000	1,500,000,000	74,688,096	746,880,960	CB converted to ordinary shares in the amount of NT\$2,145,290 Employee stock warrants in the amount of NT\$30,000	None	-

Year/ Month	Issue price	Authorized capital		Paid-in capital		Remarks		
		Number of shares	amount	Number of shares	amount	Source of share capital	Capital increased by assets other than cash	Others
2010.07	10	150,000,000	1,500,000,000	75,151,759	751,517,590	CB converted to ordinary shares in the amount of NT\$4,636,630	None	-
2012.11	10	150,000,000	1,500,000,000	73,690,759	736,907,590	Treasury shares cancelled in the amount of NT\$14,610,000	None	Per Letter Jing-Shou-Shang No. 10101238660 dated 2012.11.19
2015.11	10	150,000,000	1,500,000,000	72,145,759	721,457,590	Treasury shares cancelled in the amount of NT\$15,450,000	None	Per Letter Jing-Shou-Shang No. 10401247920 dated 2015.11.25

(2). Share type

April 1, 2023

Share type	Authorized capital			Remarks
	Number of shares issued	Number of shares unissued	Total	
Registered ordinary shares	72,145,759	77,854,241	150,000,000	—

(3). Information on shelf registration: N/A.

4.1.2 Shareholder structure

April 1, 2023

Shareholder structure Number	Governme nt agencies	Financial institutions	Other juridical persons	Natural persons	Foreign institutions and natural persons	Total
Number of people (person)	0	4	178	18,899	16	19,097
Number of shares currently held (share)	0	51,004	7,703,851	63,317,983	1,072,921	72,145,759
Shareholding (%)	0%	0.07%	10.68%	87.76%	1.49%	100%

4.1.3 Equity dispersion

Face value of NT\$10 per share

April 1, 2023

Shareholding range	Number of shareholders	Number of shares held	Shareholding
1 - 999	13,555	415,652	0.58 %
1,000 - 5,000	4,205	9,077,995	12.58 %
5,001 - 10,000	695	5,696,434	7.90 %
10,001 - 15,000	168	2,183,804	3.03 %
15,001 - 20,000	144	2,646,320	3.67 %
20,001 - 30,000	110	2,865,807	3.97 %
30,001 - 40,000	42	1,532,407	2.12 %
40,001 - 50,000	38	1,762,634	2.44 %
50,001 - 100,000	76	5,685,243	7.88 %
100,001 - 200,000	30	4,046,854	5.61 %
200,001 - 400,000	16	4,306,554	5.97 %
400,001 - 600,000	6	2,806,644	3.89 %
600,001 - 800,000	1	613,410	0.85 %
800,001 - 1,000,000	0	0	0 %
1,000,001 or more	11	28,506,001	39.51 %
Total	19,097	72,145,759	100.00 %

4.1.4 List of major shareholders (shareholders whose shareholdings rank in the top ten)

April 1, 2023

Major shareholder	Share	Number of shares currently held (share)	Shareholding
Fu, Chiang-Sung		8,911,265	12.35%
Ming Liang Investment Co., Ltd.		2,933,815	4.07%
Wang, Chih-Kao		2,414,733	3.35%
Baohong Investment Co., Ltd.		2,292,000	3.18%
Fu, Ling-Hsuan		1,919,304	2.66%
Hsiao, Jui-Yuan		1,837,422	2.55%
Fu, Yin-Chi		1,818,063	2.52%
Bei Li Investment Co., Ltd.		1,783,437	2.47%
Wang, Pei-Wen		1,654,778	2.29%
Huang, Mei-Chin		1,580,222	2.19%

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

Unit: NT\$/Share

Item \ Year		2021	2022
Market price per share (Note 1)	Highest	26.60	26.05
	Lowest	18.05	21.05
	Average	21.46	24.08
Book value per share	Before distribution	20.2	21.77
	After distribution (Note 2)	18.2	19.67
Earnings per share	Weighted average number of shares (in thousands)	72,146	72,146
	Before retrospective adjustment	2.36	2.31
	After retrospective adjustment	2.34	2.28
Dividend per share	Cash dividend	2.0	2.1
	Stock dividend	Additional paid-in capital	-
		-	-
	Cumulative unpaid dividends		-
Return on investment	Price-to-earnings ratio	9.09	10.42
	Price-to-dividend ratio	-	-
	Cash dividend yield	9.32%	8.72%

Note 1: In the case of capitalization of earnings or capital surplus for dividends, the information on the market price retrospectively adjusted depending on the number of shares paid out shall be disclosed.

Note 2: Fill out the table as per the resolutions adopted by the Board of Directors in the following year.

4.1.6 Dividend policy and implementation

The dividend policy stipulated in the Articles of Incorporation

(1) Article 24 of the Articles of Incorporation:

If the Company makes a profit for a year, it shall allocate no less than 6% as employee remuneration, and the Board of Directors shall resolve a decision to pay out the remuneration in stock or cash. The remuneration recipients include the Company's employees, the employees of subsidiaries, in which 50% or more of their shares are directly or indirectly held by the Company. The Company may allocate no more than 3% of the said profit as the remuneration to directors and supervisors by the resolution of the Board of Directors. Employee remuneration and directors' and supervisors' remuneration distribution proposals shall be reported to the shareholders' meeting. However, when the Company still has a cumulative deficit, it shall reserve an amount to compensate the deficit in advance and then allocate the employee remuneration and directors' and supervisors' remuneration at the percentage specified in the preceding paragraph.

The profit mentioned in paragraph 1 refers to the income before tax before the employee remuneration and the directors' and supervisors' remuneration are deducted for the year.

Article 24-1 of the Articles of Incorporation:

Where the Company makes a profit for a fiscal year, the profit shall be first used for paying the profit-seeking enterprise income tax in accordance with the laws and regulations, offsetting the cumulative deficit, setting aside 10% of the remaining profit as a legal reserve, setting aside an amount for or reversing a special reserve in accordance with the laws and regulations. Then, after the dividends are paid out, if there are any remaining earnings, the shareholders' meeting shall resolve a decision to pay out dividends to shareholders. The Board of Directors shall draw up an earnings distribution proposal in accordance with the Company's Articles of Incorporation, and the earnings shall be paid out depending on the Company's share capital, financial structure, operating conditions, and earnings in the form of capitalization of earnings or cash dividends after the resolution of the shareholders' meeting, to achieve a balanced and stable dividend policy. The cash dividends shall not be less than 10% of the dividends to be paid out to the Company's shareholders.

(2) Execution

(2.1) The Company's net income after tax for 2022 was NT\$166,729,470. After an amount of NT\$16,920,125 was set aside for the legal reserve, the remaining amount, plus the undistributed earnings after adjustment for NT\$30,974,395, making the distributable earnings to reach NT\$180,783,740. The Company proposes to allocate a shareholder dividend of NT\$151,506,094 from the 2022 undistributed earnings and allot NT\$NT\$2,100 per 1,000 shares in cash based on the number of the shares held as recorded in the shareholder register on the ex-dividend record date. It has been approved by the Board of Directors on March 8, 2023 and the relevant surplus distribution of cash dividends will be reported at the 2023 Annual Meeting of Shareholders.

(2.2) As per the Company's Articles of Incorporation, it is proposed to distribute NT\$6,246,243 for directors and supervisors and NT\$16,656,647 for employee remuneration. This proposal was approved by the Board of Directors on March 8, 2023 and will be reported to the 2023 shareholders' meeting.

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

Year		2023 (estimated)
Paid-in capital (in NT\$ thousand)		721,458
Stock or cash dividend for this year	Cash dividend per share (NT\$)	\$2.1 (Notes 1 and 2)
	Number of shares allotted per share for capitalization of earnings	-
	Number of shares allotted per share for capitalization of capital surplus	-
Changes in operating performance	Operating income (in NT\$ thousand)	(Note 3)
	Increase (decrease) in operating income YoY	
	Net profit after tax (in NT\$ thousand)	
	Increase (decrease) in net profit after tax YoY	
	Earnings per share (NT\$)	
	Increase (decrease) in earnings per share YoY	

	Annual average return on investment (annual average earning yield)		
Pro forma earnings per share and price-earnings ratio	If the capitalization of earnings is replaced with payout of cash dividends	Pro forma earnings per share (NT\$)	
		Pro forma annual average return on investment	
	If the capitalization of capital surplus is not conducted	Pro forma earnings per share (NT\$)	
		Pro forma annual average return on investment	
	If the capitalization of capital surplus is not conducted and the capitalization of earnings is replaced with payout of cash dividends	Pro forma earnings per share (NT\$)	
		Pro forma annual average return on investment	

Note 1: The dividend to be distributed for this year is temporarily calculated based on the current paid-in share capital. If the payout ratio is affected by the conversion of convertible corporate bonds or other convertible certificates into ordinary shares, the dividend will be paid out in proportion to the number of shares held by each shareholder as listed in the shareholder register on the ex-dividend record date.

Note 2: The Board of Directors approved the payout of a shareholder dividend of NT\$151,506,094 from the undistributed earnings, which will be paid out in proportion to the number of shares held as recorded in the shareholder register on the ex-dividend record date (NT\$2.1 per share in cash).

Note 3: As the Company did not disclose the financial forecast for 2023, we did not need to disclose the information on the forecast for this year.

4.1.8 Employee remuneration and directors' and supervisors' remuneration

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

If the Company makes a profit for a year, it shall allocate no less than 6% as employee remuneration, and the Board of Directors shall resolve a decision to pay out the remuneration in stock or cash. The remuneration recipients include the Company's employees, the employees of subsidiaries, in which 50% or more of their shares are directly or indirectly held by the Company. The Company may allocate no more than 3% of the said profit as the remuneration to directors and supervisors by the resolution of the Board of Directors. Employee remuneration and directors' and supervisors' remuneration distribution proposals shall be reported to the shareholders' meeting. However, when the Company still has a cumulative deficit, it shall reserve an amount to compensate the deficit in advance and then allocate the employee remuneration and directors' and supervisors' remuneration at the percentage specified in the preceding paragraph.

The profit mentioned in paragraph 1 refers to the income before tax before the employee remuneration and the directors' and supervisors' remuneration are deducted for the year.

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

(2.1) The employee remuneration and directors' and supervisors' remuneration in this period is estimated at 8% and 3% of the Company's profit (pre-tax net income for this period before employee remuneration and directors' and supervisors' remuneration are deducted), respectively.

(2.2) The basis for calculating the number of shares for employee remuneration paid out in stock: The employee remuneration proposal submitted by the Board of Directors to the shareholders' meeting at this time does not contain stock dividends.

(2.3) Accounting treatment when the amount paid out is different from the estimated amount: When a difference occurs, it is regarded as a change in accounting estimates and is recognized in profit or loss for the following year.

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

- A. Amount of employee remuneration and directors' and supervisors' remuneration distributed in cash or stock:

	Distribution for 2022 (NT\$)
Employee remuneration in cash	16,656,647
Employee remuneration in stock	0
Directors' and supervisors' remuneration	6,246,243

Where there is a difference with the estimated amount for the year, in which the expenses are recognized, the amount of difference, reason, and accounting treatment shall be disclosed: No difference.

- B. The amount of employee remuneration in stock and the amount as a percentage of the sum of net income after tax as in the standalone financial statement for this

period and the total employee dividends for this period: The Company did not distribute employee remuneration in stock for this period, so it is not applicable.

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

Distribution	2021			
	Amount to be paid out by the resolution of the shareholders' meeting	Amount approved by the Board of Directors	Amount of difference	Reason for difference
1. Employee remuneration in cash	16,047,822	16,047,822	0	-
2. Employee remuneration in stock	0	0	-	-
3. Directors' and supervisors' remuneration	6,017,933	6,017,933	0	-

The amounts of employee remuneration and directors' and supervisors' remuneration for 2021 to be paid out were the same as those approved by the Board of Directors.

4.1.9 The repurchase of the Company's shares:

April 1, 2023

Session of repurchase	1st repurchase	2nd repurchase	3rd repurchase	4th repurchase	5th term	6th meeting
Purpose of repurchase	To safeguard the Company's credit and shareholders' rights	To safeguard the Company's credit and shareholders' rights	To safeguard the Company's credit and shareholders' rights	To safeguard the Company's credit and shareholders' rights	To safeguard the Company's credit and shareholders' rights	To safeguard the Company's credit and shareholders' rights
Repurchase period	2008.06.17–2008.07.18	2008.07.29–2008.08.26	2008.09.01–2008.10.28	2008.11.24–2009.01.15	2012.07.31–2012.09.26	2015.08.07–2015.10.05
Range of repurchase price	23.3~28.7	22.2~25.3	14.3~22.45	10.75~12.4	12.90~13.90	8.00~16.00
Type and quantity of shares repurchased	1,512,000 ordinary shares	626,000 ordinary shares	2,438,000 ordinary shares	829,000 ordinary shares	1,461,000 ordinary shares	1,545,000 ordinary shares
Amount of shares repurchased	NT\$38,191,365	NT\$14,958,272	NT\$43,884,384	NT\$9,812,433	NT\$19,750,622	NT\$16,285,312
The number of the shares repurchased as a percentage of the number scheduled to be repurchased (%)	50.40%	52.17%	81.27%	17.63%	29.22%	51.50%
Number of shares cancelled and transferred	1,512,000 ordinary shares	626,000 ordinary shares	2,438,000 ordinary shares	829,000 ordinary shares	1,461,000 ordinary shares	1,545,000 ordinary shares
Cumulative number of the Company's shares held	0	0	0	0	0	0
Cumulative number of the Company's shares held as a percentage of the Company's total issued shares	0	0	0	0	0	0

Note: All the shares repurchased by the Company have been cancelled.

4.2 Issuance of corporate bonds:

The first domestic unsecured convertible corporate bonds issued by the Company were all due on May 25, 2010.

4.3 Issuance of preference shares, depository receipts, employee stock warrants, restricted stock awards, or new shares in connection with mergers or acquisitions or with acquisitions of shares of other companies:

4.3.1 Issuance of preference shares: None.

4.3.2 Issuance of depository receipts: None.

4.3.3 Issuance of employee stock warrants:

- (1) The status of the Company's employee stock warrants that have not yet been due and its impact on shareholders' rights and interest shall be disclosed up to the date of publication of this annual report:
The Company's employee stock warrants have all been due on August 23, 2011, so there is no employee stock warrant that has not yet been due.
- (2) Names of managers who have obtained employee stock warrants and the top ten employees with the most employee stock warrants up to the publication date of this annual report as well as their acquisition and subscription: None.

4.3.4 Issuance of restricted stock awards: None.

4.3.5 Issuance of new shares in connection with mergers or acquisitions or with acquisitions of shares of other companies:

4.4 Execution of the fund application plan: None.

5. Overview of Operations

5.1. Information on business

5.1.1 Scope of business and proportion

The Company acts as an agent for the products of well-known manufacturers of semiconductor or electronic components and firmware service companies at home and abroad. Our main product lines include Microchip's full range of products, such as MCU, MPU, mixed signal, power supply, network, USB hub, NOR Flash, and EEPROM; Sonix's SoC for image processing, such as NB Cam, IP Cam, and RF image control; Synaptics' USB interface conversion control chips; Insyde's BIOS for applications of notebooks, industrial computers, and servers; GigaDevice's series of high- and low-capacity NOR Flash, NAND Flash, MCU, and other products; In addition, Greenliant's, Amicom's, Chrontel's, Lixie Electronics's, Innodisk's, LB Link's, Galaxycore's network, industrial computers, video surveillance, and consumer electronic products. Our main clients are electronics manufacturers in Greater China. About 95% of our business is the sales of electronic products as an agent, and the remaining 5% is the provision of software services.

■ The products (services) provided by the Company

- Microprocessors (MPUs) and microcontrollers (MCUs)
- Basic input/output system (BIOS)
- Image signal processing/conversion chips
- Flash memory and modules
- Memory and memory storage devices.
- Wireless network communication modules and communication amplifiers (front-end modules (FEM) and power amplifiers (PA))
- Bluetooth audio chips and Bluetooth low-energy (BLE) chips
- Power and PA chips, motor control ICs, and mixed-signal ICs
- OLED, STN, TFT driver ICs, and touch chips
- Micro-electro mechanical microphone and sensors
- GPS Chips
- Others

■ New products (services) planned to be developed

(1) Computers and peripherals

- Wireless network applications
- Memory and multimedia storage devices
- Video signal conversion
- Various transmission interface control applications

(2) Networking & communication

- IoT gateway / Home Automation / Home Security/AP Router/XDSL/STB
- High-speed Ethernet chips
- Wireless network chips
- Bluetooth audio and pass-through and networking devices

(3) Consumer products

- Power supply and motor control applications for electric assisted bicycles
- Communication equipment and optical communication modules

- Bluetooth module transmission applications
- (4) Portable electronic products
- Personal handheld high-efficiency low-power power systems
 - GPS receiver chips
 - Wireless or Bluetooth pass-through control devices
 - Video signal converters
 - Detection device applied to wearable products
- (5) Design services and programming to improve the added value of the products on the whole
- MCU/FLASH/EEPROM programming service for clients
 - NRE design service and software and firmware support services for clients

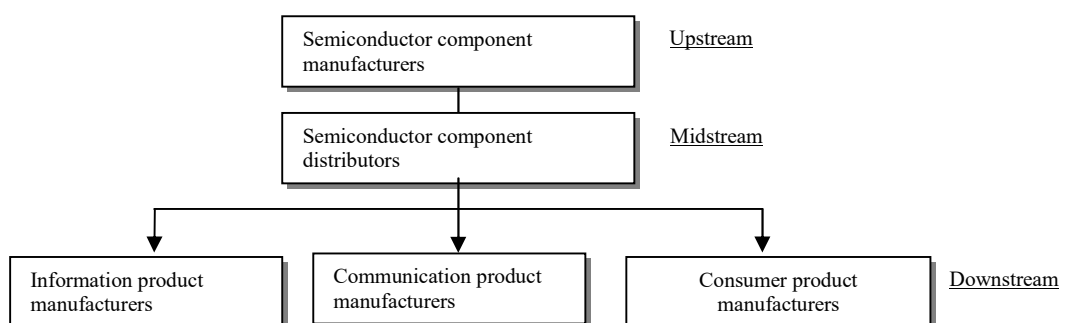
5.1.2 Overview of the industry

■ Current status and development of the industry

Taiwan's manufacturing layout in the technology industries in Taiwan, China, Southeast Asian countries, and even India has led to competitive electronic component distributors who are able to provide complete and timely supply and support. Over the past 30 years, the distributors have been growing with the development of motherboards, notebooks, servers, display computers, and the network and communication industry. The distributors provide downstream clients with professional technical support, complete component integration solutions, and efficient component supply and logistics services, making electronic component distributors play an indispensable role in the entire industry chain.

As distributors are more mobile in terms of regional services compared with original manufacturers, when most semiconductor manufacturers at home or abroad plan to engage in domestic distribution activities, they must rely on distributors to seek sources of clients and serve them. Distributors have also been transformed from the traditional role of introducing products, providing quotes, and taking orders to the role of launching marketing campaigns, providing technical support, and diversifying supply. They have extensive industrial experience because of the industrial transformation, and their acuity to the market has also increased; thus, they play a multi-functional role in the semiconductor industry, making considerable contributions to promoting our country's industrial development. To optimize our foundation, the Company has proactively represented industrial, consumer, and network applications and other products and provided them to the industrial computer, network, automotive electronics, security surveillance, and clean energy industries, thereby expanding the scope of the application of products to different groups of clients.

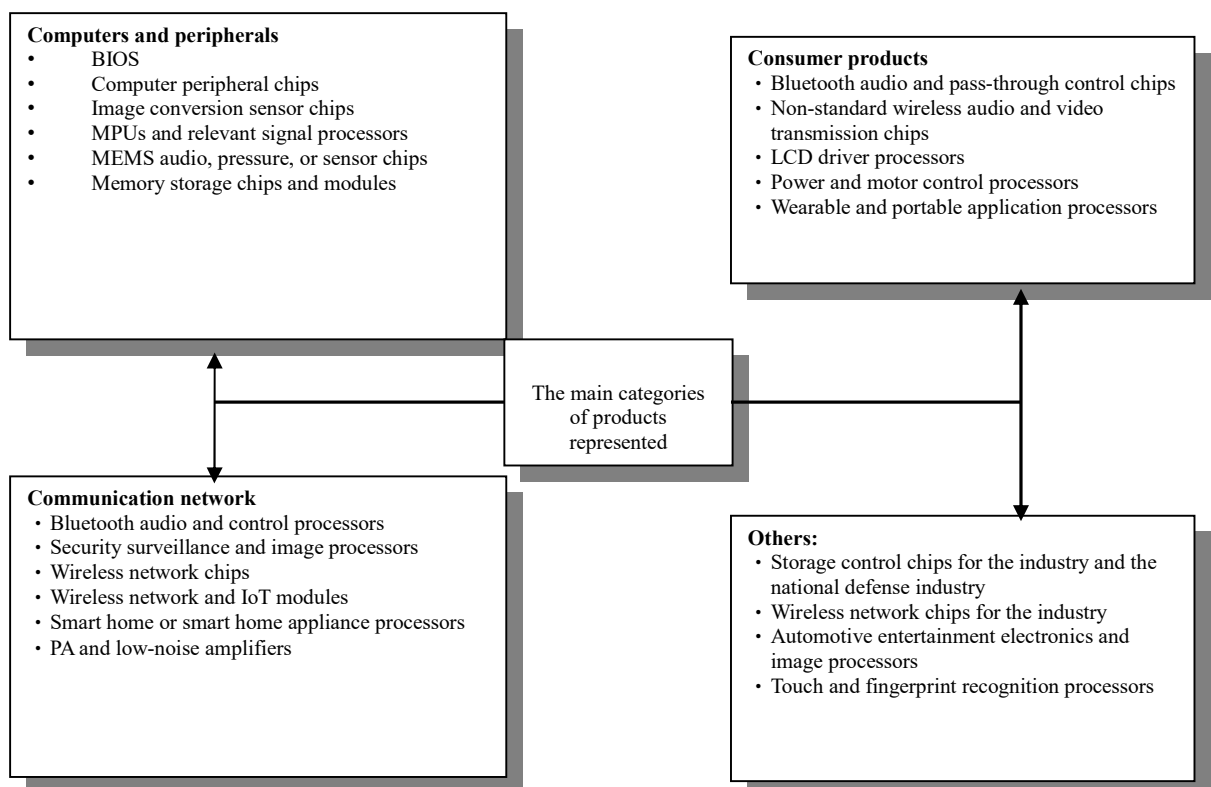
■ The relations between the up-, mid-, and downstream industries



The Company engages in the trading of semiconductor components. Our upstream suppliers are various component manufacturers at home and abroad, including Microchip, Sonix, and Synaptics, while our downstream clients are manufacturers of information, communication, and consumer electronic products at home or abroad, including Hon Hai, Cheng Uei, Flex, Lite-On, Compal, Inventec, TPV, Great China, Christie, Hikvision, and Skyworth. Upstream component manufacturers can expand the market stably through distributors' complete marketing network, thereby reducing management and sales costs; for downstream product manufacturers, distributors can provide the components they need as soon as possible to ensure the supply of materials, and the manufacturers can also reduce the costs of safety stock and new product design through distributors' flexible inventory management and application engineering capabilities, thereby reducing operational risks. Therefore, professional distributors are at the hub of the entire industry and serve as a bridge between upstream, midstream, and downstream businesses, thereby improving the operational efficiency and competitiveness of the industry.

Product development trend

With our professional core capabilities, we represent products with potential and create products that are competitiveness around the world for clients, mainly in the four categories of computers, communication networks, consumer products, and others. The main categories of products we represent are as follows:



The main products represented are specified below:

A. Flash Memory and EEPROM

Flash memory is a kind of non-volatile memory, featuring repeated reading and writing function and high capacity, and is better than DRAM and SRAM in terms of data storage, and its repeated reading and writing function is better than EPROM, making it become one of the main products in the memory market.

Flash can be divided into NOR and NAND by structure. The former is mainly used to store code, i.e. code flash, and can directly perform computing with the CPU without the need for DRAM at a faster access speed; the latter is used to store data, i.e., data flash, with the function similar to storage media, such as hard disk drives and optical discs.

Electrically-erasable programmable read-only memory (EEPROM) is a semiconductor storage device that can be erased and reprogrammed repeatedly in-circuit by applying an electrical voltage.

Microchip's SST flash memory and its Atmel's EEPROM, as well as GigaDevice's NOR/NAND flash have been adopted by most clients in the market.

B. BIOS software

The BIOS of personal computers has long been important software of the Wintel architecture. Insyde's products we represent are system software and R&D tools for internet application and notebook manufacturers. Insyde is a global company with advanced UEFI and Legacy BIOS software and is a global system firmware R&D company that provides software engineering consultation services. Its products are applied to the fields of notebooks, desktop computers, server systems, industrial computers, storage systems, and 5G communications.

C. MPUs and MCUs

The MPUs and MCUs represented by the Company are designed and produced by Microchip and its subsidiary, Atmel. Microchip provides 8-bit and 16-bit PIC/AVR/SAM microcontroller chips to provide clients with products depending on the pin count of their interfaces. In terms of 32-bit chips, it provides MIPS4000 core as well as Cortex ARM M0+, M3, M4, and M7 cores for clients to choose from flexibly. Microchip also provides ARM926- and Cortex-A5 based MPUs to enable clients to complete the development of communications, digital consumer, networking control, or computer peripheral products. In addition, another production line, GigaDevice, provides a series of ARM Cortex M0+, M3, or M4based MCUs.

D. Peripheral integration solutions

Synaptics is a technology and market leader in the field of connected display chips. A series of new products it has developed allow users to use standard connector systems (such as USB 2.0/3.0/3.1) to connect computers and monitors, while providing high imaging quality and interactive experience. This technology also enables the same personal computer to easily connect to a 4K monitor at the same time to display different contents independently.

E. USB image control ICs and CMOS sensors

Sonix was founded in July 1996, and then it launched the first voice controller in early 1997. Today, it has provided a variety of leading and innovative product lines in many application fields, including USB image control ICs. Its products currently represented by the Company are USB image control ICs. Sonix adopts its own USB1.1/2.0 technology to launch a series of USB control ICs for a variety of computer and digital media products in today's daily life. Such products include 2-channel/5.1-channel acoustic devices with a USB interface and digital imaging devices (USB flash drive, multi-card readers, digital cameras, video cameras, and mobile phones). In addition, it has launched a wireless RF module that integrates audio/video input and output to increase the sales in the markets of security surveillance systems and video transmission.

Galaxycore provides CMOS image sensor chips, which can collect optical images and convert them into digital image output signals, and they are widely adopted in mobile phones, tablets, notebooks, and other products.

F. NANDrive / SSD

With over 20 years of expertise in solid state storage designs, Greenliant is committed to developing energy-efficient, highly reliable, and secure storage solutions for embedded systems, data centers, and mobile network applications. Its current main products are storage devices, such as NANDrive, NAND controllers, and M.2 SATA / PCIe.

G. Multi-media display chips

Chrontel's products include TV encoders, TV decoders, DVI encoders, and LVDS encoders. At present, such products are adopted by many famous notebook manufacturers, including Dell, HP, Lenovo, and Acer.

H. Wireless network communication chips and modules

Amicom's three major product lines are wireless data transmission, mobile communications, and satellite communications. Its applications are as follows:

- PC applications, such as wireless mice, keyboards, RF remote controls, and wireless USB.
- Industrial applications, such as automatic meter readers, Zigbee, smart building, and factory automation control applications.
- Consumer electronics applications, such as GPS, Bluetooth, PS/XBox wireless game controllers, and wireless walkie-talkies.
- Automotive electronic applications, such as vehicle remote control, vehicle warning systems, and wireless reversing camera systems.
- Special wireless applications, such as satellite communication receivers, smart fitness equipment, and wireless medical equipment.
- LB Link's products provide a series of wireless network communication modules, allowing clients to quickly complete the manufacturing of wireless connection products with different foot printers and interfaces.

I. Mobile device display control chips

Solomon Systech launched a new liquid crystal display (LCD) driver to support full HD a-Si and IGZO panel technologies and provides ePaper driver ICs for e-paper readers and e-tags.

■ Competition

With the increasingly intensified competition and the rapid decline in gross profit caused by the business environment, the semiconductor distribution industry has begun to think about the nature of profitability rather than expanding the business scale. We position ourselves as a professional semiconductor parts distributor and consider whether a product has potential for future development when selecting products to represent. Therefore, our product strategy is different from that of other semiconductor parts distributors, and the products we represent are unique in their own ways. Moreover, we provide professional firmware support and can provide clients with technical support to design products for each product we represent with the aim of increasing the Company's added value and satisfying both the original manufacturers and clients. Furthermore, we provide logistics support and assist the original manufacturers in setting up distribution centers, to meet clients' needs for raw material needs and provide after-sales service on behalf of original

manufacturers, thereby building closer ties among the three parties. Regarding our product mix, we have gradually extended industrial computer applications, smart home, non-standard wireless, consumer electronic products, security surveillance, and automotive applications in recent years, to be less affected by the fluctuations in the business environment in a single industry.

5.1.3 Technology and R&D

(1) Technological capabilities and overview of R&D:

The R&D Department's technological capabilities rely on our engineers' extensive experience and the original manufacturers' support. The component integration planning relies on a manufacturer's technological capabilities and a professional distributors' expertise in various components and their application products. We assist clients with product development with professional technical support, from the initial product design stage to the completion of sample testing, during which we not only provide them with value-added services of total solutions but strengthen our own technological capabilities through multiple planning and designs with clients. In addition, we have the Market Development Department in place to be responsible for market trend analysis and development and promotion of new product lines represented and potential products. We have a Product Application Department in place under the department. The personnel of the Product Application Department receive education and training on new products at the original manufacturers from time to time to familiarize themselves with the technical skills related to such products to provide product application consultation service at any time. Meanwhile, we provide clients' feedback on the products to the original manufacturers to further enhance the added value of the products we represent.

(2) Regarding the technology or products that have been successfully developed, we have successfully represented products with great potential for development, including:

Name of supplier	Purchase	Scope of application
Microchip	Flash、Bluetooth chip、MCU、OP、Power IC、EEPROM、MPU、USB hub、LAN chip、Mixed Signal	Personal computers, industrial computers, broadband equipment, mobile phones, network equipment, information appliances, portable medical devices, and Bluetooth audio devices
Insyde	NB BIOS、DESKTOP BIOS、SERVER BIOS、EMBEDDED BIOS、Android Solution	Personal computers, industrial computers, information appliances, network equipment, and servers
Sonix	USB image control ICs	Digital video equipment (PC CAM, IP CAM, and USB CAM)
Greenliant	NANDrive/SSD	Embedded systems, industrial computers, and data centers
Synaptics	USB image conversion control ICs	Digital video devices and USB control ICs
Amiccom	RF IC、BLE	Wireless and network communication chips
AlcorLink	USB control ICs, USB hub, card readers, and smart card readers	I/O devices and storage device control ICs
Solomon Systech	Image display driver ICs and MIPI conversion chips	Handheld/Wearable device displays

Name of supplier	Purchase	Scope of application
Giga Device	NOR Flash 、 NAND Flash 、 MCU	Personal computers, industrial computers, monitors, computer peripherals, and network communications
Innodisk	DRAM module 、 SSD	Industrial computers, video surveillance, and network communication
Genesys	USB Hub & PD	Monitors, computer peripherals, consumer electronics

5.1.4 Long-term and short-term business development plans:

(1). Short-term development plan

A. Master product production and design capabilities

After we obtain the agency for a product, our team of engineers will master the relevant production and design and development capabilities for the product.

B. Enhance the development of information systems

We have witnessed some achievements in the implementation of the ERP system at this stage. In the future, we will enhance the management of various branches and back-end support, to keep abreast of information timely.

C. Strengthen the Company's foundation

We have established an internal control system and an internal audit system to reinforce internal control and financial stability, strengthen operational management capabilities, and continue to train and recruit outstanding talents, thereby improving the Company's operating performance.

(2). Mid- and long-term development plans

A. Product market pioneer

We plan to adopt control processors as the core of our business in the future and establish a product and engineering team to develop platform products ahead of the curve, making the Company an indispensable interface between the original manufacturers and clients. This model aims to keep abreast of supply and demand in the market and consolidate our own competitive advantages, thereby creating better profits from products.

B. Enhance marketing to establish a complete marketing network in Greater China

Greater China has been a hub of production of information, communication, and consumer electronic products. To provide clients with more real-time services, we will establish bases in second- and third-tier cities in China depending on clients' development in the future, to serve them nearby and increase our market share.

C. Product development and technical marketing strategy

We keep abreast of the critical technology development trends and clients' needs, integrate products, adopt well-planned marketing plans, flexibly adjust our product mix, and tap into engineering personnel's technical support, to increase the added value of our agency and distribution business. In addition, to respond to the future technology-oriented professional market, we will continue to cultivate technical professionals and increase our marketing channels by enhancing our technological capabilities, which will facilitate the implementation of our technology-oriented marketing strategies.

5.1.5 Future R&D plan and estimated R&D expenses:

The Company currently represents Microchip's, Synaptics's, Sonix's, and GigaDevice's products. In the future, we will target industrial computers, digital home appliances, as well as medical care, automotive electronic, portable consumer, outdoor leisure and security surveillance, and clean energy applications and products, to improve the layout of applications in the market and customer mix. As such, we can enjoy better profits and gradually optimize the Company's foundation. We estimate to invest NT\$35,428,000 in the R&D of the above products this year.

5.2. Overview of the market and production and sales

5.2.1 Market analysis

(1) Regions where the Company's main products are sold:

Unit: NT\$ thousand

Year		2020		2021		2022	
Region		Sales amount	Ratio	Sales amount	Ratio	Sales amount	Ratio
Export	Asia-Pacific	2,515,834	69%	3,373,592	81%	2,336,414	51%
	Others	697,517	19%	231,795	6%	1,607,161	35%
	Subtotal	3,213,351	88%	3,605,387	87%	3,943,575	86%
Domestic sales		426,657	12%	527,084	13%	628,382	14%
Total net sales revenue		3,640,008	100%	4,132,471	100%	4,571,957	100%

Note 1: Does not include service income

Note 2: The above data are consolidated financial figures.

(2). Market share

The Company is a semiconductor component distributor, and we mainly sell products to clients in China and Taiwan. The product lines we represent include Microchip's, Greenliant's, Chrontel's, Synaptics's products in the U.S.; Sonix, Richwave Technology, Airoha, and Amicom in Taiwan; Solomon Systech in Hong. We have also increased the production lines we represent, including Memsensing Microsystems, Gigadevice Semiconductor, B-Link, and GalaxyCore in China. These products now occupy a considerable share in their respective application markets and fields. In the future, we will also seek appropriate product lines in alignment with the future application trends, which will further contribute to our market share.

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

Supply

The company's turnover is concentrated in the above applications, almost mainly based on the sales of semiconductor components, so the semiconductor market output value is closely related to the company. Explain the future trend of the semiconductor market: Last year was a pretty good year for most chip companies. The impact of the pandemic has brought about the demand for WFM or distance learning, which has led to a significant increase in overall demand last year compared with the previous year. Of course, the shortage of semiconductor components has led to longer delivery times and higher prices, but the Russia-Ukraine war, high inflation and climate change have challenged global economic performance, and most countries have accelerated interest rate hikes to control high inflation, and the global economic outlook has slowed down due to related shocks such as rising inflation and monetary tightening. Looking forward to 2023, the semiconductor market will grow slowly with the overall economic environment, and demand is expected to gradually get on track.

Top 10 semiconductor companies with the best sales performance in 2022

2022 Rank	2021 Rank	Vendor	2022 Revenue	2022 Market Share (%)	2021 Revenue	2021-2022 Growth (%)
1	1	Samsung Electronics	65,585	10.9	73,197	-10.4
2	2	Intel	58,373	9.7	72,536	-19.5
3	3	SK Hynix	36,229	6	37,192	-2.6
4	5	Qualcomm	34,748	5.8	27,093	28.3
5	4	Micron Technologies	27,566	4.6	28,624	-3.7
6	6	Broadcom	23,811	4	18,793	26.7
7	10	AMD	23,285	3.9	16,299	42.9
8	8	Texas Instruments	18,812	3.1	17,272	8.9
9	7	Media Tek	18,233	3	17,617	3.5
10	11	Apple	17,551	2.9	14,580	20.4
		Others (outside top 10)	277,501	46.1	271,749	2.1
		Total Market	601,694	100	594,952	1.1

Source of data: Gartner in January 2023

Demand

- A. Taiwan's information industry is growing steadily, with the demand continuing to rise. At present, our country's information industry is completely structured. The technical design capabilities developed over the years and the integration of the supply chain of the upstream, mid-stream, and downstream industries have laid a solid foundation for the competitiveness of the information and electronics industry after more than 20 years of development. With the global trend of professional division of labor, major international companies have been seeking Taiwan's OEMs, which has increased the percentage of OEMs and ODMs in Taiwan, to manufacture personal computers, servers, network storage devices, wireless communication products, and handheld personal electronic devices, applications, and peripherals. Overall, with the steady growth of Taiwan's electronic product industry and automotive electronics-related applications, such as AI, IOT, and electric vehicles, the demand for semiconductor components is estimated to grow further.
- B. The demand for a variety of electronic products will grow significantly
- The IoT development trend is taking various application fields by storm and facilitating the rapid growth of semiconductor output values. Among them, consumer electronics, automotive and industrial markets are the three major sources of the demand for semiconductor components. In terms of component types, processing, sensor, and communication components, in particular, have witnessed an alarming growth rate. This also shows that semiconductors play an increasingly important role in different aspects of people's daily life. In fact, the early stage of the development of semiconductor was dominated by personal computers, so in 1987, more than 100 billion units were shipped out for the first time. In the following 19 years, with the decline and slow growth of personal computers, it was not until 2006 that 500 billion units of semiconductors had been shipped out. In 2007, due to the rapid development of the industry, the number of units of semiconductors shipped out increased rapidly by 100 billion in a year, and 600 billion units of semiconductors had been shipped out. Between 2008 and 2020, mainly driven by the explosive growth of the consumer electronics market and the markets of smart phones, tablets, smart wearable devices, and game consoles, semiconductors had grown steadily by 5% per year. Big data, open computing, IoT development, and high-performance server computing, such as cloud storage computing, will continue to grow stably.

C. Uncertainties about the China-US trade war, Russia-Ukraine war and high inflation

The Chia-US trade war that began in 2019 seemed to slow down and both parties reached a preliminary agreement in the beginning of 2020, but the COVID-19 pandemic broke out in Wuhan, Hubei, then spreading to Europe, the Americas, and to the world. Major economies have been impacted during 2021 and 2022, resulting in changes in work patterns and lifestyles. Although the work-from-home model has led to a substantial increase in the demand for computers, networks, and conference systems, the supply and demand of the industrial supply chain has become significantly different from the past. Looking forward to 2023, after the global threat of variant virus gradually weakened, countries are also gradually lifting lockdowns and moving towards a new life after the epidemic, but factors such as the Russia-Ukraine war, high inflation and climate change challenge the global economic performance, most countries accelerate the force of interest rate hikes to control high inflation, and the overall market demand is weak under the impact of rising inflation and monetary tightening policies, forming an important issue and challenge for the upstream and downstream of the supply chain.

(4). Competitive niche

A. Diversified and forward-looking product distribution channels

In the selection of products to be represented, we do not consider the popular or well-developed technologies; instead, we focus on whether a product bears potential for future development and whether the manufacturers selected have unique technologies or development advantage in their respective fields. The products represented by the Company are diverse with total solutions, and we will continue to develop a complete distribution system in Greater China to meet clients' needs.

B. Technology platforms with core software and hardware

Distributors engage in a wide range of electronic components. If we can provide technical support timely when clients are in the stage of product development and planning, it will help shorten the time they need to develop or change the design of components, which will become one of the competitive niches for distributors. We market firmware and hardware and provide total solutions on our core software and hardware technology platform in clients' product planning stage so that clients will not change their product design or specifications easily, thereby deepening their reliance on the Company. Therefore, we provide clients with technical and product support in a timely manner. In the process of customization, we meet their needs flexibly, which also enhances the added value of the products we represent.

C. Support for clients' product development

If we can provide clients with software and hardware support, assist with their application development, and provide after-sales consultation service, clients will be satisfied with the products we represent, which can effectively expand the scope of application of suppliers' products and enhance semiconductor components distributors' competitiveness. We have an Engineering Department and a number of experienced sales personnel in place. We train talents through internal education and training and also send them to participate in original manufacturers' product education and training from time to time to enhance engineers' professionalism. We provide clients with a core software and hardware technology platform; our sales personnel provide after-sales consultation services; application engineers assist clients in troubleshooting product design or

application issues, to assist clients with design- in; we also provide a full range of services, including total solutions. As we step in in clients' early stage of design, we can help to troubleshoot application issues immediately, so that clients will be satisfied with the products we represent, which can effectively expand the scope of application of suppliers' products, while enhancing our competitiveness and technological strengths.

D. Professional, real-time, and efficient distribution and marketing capabilities

Professional semiconductor component distributors should be able to arrange for products flexibly, so that clients can avoid the risk of supply interruption due to long waiting times, thereby effectively reducing the pressure on their inventories and improving their production efficiency. The Company fully leverages the function of logistic support and supplies products flexibly, allowing clients to avoid the risk of supply interruption due to a long delivery time when they purchase products directly from overseas original manufacturers. This just-in-time-service also allows them to reduce pressure on their inventories effectively, thereby improving their production efficiency. In addition, we provide overseas technical support services to help clients solve technical problems related to production at their overseas factories to facilitate their mass production, thereby shortening the time they need to communicate with manufacturers. On the whole, the Company works with upstream suppliers closely to form a complete supply chain and provides comprehensive services, so that clients do not have to worry about supply, inventory, and technical support, while we have established a professional service image. Moreover, almost all the products represented by the Company are licensed by the original manufacturers and can be legally marketed in the three regions across the Taiwan Strait, and we have marketing sites in Beijing, Shanghai, Hefei, Hangzhou, Qingdao, Shunde, Shenzhen, and Hong Kong, and our services are well-received by local clients.

E. High-quality client structure

Since the Company was established, we have been focused on the semiconductor component distribution business. With the efforts of developing the market for a long time, as well as our professional and immediate technical support and flexible and real-time supply capabilities, we have won over the domestic well-known manufacturers, including Hon Hai, Compal, Lite-On, Flex, TPV, and other clients. The competitive advantage of their world-class brands is complemented by the Company's products, which can facilitate the adoption of new products in the future and the collaboration with new clients.

F. Excellent operational ability and financial structure

With the rapid replacement of electronic products and the drastic changes in market supply and demand, the management team's operations strategy has a critical impact on the development of semiconductor components distribution. The capital movement, logistics management, and a robust financial structure will also affect the overall performance. The Company's strong and experienced management team consists of middle and top-level managers with more than ten years of experience in relevant industries. They have long been dedicated to the semiconductor distribution business and are constantly thinking about future operations strategies, thereby creating a competitive niche for the Company, while our employees are professional and experienced, allowing us to continue to innovate and make breakthroughs, giving us an absolute advantage in the future in terms of response to changes in the industrial environment and representing new products. The person in charge of each product line observes the market trend at any time and uses the ERP system to control the inventory of various products, as a reference for making purchase or inventory decisions, to ensure the suitability and liquidity of the

inventory, while effectively improving the efficiency of purchases and sales and cutting relevant management costs. We strictly review clients' credit, so bad debts rarely occur, and our turnover of accounts receivable is better than most of our competitors. In conclusion, excellent operational ability and a robust financial structure are the critical foundation for us to enhance our competitiveness.

(5).The favorable and unfavorable factors for future development and countermeasures

■ Favorable factors

A. The thriving development of technology products with room for demand to grow further

The integration of technology products (computers, communications, consumer electronics) has become a trend in the information electronics industry. In the future, products need to be constantly innovated to meet the market needs. Taiwan is a production hub for information products in Taiwan and the rest of the world. With the development of electronic products, IoT, and automotive electronic products, the demand for semiconductor components will increase accordingly. We represent a wide range of applications and products, including a variety of application products, with great market. The further growth can be anticipated.

B. Professional and technical marketing

Distributors engage in a wide range of electronic components. If we can provide technical support timely when clients are in the stage of product development and planning, it will help shorten the time they need to develop or change the design of components, which will become one of the competitive niches for distributors. We have assigned the components with different functions to different business departments and send technical personnel to engage in exchanges with the original manufacturers from time to time to strengthen engineers' professional abilities. We assist clients with design- in and also provide a full range of services, including total solutions. As we step in in clients' early stage of design, we can help to troubleshoot application issues immediately. Such a technical marketing capability not only deepens clients' trust in us but also serves as an important foundation for the Company to compete in the market.

C. Complete and forward-looking product lines

Although there are many domestic semiconductor component distributors, the Company's marketing and application technology development teams are experienced, have insight into future development trends, and strictly select the rising stars in the industry. As such, we can actively represent new product lines in the right direction. In addition to PC applications, we plan represent smart phones, digital home appliances, as well as medical care, automotive electronic, portable navigation devices, leisure outdoor, and security surveillance products and applications. We have a package of components and products for each field, so that our sales personnel can maximize the efficiency of product promotion.

D. Stability of agency

Whether semiconductor distributors have the ability to manage customer relationships and their performance are indicators for upstream manufacturers to decide whether to continue the partnerships. We have more than ten years of extensive experience in the

electronic parts distribution market. We have long spared no effort to promote various product lines we represent. We have thus been recognized by the original manufacturers with outstanding supplier awards and also established great reputation for the original manufacturers and the Company. We have also maintained excellent customer relationship with many large information and communication manufacturers. With the long-term partnerships with the main original manufacturers, we, under the trend of professional division of labor, have become an indispensable partner for them to expand markets. Thus, the Company's value as a distributor is highly recognized, and the stability of agency is a favorable factor for our future development.

■ Unfavorable factors

A. Relocation of supply chains

Due to the China-US trade war, some domestic electronics manufacturers moved their production sites from China to Southeast Asian or other countries to reduce tariffs.

Countermeasures:

To cope with the relocation of downstream clients' production sites, we have established a complete purchase, sale, inventory, and marketing network, with an ERP system to support the shipment and payment collection system. With the cooperation of transportation companies and suppliers, we adopt systematic management reports to control clients' shipments and services they need.

B. Exchange rate fluctuation risk

As most of the products we represent are from foreign manufacturers and mostly quoted in USD dollars, exchange rate movement will have a certain degree of impact on the Company's profits.

Countermeasures:

The Finance Department has maintained close interaction with the correspondent banks, collects relevant information to predict future interest rate and exchange rate trends, and regularly evaluates the economic development of Taiwan, the U.S., Japan, South Korea, and China and the changes in NTD, USD, JPY, KRW, and CNY. If the USD appreciates, it will purchase forward exchange agreements or take out loans in NTD to purchase goods and retain cash in USD, as well as require clients with USD income to pay in USD to reduce the position of net liabilities in USD. In addition, we adopt the method of natural offsetting, that is, we provide quotes in USD, pay in USD for imported goods, and make deposits in foreign currencies or repay loans early to cope with the influence of exchange rate fluctuations where appropriate.

5.2.2 Important functions and production processes of main products

(1). Important functions of products: See pages 106–108 of this annual report.

(2). Production processes of main products:

The Company is a professional component distributor, and the products we represent are manufactured by the original manufacturers.

5.2.3 Supply of main raw materials

The Company is a professional distributor of semiconductor components and application software. Overall, the major suppliers we work with have great reputation for their good quality in their respective industries. The supply of major goods is stable. As we have maintained excellent long-term partnership with major suppliers, and the supply is in good condition, there have been no major unusual changes in major suppliers except for the addition and termination of product lines we represent business in the most recent three years.

5.2.4 The names of clients/suppliers with purchases (sales) accounting for at least 10% of the total in any of the last two years, the amount and percentage of the purchases (sales), and reason for increase/decrease:

Suppliers accounting for at least 10% of the total purchases in the most recent two years

Unit: NT\$ Thousand

Item	2021				2022			
	Title	amount	As a percentage of the annual net purchase (%)	Relations with the issuer	Title	amount	As a percentage of the annual net purchase (%)	Relations with the issuer
1	Sonix	696,820	17%	-	Sonix	702,697	16%	-
2	MCHP	492,135	12%	-	MCHP	755,550	17%	-
3	Synaptics	1,266,405	32%	-	Synaptics	1,151,279	26%	-
4	Others	1,540,871	39%	-	Others	1,880,687	41%	-
	Net purchase	3,996,231	100%	-	Net purchase	4,490,213	100%	-

Note: The above data are consolidated financial figures.

The purchases of semiconductor chips from Microchip, Greenliant, Sonix, and Synaptics have not changed much in the most recent two years. The Company has worked with the above four companies for many years and has maintained excellent and stable partnership. The supply is in good condition. With a professional management team and marketing and sales personnel, we provide after-sales service and technical support in real time, keep abreast of the marketing channels of semiconductor components, and introduce the new products we represent to the market quickly to expand the market share of the products. Therefore, we have repeatedly won the highest revenue distributor awards and outstanding contribution awards from the original manufacturers, and our advantages in keeping abreast of the distribution channels and technical marketing have been deeply recognized by the original manufacturers. Overall, there has been no significant unusual change in our major suppliers in the most recent two years.

Clients accounting for at least 10% of net sales in the most recent two years

Unit: NT\$ Thousand

Item	2021				2022			
	Title	amount	As a percentage of the annual net sale (%)	Relations with the issuer	Title	amount	As a percentage of the annual net sale (%)	Relations with the issuer
1	Client A	345,688	8%	-	Client A	401,455	9%	-
2	Client B	209,854	5%	-	Client B	289,793	6%	-
3	Client D	264,085	6%	-	Client D	270,039	6%	-
4	Others	3,312,844	81%	-	Others	3,610,670	79%	-
	Net sale	4,132,471	100%	-	Net sale	4,571,957	100%	-

Note 1: Does not include service income.

Note 2: The above data are consolidated financial figures.

The Company is a professional semiconductor component distributor. Over the past two years, we mainly sold components, such as flash memory. As the scope of flash memory applications covers personal computers, notebooks, smart phones, as well as communication and consumer electronic products, the client base is extremely extensive, so the risk of client concentration is not high.

5.2.5 Production volume and value in the most recent two years

Unit: Piece/NT\$ thousand

Main product \ Year	2021		2022	
	Purchase quantity	Monetary amount	Purchase quantity	Monetary amount
Storage devices	6,141,025	42,730	5,346,628	932,205
Others	200,482,228	3,953,501	152,505,419	3,558,008
Total	206,623,253	3,996,231	157,852,047	4,490,213

Note: The above data are consolidated financial figures.

5.2.6 Sales volume and value in the most recent two years Unit: Piece/NT\$ thousand

Main product \ Year	2021				2022			
	Domestic sales		Export		Domestic sales		Export	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Storage devices	862,480	38,690	5,322,850	517,232	761,987	38,578	5,068,037	873,112
Others	32,049,941	488,394	154,712,199	3,088,155	28,083,226	589,804	123,023,686	3,070,463
Commission income	-	33,906	-	20,223	-	34,597	-	-
Total	32,912,421	560,990	160,035,049	3,625,610	28,845,213	662,979	128,091,723	3,943,575

Note: The above data are consolidated financial figures.

5.3. The number, average years of service, average age, and distribution of education attainment of in-service employees during the most recent two years

March 31, 2023

Year		2021	2022	2023 up to the publication date of this annual report
Number of employees	Business marketing	70	65	66
	Administrative management	38	36	37
	Engineering R&D	23	21	21
	Total	131	122	124
Average age		42.9	44.16	44.16
Average years of service		11.84	13.05	13.07
Distribution of education attainment	Master's degree or above	4.76%	5.08%	5.04%
	College/University	88.89%	88.14%	88.24%
	Below college/university	6.35%	6.78%	6.72%
	Total	100%	100%	100%

5.4. Information on environmental protection expenditure

- (1) For companies that should apply for a pollution facility installation permit or a pollution discharge permit, or pay pollution prevention and control fees, or set up a dedicated unit for environmental protection, as required by law, specify the circumstances of such application, payment, or establishment: The Company is a professional electronic component distributor, does not engage in manufacturing activities, and is not in a major energy-intensive industry, so we are not required by law to apply for a pollution facility installation permit or a pollution discharge permit, or pay pollution prevention and control fees, or set up a dedicated unit for environmental protection. We attach great importance to environmental protection, sustainable use of resources, and issues of the ecological system. Therefore, there is no risk to be assumed as required by law.
- (2) Investment in major equipment for environmental pollution prevention and control, the functions, and potential benefits: None.
- (3) The Company's process of improving environmental pollution in the most recent two years and up to the publication date of this annual report shall be specified: The Company has not caused any environmental pollution.
- (4) Any losses (damages) incurred due to environmental pollution, the total amount of penalties and future countermeasures, and potential expenses in the most recent two years and up to the publication date of this annual report
 1. Any losses and penalties due to environmental pollution in the most recent two years: None.
 2. Future countermeasures and potential expenses: N/A.
- (5) The impact of the current pollution, the influence of the improvement on the Company's earnings, competitiveness, and capital expenditures, and the major environmental capital expenditures in the following two years: None.
- (6) Information on the response to the EU Restriction of Hazardous Substances (RoHs) Directive: The Company is a distributor and does not engage in manufacturing activities. The products we represent are mainly lead-free ones, and we have obtained each original manufacturer's RoHs compliance certificate, so there is no significant impact on the Company.

5.5 Labor-management relations

5.5.1 The Company's various employee benefit measures, continuing education, training, pension system, and implementation thereof, as well as labor-management agreements and various employee rights protection measures:

(1) Benefit measures

We have stuck to a win-win strategy for labor and management since the Company was established. We attach importance to each employee's basic rights and interest and regard them as the Company's precious assets, thus maintaining harmonious labor-management relations.

We have an Employee Welfare Committee in place. The chair is elected by employees openly. It provides funds for welfare funds. The committee organizes and implements various benefit measures, including domestic and overseas travel, birthday one-day tour, family days, cultural and recreational activities, and gift-giving activities on New Year and holidays. It plans different types of activities every year to enhance the relationship among employees to improve their morale.

(2) Employee training aims to enhance their competitiveness and unleash their potential to the fullest.

(3) Work environment and employee personal safety protection measures

Item	Content
High-quality work environment	The Company is situated in the Far Eastern Telecom Park in Xizhi City, near the National Highway No. 2. interchange exit on Xintai 5th Rd in Xizhi. There is a 3,000-ping green atrium in the park. There are post offices, banks, preschools, plazas, and restaurants in the park, with the Farglory U-town next to it, so it is convenient in daily life and transportation tools are accessible. The entrances and exits of the park are safeguarded by guards, who patrol each floor from time to time every day to ensure employees' safety.
Access security	We have implemented a strict access control monitoring system, with a system connected with the police in place. The surveillance system records videos 24/7. Only our employees can swipe their cards to enter or exit the gate. All visitors should be led by employees before entering a specific area.
A smoke-free campaign	In alignment with the government's Tobacco Hazards Prevention Act, we strictly prohibit employees from smoking inside the building to reduce smoking and provide a smoke-free work environment.
Equipment maintenance and inspection	The Company is a distributor without dangerous machinery in the workplace, nor do we generate waste or pollutants, which will cause pollution to the environment. We regularly inspect machinery and equipment required for work to protect employees' health and safety.

Item	Content
Insurance and medical condolence money	To protect employees from unexpected situations in unfamiliar environments when on business trips, we purchase travel insurance for employees on business trips, plus international health insurance or medical insurance. We also provide additional benefits, such as group insurance, to employees and invite the insurance company to provide insurance-related consultation service and advice on site on a monthly basis.
Physiological health	In alignment with the government's pandemic prevention, we take employees' temperature per day and raise their awareness of wearing a mask and washing their hands frequently. We regularly organize health check-ups. After the check-ups, we arrange for doctors to explain the results on site. We assist those who need further check-ups or follow-up with referral or medical services.
Firefighting knowledge and emergency evacuation exercises	In alignment with the park management committee's two fire safety inspections per year, we inspect public safety every two years, while inviting relevant units from time to time to raise people's awareness of disaster prevention and first aid knowledge in the park and organize emergency evacuation exercises.

(4) A retirement system and implementation

- Pension contributions:

In compliance with laws and regulations, we have made a monthly contribution equal to 6% of the monthly salaries to the individual pension accounts with the Bureau of Labor Insurance since July 1, 2005 for new employees and existing employees who elect to adopt the new scheme under the Labor Pension Act, while retaining the existing employees' years of service under the old scheme. In addition to reporting to the government on the establishment of the Supervisory Committee of Labor Retirement Reserve, we make an appropriate contribution to the retirement reserves monthly to the pension account with the Trust Department, Bank of Taiwan. The account is managed by the Supervisory Committee of Labor Retirement Reserve to ensure carefree retirement life for employees. The overseas subsidiaries make monthly contributions to various social security funds, such as pensions, in accordance with the regulations of the local government.

- Application for retirement:

Eligibility: In accordance with the Labor Standards Act

Application: File a written application to the Company one month before retirement

Base point calculation: In accordance with the Labor Standards Act

- Operation of the Supervisory Committee of Labor Retirement Reserve:

1. Matters concerning the audit of the amounts contributed to the labor retirement reserve.

2. Matters concerning the audit of the labor retirement reserve deposited and used.
3. Matters concerning the audit of the amounts paid from the labor retirement reserve.
4. Matters concerning the deliberation of the suspension of the contribution to the labor retirement reserve.
5. Other matters concerning the supervision of the labor retirement reserve.

(5) Employee Code of Ethical Conduct

To establish a system and improve the organization, we have formulated the work rules in accordance with the Labor Standards Act and applicable laws and regulations. After filing a report to the Labor Affairs Department, New Taipei City Government, we announced it on the Company's intranet. The Company and our employees should abide by the work rules and applicable laws and regulations at work and obey the reasonable instructions given by managers at all levels. Employees should work hard, cherish public property, reduce waste, improve quality, and increase production inside the Company and keep trade secrets confidential and do not leak them to the public. If there is any doubt about the above provisions, it should be discussed by the labor-management meeting.

(6) Labor-management agreement

We regularly hold labor-management meetings. During the meetings, we discuss various measures, including employees' daily-life or work issues, to enhance the communication and understanding on both sides, and the discussions can serve as a reference for the management team. Also, since the Company was established, we have not had any major labor dispute occurring. In the future, we will strengthen communication and establish an open and honest labor-management communication and grievance channel.

(7) Disclosure of social responsibility fulfilled

The Company's actions to fulfill social responsibility is specified below:

To fulfill our corporate social responsibility and protect all employees', clients', and stakeholders' basic human rights, we honor the principles disclosed in the Universal Declaration of Human Rights, the United Nations Guiding Principles on Business and Human Rights, the United Nations Global Compact, the International Labor Organization, and other international human rights conventions and respects internationally recognized basic human rights, including freedom of association, care for the disadvantaged, no child labor, termination of all forms of forced labor, and termination of employment discrimination, while complying with the local labor-related laws and regulations where the Company is based. The approaches and measures adopted to protect human rights and employee rights are as follows:

A. Diversity, inclusion, and equal opportunity

- We do not discriminate against employees in terms of verbal language, attitude, or behavior due to gender, race, socioeconomic status, age, marital status, family background, language, religion, political affiliation, nationality, appearance, facial features, physical or psychological disabilities.
- We ensure non-discriminatory treatment in employment policies, implement fair and impartial employment, remuneration and benefit, training, and evaluation mechanisms and promotion opportunities, and provide an effective and appropriate grievance mechanism to avoid and respond to situations that are detrimental to employees' rights and interests, while striving to ensure equal

employment and create a work environment free from discrimination and harassment.

- We regularly follow up on the implementation of diversity, inclusion, and equal opportunities.

B. Reasonable working hours: To eliminate the risk of excessive working hours, we have specified the rules for working hours and extended working hours and check and manage employees' attendance regularly.

C. Healthy and safe workplace: To avoid potential health and safety risks caused by work, we regularly inspect employees' health and safety risks and make improvement plans based on the results.

D. Labor-management negotiation: We have established an obstacle-free communication channel and regularly hold labor-management meetings to ensure both parties' rights and interest.

E. Privacy protection: To fully protect clients' and all stakeholders' privacy rights, we have established a sound information security management mechanism and follow rigorous control regulations and protective measures.

F. We actively implement corporate governance to protect shareholders' rights and enhance corporate information transparency. The Company participated in the corporate governance evaluation in 2009 and passed the 5th Corporate Governance Evaluation.

5.5.2 Specify the losses incurred due to labor disputes (including the violation of the Labor Standards Act identified in labor inspections, the date of the penalty, the penalty document number, the law violated, the content of the law violated, and the content of the penalty), potential losses, and countermeasures in the most recent year and up to the publication date of this annual report. If the amount cannot be reasonably estimated, please specify the fact that it cannot be reasonably estimated:

In the most recent 2 years and up to the publication date of this annual report, the Company has not suffered any losses due to labor disputes, and there are no potential factors for labor disputes. It is estimated that if we continue to actively implements various employee benefit measures in the future, there should be no losses caused by labor disputes.

5.6 Cyber security management

5.6.1 Cyber security risk management framework, policy, specific management plans, and resources put in cyber security management:

- The Company has established the Information Technology Security Department under the Information Department, with an information security supervisor and information security personnel, who are responsible for formulating the information communication security operating procedures, including core business and its importance, information communication system inventory and risk assessment, information communication system development and maintenance security, information communication security protection and control measures, management measures for information communication system or information communication service outsourcing, information communication security incident notification response and intelligence assessment response, continuous improvement of information security and performance management mechanism, etc.

- ICT security management plan and resources invested in ICT security management

The Information and Communications Security Department is a member of the Taiwan CERT/CSIRT Alliance. We engage in exchanges with professional information security companies regarding the emerging information security issues, such as ransomware, Trojan horse virus, social engineering attacks, or fake websites, every year. Through collaboration projects, we regularly pay attention to information security issues and draw up response plans, to detect and block such risks in the first place, and we regularly report on the information security governance information to the Board of Directors. The Company's countermeasures adopted are as follows:

1. Before using a computer, network, and system, the Company's personnel should apply to the Information and Communications Security Department for an account and a password.
2. The information system (operating system and application software) owned by the entire Company is managed by the Information and Communications Security Department in a centralized manner, and a department using it should not modify it at will nor add a new operating model.
3. All programs that do not belong to the operating system (Windows or DOS) must not be installed and set without permission.
4. Computers, printers, hubs, network paths, and other peripherals in the Company's administrative network are managed by the Information and Communications Security Department. If a department using it needs to move it, needs to move, turn off power, or has other needs, it should notify the Information and Communications Security Department for it to decide whether such needs can be carried out.
5. The Company's personnel using the network system should not store illegal program data or program data not approved by the Information and Communications Security Department (text files and drivers can be stored).
6. Folders on the Company's internal server should be set open by the Information and Communications Security Department.
7. The personal exclusive folder open for use on the server is for personal backup purposes, and personal data and files shall not be stored in such a folder. The Information and Communications Security Department inspects and cleans such folders weekly and limits the space for use. If there is any illegal data or digital files that infringe on copyright, the Information and Communications Security Department can delete it by itself once they are discovered and confirmed to be illegal.
8. The access to and use of programs or files are managed by the Information and Communications Security Department on the server in accordance with the relevant access permissions.
9. Political labels, smoking, beverages, and food are prohibited on/around each computer and its peripherals.
10. Firewall management inspection: Firewall should be set to only allow standard communication between the intranet and outside the intranet, website visits, and email sending and receiving. The external network cannot access the server, database, and other network systems on the intranet, preventing external hackers from entering the Company's intranet; and two firewalls are adopted for backup to ensure network information security.

5.6.2 Any losses incurred due to major cyber security incidents, potential impacts, and countermeasures in the most recent year and up to the publication date of this annual report. If the amount cannot be reasonably estimated, please specify the fact that it cannot be reasonably estimated: None.

5.7. Important contracts:

Nature of contracts	Parties involved	Start and end dates	Main contents	Restrictive covenants
Distribution contract	Microchip	2010/11/01~ Auto Renew	Sales distribution of semiconductor parts	The regions for sales need to be approved by the original manufacturers.
Distribution contract	Insyde	2007/04/24~Auto Renew	Sales distribution of software	The regions for sales need to be approved by the original manufacturers.
Distribution contract	Sonix	2007/07/27~ Auto Renew	Sales distribution of consumer ICs	The regions for sales need to be approved by the original manufacturers.
Distribution contract	Greenliant	2010/05/21~ Auto Renew	Sales distribution of semiconductor parts	The regions for sales need to be approved by the original manufacturers.
Distribution contract	SST	2010/11/01~ Auto Renew	Sales distribution of semiconductor parts	The regions for sales need to be approved by the original manufacturers.
Distribution contract	Alcor	2011/08/01~Auto Renew	Sales distribution of semiconductor parts	The regions for sales need to be approved by the original manufacturers.
Distribution contract	Synaptics	2021/05/27~2025/05/26	Sales distribution of semiconductor parts	The regions for sales need to be approved by the original manufacturers.
Licensing contract	SST	2010/08/09~Auto Renew	Licensing of manufacturing of semiconductor components	The regions for sales need to be approved by the original manufacturers.
Distribution contract	Memsensing	2023/01/01~2023/12/31	Sales distribution of consumer ICs	The regions for sales need to be approved by the original manufacturers.
Distribution contract	GigaDevice	2021/02/01~2023/01/31	Sales distribution of semiconductor parts	The regions for sales need to be approved by the original manufacturers.
Distribution contract	Fibocom	2023/02/01~2023/12/31	Sales distribution of semiconductor parts	The regions for sales need to be approved by the original manufacturers.
Distribution contract	Airoha	2022/07/21~2023/07/20	Sales distribution of semiconductor parts	The regions for sales need to be approved by the original manufacturers.
Distribution contract	Galaxycore	2023/01/01~2025/12/31	Sales distribution of semiconductor parts	The regions for sales need to be approved by the original manufacturers.
Distribution contract	Genesys	2022/12/01~2023/11/30	Sales distribution of semiconductor parts	The regions for sales need to be approved by the original manufacturers.

6. Overview of Financial Information

6.1. Condensed balance sheet and statement of comprehensive income in the most recent five years

6.1.1 Condensed balance sheet (consolidated) - as per the International Financial Reporting Standards

Unit: NT\$ Thousand

Year Item		Financial data in the most recent five years				
		2018	2019	2020	2021	2022
Current asset		1,338,538	1,379,564	1,415,415	1,848,373	2,134,037
Property, plant and equipment		79,452	77,429	74,664	73,446	52,793
Intangible assets		—	—	—	—	—
Other assets		196,034	359,198	559,063	427,159	446,600
Total assets		1,614,024	1,816,191	2,049,142	2,348,978	2,633,430
Current liabilities	Before distribution	367,419	433,346	498,068	863,498	1,040,627
	After distribution	439,564	527,135	584,643	1,075,778	1,192,133
non-current liabilities		25,850	32,444	28,208	28,426	22,118
Total liabilities	Before distribution	393,269	465,790	526,276	891,924	1,062,746
	After distribution	465,414	559,579	612,851	1,036,215	1,214,252
Equity attributable to owners of parent company		1,220,755	1,305,401	1,522,866	1,457,054	1,570,684
Share capital		721,458	721,458	721,458	721,458	721,458
Capital Surplus		416,933	361,381	361,381	361,381	361,381
Retained earnings	Before distribution	141,156	192,218	190,036	271,112	296,022
	After distribution	124,563	98,429	103,461	126,821	144,516
Other equity		(58,792)	75,344	249,991	103,103	191,823
Treasury shares		—	—	—	—	—
Non-controlling interests		—	—	—	—	—
Total equity	Before distribution	1,220,755	1,350,401	1,522,866	1,457,054	1,570,684
	After distribution	1,148,610	1,256,612	1,436,291	1,312,763	1,419,178

6.1.2 Condensed statement of comprehensive income (consolidated) - as per the International Financial Reporting Standards

Unit: NT\$ Thousand

Item \ Year	Financial data in the most recent five years				
	2018	2019	2020	2021	2022
Operating revenue	3,075,781	3,149,776	3,698,478	4,186,600	4,606,554
Gross profit	283,852	295,574	305,130	385,872	403,340
Operating income or loss	57,050	64,896	98,149	158,307	171,193
Non-operating income and expenses	11,180	20,362	13,443	33,987	30,642
Net income before tax	68,230	85,258	111,592	192,294	201,835
Net income of continuing operations in this period	70,450	69,807	92,197	170,472	166,729
Loss on discontinued operations	—	—	—	—	—
Net income (loss) for this period	70,450	69,807	92,197	170,472	166,729
Other comprehensive income for this period (net of tax)	(46,689)	131,984	174,057	(149,709)	91,192
Total comprehensive income for this period	23,761	201,791	266,254	20,763	257,921
Net income attributable to owners of parent company	70,450	69,807	92,197	170,472	166,729
Net income attributable to non-controlling interests	—	—	—	—	—
Total comprehensive income attributable to owners of parent company	23,761	201,791	266,254	20,763	257,921
Total comprehensive income attributable to non-controlling interests	—	—	—	—	—
Earnings per share (Note 1)	0.98	0.97	1.28	2.36	2.31

Note 1: The calculation was based on the weighted average number of issued ordinary shares for the year with the weighted number of ordinary shares issued due to capitalization of earnings and capital surplus retrospectively adjusted.

6.1.3 Condensed balance sheet (standalone) - as per the International Financial Reporting Standards

Unit: NT\$ Thousand

Year Item		Financial data in the most recent five years				
		2018	2019	2020	2021	2022
Current asset		942,292	893,652	986,535	1,248,635	1,566,690
Property, plant and equipment		78,830	76,106	73,817	72,901	71,334
Intangible assets		—	—	—	—	—
Other assets		714,299	898,612	1,133,289	1,092,718	1,254,251
Total assets		1,735,421	1,868,370	2,193,641	2,414,254	2,892,275
Current liabilities	Before distribution	488,861	490,258	643,089	931,487	1,300,942
	After distribution	561,006	584,047	729,664	1,075,778	1,452,448
non-current liabilities		25,805	27,711	27,686	25,713	20,649
Total liabilities	Before distribution	514,666	517,969	670,775	957,200	1,321,591
	After distribution	586,811	611,758	757,350	1,101,491	1,473,097
Equity attributable to owners of parent company		—	—	—	—	—
Share capital		721,458	721,458	721,458	721,458	721,458
Capital Surplus		416,933	361,381	361,381	361,381	361,381
Retained earnings	Before distribution	141,156	192,218	190,036	271,112	296,022
	After distribution	124,563	98,429	103,461	126,821	144,516
Other equity		(58,792)	75,344	249,991	103,103	191,823
Treasury shares		—	—	—	—	—
Non-controlling interests		—	—	—	—	—
Total equity	Before distribution	1,220,755	1,350,401	1,522,866	1,457,054	1,570,684
	After distribution	1,148,610	1,256,612	1,436,291	1,312,763	1,419,178

6.1.4 Condensed statement of comprehensive income (standalone) - as per the International Financial Reporting Standards

Unit: NT\$ Thousand

Item \ Year	Financial data in the most recent five years				
	2018	2019	2020	2021	2022
Operating revenue	2,180,599	2,244,786	2,426,101	3,252,918	3,410,100
Gross profit	252,618	188,991	182,272	212,542	239,983
Operating income or loss	78,618	29,967	34,443	49,428	69,505
Non-operating income and expenses	(10,388)	50,650	70,999	129,104	115,800
Net income before tax	68,230	80,617	105,442	178,532	185,305
Net income of continuing operations in this period	70,450	69,807	92,197	170,472	166,729
Loss on discontinued operations	—	—	—	—	—
Net income (loss) for this period	70,450	69,807	92,197	170,472	166,729
Other comprehensive income for this period (net of tax)	(46,689)	131,984	174,057	(149,709)	91,192
Total comprehensive income for this period	23,761	201,791	266,254	20,763	257,921
Net income attributable to owners of parent company	70,450	69,807	92,197	170,472	166,729
Net income attributable to non-controlling interests	—	—	—	—	—
Total comprehensive income attributable to owners of parent company	23,761	201,791	266,254	20,763	257,921
Total comprehensive income attributable to non-controlling interests	—	—	—	—	—
Earnings per share (Note 1)	0.98	0.97	1.28	2.36	2.31

Note 1: The calculation was based on the weighted average number of issued ordinary shares for the year with the weighted number of ordinary shares issued due to capitalization of earnings and capital surplus retrospectively adjusted.

6.1.5 CPAs and audit opinions in the most recent five years

Year	Accounting firm	Name of CPA	Audit opinion
2018	PwC Taiwan	Lin, Yi-Fan and Teng, Sheng-Wei	Unqualified opinion
2019	PwC Taiwan	Lin, Yi-Fan and Teng, Sheng-Wei	Unqualified opinion
2020	PwC Taiwan	Lin, Yi-Fan and Chen, Chin-Chang	Unqualified opinion
2021	PwC Taiwan	Lin, Yi-Fan and Chen, Chin-Chang	Unqualified opinion
2022	PwC Taiwan	Liao, Fu-Ming and Chen, Chin-Chang	Unqualified opinion

6.2. Financial analysis for the most recent five years

6.2.1 Financial analysis (consolidated) as per the International Financial Reporting Standards

Item \ Year		Financial analysis for the most recent five years				
		2018	2019	2020	2021	2022
Financial structure (%)	Debt ratio	24.37	25.65	25.68	37.97	40.36
	Ratio of long-term capital to property, plant and equipment	1,569.00	1,785.95	2,077.41	2,743.02	3,017.07
Solvency (%)	Current ratio	364.31	318.35	284.18	214.06	205.07
	Quick ratio	286.82	256.41	226.97	158.12	131.4
	Interest earned ratio	—	88.44	166.08	75.02	49.86
Operating performance	Accounts receivable turnover (times)	6.89	5.48	4.95	5.11	5.86
	Average collection period (days)	52.97	66.62	73.71	71.48	62.30
	Inventory turnover (times)	9.11	10.05	11.84	9.70	6.50
	Accounts payable turnover (times)	7.68	8.54	8.92	8.10	8.41
	Average days in sales	40.07	36.32	30.83	37.63	56.15
	Property, plant and equipment turnover (times)	37.66	40.15	48.63	65.00	86.15
	Total assets turnover (times)	1.91	1.73	1.80	1.78	1.75
Profitability	Return on total assets (%)	4.19	4.12	4.80	7.85	6.83
	Return on equity (%)	5.66	5.43	6.42	11.44	11.01
	Pre-tax income to paid-in capital (%)	9.46	11.82	15.47	26.65	27.98
	Profit margin (%)	2.29	2.22	2.49	4.07	3.62
	Earnings per share (NTD) (Note 1)	0.98	0.97	1.28	2.36	2.31
Cash flows	Cash flow ratio (%)	-12.19	-9.25	1.99	13.17	-8.03
	Cash flow adequacy ratio (%)	74.91	25.52	-14.37	-0.24	-4.46
	Cash reinvestment ratio (%)	-8.86	-7.89	-5.23	1.79	-14.11
Leverage	Operating leverage (Note 2)	2.77	2.72	2.16	1.71	1.89
	Financial leverage	1	1.02	1.01	1.02	1.02

Reasons for changes in financial ratios for the most recent two years (unless increase or decrease is less than 20%):

1. Interest protection multiple: The interest protection multiple decreased mainly due to the increase in interest expense due to the increase in borrowings in 2022.
2. Inventory turnover: The main reason is the decline in inventory turnover due to the increase in inventory in 2022.
3. Average number of days sold: The main reason is that the average number of sales days increased due to the increase in sales in 2022.
4. Real estate, plant and equipment turnover rate: This is caused by the redivision of some real estate, plant and equipment into investment real estate in 2022.
5. Cash flow ratio: It is mainly cash outflow from operating activities, so the cash flow ratio turns from positive to negative compared with the previous period.
6. Cash flow allowance ratio: This is mainly due to the decrease in operating cash flow in the past five years compared with the previous period and the increase in inventory in the past five years, resulting in a decrease in the cash flow allowance ratio.
7. Cash reinvestment ratio: The current period turned from positive to negative, mainly due to the change of cash flow from operating activities from inflow to outflow.

Note 1: The calculation of basic earnings per share was based on the weighted average number of issued ordinary shares for the year with the number of ordinary shares issued due to capitalization of earnings and capital surplus retrospectively adjusted.

Note 2: The cost of sales and marketing expenses for the year are all regarded as variable costs and expenses.

6.2.2 Financial analysis (standalone) as per the International Financial Reporting Standards

Item \ Year		Financial analysis for the most recent five years				
		2018	2019	2020	2021	2022
Financial structure (%)	Debt ratio	29.66	27.72	30.58	39.65	45.69
	Ratio of long-term capital to property, plant and equipment	1,581.33	1,810.78	2,100.54	2,765.84	3,034.46
Solvency (%)	Current ratio	192.75	182.28	153.41	134.05	120.43
	Quick ratio	138.48	146.19	120.59	92.01	82.44
	Interest earned ratio	—	521.11	894.58	84.43	49.7
Operating performance	Accounts receivable turnover (times)	5.33	4.61	4.00	4.62	4.86
	Average collection period (days)	68.48	79.11	91.30	78.95	75.12
	Inventory turnover (times)	6.72	9.03	11.30	9.97	6.84
	Accounts payable turnover (times)	4.34	4.69	4.64	5.37	5.58
	Average days in sales	54.29	40.44	32.29	36.59	53.37
	Property, plant and equipment turnover (times)	26.95	28.98	32.36	51.06	64.31
	Total assets turnover (times)	1.26	1.20	1.11	1.35	1.18
Profitability	Return on total assets (%)	4.02	3.88	4.54	7.47	6.40
	Return on equity (%)	5.66	5.43	6.42	11.44	11.01
	Pre-tax income to paid-in capital (%)	9.46	11.17	14.62	24.75	25.68
	Profit margin (%)	3.23	3.11	3.80	5.24	4.89
	Earnings per share (NTD) (Note 1)	0.98	0.97	1.28	2.36	2.31
Cash flows	Cash flow ratio (%)	11.29	14.63	-2.62	-8.83	10.45
	Cash flow adequacy ratio (%)	145.25	130.73	73.65	18.92	20.03
	Cash reinvestment ratio (%)	-1.91	-0.05	-10.78	-20.09	-1.07
Leverage	Operating leverage (Note 2)	2.00	3.69	3.27	2.86	2.77
	Financial leverage	1	1.01	1	1.05	1.06

Reasons for changes in financial ratios for the most recent two years (unless increase or decrease is less than 20%):

1. Interest protection multiple: The interest protection multiple decreased mainly due to the increase in interest expense due to the increase in borrowings in 2022.
2. Inventory turnover: The main reason is the decline in inventory turnover due to the increase in inventory in 2022.
3. Average number of days sold: The main reason is that the average number of sales days increased due to the increase in sales in 2022.
4. Real estate, plant and equipment turnover rate: This is caused by the redivision of some real estate, plant and equipment into investment real estate in 2022.
5. Cash flow ratio: It is mainly cash outflow from operating activities, so the cash flow ratio turns from positive to negative compared with the previous period.
6. Cash reinvestment ratio: The current period turned from positive to negative, mainly due to the change of cash flow from operating activities from inflow to outflow.

Note 1: The calculation of basic earnings per share was based on the weighted average number of issued ordinary shares for the year with the number of ordinary shares issued due to capitalization of earnings and capital surplus retrospectively adjusted.

Note 2: The cost of sales and marketing expenses for the year are all regarded as variable costs and expenses.

Note 3: The calculation formulas for financial analysis are specified below:

1. Financial structure
 - (1) Debt ratio = Total liabilities/Total assets.
 - (2) Ratio of long-term capital to property, plant and equipment = (Total equity + Non-current liabilities)/Net property, plant and equipment.
2. Solvency
 - (1) Current ratio = Current assets/Current liabilities.
 - (2) Quick ratio = (Current assets - Inventory - Prepaid expenses)/Current liabilities.
 - (3) Interest earned ratio = Net income before tax and interest expense/Interest expenses in this period.
3. Operating performance
 - (1) Accounts receivable turnover (including accounts receivable and notes receivable from operating activities) = Net sales/Balance of average accounts receivable in each period (including accounts receivable and notes receivable from operating activities).
 - (2) Average collection period (days) = 365/Accounts receivable turnover.
 - (3) Inventory turnover = Cost of sales/Average inventory.
 - (4) Payables turnover (including accounts payable and notes payable from operating activities) = Cost of sales/Balance of average accounts payable in each period (including accounts payable and notes payable from operating activities).
 - (5) Average days in sales = 365/Inventory turnover.
 - (6) Property, plant and equipment turnover = Net sales/Average net property, plant, and equipment.
 - (7) Total asset turnover = Net sales/Average total assets.
4. Profitability
 - (1) Return on assets = [Profit or loss after tax + Interest expenses \times (1 - Tax rate)]/Average total assets.
 - (2) Return on equity = Profit or loss after tax/Average total equity.
 - (3) Profit margin = Profit or loss after tax/Net sales.
 - (4) Earnings per share = (Income or loss attributable to owners of parent company - Preference shares dividends)/Weighted average number of shares issued.
5. Cash flows
 - (1) Cash flow ratio = Net cash flows from operating activities/Current liabilities.
 - (2) Cash flow adequacy ratio = Net cash flow from operating activities for the most recent five years/(Capital expenditures + Inventory increment + Cash dividends) for the most recent five years.
 - (3) Cash reinvestment ratio = (Net cash flow from operating activities - Cash dividends)/ (Gross property, plant and equipment + Long-term investment + Other non-current assets + Working capital).
6. Leverage:
 - (1) Operating leverage = (Net operating revenue - Variable operating costs and expenses)/Operating income.
 - (2) Financial leverage = Operating income/(Operating income - Interest expenses).

6.3 Audit Committee review report of the annual financial report for the most recent year:
Please refer to page 146 of this annual report for details.

6.4 The annual financial report for the most recent year: Please refer to pages 147–211 of this annual report for details.

6.5 The Company's standalone financial report for the most recent year audited by a CPA:
Please refer to pages 212–272 of this annual report for details.

6.6 Influence of any difficulty with financial solvency of the Company or its affiliate on the Company's financial position in the most recent year and up to the publication date of this annual report: None.

7. Financial Position and Financial Performance Review Analysis and Risk Management

7.1 Financial position

Unit: NT\$ Thousand

Item \ Year	2021	2021	Difference	
			amount	%
Current asset	1,848,373	2,134,037	285,664	15%
Funds and long-term investments	408,369	407,385	(984)	(0.2%)
Intangible assets	-	-	-	-
Fixed asset	73,446	71,685	(1,761)	(2%)
Other assets	18,790	20,323	1,533	8%
Total assets	2,348,978	2,633,430	284,452	12%
Current liabilities	863,498	1,040,628	177,130	21%
Other liabilities	28,426	22,118	(6,308)	(22%)
Total liabilities	891,924	1,062,746	170,822	19%
Share capital	721,458	721,458	-	-
Additional paid-in capital	361,381	361,381	-	-
Retained earnings	271,112	296,022	24,910	9%
Unrealized gains or losses on financial instruments	265,597	264,613	(984)	(0.4%)
Cumulative translation adjustment	(162,494)	(72,790)	89,704	(55%)
Total shareholders' equity	1,457,054	1,570,684	113,630	8%

Note: The above data are consolidated financial figures.

- (1) If the percentage of increase or decrease does not reach 20% and the amount of increase or decrease does not reach NT\$10 million, no explanation will be given.
- (2) The increase in current liabilities, mainly due to increased borrowings from banks.
- (3) Other liabilities are reduced, resulting in a loss on the remeasurement of pension liabilities payable in 2022 (increased discount rate).
- (4) Cumulative conversion adjustments reduced losses due to the appreciation of the US dollar in 2022.

7.2. Financial performance

7.2.1 Financial performance analysis table

Unit: NT\$ Thousand

Item \ Year	2021		2022		Amount of increase (decrease)	Percentage of increase (decrease)	Explanation
	Subtotal	Total	Subtotal	Total			
Total sales revenue	4,272,831		4,769,932		497,101	12%	
Less: Sales returns and discounts	(140,360)		(197,975)		(57,615)	(41%)	(1)
Add: Service income	54,129		34,597		(19,532)	(36%)	(2)
Net operating revenue		4,186,600		4,606,554	419,954	10%	
Operating cost		(3,800,728)		(4,203,214)	402,486	11%	
Gross profit		385,872		403,340	17,468	5%	
Add: Realized gains between affiliates		—		—	—		
Realized gross profit		385,872		403,340	17,468	5%	
Operating expenses		(227,565)		(232,147)	4,582	2%	
Net operating income		158,307		171,193	12,886	8%	
Non-operating income		37,863		39,215	1,352	4%	
Non-operating expense		(3,876)		(8,573)	4,697	121%	(3)
Net income before tax		192,294		201,835	9,541	5%	
Tax benefit (expense)		(21,822)		(35,106)	13,284	61%	(4)
Net profit for this period		170,472		166,729	(3,743)	(2%)	
Explanation of percentage of increase or decrease: Analysis and explanation of the percentages of increase or decrease in the most recent two years (if the percentage of increase/decrease is less than 20%, no explanation will be given): (1) Sales returns and discounts increased, and sales discounts were delayed due to the impact of the epidemic. (2) Service income decreased due to the termination of mainland agents. (3) Non-operating expenses increased due to higher bank borrowings. (4) Income tax expense increased due to higher Group profit in 2022.							

7.2.2 Analysis of changes in gross profit

Unit: NT\$ Thousand

Item	Increase (decrease)	Reason for difference			
	compared to the prior period	Difference in selling prices	Difference in cost prices	Difference in sales mix	Difference in quantity
Storage devices	3,682	385,191	380,194	(26,786)	25,471
Others	435,804	845,086	731,635	16,081	306,272
Service income	(19,532)	(19,532)	0	0	0
Total	419,954	1,210,745	1,111,829	(10,705)	331,743
Description: (1) 2022, due to the lifting of the epidemic in Europe and the United States, the sales of storage devices increased, which increased the overall gross profit of storage devices of PCT Group. (2) Sales of new products and high gross margin products increased, and the selling price of the Taiwan dollar increased due to the appreciation of the US dollar. (3) In addition to the above, Service income decreased due to the termination of the mainland agency contract in 2023.					

7.2.3 Estimated sales volume and basis: Please refer to page 2 of this annual report.

7.3. Cash flows

7.3.1 Cash flow analysis in the most recent two years

Item \ Year	2021	2022	Increase (decrease) (%)
Cash flow ratio (%)	13.17	-8.03	-161
Cash flow adequacy ratio (%)	-0.24	-4.46	1,758
Cash reinvestment ratio (%)	1.79	-14.11	-888
Analysis and explanation of the percentages of increase or decrease (unless the percentage of increase/decrease is less than 20%) 1. Cash flow ratio: This was mainly due to a significant increase in cash outflow from operating activities, which resulted in a decrease in the cash flow ratio. 2. Cash flow adequacy ratio: This is mainly due to the decrease in operating cash flow in the past five years compared with the previous period and the increase in inventories in the past five years, resulting in a decrease in the cash flow allowance ratio. 3. Cash reinvestment ratio: The positive to negative shift in the current period was mainly due to the decrease in cash flow from operating activities.			

7.3.2 Analysis of cash flows in the coming year:

Unit: NT\$ Thousand

Opening balance of cash (Note)	Estimated annual net cash flow from operating activities	Estimated cash outflows	Cash flow surplus (deficit) amount	Remedial measures for cash flow deficit	
				Investment plan	Financing plan
612,761	(72,598)	(332,285)	207,878	-	341,000
<p>1. Analysis of changes in cash flows in the coming year:</p> <p>(1) Net cash flow from operating activities in the future: Inventories increased and net cash outflow from operating activities is expected.</p> <p>(2) Annual cash flow: Cash outflow due to profit reduction and dividend payment.</p> <p>(3) Financing Plan: Working Capital needs.</p> <p>Note: Including time deposits accounted for under "Financial assets at amortized cost - current".</p>					

7.4. Influence of major capital expenditures on financial business in the most recent year: None.

7.5. Investment policy for the most recent year, the main reasons for profit or loss, improvement plan, and investment plan for the following year:

Investee	Principal business	Initial investment	Policy	Main reason for profit or loss	Improvement plan	Other future investment plans
Professional Computer Electronics (Shenzhen) Co., Ltd.	Trading of general electronic components	US\$6,000,000	As the Company's major clients moved their operations to China, we set up a third-tier subsidiary in Shenzhen to serve our clients.	Due to the loss of the original China agency commission, a loss occurred.	We will actively expand the client base and improve performance to increase profits.	None

7.6. Risk events

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

(1) Changes in interest rates:

In recent years, as the financial market has undergone tremendous changes, we prudently manage the position of our cash to increase the return on the cash position with the lowest risk.

(2) Changes in exchange rates:

Most of the Company's foreign exchange positions are in USD, and we naturally offset the net position in a conservative principle. In recent years, exchange rate fluctuations have not caused severe exchange losses for the Company. The Company has kept the net position close to zero in alignment with the conservative principle to reduce the impact of exchange rate fluctuations on the Company's profit or loss.

(3) Inflation:

According to the announcement of the Accounting and Accounting Office of the Executive Yuan, the annual growth rate of Taiwan's consumer price index in 2022 was 2.95%. Inflation storms hit the world. Most countries have accelerated interest rate hikes to suppress high inflation. The company's related costs are also subject to relative fluctuations. The products purchased by the company are mainly semiconductor components, and the characteristics of the product prices are mostly determined by the competitive advantages of product technology and market supply and demand. The company will continue to strive to improve the service for upstream and downstream manufacturers in the industrial chain, and through efficient management, Reduce the impact of inflation on the company's operations.

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

The Company does not engage in high-risk and highly leveraged investment. The short-term idle funds are mainly deposited as time deposits, and the long-term funds are mainly used for industry-related strategic investments. In principle, the Company does not provide loans or endorsements/guarantees to entities outside the Group and only provides such instruments to our subsidiaries. If it is necessary to provide such instruments to entities outside the Group due to business needs, we follow the Operating Procedures for Loaning of Funds to Others and the Operating Procedures for Endorsements and Guarantees formulated by the Company. In principle, the Company does not engage in derivative trading except for hedging risks. If it is necessary to engage in derivative trading due to business needs, we follow the Company's Procedures for Asset Acquisition and Disposal. The Company's hedging strategy is to against most exchange rate risks. Derivatives are held for non-trading purposes.

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

The Company currently represents Microchip's, Synaptics's, Sonix's, and GigaDevice's products. In the future, we will target industrial computers, computer peripherals, as well as medical care, automotive electronic, portable consumer, outdoor leisure and security surveillance, and clean energy applications and products, to improve the layout of applications in the market and customer mix. As such, we can enjoy better profits and gradually optimize the Company's foundation. We estimate to invest NT\$35,428,000 in the R&D of the above products this year.

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

We have complied with the applicable laws and regulations at home and abroad and paid close attention to the policies and laws that may affect the Company's operations to ensure normal business operation. When necessary, we consult attorneys, accountants, and other professional entities or appoint them to carry out evaluations, provide suggestions, or draw up countermeasures to comply with the law and alleviate the adverse impact on our financial business.

7.6.5 The influence of changes in technology (including cyber security risks) and the industry on the Company's financial business and countermeasures:

To keep up with the industry growth and market demand, we continue to invest in product and process R&D to provide clients with comprehensive integrated circuit manufacturing services, while responding to the needs and changes caused by technological changes at all times, to reduce market risks and pursue long-term stable development of the Company's financial business. In respect of cyber security risk management, we communicate with professional information security suppliers every year regarding the current emerging trends in information security, such as ransomware, Trojan horse virus, social engineering attacks, or fake websites. Through collaboration projects, we regularly pay attention to information security issues and draw up response plans, to detect and block such risks in the first place,.

7.6.6 The influence of a change in corporate image on corporate crisis management and countermeasures:

We focus on our core business and are committed to enhancing our overall competitiveness and pursuing the sustainable development in alignment with the business philosophy based on the integrity principle and a high degree of professional ethics. Any conduct in violation of the Company's ethical management principles or corporate core values is strictly prohibited. We regularly inspect the external environment, the Company's business model, and management system and carry out scenario simulations and put forth countermeasures against any emergencies that may affect the Company's reputation, to minimize the uncertainties that may be faced during business operations and the potential impact of various disasters, thereby maintaining the normal business operation and safeguarding all shareholders', clients', and employees' rights and interest. The Company has been committed to corporate governance and has obtained the universal version of corporate governance evaluation certification. In addition, we have focused on our core business since the Company was established, with excellent operating performance and reputation. There is no report in the market detrimental to the Company's image, so there is no issue of change in our corporate image. So far, there has been no impact of change in corporate image on our corporate crisis management.

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

In the most recent year and up to the publication date of this annual report, we did not have any plan to carry out an M&A. However, if there is such a plan in the future, we will uphold a prudent attitude to assess whether the M&A can bring specific synergy to the Company, to protect our shareholders' rights and interest.

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

As the Company is a professional distributor and the office space we use is sufficient for now, there is no plan to expand the plant or office for the time being.

7.6.9 Risks of supplier or client concentration and countermeasures:

(1). Supplier concentration:

In recent years, the Company has improved the issue of concentration of our purchases from a single product line. We have maintained proper proportions of our major product lines, including Microchip, Synaptics, Sonix, and GigaDevice.

(2). Client concentration:

The Company is an MCU and interface peripheral component distributor. In recent years, we have mainly sold MCU, Bluetooth audio transparent pass-through, flash memory, image conversion, and video applications. The above products are applied to personal computers, monitors, computer peripherals, network communications, and security surveillance applications, so the client base is extensive, so there is no risk of client concentration.

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

The Company's directors held roughly 22.25% of the Company's equity as of April 1, 2023, and there is no massive transfer of equity at present. The Company's directors are all positive about the Company's long-term prospect, but each shareholder has different views about the Company's investment and financial plans. To safeguard the Company's interest and bolster the confidence of the public, if the directors have a need for massive equity transfer, we will select an appropriate time and method for the transfer after sufficient communication with the Board of Directors and the management team, so such an impact on the Company is limited.

7.6.11 The influence of change in the Company's management right, the risk thereof, and countermeasures:

The Company has issued 72,145,759 ordinary shares. As of the book closure date for the shareholders' meeting, all directors held 16,053,250 shares as recorded in the shareholder register, and all our directors' shareholding accounted for roughly 22.25% of the total issued shares. All our directors are committed to running the Company, so we have maintained excellent operating performance in recent years. In the future, we will create great operating performance and profits in alignment with our business philosophy of stable operations and management ethics to enable all our shareholders to identify with our management team's approach.

7.6.12 In the case of a court case or a non-contentious case, specify the names of the directors, supervisors, the President, the de facto responsible person, shareholders each holding more than 10% of company shares, and subsidiaries with final ruling made or still in major legal proceedings, non-contentious matters, or administrative disputes, and where the result thereof may significantly affect shareholders' equity or stock price, disclose the fact of the contentions, the amount involved, the commencement date of the proceedings, the major litigants in the proceedings, and the status as of the publication date of this report: None.

7.6.13 Other important risks and countermeasures: None.

(1) Excessive price competition in the same industry will affect the Company's gross profit

In recent years, due to the increasing number of competitors, the competition

among businesses is intense. To survive the fierce competition, competitors have lowered their gross profits to win more orders. If this competition continues to exacerbate in the future, we will increase the added value of ours projects in response, while lowering our gross profit to maintain our competitiveness, which will cause a negative impact on the Company's profitability.

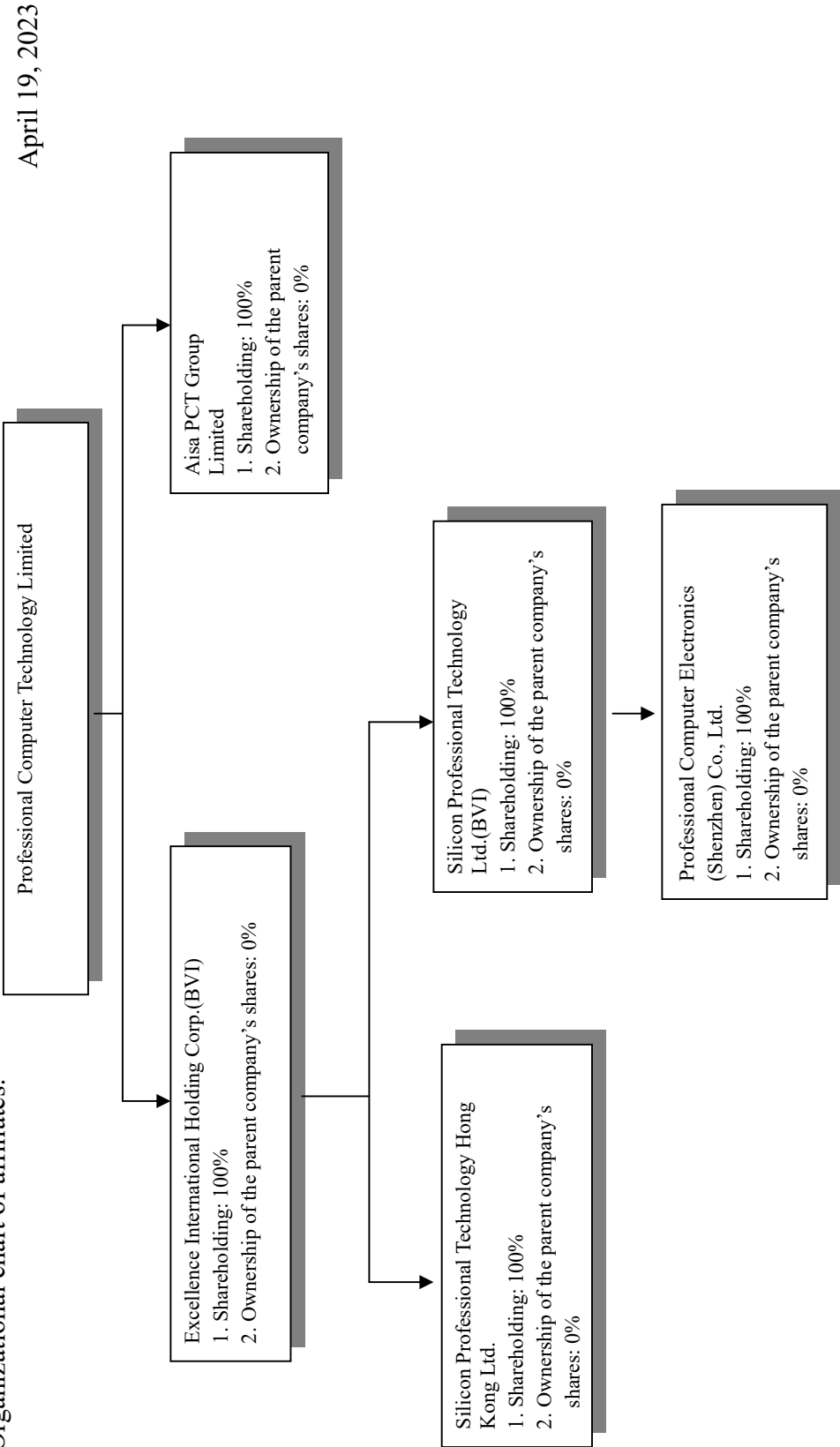
- (2) Major natural disasters and serious infectious diseases may have a material adverse impact on the Company's operations. Taiwan has experienced large earthquakes and severe typhoon disasters, as well as serious outbreaks of infectious diseases. Either natural disasters or infectious diseases have caused great damage to Taiwan's macro economic environment. If a large earthquake or other natural disasters strike again in Taiwan in the future, as we have established a remote backup system, we can flexibly adjust the shipping location to reduce potential impacts.

7.7. Other important matters: None.

8. Special Matters

8.1. Relevant information on affiliates:

8.1.1 Organizational chart of affiliates:



8.1.2. Basic information on each affiliate

December 31, 2022

Company	Date of incorporation	Address	Paid-in capital	Main business or item produced
Excellence International Holding Corporation	2011.06	P.O. Box 3152.Road Town, Tortola, British Virgin Islands	US\$9,928,000	Holding company
Silicon Professional Technology Ltd.	2011.06	P.O. Box 3152.Road Town, Tortola, British Virgin Islands	US\$11,410,000	Holding company
Silicon Professional Technology Hong Kong Ltd.	2004.02	Room 903B, 9F, Join In Hang Sing Center, at No. 2-16 Kwai Fong Street, Kwai Chung, New Territories, Hong Kong	US\$10,003,000	Trading of general electronic components
Professional Computer Electronics (Shenzhen) Co., Ltd.	2013.12	Room 205, 2F, Sangda Technology Building, No. 1 Keji Road, Nanshan District, Shenzhen	US\$6,000,000	Trading of general electronic components
Aisa PCT Group Limited	2019.3.27	Room 903B, 9F, Join In Hang Sing Center, at No. 2-16 Kwai Fong Street, Kwai Chung, New Territories, Hong Kong	US\$500,000	Trading of general electronic components

8.1.3 Information on those presumed to be controlling and controlled companies: N/A

8.1.4. Industries to which the affiliates belong:

- (1) Excellence International Holding Corporation: It is a holding company established by the Company to manage overseas investments and does not engage in other business categories except investment.
- (2) Silicon Professional Technology Ltd.: It is a holding company established by the Company in a third region for investments in mainland China.
- (3) Silicon Professional Technology Hong Kong Ltd.: It is a centralized procurement center and shipping place for the products we represent.
- (4) Professional Computer Electronics (Shenzhen) Co., Ltd.: It is a subsidiary of the Company to indirectly invest in mainland China and is mainly responsible for the sales business in China.
- (5) Asia PCT Group Limited: It is a subsidiary directly invested by the Company and is mainly responsible for the sales business in Hong Kong and China.

8.1.5. Information on directors, supervisors, and presidents of affiliates:

Company	Title	Name or representative	Shareholding	
			Number of shares	Shareholding Percentage
Excellence International Holding Corporation	Director	Wang, Chih-Kao	-	-
	Director	Fu, Chiang-Sung	-	-
Silicon Professional Technology Ltd.	Director	Wang, Chih-Kao	-	-
	Director	Fu, Chiang-Sung	-	-
Silicon Professional Technology Hong Kong Ltd.	Director	Wang, Chih-Kao	-	-
	Director-cum-President	Fu, Chiang-Sung	-	-
Professional Computer Electronics (Shenzhen) Co., Ltd.	Managing director,	Wen, Teng-Chuan	-	-
	Supervisor	Yeh Chuang, Jen-Cheng	-	-
	President	Fu, Chiang-Sung	-	-
Aisa PCT Group Limited	Director	Wang, Chih-Kao	-	-
	Director-cum-President	Fu, Chiang-Sung	-	-

8.1.6. Overview of the operations of affiliates

December 31, 2022

Unit: NT\$ Thousand

Company	Cost of an investment	Book value	Shareholding at the end of the period		Market price	Accounting treatment	Return on investment for the most recent year		Types of company shares held
			Number of shares (in thousands)	Ratio			Investment income or loss	Dividends paid out	
Excellence International Holding Corporation	304,887	624,346	10	100%	-	Equity method	12,636	-	-
Silicon Professional Technology Ltd.	350,401	93,826	11	100%	-	Equity method	(1,163)	-	-
Silicon Professional Technology Hong Kong Ltd.	307,190	390,079	78,023	100%	-	Equity method	13,796	-	-
Professional Computer Electronics (Shenzhen) Co., Ltd.	184,260	74,891	-	100%	-	Equity method	(1,440)	-	-
Aisa PCT Group Limited	15,355	207,664	500	100%	-	Equity method	76,328	-	-

Consolidated financial statements of affiliates:

The affiliates that are required to be included in the Company's consolidated financial statements of affiliates are the same as those included in the consolidated financial statements prepared in conformity with the International Accounting Standards No. 7. In addition, the information required to be disclosed in the combined financial statements of affiliates is included in said consolidated financial statements. As the Company has issued a representation statement on the first page of the parent company's consolidated financial statements, a separate set of combined financial statements of affiliates will not be prepared. See page 147 for the representation statement.

8.2. Private placement of securities in the most recent year up to the publication date of this annual report: None.

8.3. Subsidiaries holding or disposing of the Company's shares in the most recent year and up to the publication date of this annual report: None.

8.4. Other necessary supplementary information: None.

9. Any event as specified in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act with a material impact on shareholders' rights and interest or securities prices occurred to the Company during the most recent year and up to the publication date of this annual report: None.

Professional Computer Technology Limited

Statement of the Internal Control System

Date: March 8, 2023

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

1. The Company is clearly aware that the establishment, implementation, and maintenance of an internal control system are the responsibility of the Company's Board of Directors and managers, and the Company has established such a system. It aims to provide reasonable assurance for the achievement of the objectives, namely the effectiveness and efficiency of operations (including profitability, performance, and asset security protection), the reliability, timeliness, and transparency of financial reporting, and compliance with applicable laws and regulations.
2. Some limitations are inherent in all internal control systems. No matter how perfect the design is, an effective internal control system can only provide a reasonable assurance regarding the achievement of the above three intended objectives; moreover, due to changes in the environment and circumstances, the effectiveness of the internal control system may change accordingly. However, the Company's internal control system is equipped with a self-monitoring mechanism. Once a defect is identified, the Company will take action to rectify it.
3. The Company judges whether the design and implementation of the internal control system is effective based on the criteria for judging the effectiveness of the internal control system set out in the Regulations Governing Establishment of Internal Control Systems by Public Companies (hereinafter referred to as the "Regulations"). Said criteria under the Regulations are divided into five constituent elements as per the management and control process: 1. control environment, 2. risk assessment, 3. control activities, 4. information and communication, and 5. monitoring activities. Each constituent element includes several items. For said items, please refer to the Regulations.
4. The Company has adopted the aforesaid judgment criteria for the internal control system to determine whether the design and implementation of the internal control system are effective.
5. Based on the results of the assessment in the preceding paragraph, the Company is of the opinion that, as of December 31, 2022, the internal control system (including the supervision and management of its subsidiaries), including the understanding the effectiveness of operations and the extent to which efficiency targets are achieved, reliable, timely, and transparent reporting, and compliance with applicable rules and applicable laws and regulations, is effective and can reasonably assure the achievement of the foregoing objectives.
6. This statement will form the main content of the Company's annual report and prospectus and will be made public. If the disclosed content above is false or there is material information concealed deliberately or otherwise, the Company will be legally liable pursuant to Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
7. This statement has been approved by the Company's Board of Directors on March 8, 2023. Among the nine directors present, none of them expressed objections. All the others agreed with the content of this statement. Therefore, this statement is hereby declared.

Professional Computer Technology Limited

Chairman: Fu, Chiang-Sung (signature)

President: Fu, Chiang-Sung (signature)

Professional Computer Technology Limited

Audit Committee's Review Report

The Board of Directors has prepared the 2022 Business Report, 2022 financial statements, and the earnings distribution proposal, among which the financial statements were audited by PwC Taiwan, by whom an audit report was issued. We have reviewed the above Business Report, financial statements, and the earnings distribution proposal, to which we have found no misstatement, and we hereby issue a review report as presented above in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please proceed to review it.

To

The 2023 General Shareholders' Meeting, Professional Computer
Technology Limited

Chou, Chin-Piao, Convener of the Audit Committee

March 8, 2023

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 losses

Description

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.

Andy Liao

Chen, Ching Chang

For and on behalf of PricewaterhouseCoopers, Taiwan

March 8, 2023

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles 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 AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

			December 31, 2022		December 31, 2021			
Assets			Notes	Amount	%	Amount	%	
Current assets								
1100	Cash and cash equivalents	6(1)	\$	572,657	22	\$	494,965	21
1136	Current financial assets at amortised cost	6(2)		40,104	2		37,518	2
1150	Notes receivable, net	6(4)		5,701	-		12,931	1
1170	Accounts receivable, net	6(4)		731,824	28		790,078	34
1180	Accounts receivable - related parties, net	7(3)		13,249	-		12,502	-
130X	Inventories	6(5)		764,348	29		478,219	20
1470	Other current assets	7(3)		6,154	-		22,160	1
11XX	Total current assets			2,134,037	81		1,848,373	79
Non-current assets								
1517	Financial assets at fair value through other comprehensive income - non-current	6(3)		407,385	16		408,369	18
1600	Property, plant and equipment	6(6) and 8		52,793	2		54,155	2
1755	Right-of-use assets	6(7)		4,128	-		6,528	-
1760	Investment property, net	6(8)		18,892	1		19,291	1
1840	Deferred tax assets	6(21)		5,792	-		3,240	-
1900	Other non-current assets	6(10) and 8		10,403	-		9,022	-
15XX	Total non-current assets			499,393	19		500,605	21
1XXX	Total assets		\$	2,633,430	100	\$	2,348,978	100

(Continued)

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

	Liabilities and Equity	Notes	December 31, 2022		December 31, 2021	
			Amount	%	Amount	%
	Current liabilities					
2100	Short-term borrowings	6(9)	\$ 475,000	18	\$ 235,529	10
2130	Contract liabilities - current	6(14)	7,099	-	11,603	-
2150	Notes payable		7,356	-	1,975	-
2170	Accounts payable		463,497	18	365,743	16
2180	Accounts payable - related parties	7(3)	-	-	160,758	7
2200	Other payables		63,458	2	64,849	3
2230	Current income tax liabilities		15,088	1	14,846	1
2280	Current lease liabilities		2,765	-	4,245	-
2300	Other current liabilities		6,365	-	3,950	-
21XX	Total current liabilities		<u>1,040,628</u>	<u>39</u>	<u>863,498</u>	<u>37</u>
	Non-current liabilities					
2570	Deferred tax liabilities	6(21)	-	-	579	-
2580	Non-current lease liabilities		1,178	-	2,447	-
2600	Other non-current liabilities	6(10)	20,940	1	25,400	1
25XX	Total non-current liabilities		<u>22,118</u>	<u>1</u>	<u>28,426</u>	<u>1</u>
2XXX	Total liabilities		<u>1,062,746</u>	<u>40</u>	<u>891,924</u>	<u>38</u>
	Equity					
	Share capital	6(11)				
3110	Ordinary share		721,458	27	721,458	31
	Capital surplus	6(12)				
3200	Capital surplus		361,381	14	361,381	16
	Retained earnings	6(13)				
3310	Legal reserve		98,317	4	81,552	3
3350	Unappropriated earnings		197,705	8	189,560	8
	Other equity interest					
3400	Other equity interest		191,823	7	103,103	4
3XXX	Total equity		<u>1,570,684</u>	<u>60</u>	<u>1,457,054</u>	<u>62</u>
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	Total liabilities and equity		<u>\$ 2,633,430</u>	<u>100</u>	<u>\$ 2,348,978</u>	<u>100</u>

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

PROFESSIONAL COMPUTER TECHNOLOGY LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT FOR EARNINGS PER SHARE DATA)

			Year ended December 31			
			2022		2021	
Items	Notes		Amount	%	Amount	%
4000 Operating revenue	6(14) and 7(3)		\$ 4,606,554	100	\$ 4,186,600	100
5000 Operating costs	6(5) and 7(3)		(4,203,214)	(91)	(3,800,728)	(91)
5950 Gross profit			403,340	9	385,872	9
Operating expenses	6(19)(20)					
6100 Selling expenses			(113,429)	(2)	(108,818)	(2)
6200 General and administrative expenses			(87,911)	(2)	(85,070)	(2)
6300 Research and development expenses			(34,246)	(1)	(33,582)	(1)
6450 Expected credit impairment gain (loss)	12(2)		3,439	-	(95)	-
6000 Total operating expenses			(232,147)	(5)	(227,565)	(5)
6900 Operating profit			171,193	4	158,307	4
Non-operating income and expenses						
7100 Interest income	6(15)		6,753	-	786	-
7010 Other income	6(16) and 7(3)		32,462	1	37,077	1
7020 Other gains and losses	6(17)		(4,442)	-	(1,278)	-
7050 Finance costs	6(18)		(4,131)	-	(2,598)	-
7000 Total non-operating income and expenses			30,642	1	33,987	1
7900 Profit before income tax			201,835	5	192,294	5
7950 Income tax expense	6(21)		(35,106)	(1)	(21,822)	(1)
8200 Profit for the year			\$ 166,729	4	\$ 170,472	4
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(10)		\$ 3,090	-	\$ 2,102	-
8316 Unrealised losses from investments in equity instruments measured at fair value through other comprehensive income	6(3)		(984)	-	(130,211)	(3)
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(21)		(618)	-	(421)	-
Components of other comprehensive income that will be reclassified to profit or loss						
8361 Exchange differences on translation			89,704	2	(21,179)	-
8300 Other comprehensive income (loss)			\$ 91,192	2	\$ 149,709	(3)
8500 Total comprehensive income for the year			\$ 257,921	6	\$ 20,763	1
Profit attributable to:						
8610 Owners of the parent			\$ 166,729	4	\$ 170,472	4
Comprehensive income attributable to:						
8710 Owners of the parent			\$ 257,921	6	\$ 20,763	1
Earnings per share (in dollars)	6(22)					
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 consolidated financial statements.

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

	Equity attributable to owners of the parent									
	Notes	Capital Surplus			Retained Earnings			Other Equity Interest		
		Ordinary shares	Share premium	Treasury shares transactions	Gain on disposals of property, plant and equipment	Legal reserve	Unappropriated earnings	Exchange differences on translation of foreign financial statements	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	
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
Total consolidated profit	-	-	-	-	-	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(13)										
Legal reserve	-	-	-	-	9,161	(9,161)	-	-		-
Cash dividends	-	-	-	-	-	(86,575)	-	-		(86,575)
Disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	-	(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
Total consolidated profit	-	-	-	-	-	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(13)										
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 consolidated financial statements.

PROFESSIONAL COMPUTER TECHNOLOGY LIMITED AND SUBSIDIARIES
CONSOLIDATED 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
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax		\$ 201,835	\$ 192,294
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(6)(7)(8)(19)	6,946	6,912
Amortisation	6(19)	1,942	1,594
Expected credit impairment (gain) loss	12(2)	(3,439)	95
(Gain) loss on lease modification	6(7)(17)	(701)	425
Interest expense	6(18)	4,131	2,598
Interest income	6(15)	(6,753)	(786)
Dividend income	6(16)	(25,585)	(17,220)
Changes in assets/liabilities relating to operating activities			
Changes in assets relating to operating activities			
Notes receivable, net		7,953 (	11,725)
Accounts receivable, net		74,944	290
Accounts receivable - related parties, net	(	742)	7,047
Other receivables - related parties		6,646 (	6,067)
Inventories	(	271,833)	(197,587)
Other current assets		9,718 (	6,794)
Changes in liabilities relating to operating activities			
Contract liabilities	(	4,504)	1,735
Notes payable		5,381	686
Accounts payable		82,367	78,541
Accounts payable - related parties	(	173,100)	46,814
Other payables	(	1,239)	18,256
Other current liabilities		2,414 (	1,814)
Accrued pension liabilities	(	722)	(2,688)
Cash (outflow) inflow generated from operations	(	84,341)	112,606
Interest received		6,395	791
Dividends received		25,585	17,220
Interest paid	(	4,283)	(2,235)
Income tax paid	(	26,897)	(14,637)
Net cash (used in) provided by operating activities	(	83,541)	113,745
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of non-current financial assets at fair value through other comprehensive income		-	172
Increase in current financial assets at amortised cost	(	43,281)	(37,518)
Decrease in current financial assets at amortised cost		40,695	15,949
Acquisition of property, plant and equipment	6(6)	(1,006)	(1,388)
(Increase) decrease in guarantee deposits paid	(	88)	231
Increase in other non-current financial assets	(	351)	(332)
Increase in other non-current assets	(	2,885)	(833)
Net cash used in investing activities	(	6,916)	(23,719)
CASH FLOWS FROM FINANCING ACTIVITIES			
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
Return of principal of lease liabilities	6(23)	(4,044)	(4,882)
Distribution of cash dividends	6(13)	(144,291)	(86,575)
Net cash provided by financing activities		90,488	134,888
Effect of exchange rate changes on cash and cash equivalents		77,661 (	22,448)
Net increase in cash and cash equivalents		77,692	202,466
Cash and cash equivalents at beginning of year		494,965	292,499
Cash and cash equivalents at end of year	\$	572,657	\$ 494,965

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

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

1. HISTORY AND ORGANIZATION

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 and its subsidiaries (collectively referred herein as the “Group”) are 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 consolidated 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 IFRS Standards 2018 - 2020	January 1, 2022

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

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

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

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 Group's financial condition and financial performance based on the Group'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 Group's financial condition and financial performance based on the Group's assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the

Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”).

(2) Basis of preparation

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

(3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements:
 - (a) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
 - (b) Significant inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
 - (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
 - (d) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or

losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2022	December 31, 2021	
The Company	Excellence International Holding Corporation (EIHC)	Investment holdings	100	100	
The Company	Asia PCT Group Limited (APG)	Distribution and sales of electronic components	100	100	
EIHC	Silicon Professional Technology Ltd. (SPT-BVI)	Investment holdings	100	100	
EIHC	Silicon Professional Technology Hong Kong Ltd. (SPT-HK)	Distribution and sales of electronic components	100	100	
SPT-BVI	Silicon Professional Tech. (China) Ltd.	Distribution and sales of electronic components	100	100	

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

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

E. Significant restrictions: None.

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

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in NTD, which is the Company's functional and the Group's 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 all the group entities 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.

(5) 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.

(6) 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.

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

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to 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 Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value. The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8) Financial assets at amortised cost

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

(9) Accounts and notes receivable

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

(10) Impairment of financial assets

For accounts receivable that have a significant financing component, at each reporting date, the Group 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 that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(11) Derecognition of financial assets

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

(12) 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.

(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 Group 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 Group. 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 Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is 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 plans

For defined contribution plans, 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 plans

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans 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 Group uses interest rates of government bonds (at the balance sheet date) instead.

- ii. Remeasurements arising on defined benefit plans 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 and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is 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. 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 Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is 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 Group 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 Group 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 recognised at a point in time after the services for providing assistance in product promotions have been provided.

(25) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group's chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments.

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

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

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

Revenue recognition on a net/gross basis

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

- A. The Group is primarily responsible for the provision of goods or services;
- B. The Group 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 Group 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 Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the

rapid technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net 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 \$764,348.

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	\$ 674	\$ 633
Checking accounts and demand deposits	236,141	217,829
Time deposits	335,842	276,503
	<u>\$ 572,657</u>	<u>\$ 494,965</u>

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

B. 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 amortised cost - current

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Time deposits with maturity over three months	\$ 40,104	\$ 37,518

A. The Group has no financial assets at amortised cost pledged to others. The Group transacts with a variety of financial institutions all with high credit quality, so it expects that the probability of counterparty default is remote.

B. 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 financial assets at amortised cost held by the Group was \$40,104 and \$37,518, respectively.

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

<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 Group 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 other comprehensive loss in relation to the financial assets at fair value through other comprehensive income are listed below:

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

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

(4) Notes and accounts receivable

	December 31, 2022	December 31, 2021
Notes receivable	\$ 5,761	\$ 12,969
Less: Allowance for uncollectible accounts	(60)	(38)
	<u>\$ 5,701</u>	<u>\$ 12,931</u>
Accounts receivable	\$ 733,326	\$ 794,762
Less: Allowance for uncollectible accounts	(1,502)	(4,684)
	<u>\$ 731,824</u>	<u>\$ 790,078</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	\$ 593,095	\$ 5,761	\$ 645,192	\$ 12,969
Up to 30 days	137,583	-	145,677	-
31 to 60 days	2,487	-	2,778	-
61 to 90 days	23	-	1,103	-
Over 90 days	138	-	12	-
	<u>\$ 733,326</u>	<u>\$ 5,761</u>	<u>\$ 794,762</u>	<u>\$ 12,969</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 \$739,087, \$807,731, and \$800,092, respectively.

C. The Group 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 Group's notes and accounts receivable was \$5,701 and \$12,931, \$731,824 and \$790,078, respectively.

E. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(5) Inventories

December 31, 2022			
	Cost	Allowance for valuation loss	Book value
Work in progress	\$ 2,856	(\$ 2,856)	\$ -
Finished goods	284	-	284
Merchandise inventory	803,807	(39,801)	764,006
Inventory in transit	58	-	58
	<u>\$ 807,005</u>	<u>(\$ 42,657)</u>	<u>\$ 764,348</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	480,331	(7,927)	472,404
Inventory in transit	2,526	-	2,526
	<u>\$ 486,222</u>	<u>(\$ 8,003)</u>	<u>\$ 478,219</u>

The cost of inventories recognised as expense for the year:

	Year ended December 31,	
	2022	2021
Cost of goods sold	\$ 4,169,429	\$ 3,806,801
Loss on decline in market value	33,766	(6,101)
Loss on physical inventory	19	-
Loss on scrapping inventory	-	28
	<u>\$ 4,203,214</u>	<u>\$ 3,800,728</u>

A. The Group reversed a previous inventory write-down which was accounted for as reduction of cost of goods sold as certain obsolete and slow-moving inventories which were previously provided with allowance were subsequently sold.

B. The Group has no inventory pledged to others as collateral.

(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	\$ 15,919	\$ 13,642	\$ 111,627
Accumulated depreciation	-	(29,780)	(14,295)	(13,397)	(57,472)
	<u>\$ 6,597</u>	<u>\$ 45,689</u>	<u>\$ 1,624</u>	<u>\$ 245</u>	<u>\$ 54,155</u>
<u>2022</u>					
Opening net book amount as at January 1	\$ 6,597	\$ 45,689	\$ 1,624	\$ 245	\$ 54,155
Additions	-	-	1,006	-	1,006
Depreciation charge	-	(1,480)	(705)	(195)	(2,380)
Effect of foreign exchange	-	-	5	7	12
Closing net book amount as at December 31	<u>\$ 6,597</u>	<u>\$ 44,209</u>	<u>\$ 1,930</u>	<u>\$ 57</u>	<u>\$ 52,793</u>
<u>At December 31, 2022</u>					
Cost	\$ 6,597	\$ 75,469	\$ 8,899	\$ 12,743	\$ 103,708
Accumulated depreciation	-	(31,260)	(6,969)	(12,686)	(50,915)
	<u>\$ 6,597</u>	<u>\$ 44,209</u>	<u>\$ 1,930</u>	<u>\$ 57</u>	<u>\$ 52,793</u>
	Land	Buildings and structures	Office equipment	Other equipment	Total
<u>At January 1, 2021</u>					
Cost	\$ 13,578	\$ 97,769	\$ 14,124	\$ 13,668	\$ 139,139
Accumulated depreciation	-	(37,893)	(13,425)	(13,157)	(64,475)
	<u>\$ 13,578</u>	<u>\$ 59,876</u>	<u>\$ 699</u>	<u>\$ 511</u>	<u>\$ 74,664</u>
<u>2021</u>					
Opening net book amount as at January 1	\$ 13,578	\$ 59,876	\$ 699	\$ 511	\$ 74,664
Additions	-	-	1,388	-	1,388
Transfers	(6,981)	(12,641)	-	-	(19,622)
Depreciation charge	-	(1,546)	(460)	(257)	(2,263)
Effect of foreign exchange	-	-	(3)	(9)	(12)
Closing net book amount as at December 31	<u>\$ 6,597</u>	<u>\$ 45,689</u>	<u>\$ 1,624</u>	<u>\$ 245</u>	<u>\$ 54,155</u>
<u>At December 31, 2021</u>					
Cost	\$ 6,597	\$ 75,469	\$ 15,919	\$ 13,642	\$ 111,627
Accumulated depreciation	-	(29,780)	(14,295)	(13,397)	(57,472)
	<u>\$ 6,597</u>	<u>\$ 45,689</u>	<u>\$ 1,624</u>	<u>\$ 245</u>	<u>\$ 54,155</u>

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

B. The Group 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 Group leases various assets including business premises. 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. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Buildings	<u>\$ 4,128</u>	<u>\$ 6,528</u>
	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Buildings	<u>\$ 4,167</u>	<u>\$ 4,318</u>

C. For the years ended December 31, 2022 and 2021, the additions to right-of-use assets were \$2,532 and \$8,476, respectively.

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

	<u>Year ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 326	\$ 458
Expense on short-term lease contracts	1,516	2,620
Expense on leases of low-value assets	1,538	-
(Gain) loss on lease modification	(701)	425

E. For the years ended December 31, 2022 and 2021, the Company's total cash outflow for leases were \$7,098 and \$7,502, 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	-	(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	-	(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	2021
Rental income from investment property	\$ 805	\$ 991
Direct operating expenses arising from the investment property that generated rental income during the year	\$ 399	\$ 331

B. The fair value of the investment property held by the Group 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 year ended December 31, 2021 are provided in Note 6(6)B.

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

(9) Short-term borrowings

Type of borrowings	December 31, 2022	December 31, 2021
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) 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:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
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:

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
2022			
At January 1	\$ 46,937	(\$ 22,913)	\$ 24,024
Interest expense (income)	<u>324</u>	<u>(160)</u>	<u>164</u>
	<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	<u>553</u>	<u>-</u>	<u>553</u>
	<u>(1,343)</u>	<u>(1,747)</u>	<u>(3,090)</u>
Pension fund contribution	<u>-</u>	<u>(911)</u>	<u>(911)</u>
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 Group's subsidiaries in Mainland China and Hong Kong contribute to the statutory pension insurance or pension fund for their employees based on their wages and salaries in compliance with local laws and regulations. Other than the annual contributions, the entities have no further obligations.

(c) The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2022 and 2021 were \$8,311 and \$8,184, 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.

(11) 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 both 72,146 thousand shares.

(12) 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.

(13) 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 dividend in order to achieve a balance and stable dividend policy. However, the cash dividend shall not be less than 10% of the total amount of dividends.
- 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.
- F. On March 8, 2023, the Company's Board of Directors resolved 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.

(14) Operating revenue

	Year ended December 31,	
	2022	2021
Revenue from contracts with customers	\$ 4,606,554	\$ 4,186,600

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 Note 14 for revenue information classified by the brand types of major products.

B. Contract liabilities

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

	December 31, 2022	December 31, 2021	January 1, 2021
Contract liabilities	\$ 7,099	\$ 11,603	\$ 9,868

Revenue recognised from performance obligations satisfied in previous periods

	Year ended December 31,	
	2022	2021
Revenue recognised that was included in the contract liability balance at the beginning of the year		
Contract liabilities	\$ 11,603	\$ 9,868

(15) Interest income

	Year ended December 31,	
	2022	2021
Interest income from bank deposits	\$ 6,753	\$ 786

(16) Other income

	Year ended December 31,	
	2022	2021
Rental income	\$ 865	\$ 1,213
Dividend income	25,585	17,220
Management revenue	1,571	1,517
Others	4,441	17,127
	\$ 32,462	\$ 37,077

(17) Other gains and losses

	Year ended December 31,	
	2022	2021
Gain (loss) on lease modifications	\$ 701	(\$ 425)
Foreign exchange losses	(5,143)	(853)
	(\$ 4,442)	(\$ 1,278)

(18) Finance costs

	Year ended December 31	
	2022	2021
Interest expense	\$ 4,131	\$ 2,598

(19) Expenses by nature

	Year ended December 31	
	2022	2021
Employee benefit expense	\$ 182,081	\$ 178,279
Depreciation	\$ 6,946	\$ 6,912
Amortisation	\$ 1,942	\$ 1,594

(20) Employee benefit expense

	Year ended December 31	
	2022	2021
Wages and salaries	\$ 151,773	\$ 149,129
Labour and health insurance fees	10,019	9,262
Pension costs	8,476	8,499
Directors' remuneration	4,945	5,302
Other personnel expenses	6,868	6,087
	<u>\$ 182,081</u>	<u>\$ 178,279</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.

(21) 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	\$ 37,558	\$ 24,344
Tax on undistributed surplus earnings	330	-
Prior year income tax under (over) estimation	967	(4,786)
Total current tax	38,855	19,558
Deferred tax:		
Origination and (reversal of) provision for temporary differences	(3,749)	2,264
Total deferred tax	(3,749)	2,264
Income tax expense	\$ 35,106	\$ 21,822

(b) The income tax (charge)/credit relating to components of other comprehensive loss (income) 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	\$ 53,585	\$ 50,474
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	967	(4,786)
Income tax expense	\$ 35,106	\$ 21,822

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	<u>2,358</u>	<u>(2,358)</u>	<u>-</u>	<u>-</u>
	<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. On December 31, 2022, expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

Subsidiary-Silcon Professional Tech. (China) Ltd. (PCT-SZ)

December 31, 2022				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2018	Amount filed	\$ 31,099	\$ 31,099	2023
2019	Amount filed	5,250	5,250	2024
		<u>\$ 36,349</u>	<u>\$ 36,349</u>	
December 31, 2021				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2017	Amount filed	\$ 20,972	\$ 20,972	2022
2018	Amount filed	31,099	31,099	2023
2019	Amount filed	5,250	5,250	2024
		<u>\$ 57,321</u>	<u>\$ 57,321</u>	

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

(22) Earnings per share

Year ended December 31, 2022			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 166,729</u>	<u>72,146</u>	<u>\$ 2.31</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 166,729	72,146	
Assumed conversion of all dilutive potential ordinary shares: Employees' compensation	<u>-</u>	<u>887</u>	
Profit attributable to ordinary shareholders of the parent 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		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 170,472	72,146	\$ 2.36
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 170,472	72,146	
Assumed conversion of all dilutive potential ordinary shares: Employees' compensation	-	788	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 170,472	72,934	\$ 2.34

(23) Changes in liabilities from financing activities

	2022	
	Short-term borrowings	Lease liabilities
At January 1, 2022	\$ 235,529	\$ 6,692
Changes in cash flow from financing activities	239,471 (	4,044)
Others	-	1,295
At December 31, 2022	\$ 475,000	\$ 3,943

	2021	
	Short-term borrowings	Lease liabilities
At January 1, 2021	\$ 10,000	\$ 4,527
Changes in cash flow from financing activities	225,529 (	4,882)
Others	-	7,047
At December 31, 2021	\$ 235,529	\$ 6,692

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

The Company's shares are widely held, so there is no ultimate parent or controlling party.

(2) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
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

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

(3) Significant related party transactions

A. Operating revenue

	<u>Year ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Service revenue:		
Insyde	\$ 34,196	\$ 46,771

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

	<u>Year ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Purchases of goods:		
GREENLIANT	\$ 277,052	\$ 442,586

The purchase term is determined in accordance with the agreements, and the payment term is 65 days after the receipt of goods.

C. Receivables from related parties

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts receivable:		
Insyde	\$ 13,249	\$ 12,502
Other receivables:		
GREENLIANT	\$ -	\$ 723
Insyde	119	6,042
	<u>\$ 119</u>	<u>\$ 6,765</u>

Other receivables represent receivables and management revenue paid on behalf of other related parties.

D. Payables to related parties

	December 31, 2022	December 31, 2021
Accounts payable:		
GREENLIANT	\$ -	\$ 160,758

E. Other income

	Year ended December 31,	
	2022	2021
Other income:		
Insyde	\$ 1,991	\$ 16,540
Management fees revenue:		
Insyde	\$ 311	\$ 257
GREENLIANT	525	1,260
	\$ 836	\$ 1,517
Dividend income:		
Insyde	\$ 25,585	\$ 17,220

Other income pertained to the payment about the compensation of termination of agency.

(4) Key management compensation

	Year ended December 31	
	2022	2021
Short-term employee benefits	\$ 27,201	\$ 26,744
Post-employment benefits	851	833
	\$ 28,052	\$ 27,577

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	\$ 6,597	\$ 6,597	Guarantee for short-term borrowings and its comprehensive facilities
Buildings and structures	44,209	45,689	Guarantee for short-term borrowings and its comprehensive facilities
Time deposits (shown as "Other non-current assets")	2,467	2,447	Customs duty guarantee and performance guarantee
	\$ 53,273	\$ 54,733	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

- (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 Group's guarantee notes (promissory note) issued for purchases and short-term borrowings and guarantee for its comprehensive facilities are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
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(13)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	<u>\$ 407,385</u>	<u>\$ 408,369</u>
Financial assets at amortised cost		
Cash and cash equivalents	<u>\$ 572,657</u>	<u>\$ 494,965</u>
Financial assets at amortised cost	<u>40,104</u>	<u>37,518</u>
Notes receivable	<u>5,701</u>	<u>12,931</u>
Accounts receivable (including related parties)	<u>745,073</u>	<u>802,580</u>
Other receivables (including related parties)	<u>3,223</u>	<u>12,173</u>
Guarantee deposits paid	<u>1,462</u>	<u>1,374</u>
Other financial assets	<u>2,467</u>	<u>2,447</u>
	<u>\$ 1,370,687</u>	<u>\$ 1,363,988</u>

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Short-term borrowings	\$ 475,000	\$ 235,529
Notes payable	7,356	1,975
Accounts payable (including related parties)	463,497	526,501
Other payables	63,458	64,849
Guarantee deposits received	506	1,154
	<u>\$ 1,009,817</u>	<u>\$ 830,008</u>
Lease liability	<u>\$ 3,943</u>	<u>\$ 6,692</u>

B. Financial risk management policies

- (a) The Group'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 (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group'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 Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and RMB. Foreign exchange rate risk arises from future commercial transactions and recognised assets and liabilities.
- ii. Management has set up a policy to require group 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 Group 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 Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: USD and RMB). 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		Book value
	(in thousands)	Exchange rate	
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 28,750	30.71	\$ 882,923
USD:RMB	901	6.97	27,674
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	26,880	30.71	825,493
USD:RMB	900	6.97	27,647
December 31, 2021			
	Foreign currency amount		Book value
	(in thousands)	Exchange rate	
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 22,887	27.68	\$ 633,519
USD:RMB	1,070	6.37	29,618
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	23,915	27.68	661,969
USD:RMB	398	6.37	11,017

- iv. Refer to the following table for the details of unrealised exchange gain (loss) arising from significant foreign exchange variation on the monetary items held by the Group:

Year ended December 31, 2022			
Exchange gain (loss)			
Foreign currency amount (in thousands)		Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ -	- (\$	12,235)
USD:RMB	338	4.42	1,495
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	-	- (	6,018)
USD:RMB	101	4.42	446
Year ended December 31, 2021			
Exchange gain (loss)			
Foreign currency amount (in thousands)		Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ -	- \$	2,298
USD:RMB	(102)	4.34 (	443)
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	-	- (	2,840)
USD:RMB	(211)	4.34 (	916)

- 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	\$ -
USD:RMB	1%	277	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	8,255	-
USD:RMB	1%	276	-
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	\$ -
USD:RMB	1%	296	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	6,620	-
USD:RMB	1%	110	-

Price risk

- The Group'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 Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
- The Group'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 decreased/increased 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 Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.
- ii. The Group manages its credit risk taking into consideration the entire group's concern. For banks and financial institutions, only independently rated parties with good credit rating are accepted. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- iii. The Group 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 Group adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.
- vi. The Group classifies customer's accounts receivable in accordance with credit rating of customer. The Group applies the modified approach using a provision matrix to estimate expected credit loss.
- vii. The Group 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				
	P1/N1	P2/N2	P3/N3	T1/T2 (Note)	Total
Expected loss rate	0.025%~ 100.00%	0.025%~ 4.959%	0.025%~ 0.116%	0.116%	
Total book value	\$ 540,695	\$ 144,397	\$ 53,004	(\$ 4,770)	\$ 733,326
Loss allowance	\$ -	\$ 1,313	\$ 187	\$ 2	\$ 1,502

Note: Due to sales returns, the total book value is negative.

<u>At December 31, 2021</u>	Groups of customers' credit rating				
	P1/N1	P2/N2	P3/N3	T1/T2	Total
Expected loss rate	0.02%~ 19.59%	0.02%~ 100%	0.02%~ 0.09%	0.02%~ 0.09%	
Total book value	\$ 466,447	\$ 258,141	\$ 70,053	\$ 121	\$ 794,762
Loss allowance	\$ -	\$ 2,581	\$ 2,102	\$ 1	\$ 4,684

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 Group 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	\$ 4,684	\$ 38	\$ 4,722
(Reversal of) provision for impairment loss	(3,461)	22	(3,439)
Effect of foreign exchange	279	-	279
At December 31	\$ 1,502	\$ 60	\$ 1,562

	2021		
	Accounts receivable	Notes receivable	Total
At January 1	\$ 4,715	\$ 9	\$ 4,724
Provision for impairment	66	29	95
Effect of foreign exchange	(97)	-	(97)
At December 31	\$ 4,684	\$ 38	\$ 4,722

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times.
- ii. The table below analyses the Group'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
Short-term borrowings	\$ 431,221	\$ 45,299	\$ -
Notes payable	7,356	-	-
Accounts payable (including related parties)	363,636	99,861	-
Lease liability	1,200	1,699	1,119
Other payables	63,458	-	-

Non-derivative financial liabilities:

December 31, 2021

	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years
Short-term borrowings	\$ 235,908	\$ -	\$ -
Notes payable	1,975	-	-
Accounts payable (including related parties)	473,877	52,624	-
Lease liability	1,154	3,462	2,486
Other payables	64,849	-	-

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

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

(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 Group'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 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	\$ 407,385	\$ -	\$ -	\$ 407,385

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	\$ 408,369	\$ -	\$ -	\$ 408,369

D. For the instruments that the Group used market quoted prices as their fair values (that is, Level 1), the Group 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

(The transactions with consolidated subsidiaries have been written off when preparing consolidated financial statements. The information listed below is for reference.)

(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 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

(1) General information

The Group has four reportable segments. As described below, these segments are the Group's strategic operation units. Each strategic operation unit provides different products and services, and is managed separately due to different product types, manufacturing processes, resource uses, customer types, distribution method and business activities. The Group's Chief Operating Decision-Maker at least each quarter reviews the internal management report of each strategic operation unit. The operating business of each reportable segment of the Group is summarised as follows:

A. Own brand: Includes purchase of raw materials, OEM and sales.

B. Agent brand: Includes purchase and sales of merchandises.

C. Channels: Includes logistics services.

D. Other segments: Includes investment business and sales of other products.

Aforementioned operating segments are disclosed in line with the quantitative thresholds that complies with IFRS 8, if the segment does not exceed the quantitative thresholds, then consolidated report as 'other segments'.

(2) Measurement of segment information

The accounting policies of the operating segments are in agreement with the significant accounting policies summarised in Note 4. The consolidated company's segment profit (loss) is measured with the operating profit (loss), which is used as a basis in assessing the performance of the operating segments.

(3) Segment information

The segment information provided to the chief operating decision-maker for the reportable segments is as follows. However, the measured amount of segment assets and segment liabilities is not provided to the chief operating decision-maker for managing segment, so they are not disclosed.

	Year ended December 31, 2022					
	Own brand	Agent brand	Channels	All other segments	Adjustment and elimination	Total
Revenue from external customers	\$ 243	\$ 3,837,593	\$ 768,718	\$ -	\$ -	\$ 4,606,554
Inter-segment revenue	-	623,958	1,364,920	-	(1,988,878)	-
	<u>\$ 243</u>	<u>\$ 4,461,551</u>	<u>\$ 2,133,638</u>	<u>\$ -</u>	<u>(\$ 1,988,878)</u>	<u>\$ 4,606,554</u>
Segment income (loss)	<u>(\$ 10,037)</u>	<u>\$ 163,634</u>	<u>\$ 17,698</u>	<u>(\$ 102)</u>	<u>\$ -</u>	<u>\$ 171,193</u>
Segment income (loss), including:						
Depreciation and amortisation	<u>\$ 265</u>	<u>\$ 8,623</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,888</u>

Year ended December 31, 2021						
	Own brand	Agent brand	Channels	All other segments	Adjustment and elimination	Total
Revenue from external customers	\$ 535	\$ 3,805,744	\$ 380,321	\$ -	\$ -	\$ 4,186,600
Inter-segment revenue	-	489,957	1,067,903	-	(1,557,860)	-
	<u>\$ 535</u>	<u>\$ 4,295,701</u>	<u>\$ 1,448,224</u>	<u>\$ -</u>	<u>(\$ 1,557,860)</u>	<u>\$ 4,186,600</u>
Segment income (loss)	<u>(\$ 9,747)</u>	<u>\$ 150,313</u>	<u>\$ 17,825</u>	<u>(\$ 84)</u>	<u>\$ -</u>	<u>\$ 158,307</u>
Segment income (loss), including:						
Depreciation and amortisation	<u>\$ 269</u>	<u>\$ 8,239</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,508</u>

(4) Reconciliation for segment income (loss)

The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income. A reconciliation of the income/(loss) before tax from continuing operations in current year is provided as follows:

	Year ended December 31,	
	2022	2021
Reportable segments income/(loss)	\$ 171,193	\$ 158,307
Other gains and losses	30,642	33,987
Profit from continuing operations before tax	<u>\$ 201,835</u>	<u>\$ 192,294</u>

(5) Information on products and services

Details of revenue are as follows:

	Year ended December 31,	
	2022	2021
DisplayLink	\$ 1,221,543	\$ 1,238,117
Image processor-SONIX	786,267	675,729
Greenliant	842,282	476,829
MCHP	655,232	548,122
Gigadevice	323,295	264,769
SSL	160,997	108,919
Genesys	127,155	-
Airoha	84,336	285,928
Flash memory-SST	69,118	77,904
Chrontel	64,411	61,902
Service revenue	34,597	54,129
Others	237,321	321,628
	<u>\$ 4,606,554</u>	<u>\$ 801,491</u>

(6) Geographical information

Geographical information for the years ended December 31, 2022 and 2021 is as follows:

	Year ended December 31			
	2022		2021	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	\$ 662,979	\$ 71,334	\$ 560,990	\$ 72,901
Mainland China	2,773,477	4,479	3,046,808	7,073
Thailand	407,356	-	142,125	-
Germany	166,945	-	92,480	-
Japan	264,253	-	85,406	-
America	153,032	-	76,406	-
Others	178,512	-	182,385	-
	<u>\$ 4,606,554</u>	<u>\$ 75,813</u>	<u>\$ 4,186,600</u>	<u>\$ 79,974</u>

(7) Major customer information

Major customer information of the Company for the years ended December 31, 2022 and 2021 is as follows:

	Year ended December 31			
	2022		2021	
	Revenue	Segment	Revenue	Segment
Customer A	\$ 401,455	Agent brand	\$ 100,512	Agent brand
Customer B	289,795	Agent brand	299,689	Agent brand
Customer C	270,039	Agent brand	195,063	Agent brand

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

Collateral																					
No. (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the year ended December 31, 2022 (Note 3)		Balance at December 31, 2022 (Note 8)	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		Item	Value	Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 7)	Footnote
					31, 2022 (Note 3)	December 31, 2022 (Note 8)					(Note 5)	(Note 6)	(Note 7)		(Note 7)						
1	Excellence International Holding Corporation	Professional Computer Technology Limited	Other receivables due from related parties	Yes	\$ 138,195	\$ 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 and Subsidiary

Provision of endorsements and guarantees to others

Year ended December 31, 2022

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Party being endorsed/ guaranteed													
Number (Note 1)	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 (Note 6)	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		Footnote
											endorsements/ guarantees by parent company to subsidiary (Note 7)	endorsements/ guarantees by subsidiary to parent company (Note 7)	
0	Professional Computer Technology Limited	Asia PCT Group Limited	4	\$ 314,137	\$ 250,000	\$ 250,000	\$ 16,344	\$ -	15.92	\$ 785,342	Y	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	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 Lending 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 and Subsidiary

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

December 31, 2022

Expressed in thousands of NTD
(Except as otherwise indicated)

Table 3

		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
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

Professional Computer Technology Limited and Subsidiary

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	Percentage of total purchases (sales)		Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
			Purchases (sales)	Amount						
Professional Computer Technology Limited	Silicon Professional Technology Hong Kong Ltd.	Sub-subsidiary	Purchases	\$ 421,244	13	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	-	-	
Asia PCT Group Limited	Professional Computer Technology Limited	Parent company	Purchases	439,997	33	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	(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 and Subsidiary

Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more

December 31, 2022

		Overdue receivables				Expressed in thousands of NTD (Except as otherwise indicated)	
Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2022	Turnover rate	Amount		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 and Subsidiary
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 receivable	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 transactions 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 and Subsidiary

Information on investees

Year ended December 31, 2022

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

		Initial investment amount		Shares held as at December 31, 2022				Investment income (loss) recognised by the Company for the year ended December 31, 2022	Footnote
Investor	Investee	Location	Main business activities	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
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
Excellence International Holding Corporation	Silicon Professional Technology Ltd.	British Virgin Islands	Investment business	350,401	350,401	11,410	100	93,826 (	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

Professional Computer Technology Limited and Subsidiary
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		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	Net loss of investee for the year ended December 31, 2022	Ownership held by the Company (direct or indirect)	Investment loss recognised by the Company for the year ended December 31, 2022 (Note 2)	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
Silicon Professional Asia Corp. SH Ltd.	Trading of general electronic components	\$ -	2	\$ 173,819	\$ -	\$ 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 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	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	
	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)	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Professional Computer Technology Limited	\$ 358,079	\$ 358,079	\$ 358,079	\$ 942,411

Professional Computer Technology Limited and Subsidiary

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%

註: (1) 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.
The share capital which was recorded on the financial statements may be different from the actual number of shares in dematerialised form due to the difference of calculation basis.
(2) 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.

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

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

Opinion

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

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

Basis for opinion

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

Key audit matters

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

Key audit matters for the Group's 2022 consolidated financial statements are stated as follows:

Evaluation of allowance for inventory valuation losses

Description

Refer to Note 4(12) for accounting policies on inventories, Note 5(2) for uncertainty of accounting estimates and assumptions in relation to inventory valuation, and Note 6(5) for details of inventories. As at December 31, 2022, the Group's total inventories and allowances for inventory valuation losses amounted to NT\$807,005 thousand and NT\$42,657 thousand, respectively.

The Group 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 Group 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 Group uses judgements to determine the net realisable value resulting in a high degree of estimation uncertainty and calculation complexity. Considering the Group'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 Group 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 year 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 Group 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 Group's trading counterparties are mostly whom has a long-term business partnership with the Group, 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 Group a key audit matter.

How our audit addressed the matter

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

1. Assessed and tested the revenue cycle and performed tests to determine the Group direct revenue process is followed by the internal control procedures.
2. Verified the related industry background information in respect of the significant customers.
3. Sampled transactions of operating revenue, validated orders, sales invoice and receipts from customers, and examined the customers are consistent with the consignees.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of Professional Computer Technology Limited as at and for the years ended December 31, 2022 and 2021.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

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

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

Auditors' responsibilities for the audit of the consolidated financial statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk

of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Andy Liao

Chen, Ching Chang

For and on behalf of PricewaterhouseCoopers, Taiwan

March 8, 2023

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

			December 31, 2022		December 31, 2021	
			Amount	%	Amount	%
Assets						
Notes						
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		<u>1,300,942</u>	<u>45</u>	<u>931,487</u>	<u>39</u>
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		<u>20,649</u>	<u>1</u>	<u>25,713</u>	<u>1</u>
2XXX	Total liabilities		<u>1,321,591</u>	<u>46</u>	<u>957,200</u>	<u>40</u>
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		<u>1,570,684</u>	<u>54</u>	<u>1,457,054</u>	<u>60</u>
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	Total liabilities and equity		<u>\$ 2,892,275</u>	<u>100</u>	<u>\$ 2,414,254</u>	<u>100</u>

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			
Items	Notes	2022		2021	
		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		<u>239,983</u>	<u>7</u>	<u>212,542</u>	<u>6</u>
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)	<u>3,284</u>	<u>-</u>	<u>(20)</u>	<u>-</u>
6000 Total operating expenses		<u>(170,478)</u>	<u>(5)</u>	<u>(163,114)</u>	<u>(5)</u>
6900 Operating profit		<u>69,505</u>	<u>2</u>	<u>49,428</u>	<u>1</u>
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)	<u>88,964</u>	<u>2</u>	<u>109,147</u>	<u>3</u>
7000 Total non-operating income and expenses		<u>115,800</u>	<u>3</u>	<u>129,104</u>	<u>4</u>
7900 Profit before income tax		<u>185,305</u>	<u>5</u>	<u>178,532</u>	<u>5</u>
7950 Income tax expense	6(22)	(18,576)	-	(8,060)	-
8200 Profit for the year		<u>\$ 166,729</u>	<u>5</u>	<u>\$ 170,472</u>	<u>5</u>
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		<u>89,704</u>	<u>3</u>	<u>(21,179)</u>	<u>-</u>
8300 Other comprehensive income (loss)		<u>\$ 91,192</u>	<u>3</u>	<u>\$ 149,709</u>	<u>(4)</u>
8500 Total comprehensive income for the year		<u>\$ 257,921</u>	<u>8</u>	<u>\$ 20,763</u>	<u>1</u>
Earnings per share (in dollars)	6(23)				
9750 Basic earnings per share		<u>\$ 2.31</u>		<u>\$ 2.36</u>	
9850 Diluted earnings per share		<u>\$ 2.28</u>		<u>\$ 2.34</u>	

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
	<u>\$ 475,000</u>	<u>\$ 235,529</u>
Interest rate range	<u>1.5%~1.9%</u>	<u>1%~1.1%</u>

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
	<u>\$ 20,649</u>	<u>\$ 25,134</u>

(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:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
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:

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
2022			
At January 1	\$ 46,937	(\$ 22,913)	\$ 24,024
Interest expense (income)	<u>324</u>	<u>(160)</u>	<u>164</u>
	<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	<u>553</u>	<u>-</u>	<u>553</u>
	<u>(1,343)</u>	<u>(1,747)</u>	<u>(3,090)</u>
Pension fund contribution	<u>-</u>	<u>(911)</u>	<u>(911)</u>
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			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit for the year	\$ 166,729	72,146	\$ 2.31
<u>Diluted earnings per share</u>			
Profit for the year	\$ 166,729	72,146	
Assumed conversion of all dilutive potential ordinary shares: Employees' compensation	-	887	
Profit plus assumed conversion of all dilutive potential ordinary shares	\$ 166,729	73,033	\$ 2.28

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

(24) Changes in liabilities from financing activities

	2022
	Short-term borrowings
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	\$ 475,000

	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	<u>\$ 625,000</u>	<u>\$ 714,471</u>

(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

Expressed in thousands of NTD
(Except as otherwise indicated)

Table 1

Collateral																				
No. (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the year ended December 31, 2022 (Note 3)		Balance at December 31, 2022 (Note 8)	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	Item	Value	Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 7)	Footnote
					31, 2022	December					(Note 4)	(Note 5)	(Note 6)							
1	Excellence International Holding Corporation	Professional Computer Technology Limited	Other receivables due from related parties	Yes	\$ 138,195	\$ 138,195	\$ 138,195	\$ 138,195	-	2	\$	-	-	Capital needs	\$	-	\$	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)

Party being endorsed/ guaranteed													
Number (Note 1)	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 (Note 6)	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		Footnote
											endorsements/ guarantees by parent company to subsidiary (Note 7)	endorsements/ guarantees by subsidiary to parent company (Note 7)	
0	Professional Computer Technology Limited	Asia PCT Group Limited	4	\$ 314,137	\$ 250,000	\$ 250,000	\$ 16,344	\$ -	15.92	\$ 785,342	Y	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	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 Lending 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
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)	Percentage of total notes/accounts receivable
Professional Computer Technology Limited	Silicon Professional Technology Hong Kong Ltd.	Sub-subsidary	Purchases	\$ 421,244	13	63
Silicon Professional Technology Hong Kong Ltd.	Greenliant Operations, Ltd.	The Company's director is the company's representative (Note)	Purchases	277,052	18	-
Asia PCT Group Limited	Professional Computer Technology Limited	Parent company	Purchases	439,997	33	33
Asia PCT Group Limited	Silicon Professional Technology Hong Kong Ltd.	Same ultimate parent company	Purchases	399,155	30	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	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)

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

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		Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Remitted to Mainland China	Remitted back to Taiwan	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	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended 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 investing 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	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	
	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)	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Professional Computer Technology Limited	\$ 358,079	\$ 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		

Statement 4

Note 1: Number of shares is expressed in thousands.

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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	116,099	-	91,565 (Note)	-	-	500,000	100%	207,664	207,664
		<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	Yunta 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	"	
		\$ 475,000					

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
		<u>9,482</u>	
		<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	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.

Professional Computer Technology Limited.

Chairman: Fu, Chiang-Sung