Stock code: 8084

Chip Hope Co., Ltd.

2022 Annual Report

Date of Publication: April 20, 2023

Websites for Inquiring into the Annual Report

Market Observation Post System

http:// mops.twse.com.tw

Company Website

http:// www.chiphope.com

I. Spokesperson

Name: Cheng, Yueh-Min

Title: Deputy General Manager

Telephone: (02)8227-1166

Email: lorna@chiphope.com

Deputy Spokesperson

Name: Peng, Tung-Feng

Title: CFO

Telephone: (02)8227-1166

Email: pengtony@chiphope.com

II. Contact Information of Headquarters, Branches, and Plants

Headquarters

Address: Rm. 1, 9F., No. 258, Liancheng Rd., Zhonghe Dist., New Taipei City, Taiwan

Telephone: (02)8227-1166

Branches and Plants

None

III. Contact Information of Stock Transfer Agent

Name: Transfer Agency Department of CTBC Bank Co., Ltd.

Address: 5F., No. 83, Sec. 1, Chongqing S. Rd., Zhongzheng Dist., Taipei City, Taiwan (R.O.C.)

Website: www.ctbcbank.com.tw

Telephone: (02) 6636-5566

IV. CPAs for Financial Statements of the Most Recent Fiscal Year:

Name of CPAs: Wan, Yi-Tung, Chang, Chien-Ling

Accounting Firm: RSM Taiwan

Address: No. 63, Dingxiang St., Sanmin Dist., Kaohsiung City, Taiwan (R.O.C.)

Website: www.rsm.tw

Telephone: (07)359-0669

V. Overseas Securities Exchange Where Securities are Listed and Method of Inquiry: None

VI. Company Website: www.chiphope.com

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Chapter 1. Letter to Shareholders

I. 2022 Operational Report

(I) Implementation Results of the Business Plan

The Company's operating revenue for 2022 was NT$1,159,106, an increase of NT$307,233 from NT$851,873 in 2021. The pre-tax net profit in 2022 was NT$61,015, an increase of NT$125,414 from NT$64,399 in 2021.

In 2022, the Company's main products included “memory and application IC”, “catering” and IC for medical equipment and hearing aids.

“Memory and application IC” products were mainly sold to Hong Kong and Southeast China. With the relief of the pandemic in 2022, and China’s gradually opening of its borders, the operating revenue in 2022 increased by 17.16% compared to the previous year.

The operating revenue from “catering” increased by 42.59% in 2022 compared to the previous year, mainly due to the relief of the pandemic, the opening for eat-in, and the recovery of the customer flow. The gross profit rate was about 47%.

The operating revenue of medical-related products increased by NT$96,029,000 from the previous year, and the gross profit rate was about 48%.

To sum up, the sales of all the above products increased compared with that in 2021, and the gross profit rate grew to 16.00%.

(II) Research and Development

The Company’s main businesses include trading "memory and application IC" products, manufacturing and selling medical equipment and operating "restaurants".

In the sales of "memory and application IC” products, closed management was adopted worldwide due to the COVID-19 pandemic, leading to a rise in remote work such as home office and on-line conferences. At schools, remote teaching was adopted to avoid the risk of cluster infection, promoting the upgrade of cloud network operators and expansion of data center hardware and software equipment. To meet the market demand, in addition to closely tracking the latest updates of product specifications at any time, we also actively contacted manufacturers distributing NAND Flash chips to make storage memories for SSD, so that the Company's products can meet the market needs.

In the manufacturing and sales of "medical equipment", due to the high dependence on 3C products, the average age of people suffering a loss is becoming younger, which means an increasing number of people need to get help with hearing. Therefore, the Company actively upgrades its technology to ensure low distortion degree and sound quality in different environments through improving the signal processing speed and noise reduction function, so as to improve the user's hearing compensation and increase the auditory quality of human voice signal, and improve the wearing comfort and experience. The Company also designed air-guide and bone-guide hearing aids and other products to meet users’ different needs and provide the hearing-impaired people a variety of choices.

In the “restaurant” operation, the Company developed new product combinations, selected favorable operation locations, and took increasing operating revenue as the goal of the management.

II. Overview of 2022 Operating Plan

(I) Operational Policy

In the aspect of "memory and application IC", the pursuit of high-frequency width and high computing speed in the big data era, the consideration of power saving and durability, and the dispersion and diversity of products are development trends of memory in the future, and in particular, the advent of the 5G era, has pushed the demand for server replacement to a historic high. In addition to servers, memories are also used in electronic products such as digital cameras, voice recorders, mobile phones, digital TVs, game consoles, smart home appliances, and portable power supplies. At present, most of our customers are in the mobile phone and game console industries. In the future, we wish to develop new customers in the fields of high-computing-speed servers and smart home appliances.

In the "medical equipment", with the increase in human longevity, people are increasingly dependent on 3C products, and more people need help with hearing. According to the estimation of the World Health Organization, more than 900 million people worldwide will have disabling hearing loss by 2050. In addition, the U.S. Government has officially announced that all major medical device companies and distributors could sell OTC hearing aids from 2020. The clear market opportunity will bring a demand explosion for hearing aids.

In the customer source of “catering”, except for further developing the Greater Taipei Area and expanding consuming groups, the Company is also expanding outside the city to open new restaurants in places with higher consumption ability and more customers to increase the operating revenue. In terms of products, in addition to satisfying consumers' tastes and providing customized products, we also strive to unify the taste of fine snacks, so that consumers can enjoy the same delicious snacks in different stores. We also provide frozen-cooked food for people to enjoy the skills of chefs at home.

In conclusion, the Company takes continuing to expand the customer bases for its products as well as the range and depth of the product application as its sales policy.

(II) Important production and marketing policy

Sign long-term supply agreements with upstream suppliers to ensure the stability of raw material sources.

Keep close contact with existing customers and grasp the customers’ consumption trend so as to provide the most needed products.

Pay close attention to the trend of overseas market, and accurately grasp the link between the local government's implementation plan and the Company's product development, so as to effectively obtain first-hand business opportunities.

III. Future development strategy

Continue to expand and promote the healthy development of product revenue structure, integrate the data to analyze customer needs, connect upstream and downstream to drive the supply chain management, and innovate business models to provide customers with higher value-added services.

IV. Impact of the external competitive environment, the legal environment, and the overall operating environment

In the second half of 2022, the control on borders were gradually loosened and the domestic market for people's livelihood were released. However, the Company will face an increased risk of price-cutting competition in 2023 due to multiple challenges such as continued global inflation and pressure from interest-rate hike pressure, the ongoing Ukraine-Russia war, the economic slowdown in China, the renewed US-China technology dispute and the increasing impact of climate change. Facing import/export and consumption restrictions imposed by the local government or environment, the Company can only retain existing customers and attract new customers by increasing the diversification of products, launching new products, implementing on-line platforms and strengthening after-sales services.

Chairman:	Manager:	Chief Accounting Officer:
Cheng, Yuan-Ching	Liu, Yi-Chang	Peng, Dong-Feng

Chapter 2. Company Profile

I. Date of Incorporation: December 6, 1993

II. Company History

1993
- Chip Hope Co., Ltd. was established, with a paid-in capital of NT$ 5,000,000.
- Acting as the agent of Hualon Microelectronics Company, it sold consuming IC and PC IC products of the Hualon.

1994
- Acting as the agent of ELAN Microelectronics Corp., it sold 4-bit micro-controllers, communication IC products and PC IC products.
- Conducted a capital increase in cash of NT$3,000,000, and the paid-in capital increased to NT$8,000,000.

1999
- Its annual performance reached NT$ 500,000,000 for the first time.
- Purchased the office building at Jen-ai Road, Taipei City.
- Conducted a capital increase in cash of NT$30,000,000, and the paid-in capital increased to NT$38,000,000.
- Developed wireless phones of 45MHZ, 48/46MHZ, 49MHZ, 900MHZ and 2.4GHZ as well as the IC of caller ID TYPEI.

2000
- Conducted a capital increase in cash of NT$112,000,000, and the paid-in capital increased to NT$150,000,000.
- Organized R&D personnel to research and develop mobile phone chargers.
- The Company was honored as Excellent Export and Import Factory by the Economics Department, ranking 74th in export growth rate (123%).

2001
- Invested in Hong Kong Joint Harvest Industries Limited.
- Developed 27MHZ, 400MHZ, 900MHZ and 2.4GHZ RF modules.

2002
- Conducted a capital increase in cash of NT$20,000,000 and transferred NT$40,000,000 of surplus to capital, and the paid-in capital increased to NT$210,000,000.
- Developed PDA software and hardware platform, translator IC and dual-mode software decoder software.

2003
- Invested in Shenzhen Chip Hope Micro-Electronics Ltd. in Mainland China
- Purchased a new office at Liancheng Road, Zhonghe District, New Taipei City, and moved into the office in April of the same year.
- Registered its shares as emerging stock in the Securities

Counter Trading Center in March.

- Applied to list in the Securities Counter Trading Center in June.
- Being approved to list in the Securities Counter Trading Center in September.
- Transferred surplus to capital, and the paid-in capital increased to NT$250,000,000 in October.

2004
- Listed in the Securities Counter Trading Center on March 8.
- Initially issued domestic unsecured convertible corporate bonds of NT$150,000,000 in August.
- Established the Photoelectric Business Group and the Memory Business Group in August.
- Increased the capital of its subsidiary Joint Harvest Industries Limited by NT$21,772,000 in December.

2005
- Passed ISO9001: 2000 certification in July.
- Supplied LED flash lens to Sonyericsson.
- Mass production and sales of flash memory card (including SD, CF, mini and micro series products).
- Transferred surplus to capital, and the paid-in capital increased to NT$294,492,000 in September.
- Increased the capital of its subsidiary Joint Harvest Industries Limited by NT$21,058,000 in December.

2006
- Implemented treasury stock in April.
- Transferred surplus to capital, and the paid-in capital increased to NT$321,908,000 in September.
- Signed distribution contract with Japanese distributor ELECOM CO., LTD. in December.

2007
- Shenzhen Chip Hope Micro-Electronics Ltd. and Spreadtrum Communications (Shanghai) Co., Ltd. signed GSM/GPRS Technical Cooperation Agreement in May.
- Conducted a capital increase in cash of NT$70,000,000, and the paid-in capital increased to NT$404,004,000 in September.

2008
- In January, the mainland subsidiary independently designed and developed mobile phone products, and assisted customers in mass production.
- Received the order of optical and LED electronic ODM from a New York design company to supply the table lamp of different styles for Modern Art Museum, New York in March.
- Became a preferred supplier of solar energy and LED speed limit signs for the Australian government and schools in May, and the products were shipped to Sydney schools for installation in June.
- Signed an NDA with an American mobile phone chip factory, and started the research and development of Android system for smartphone in May.
- Implemented treasury stock in July.

- Completed the street lamp trial installation program in Quebec, Canada, and became a qualified supplier in July.
- Completed the trial installation for the India street lamp advertising cooperation project in August.
- Completed the prototype of smart phone M2 in November.
- Completed the lighting project of the shopping mall parking lot in Poland in December.

2009
- Received an order of optical and LED electronic ODM working table lamps from an American office furniture design company in February.
- Enhanced the design and function of the smartphone M3 in February, and conducted trial production at the end of May.
- Completed the installation of the LED light beam project of YMCA Building in Singapore in March.
- Completed the installation of the LED light box for Standard Chartered Bank Singapore in May.
- Received the order for the design and development of Japanese Citizen LED LENS and HOLDER in August.
- Increased the capital of its subsidiary Joint Harvest Industries Limited by NT$79,991,000 in September.
- Began mass production of Android mobile phone A60 in December.

2010
- Publicly offered shares of the Company are all converted to uncertificated shares in June.
- Began mass production of Windows mobile phones using the Hysse K3 platform in June.
- Disposed of equipment assets and patent authorization of Photoelectric Division in August.
- Increased the capital of its subsidiary Joint Harvest Industries Limited by NT$61,508,000 in September.
- Began the mass production of the K300 phone in October.
- Started to develop dual 3G Android mobile phones in November.
- Signed platform authorization with InfoMax and started the development of ultra-low-price Android mobile phones in December.

2011
- Began to develop Android flagship models on the Qualcomm platform in February.
- Trial production of A80 dual 3G Android mobile phones in April.
- Trial production of A410 Android flagship models on the Qualcomm platform in May.
- Completed the development and integration of prototype data encryption mobile phone and encrypted microSD cards in June.
- Established SkySafe encryption product brand in October.
- Began mass production of K600 Dual SIM Dual Standby Android mobile phone in October.

- Held SkySafe media presentation in November.

2012
- Held SkySafe Hong Kong dealer establishment media presentation in February.
- Introduced MTK Android platform development plan in February.
- Increased new solar energy business in March.
- Signed A80S purchase contract with Taiwan channel customer in July.
- Signed D1 mobile phone development contract with European customers in August.
- Signed an NFC mobile phone customized contract with Chinese customers in the industry in October.

2013
- Introduced laser processing, research and development, and carried out R&D of the micro-machining process for the application of photoelectric glass and 3C product materials in March.
- Began to sell traffic recorders in April.
- Completed laser cutting research and development of ultra-thin glass in June.
- Completed the first phase of laser cutting research and development for Corning Gorilla Glass in July.
- Began to develop the optical filter BG IRCF in October.
- Successfully developed the laser cutting of the optical filter IRCF in December.
- Being ranked among the "Deloitte Technology Fast 500 Asia Pacific" in 2013
- Conducted private placement of 135,000,000 ordinary shares.

2014
- Established the joint venture Honglang Technology to develop high-toughened glasses laser cutting machine in July.

2015
- Conducted private placement of convertible bonds of NT$250 million in February.
- Invested to set up Huichu Investment Co., Ltd. to invest in the leisure industry in February.
- Completed the development of the high-toughened glass laser machine in March.
- Started to produce the fingerprint identification cover glass in October.
- Started to produce the fingerprint identification module in December.

2016
- Started to develop plasma products in November.

2017
- Invested and established Jufeng Hotel to enter the general hotel industry in March.
- Invested NT$252,000,000 to Jipin Seafood Restaurant in October.
- Increased the capital of its affiliated enterprise Lungshan

Company by NT$ 52,500,000 in December.

2018 · Increased the capital by NT$70,263,000 through the private placement of convertible corporate bonds in January.

· Increased the capital by NT$61,316,000 through private placement of convertible corporate bonds in March.

· Trading of shoe machine AI automation equipment in April.

2019 · Purchased 11% equity of Jipin Seafood in March.

2020 · Ended the liquidation of Jufeng Hotel in May.

· Disposed of 19.71% equity of the affiliated enterprise Longshan Company in September.

· Increased the capital by NT$24,197,000 through private placement of convertible corporate bonds in November.

· Opened “Jipin Boutique” in December.

2021 · Started medical devices sales business in March.

2022 · Opened “Jipin Zhubei” in January.

· Disposed of 29.57% equity of the affiliated enterprise Longshan Company in March.

· Obtained 0.52% equity of Intelligo company in May.

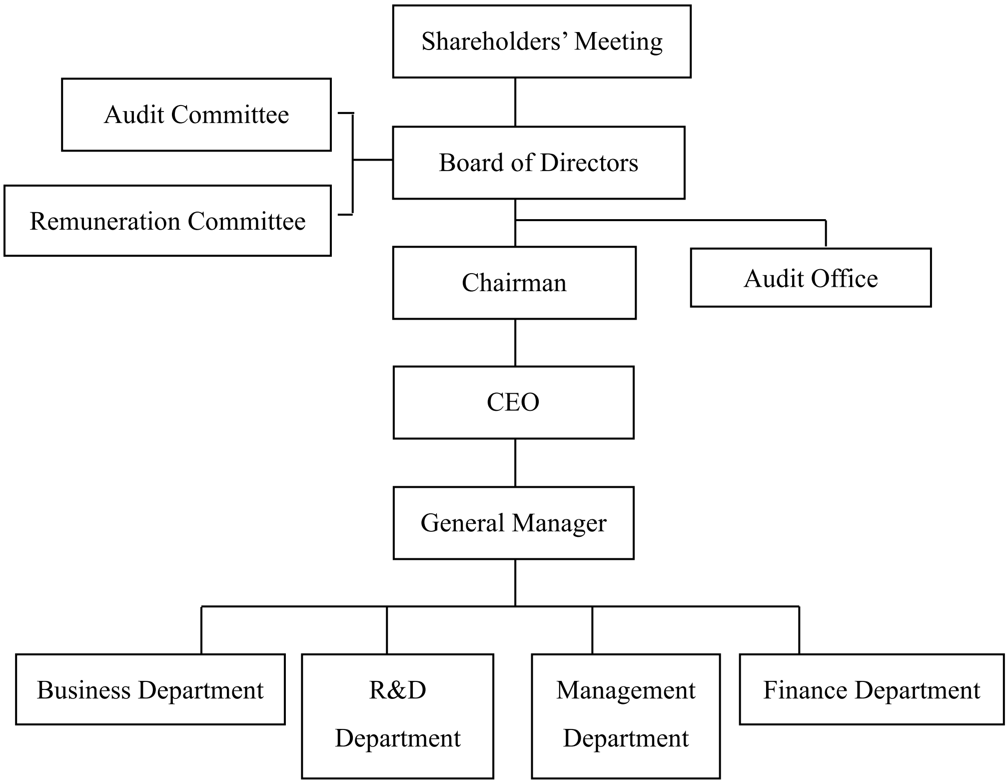
· Disposed of 100.00% equity of Huichu Company in September.

2023 · Disposed of 61.00% equity of the subsidiary Honglang Company in March.

Chapter 3. Corporate Governance Report

I. Organizational System

(I) Organizational Chart



(II) Business of Major Departments

Major Department	Functions
Business Department	Responsible for the production and sales of intelligent medical equipment and the collection of marketing data, sales and procurement of IC, memory and mobile phone peripheral products.
R&D Department	Responsible for software development and hardware design of medical equipment.
Management Department	Overall responsible for matters related to personnel, general affairs, warehouse management and information system.
Finance Department	Overall responsible for matters related to finance, accounting, taxation and services.

II. Information on the Company's Directors, Supervisors, General Manager, Deputy General Managers, Associate General Managers, and Supervisors of All the Company's Divisions and Branch Units

(I) Directors and Supervisors

1. Directors and Supervisors

April 1, 2023

Title (Note 1)	Nationality/ Place of Incorporation	Name	Gender and Age (Note 2)	Date Elected	Term (Years)	Date First Elected (Note 3)	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience and Education (Note 4)	Other Positions Concurrently Held at the Company or Other Companies	Executives, Directors or Supervisors Who are Spouses or Within the Second Degree of Kinship			Remarks (Note 5)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	R.O.C.	Cheng, Yuan-Ching	Female 61-70 y/o	2021.8.18	3	2002.3.05	4,784,483	6.88	3,784,483	5.44	314	0.00	0	0.00	Yi Ming Senior High School CFO of Chieh Man Co., Ltd.	CFO of Chip Hope Co., Ltd. Representative of Institutional Director of Jipin Seafood Co., Ltd.	Director	Cheng, Yueh-Min	Sisters	Increased one independent director
Director	R.O.C.	Hsiao, Kun-Hsien (Discharged on May 27, 2022)	Male 61-70 y/o	2021.8.18	3	2002.3.05	4,739,090	6.82	-	-	-	-	-	-	Department of Economics, Fu Jen Catholic University Business engineer of Hualon Microelectronics Corp.	General Manager of Chip Hope Co., Ltd. Representative of Institutional Director of Joint Harvest Industries Limited. Director of Shenzhen Chip Hope Micro-Electronics Ltd. Chairman of Honglang Technology Co., Ltd. Representative of Institutional Director of Jipin Seafood Co., Ltd.	–	–	–	2022.8.1 Resigned from the General Manager
Director	R.O.C.	Cheng, Yueh-Min	Female 51-60 y/o	2021.8.18	3	2002.3.05	2,887,037	4.15	2,687,037	3.87	0	0.00	0	0.00	Electronics Department of Minghsin University of Science and Technology Department Secretary of Hualon Microelectronics Corp.	Vice General Manager for Business of Chip Hope Co., Ltd. Director of Joint Harvest Industries Limited. Chairman of Jipin Seafood Co., Ltd. Chairman of Right Aim Limited.	Chairman	Cheng, Yuan-Ching	Sisters	Increased one independent director
Director	R.O.C.	Tung Chi Investment Limited.	—	2021.8.18	3	2021.8.18	3,180,000	4.57	3,180,000	4.57	0	0.00	0	0.00	—	—	–	–	–	
	R.O.C.	Representative: Liu, Yi-Chang	Male 51-60 y/o				0	0.00	0	0.00	0	0.00	0	0.00	Master of University of California, Los Angeles	General Manager of Chip Hope Co., Ltd. General Manager of Digit Mobile Inc. General Manager of Taiwan Electronic Packing Co, Ltd.	–	–	–	
Independent Director	R.O.C.	Hsu, Ya-Lin	Female 51-60 y/o	2021.8.18	3	2012.6.6	10,000	0.01	0	0.00	0	0.00	0	0.00	Department of Urban Affairs of Chinese Culture University Business Manager of Jih Sun Securities, Hsinchu Branch	None	–	–	–	
Independent Director	R.O.C.	King, Wen-Heng	Male 51-60 y/o	2021.8.18	3	2015.6.11	0	0.00	0	0.00	100,000	0.14	0	0.00	Economics Doctoral Student of University of British Columbia, Canada Master of Enterprise Management, Loyola University of the U.S. Bachelor of Engineering, National Central University Managing Director of Goldman Sachs	Independent Director of Kingston Technology Corporation Independent Director of Silergy Corp. Representative of Institutional Director of Golden Bridge Electech Inc. Chairman of Kashman Investment Co., Ltd.	–	–	–	
Independent Director	R.O.C.	Tsai, Ching-Feng	Male 41-50 y/o	2021.8.18	3	2021.8.18	0	0.00	0	0.00	0	0.00	0	0.00	Master of Enterprise Management, Chung Yuan Christian University Department of Accounting, Feng Chia University Director of Deloitte & Touche	Jingyu Certified Public Accountants	–	–	–	

Note 1: In the case of a corporate shareholder, the name of the corporate shareholder and its representative shall be listed respectively (if it is a representative of the corporate shareholder, the name of the corporate shareholder shall be indicated), and Table 1 below shall be filled in.
Note 2: Please list the actual age, which shall be expressed in an interval mode, such as 41-50 y/o or 51-60 y/o.
Note 3: Fill in the time when a director or supervisor is initially appointed by the Company, and note any interruption.
Note 4: Experience related to the current title, such as working for a certified public accounting firm or a related company during the preceding period, and the title and responsibilities thereof shall be stated.
Note 5: If the Chairman and General Manager or a person of equivalent position (top manager) are the same person, spouses or relatives, the reason, rationality, necessity and relevant countermeasures (such as increasing the number of independent directors, and no more than half of the directors concurrently serve as employees or managers, etc.) should be stated.

Table 1: When the Director and Supervisor are Corporate Shareholders, Major Shareholders of A Corporate Shareholder

April 25, 2023

Name of Corporate Shareholder (Note 1)	Major Shareholders (Note 2)
Tung Chi Investment Limited.	Liang, Ching-Kuo (100%)

2. Directors and Supervisors
   (1) Information of professional qualifications of directors and supervisors and independence of independent directors:

Criteria / Name	Professional Qualifications and Experience (Note 1)	Independence Status (Note 2)	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
Director: Cheng, Yuan -Ching	Having served as Chairman of the Company for more than 20 years, mainly responsible for the banking business. Rich experience in banking and finance practice.	1. Concurrently serving as the CEO of the Company, and a director with the title of manager. 2. Concurrently serving as the director of the Company's affiliated enterprise. 3. Holding 5.44% of the Company's shares.	None
Director: Hsiao, Kun-Hsien (Discharged on May 27, 2022)	Department of Economics, Fu Jen Catholic University, former Business Engineer of Hualon Microelectronics Corp., and has served as the general manager of the Company for 20 years. Rich experience in the fields of electronics and commerce.	1. Concurrently serving as the General Manager of the Company (resigned on August 1, 2022), and a director with the title of manager. 2. Concurrently serving as the Chairman of the Company's affiliated enterprise. 3. Holding 3.51% of the Company's shares.	None
Director: Cheng, Yueh-Min	Electronics Department of Minghsin University of Science and Technology, former Department Secretary of Hualon Microelectronics Corp., and the Company's Vice General Manager of Business. Experience in industry development and marketing.	1. Concurrently serving as the Company's Vice General Manager of Business, and a director with the title of manager. 2. Concurrently serving as the Chairman of the Company's affiliated enterprise. 3. Holding 3.87% of the Company's shares.	None
Director: Representative of Tung Chi Investment Limited.: Liu, Yi-Chang	Master of University of California, Los Angeles, former General Manager of Digit Mobile Inc., Taiwan Electronic Packing Co, Ltd., and Taiwan Electronic Packing Co, Ltd. General Manager of the Company's AI Business Department. Rich experience in R&D and sales of electronics products.	1. Representative and concurrently serving as the Company's Deputy General Manager, and a director with the title of manager. 2. Holding 4.57% of the Company's shares.	None
Independent Director: Hsu, Ya-Lin	Former Business Manager of Jih Sun Securities, Hsinchu Branch. Rich experience in financing practice.	1. Not a director, supervisor or employee of the Company or any of its affiliates. 2. No executives, directors or supervisors who are spouses or within the second degree of kinship (or in the name of others). 3. Not a director, supervisor or employee of any company that is specially related to the Company. 4. Not providing any business, legal, financial, or accounting services to the Company or its affiliated enterprises in the most recent two fiscal years.	None

Criteria / Name	Professional Qualifications and Experience (Note 1)	Independence Status (Note 2)	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
Independent Director: King, Wen-Heng	Economics Doctoral Student of University of British Columbia, Canada, and former Managing Director of Goldman Sachs. A well-known analyst in the electronics industry. Rich investment and analysis experience in the industry.	1. Not a director, supervisor or employee of the Company or any of its affiliates. 2. His spouse holds 0.14% of the Company's shares. 3. Not a director, supervisor or employee of any company that is specially related to the Company. 4. Haven't provided any business, legal, financial, or accounting services to the Company or its affiliated enterprises in the last 2 years.	2
Independent Director: Tsai, Ching-Feng	Master of Enterprise Management, and former associate general manager of Deloitte & Touche. He is currently a certified public accountant, and has rich professional and practical experience in accounting and financial analysis.	1. Not a director, supervisor or employee of the Company or any of its affiliates. 2. No executives, directors or supervisors who are spouses or within the second degree of kinship (or in the name of others). 3. Not a director, supervisor or employee of any company that is specially related to the Company. 4. Not providing any business, legal, financial, or accounting services to the Company or its affiliated enterprises in the most recent two fiscal years.	None

Note 1: Professional Qualifications and Experience: State the professional qualifications and experience of individual directors and supervisors. If they are members of the Audit Committee and have accounting or financial expertise, their accounting or financial background and work experience should be indicated.

Note 2: Independent directors shall state their independence, including but not limited to whether they, their spouse, or familial relationship within the second degree of kinship are the directors, supervisors or employees of the Company or its affiliated companies, the number and proportion of the Company's shares held in the name of another person; whether to serve as a director, supervisor, or supervisor of a Company that has a specific relationship with the Company (refer to the provisions of Article 3, Paragraph 1, Subparagraphs 5 to 8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies). Amount of remuneration received for providing business, legal, financial, accounting and other services to the Company or its affiliates in the last two years.

(2) Diversity and independence of the Board of Directors:

<u>Diversity of the Board of Directors:</u>

The Company has formulated the "Procedures for Election of Directors". It stipulates that members of the Board of Directors shall have the knowledge, skills and qualities necessary for the performance of their duties, and their overall abilities are as follows:

A. Business judgment.
B. Accounting and financial analytical skills.
C. Business management skills.
D. Crisis disposal skills.
E. Industry knowledge.
F. International market view.
G. Leadership.

The members of Company's Board of Directors, including 3 independent directors and 1 legal representative director, have the abilities of technical research, financial investment, industrial marketing and financial accounting. The implementation situations are as follows:

Diversified Indexes / Name of Director	Basic Information								Industrial Experiences				Professional Ability		
	Gender	Concurrent Employee of the Company	Age			Independent Director									
			41- 50 years old	51- 60 years old	61- 70 years old	Less than 3 years	3 to 9 years	Over 9 years	Manufacturing	Brand channel	Medical	Finance investment	Accountant	Information technology	Enterprise management
Cheng, Yuan-Ching	Female	ˇ			ˇ					ˇ		ˇ			ˇ
Hsiao, Kun-Hsien (Discharged on May 27, 2022)	Male	ˇ			ˇ					ˇ					ˇ
Cheng, Yueh-Min	Female	ˇ		ˇ						ˇ		ˇ			ˇ
Liu, Yi-Chang	Male	ˇ		ˇ					ˇ	ˇ	ˇ			ˇ	ˇ
Hsu, Ya-Lin	Female			ˇ				ˇ				ˇ			ˇ
King, Wen-Heng	Male			ˇ			ˇ					ˇ		ˇ	ˇ
Tsai, Ching-Feng	Male		ˇ			ˇ						ˇ	ˇ		ˇ

50% of the directors are concurrently an employee of the Company, and 50% of the directors are independent directors. The Company focuses on gender equality on the Board of directors, and female directors account for 50% of the total number of directors.

<u>Independence of the Board of Directors:</u>

The Company has established a director election system, and the procedures for election of all directors are open and fair, and comply with the provisions of the Company's Articles of Incorporation, Procedures for Election of Directors, Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies and Article 14-2 of the Securities and Exchange Act, etc. The Board of Directors is composed of 3 independent directors (50%) and 3 non-independent directors (50%). Two of the directors are within the second degree of kinship or a chairman concurrently holding the position of CEO. It plans to elect one more independent director in the 2023 annual general shareholders' meeting to improve its independence.

(II) Information on the General Manager, Deputy General Manager, Assistant General Manager, and Supervisors of Divisions and Branch Units

April 1, 2023

Title (Note 1)	Nationality	Name	Gender	Date Elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience and Education (Note 2)	Other Positions	Managers Who Are Spouses or Within the Second Degree of Kinship			Remarks (Note 3)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
CEO	R.O.C.	Cheng, Yuan-Ching	Female	2009.07.01	3,784,483	5.44	314	0.00	0	0.00	Yi Ming Senior High School CFO of Chieh Man Co., Ltd.	Representative of Institutional Director of Jipin Seafood Co., Ltd.	Deputy General Manager	Cheng, Yueh-Min	Sisters	Increased one independent director
General Manager (resigned on August 1, 2022)	R.O.C.	Hsiao, Kun-Hsien	Male	1993.12.06	2,439,090	3.51	0	0.00	0	0.00	Department of Economics, Fu Jen Catholic University Business engineer of Hualon Microelectronics Corp.	—	—	—	—	—
General Manager	R.O.C.	Liu, Yi-Chang	Male	2022.08.10	0	0.00	0	0.00	0	0.00	Master of University of California, Los Angeles General Manager of Digit Mobile Inc.	Chairman of Shenzhen Chip Hope Micro-Electronics Ltd.	—	—	—	—
Deputy General Manager	R.O.C.	Cheng, Yueh-Min	Female	2004.04.30	2,687,037	3.87	0	0.00	0	0.00	Electronics Department of Minghsin University of Science and Technology Department Secretary of Hualon Microelectronics Corp.	Director of Joint Harvest Industries Limited. Chairman of Jipin Seafood Co., Ltd. Chairman of Right Aim Limited.	CEO	Cheng, Yuan-Ching	Sisters	Increased one independent director
CFO	R.O.C.	Peng, Dong-Feng	Male	2020.03.13	20,000	0.03	0	0.00	0	0.00	Department of Accounting, Feng Chia University CFO of Hang Hsin Technology Co., Ltd.	—	—	—	—	—

Note 1: Include Information on the General Manager, Deputy General Manager, Assistant General Manager, and Supervisors of Divisions and Branch Units, and Person with Equivalent Position of the General Manager, Deputy General Manager, Assistant General Manager, Regardless of Title, Should Also Be Disclosed.

Note 2: Experience related to the current title, such as working for a certified public accounting firm or a related company during the preceding period, and the title and responsibilities thereof shall be stated.

Note 3: If the General Manager or a person of equivalent position (top manager) also holds the position of the Chairman, are spouses or relatives, the reason, rationality, necessity and relevant countermeasures (such as increasing the number of independent directors, and no more than half of the directors concurrently serve as employees or managers, etc.) should be disclosed.

III. Remuneration Paid During the Most Recent Fiscal Year to Directors, Supervisors, General Manager, and Deputy General Managers

(I) Remuneration to Directors and Independent Directors

Unit: NT$ 1,000; December 31, 2022

Title	Name	Remuneration								Ratio of Total Remuneration (A+B+C+D) to Net Income (%) (Note 10)		Relevant Remuneration Received By Directors Who are Also Employees								Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%) (Note 10)		Compensation from Ventures Other Than Subsidiaries or from the Parent Company (Note 11)
		Base Compensation (A) (Note 2)		Severance Pay and Pension (B)		Director Remuneration (C) (Note 3)		Business Execution Expenses (D) (Note 4)				Salary, Bonuses, and Allowances (E) (Note 5)		Severance Pay and Pension (F)		Employee Compensation (G) (Note 6)						
		The Company	Companies in the Consolidated Financial Statements (Note 7)	The Company	Companies in the Consolidated Financial Statements (Note 7)	The Company	Companies in the Consolidated Financial Statements (Note 7)	The Company	Companies in the Consolidated Financial Statements (Note 7)	The Company	Companies in the Consolidated Financial Statements (Note 7)	The Company	Companies in the Consolidated Financial Statements (Note 7)	The Company	Companies in the Consolidated Financial Statements (Note 7)	The Company		Companies in the Consolidated Financial Statements (Note 7)		The Company	Companies in the Consolidated Financial Statements (Note 7)	
																Cash	Stock	Cash	Stock			
Chairman	Cheng, Yuan-Ching	0	0	0	0	120	120	30	30	0.28	0.28	2,165	2,165	0	0	0	0	0	0	4.32	4.32	0
Director (Discharged on May 27, 2022)	Hsiao, Kun-Hsien	0	0	0	0	50	50	10	10	0.11	0.11	2,053	2,053	10,032	10,032	0	0	0	0	21.16	21.16	0
Director	Cheng, Yueh-Min	0	0	0	0	120	120	30	30	0.28	0.28	2,261	2,261	0	0	0	0	0	0	4.50	4.50	0
Director	Tung Chi Investment Limited.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Representative: Liu, Yi-Chang	0	0	0	0	120	120	30	30	0.28	0.28	1,846	1,846	0	0	0	0	0	0	3.82	3.82	0
Independent Director	Hsu, Ya-Lin	0	0	0	0	240	240	60	60	0.56	0.56	0	0	0	0	0	0	0	0	0.56	0.56	0
Independent Director	King, Wen-Heng	0	0	0	0	240	240	75	75	0.59	0.59	0	0	0	0	0	0	0	0	0.59	0.59	0
Independent Director	Tsai, Ching-Feng	0	0	0	0	240	240	65	65	0.57	0.57	0	0	0	0	0	0	0	0	0.57	0.57	0

1. Please specify the independent director remuneration policy, system, standard, and structure, and the connection between the amount of remuneration and the factors, such as their job responsibilities, risks, and time contributed:
   The Company paid remunerations according to Remuneration Payment Methods for Directors and Functional Committees.
2. Other than disclosures in the table above, remuneration for services rendered by directors in the most recent fiscal year (e.g., acting as the consultant to the parent company/all companies in the financial reports/non-employees of the reinvested business): None

Range of Remuneration

Paid to the Company Range of Remuneration of Directors	Name of Director			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company (Note 8)	All Companies in the Consolidated Financial Statements (Note 9)H	The Company (Note 8)	All Companies in the Consolidated Financial Statements (Note 9)I
Less than NT$1,000,000	Cheng, Yuan-Ching, Hsiao, Kun-Hsien, Cheng, Yueh-Min, Representative of Tung Chi Investment Limited. (Representative: Liu, Yi-Chang), Hsu, Ya-Lin, King, Wen-Heng, Tsai, Ching-Feng	Cheng, Yuan -Ching, Hsiao, Kun-Hsien, Cheng, Yueh-Min, Representative of Tung Chi Investment Limited. (Representative: Liu, Yi-Chang), Hsu, Ya-Lin, King, Wen-Heng, Tsai, Ching-Feng	Hsu, Ya-Lin, King, Wen-Heng, Tsai, Ching-Feng	Hsu, Ya-Lin, King, Wen-Heng, Tsai, Ching-Feng
NT$1,000,000 (inclusive) – NT$2,000,000 (exclusive)	—	—	Tung Chi Investment Limited. (Representative: Liu, Yi-Chang)	Tung Chi Investment Limited. (Representative: Liu, Yi-Chang)
NT$2,000,000 (inclusive) – NT$3,500,000 (exclusive)	—	—	Cheng, Yuan -Ching, Hsiao, Kun-Hsien, Cheng, Yueh-Min	Cheng, Yuan -Ching, Hsiao, Kun-Hsien, Cheng, Yueh-Min
NT$3,500,000 (inclusive) – NT$5,000,000 (exclusive)	—	—	—	—
NT$5,000,000 (inclusive) – NT$10,000,000 exclusive)	—	—	—	—
NT$10,000,000 (inclusive) – NT$15,000,000 (exclusive)	—	—	—	—
NT$15,000,000 (inclusive) – NT$30,000,000 (exclusive)	—	—	—	—
NT$30,000,000 (inclusive) – NT$50,000,000 (exclusive)	—	—	—	—
NT$50,000,000 (inclusive) – NT$100,000,000 (exclusive)	—	—	—	—
NT$100,000,000 or above	—	—	—	—
Total	7	7	7	7

Note 1: The names of directors shall be listed separately (for corporate shareholders, their names and the names of their representatives separately shall be listed respectively), and the general directors and independent directors shall be listed separately to disclose the payment amounts in a summary manner. If a director concurrently serves as the General Manager or Deputy General Manager, fill in this form and the remuneration of the General Manager and Deputy General Manager shall be disclosed.

Note 2: The remuneration for the director in the most recent fiscal year (including salary, position allowances, severance pay, various bonuses, incentive payments, etc.).

Note 3: Indicates the directors' remuneration approved by the Board of Directors in the most recent fiscal year.

Note 4: The director's relevant business execution expenses (including travel expenses, special expenses, various allowances, dormitories, cars and other physical provisions, etc.) in the most recent fiscal year . If houses, cars and other means of transport or exclusive personal expenses are provided, the nature and cost of the assets provided, as well as the actual or fair market rent, fuel and other payments shall be disclosed. If a driver is provided, please note relevant fees paid by the Company to the driver, but not included in the remuneration.

Note 5: The salary, position allowances, severance pay, various bonuses, incentive payments, travel expenses, special expenses, various allowances, dormitories, cars and other physical provisions paid to the director concurrently serves as an employee (including general manager, deputy general manager, other managers and employees) in the most recent fiscal year. If houses, cars and other means of transport or exclusive personal expenses are provided, the nature and cost of the assets provided, as well as the actual or fair market rent, fuel and other payments shall be disclosed. If a driver is provided, please note relevant fees paid by the Company to the driver, but not included in the remuneration. In addition, salary expenses recognized under IFRS 2 "Share-based Payments", including the acquisition of stock option certificates, restricted stock warrants, new shares with limited rights of employees and participation in cash increase subscription shares, shall also be included in the remuneration.

Note 6: If a director who concurrently served as an employee (including the general manager, deputy general manager, other managers and employees) and received employee remuneration (including stock and cash) in the most recent fiscal year, the employee remuneration amount approved by the Board of Directors in the most recent fiscal year. If it is impossible to estimate, the proposed allocation amount of this year shall be calculated according to the proportion of the actual allocation amount of last year. In addition, Schedule I (III) (the name of the manager who allocates the employee bonus and the allocation status) shall be filled.

Note 7: The total amount of remuneration paid to the directors of the Company by all companies (including the Company) in the consolidated report shall be disclosed.

Note 8: The total amount of remuneration paid to each director and the name of the director shall be disclosed in the corresponding range.

Note 9: The total amount of remuneration paid to each director of the Company by all companies (including the Company) in the consolidated report shall be disclosed, and the name of the director shall be disclosed in the corresponding range.

Note 10: Net after-tax profit refers to the net after-tax profit of an individual or individual financial report in the most recent fiscal year.

Note 11:

a. Renumeration from reinvestment businesses other than subsidiaries or from the parent company received by the Company’s directors shall be filled in this column (In no such director, please fill in “None”).
b. If the Company’s director receives compensation from reinvestment businesses other than subsidiaries or from the parent company, such remuneration received by the director shall be added to Column I of the Range of Remuneration, and the column shall be changed as Parent Company and All Reinvestment Businesses.
c. Remuneration refers to the compensation, reward (including the reward paid to employees, directors and supervisors), business execution expenses and other relevant remuneration received by the directors of the Company as directors, supervisors or managers of the subsidiaries or parent companies.

* The remuneration disclosed in this table is different from the concept of income in the Income Tax Law, so this table is for information disclosure only, not for tax purposes.

(II) Renumeration to supervisors: None.

(III) Remuneration to the General Manager and Deputy General Managers

Unit: Unit: NT$ 1,000; 1,000 shares; December 31, 2022

Title	Name (Note 1)	Salary (Note 2)		Severance Pay and Pension (B)		Bonuses and Allowances (C) (Note 3)		Employee Compensation (D) (Note 4)				Ratio of Total Remuneration (A+B+C+D) to Net Income (%) (Note 8)		Compensation from Ventures Other Than Subsidiaries or the Parent Company (Note 9)
		The Company	Companies in the Consolidated Financial Statements (Note 5)	The Company	Companies in the Consolidated Financial Statements (Note 5)	The Company	Companies in the Consolidated Financial Statements (Note 5)	The Company		Companies in the Consolidated Financial Statements (Note 5)		The Company	Companies in the Consolidated Financial Statements	
								Cash	Stock	Cash	Stock			
CEO	Cheng, Yuan-Ching	2,165	2,165	0	0	0	0	0	0	0	0	3.77	4.04	0
General Manager (Discharged on August 1, 2022)	Hsiao, Kun-Hsien	2,053	2,053	10,032	10,032	0	0	0	0	0	0	21.05	22.57	0
General Manager (Appointed on August 10, 2022)	Liu, Yi-Chang	1,846	1,846	0	0	0	0	0	0	0	0	3.30	3.54	0
Deputy General Manager	Cheng, Yueh-Min	2,261	2,261	0	0	0	0	0	0	0	0	3.94	4.22	0
CFO	Peng, Dong-Feng	1,709	1,709	102	102	0	0	0	0	0	0	3.16	3.38	0

* Regardless of title, anyone holding a position equivalent to general manager, or deputy general manager (e.g., President, CEO, Director... Etc.) shall be disclosed.

Range of Remuneration

Range of Remuneration Paid to the General Manager and Deputy General Managers	Name of the General Manager and Deputy General Managers	
	The Company (Note 7)	Companies in the Consolidated Financial Statements (E) (Note 8)
Less than NT$1,000,000	—	—
NT$1,000,000 (inclusive) – NT$2,000,000 (exclusive)	Liu, Yi-Chang, Peng, Dong -Feng	Liu, Yi-Chang, Peng, Dong -Feng
NT$2,000,000 (inclusive) – NT$3,500,000 (exclusive)	Cheng, Yueh-Min	Cheng, Yueh-Min
NT$3,500,000 (inclusive) – NT$5,000,000 (exclusive)	—	—
NT$5,000,000 (inclusive) – NT$10,000,000 exclusive)	Cheng, Yuan -Ching	Cheng, Yuan -Ching
NT$10,000,000 (inclusive) – NT$15,000,000 (exclusive)	Hsiao, Kun-Hsien	Hsiao, Kun-Hsien
NT$15,000,000 (inclusive) – NT$30,000,000 (exclusive)	—	—
NT$30,000,000 (inclusive) – NT$50,000,000 (exclusive)	—	—
NT$50,000,000 (inclusive) – NT$100,000,000 (exclusive)	—	—
NT$100,000,000 or above	—	—
Total	5	5

Note 1: The names of the general manager and deputy general managers shall be listed separately, and amounts of payments shall be disclosed in a summary manner. If a director concurrently serves as the General Manager or Deputy General Manager, fill in this form and the previous form, or Tables (I) and (II).

Note 2: Fill in the salary position allowances, and severance pay of the General Manager and Deputy General Manager in the most recent fiscal year.

Note 3: Fill in the various bonuses, incentive payments, travel expenses, special expenses, various allowances, dormitories, cars and other physical provisions and compensation paid to the general manager or deputy general manager in the most recent fiscal year. If houses, cars and other means of transport or exclusive personal expenses are provided, the nature and cost of the assets provided, as well as the actual or fair market rent, fuel and other payments shall be disclosed. If a driver is provided, please note relevant fees paid by the Company to the driver, but not included in the remuneration. In addition, salary expenses recognized under IFRS 2 "Share-based Payments", including the acquisition of stock option certificates, restricted stock warrants, new shares with limited rights of employees and participation in cash increase subscription shares, shall also be included in the remuneration.

Note 4: Fill in the amount of employee compensation (including stock and cash) approved by the Board of Directors in the most recent fiscal year. If it is impossible to estimate, the proposed amount of this year shall be calculated according to the proportion of the actual allocation amount of last year. In addition, Schedule I (III) shall be filled.

Note 5: The total amount of remunerations paid to the general manager and deputy general manager of the Company by all companies (including the Company) in the consolidated report shall be disclosed.

Note 6: The total amount of remunerations paid to each general manager and deputy general manager by the Company, and the name of the general manager and deputy general manager shall be disclosed in the corresponding range.

Note 7: The total amount of remunerations paid to each general manager and deputy general manager of the Company by all companies (including the Company) in the consolidated report shall be disclosed and the name of the general manager and deputy general manager be disclosed in the corresponding range.

Note 8: Net after-tax profit refers to the net after-tax profit of an individual or individual financial report in the most recent fiscal year.

Note 9:

a. Renumeration received by the general manager and deputy general manager of the Company from reinvestment businesses other than subsidiaries or from the parent company shall be filled in this column. (If none, please fill in “none”).

b. If the Company’s general manager or deputy general manager receives compensation from reinvestment businesses other than subsidiaries or from the parent company, such remuneration received by the general manager or deputy general manager shall be added to Column I of the Range of Remuneration, and the column shall be changed as Parent Company and All Reinvestment Businesses.

c. Remuneration refers to the compensation, reward (including the reward paid to employees, directors and supervisors), business execution expenses and other relevant remuneration received by the general manager or deputy general manager of the Company as directors, supervisors or managers of the subsidiaries or parent companies.

＊ The remuneration disclosed in this table is different from the concept of income in the Income Tax Law, so this table is for information disclosure only, not for tax purposes.

(IV) Name of the Manager Receiving Employee Compensation and Allocation Status: None.

(V) Separate Comparisons and Descriptions of Total Remuneration, as a Percentage of Net Income Stated in the Parent Company-Only Financial Reports or Individual Financial Reports, as Paid by the Company and All Other Companies Included in the Consolidated Financial Statements During the Past Two Fiscal Years to Directors, Supervisors, the General Manager, and Deputy General Managers, with Analysis and Description of Remuneration Policies, Standards, and Packages, Procedure for Determining Remuneration, and Linkage Thereof to Operating Performance and Future Risk Exposure.

1. Total remuneration, as a percentage of net income stated in the parent company-only financial reports or individual financial reports, as paid by the Company and all other companies included in the consolidated financial statements during the past two fiscal years to directors, supervisors, the general manager, and deputy general managers.

Unit: NT$ thousands

Item / Title	2021				2022			
	The Company		Companies in the Consolidated Financial Statements		The Company		Companies in the Consolidated Financial Statements	
	Total Remuneration	Ratio to Net Income (%)	Total Remuneration	Ratio to Net Income (%)	Total Remuneration	Ratio to Net Income (%)	Total Remuneration	Ratio to Net Income (%)
Director	10,975	(19.06)	10,975	(19.06)	19,836	34.55	19,836	34.55
CEO, the general manager, deputy general managers and principal managers	12,093	(21.01)	12,093	(21.01)	20,217	35.22	20,217	35.22

2. The policies, standards, and portfolios for the payment of remuneration, the procedures for determining remuneration, and the correlation with risks and business performance.

The Company pays remunerations to the directors and supervisors according to the provisions of the Articles of Incorporation, Remuneration Payment Methods for Directors and Functional Committees, and the Managers' Retirement Scheme. If any profit is made, the amount appropriated as the directors' compensation shall not exceed 2%. In addition to salaries and allowances based on academic experience and years of service, the remunerations paid to the general manager and deputy general managers shall also take into consideration the industrial standards and their contributions, so as to motivate employees and retain talents.

In addition, the Company has insured the directors, supervisors and employees against operation and management risks.

IV. Implementation of Corporate Governance

(I) Board of Directors

A total of six (A) meetings of the 12th Board of Directors were held in 2022. The attendance of directors and supervisors was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) [B/A]	Remarks
Chairman	Cheng, Yuan-Ching	6	0	100	
Director	Hsiao, Kun-Hsien	2	0	100	Discharged on May 27, 2022
Director	Cheng, Yueh-Min	6	0	100	
Director	Representative of Tung Chi Investment Limited.: Liu, Yi-Chang	6	0	100	
Independent Director	King, Wen-Heng	6	0	100	
Independent Director	Hsu, Ya-Lin	5	1	83	
Independent Director	Tsai, Ching-Feng	5	1	83	
Other matters: I. With regard to the operations of the Board of Directors, if any of the following circumstances occur, the dates, terms of the meetings, contents of motions, all independent directors' opinions, and the Company's response shall be specified: None. Please see Pages 31-32 for details. (I) Matters referred to in Article 14-3 of the Securities and Exchange Act. (II) Any recorded or written Board resolutions to which independent directors have dissenting or qualified opinions to be noted in addition to the above. II. Regarding recusals of directors due to conflicts of interests: None. III. TWSE/TPEx-listed companies shall disclose the evaluation cycle and duration, the scope of evaluation, methodology, and evaluation contents of the self (peer) evaluation of the Board of Directors and fill out Table II (2) Implementation of the Evaluation of the Board of Directors. (Please refer to the following table for details) IV. Objectives for strengthening the functions of the Board of Directors in the current year and the most recent fiscal year: To implement the spirit of corporate governance and strengthen relevant functions of the Board of Directors, the Company established the Audit Committee in 2021 and the Compensation Committee in 2011 to assist the Board of directors in fulfilling their duties and remuneration management functions. Please refer to the Corporate Governance Implementation Status and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies for the implementation status.					

Evaluation Status of the Board of Directors

Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Method	Evaluation Content	Evaluation Results
Once a year	January 1, 2022 to December 31, 2022	Board of Directors	Internal evaluation of Board of Directors	(1) Participation in the operation of the Company. (2) Improvement of the Board of Directors' decision-making quality. (3) Composition and structure of Board of Directors. (4) Election and continual education of directors. (5) Internal control. (6) Participation in sustainable operation (ESG)	4.29 to 4.57 points
Once a year	January 1, 2022 to December 31, 2022	Individual director	Self-evaluation of individual director	(1) Knowledge of the Company's objectives and tasks. (2) Cognition of director's duties. (3) Participation in the operation of the Company. (4) Internal relation operation and communication. (5) Profession and continual education of directors. (6) Internal control.	4.33 to 4.61 points
Once a year	January 1, 2022 to December 31, 2022	Functional Committee	Self-evaluation of Functional Committee	(1) Participation in the operation of the Company. (2) Cognition of Functional Committee's duties. (3) Improvement of the Functional Committee's decision-making quality. (4) Composition and election of Functional Committee. (5) Internal control.	4.00 to 4.43 points

(II) Participation of the Audit Committee and Supervisors in the Operation of the Board of Directors

1. Operation of the Audit Committee

The Company established the Audit Committee in August 18, 2021, and the term of office of the Audit Committee is from August 18, 2021 to August 17, 2024.

A total of six (A) Audit Committee meetings were held in 2022 and the attendance of the independent directors was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) (B/A) (Note 1, Note 2)	Remarks
Convener	Tsai, Ching-Feng	5	1	83	
Committee Member	King, Heng-Wen	6	0	100	
Committee Member	Hsu, Ya-Lin	5	1	83	

Other matters:

(1) With regard to the operations of the Audit Committee, if any of the following circumstances occur, the date of meeting, session, contents of proposals, the independent directors' objections, reservations or major proposals, results of the Audit Committee's resolutions, and the Company's response to the Audit Committee's opinions shall be specified: None. Please refer to the following table for details.

a. Matters referred to in Article 14-5 of the Securities and Exchange Act.

b. Other matters that were not approved by the Audit Committee but were approved by two-thirds or more of all directors.

(2) Regarding recusals of independent directors due to conflicts of interest: None.

Major resolutions of the Audit Committee

Date of Meeting	Major Resolutions	Matters Referred to in Article 14-3 or 14-5 of the Securities and Exchange Act	Independent Directors' Opinions and the Company's Responses	Resolution Results
The 3rd meeting of 1st term 2022.3.11	Matters discussed: The Company's 2021 Business Report and Financial Statements. The Company's 2021 Annual Deficit Compensation Plan. The Company's disposition of the equity of Lungshan Yule Development Co., Ltd. The Company amendment to some provisions of Procedures for Acquiring or Disposition of Assets. 2021 Statement on Internal Control System.	✓ ✓ ✓ ✓	None None None None None	The proposal was approved unanimously by all the shareholders.
The 4th meeting of 1st term 2022.5.11	Matters discussed: The Company's consolidated financial statements for the first quarter of 2022. Lending funds to the subsidiary.		None None	The proposal was approved unanimously by all the

				shareholders.
The 5th meeting of 1st term 2022.7.25	Matters discussed: Conducted private placement of convertible bonds of the Company.	✓	None	The proposal was approved unanimously by all the shareholders.
The 6th meeting of 1st term 2022.8.10	Matters discussed: The Company’s financial statements for the second quarter of 2022.	✓	None	The proposal was approved unanimously by all the shareholders.
The 7th meeting of 1st term 2022.8.16	Matters discussed: Withdrawal of the private placement of convertible bonds of the Company approved on July 25, 2022.	✓	None	The proposal was approved unanimously by all the shareholders.
The 8th meeting of 1st term 2022.11.9	Matters discussed: The Company’s consolidated financial statements for the third quarter of 2022. Disposition of the Company’s real estate in Jiankang Section Jhonghe District and Linyi Section, Jhongjheng District, Taipei.	✓	None None	The proposal was approved unanimously by all the shareholders.
The 9th meeting of 1st term 2023.3.10	Matters discussed: 2022 Statement on Internal Control System Disposition of the Company’s real estate in Jiankang Section Jhonghe District and Linyi Section, Jhongjheng District, Taipei.	✓ ✓	None None	The proposal was approved unanimously by all the shareholders.
The 10th meeting of 1st term 2023.3.29	Matters discussed: 2022 Business Report and Financial Statements. The Company's 2022 Annual Deficit Compensation Plan.	✓	None None	The proposal was approved unanimously by all the shareholders.

(3) Communications between the independent directors, the Company's chief internal auditor, and CPAs (shall include the material items, methods and results of audits of corporate finance or operations, etc.): The Company’s chief internal auditor submitted an Audit Report to the independent director regularly.

Note 1: If an independent director resigns before the end of the fiscal year, the date of resignation shall be indicated in the remarks column. The attendance rate (%) shall be calculated by the number of meetings and attendance times of audit committee members during his/her tenure.

Note 2: If an independent director is elected before the end of the fiscal year, both the new and former independent directors shall be listed, and indicate if the independent director is an former, newly elected or reelected director as well as the date of the election. The attendance rate (%) shall be calculated by the number of meetings and attendance times of audit committee members during his/her tenure.

2. Participation of Supervisors in the Operation of the Board of Directors: None.

(III) Corporate Governance Implementation Status and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Description	
Does the Company establish and disclose its Corporate Governance Best-Practice Principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies?		✓	The Company does not establish the Corporate Governance Best-Practice Principles, however, there are other auxiliary measures and rules to implement corporate governance practices.	It will be established according to the requirements of acts or the demand of the Company.
II. Shareholding structure & shareholders' rights (I) Does the Company establish internal operating procedures to deal with shareholders' suggestions, doubts, disputes, and litigations, and implement based on the procedures? (II) Does the Company possess a list of its major shareholders with controlling power as well as the ultimate owners of those major shareholders? (III) Does the Company establish, and does it execute, a risk management and firewall system within its affiliated companies? (IV) Does the Company establish internal rules against insiders trading with undisclosed information?	✓ ✓ ✓ ✓		(I) The Company establish Rules of Procedure for Shareholders Meetings and designate a special personnel to deal with shareholders' suggestions, doubts, disputes, and litigations. (II) The composition of the Company's shareholders is simple, and they can access information related to the major shareholders who actually control the Company and the list of ultimate controllers of the major shareholders. (III) The Company and its affiliate enterprises have complete internal control system, accounting system and relevant operation methods, and professional managers are responsible for the implementation of these systems. (IV) The Company has established the "Management Measures for Preventing Insider Trading". The responsible unit will deal with major information	(I) None. (II) None. (III) None. (IV) None.

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Description	
			immediately, notify relevant colleagues and supervisors from time to time, remind them whether there is any major information that needs to be disclosed according to law, and inform them of relevant regulations. In addition, to ensure that colleagues, managers and directors are aware of and follow the relevant regulations, the Company also provides training for Company executives and colleagues.	
III. Composition and responsibilities of the Board of Directors (I) Does the Board develop and implement management objectives for the diversity policy? (II) Does the Company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee? (III) Does the Company establish standards to measure the performance of the Board, and does the Company implement such annually, and report the results of evaluations to the Board, and use them as a reference for individual directors' remuneration and	✓ ✓	✓	(I) The Company will consider professional knowledge and moral integrity when selecting directors and gradually increase the proportion of independent directors. (II) The Company has established a Remuneration Committee and an Audit Committee. (III) The Company has established the Evaluation Methods for Directors and Managers.	(I) None. (II) It will establish other functional committees according to the requirements of acts or the demand of the Company. (III) None.

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Description	
nomination and renewal? (IV) Does the Company regularly evaluate the independence of the CPAs?	✓		(IV) The Company evaluate the independence of the CPAs every year.	(IV) None.
IV. Does the Company appoint a suitable number of competent personnel and a supervisor responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their functions, assisting directors and supervisors with compliance, handling work related to meetings of the Board of Directors and the shareholders' meetings, and producing minutes of Board meetings and shareholders' meetings)?		✓	The Company does not appoint a suitable person for corporate governance matters. The personnel from the Finance Department will communicate with the directors and relevant directors.	It will appoint such person according to the requirements of acts.
V. Does the Company establish communication channels and build a dedicated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers) to respond to material corporate social responsibility issues in a proper manner?	✓		The Company website has a stakeholder zone and contact information is left so as to respond to issues of concern to stakeholders.	None.
VI. Does the Company appoint a professional shareholder service agency to deal with shareholder affairs?	✓		The Company entrusts the Transfer Agency Department of CTBC Bank Co., Ltd. to handle affairs of the Shareholders' Meeting.	None.

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Description	
VII. Information disclosure (I) Does the Company have a corporate website to disclose both the Company's financial standings and corporate governance status? (II) Does the Company have other information disclosure channels (e.g., setting up an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, and webcasting investor conferences)? (III) Does the Company announce and report annual financial statements within two months after the end of each fiscal year, and announce and report the financial statements of the first three quarters, as well as monthly operation results, before the prescribed time limit?	✓ ✓	 ✓	(I) The Company discloses relevant information through its website (http:// www.chiphope.com)) from time to time. (II) The Company has set up an on-line reporting system for public information, and has appointed a spokesperson. If the Company holds a corporate presentation meeting or the Board of Directors has made a significant resolution, it will provide the main content for reference through the Market Observation Post System. (III) Not yet.	(I) None. (II) None. (III) It will be implemented according to the provisions of the statute of Laws.
VIII. Does the Company have any other important information to facilitate a better understanding of the Company's corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, stakeholder rights, directors' and	✓		1. Employee rights and caring for employees: The Company has set up the employee welfare committee, implemented the pension system, and purchase group insurance for employees, and the supervisor of each department will also communicate with the staff face to face irregularly. 2. Investor relations: The Company has a	None.

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Description	
supervisors' training records, implementation of risk management policies and risk evaluation measures, implementation of customer policies, and participation in liability insurance by directors and supervisors)?			spokesperson to establish a communication channel with shareholders. 3. Supplier relations: The Company will meet the suppliers irregularly to keep close contact. 4. Stakeholder rights: The Company will timely disclose its information to protect the interests of investors and stakeholders. 5. Continuous education of directors and supervisors: The Company arranges directors and supervisors to take courses related to corporate governance according to the provisions of the governance code and report them on the Market Observation Post System. (Please refer to Continual Education of All Directors in 2021 (Page 21) for details.) 6. The implementation of the risk management policy and assessment standards: The Company has established an internal control system to strengthen risk management through the annual audit plan and various internal controls. 7. Implementation of the customer policy: The business divisions of the Company will figure out the requirements of consumers, and then meet their needs. 8. The Company's purchase of liability insurance for directors and supervisors: The has purchased liability	

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Description	
			insurance for directors and supervisors..	
IX. Please explain the improvements made in accordance with the Corporate Governance Evaluation results released by the Taiwan Stock Exchange's Corporate Governance Center, and provide the priorities and plans for improvement with items yet to be improved. (Companies that are not included in the evaluation do not need to answer this question) The Company conducts self-evaluation of corporate governance in accordance with the "Corporate Governance Evaluation system" established by the competent authority, and there is no significant deficiencies.				

Continual Education of All Directors in 2022

Title Name	Date	Course	Training Hours
Director Cheng, Yuan-Ching	2022.12.21	Common Enterprise Internal Management Deficiencies and Practical Case Analysis	6.0
Director Liu, Yi-Chang	2022.12.27 2022.12.28	"Practice Seminar for (Independent) Directors and Supervisors and Corporate Governance Executives	12.0
Director Cheng, Yueh-Min	2022.12.21	Common Enterprise Internal Management Deficiencies and Practical Case Analysis	6.0
Independent Director Hsu, Ya-Lin	2022.11.28 2022.12.23	Business Ethics and Sustainable Development Legal Liabilities Related to Competition for Corporate Management Rights and Practical Case Analysis	3.0 3.0
Independent Director Tsai, Ching-Feng	2022.09.20 2022.10.21	International Tax Reform and Family Wealth Inheritance Accounting and Finance Studies in Environment, Society and Governance	3.0 3.0
Independent Director King, Wen-Heng	2022.03.10 2022.06.21 2022.06.21	"Supervision of Independent Director and Board of Directors from an International Perspective" Suggestions for the Company's Promotion of ESG From CSR TO ESG Enterprise Management	1.0 3.0 3.0

(IV) Operation Status of the Remuneration Committee

1. Purpose of Remuneration Committee;

   The Remuneration Committee aims to assist the Board of Directors in assessing and determining the remuneration of directors, supervisors and managers and reviewing remuneration policies.

2. Information of members of Remuneration Committee:

Identity Category (Note 1)	Criteria / Name	Professional Qualifications and Experience (Note 2)	Independence Criteria (Note 3)	Number of Other Public Companies Where the Member Concurrently Serves as a Remuneration Committee Member
Independent Director	Hsu, Ya-Lin	Please refer to the Information of Professional Qualifications of Directors and Supervisors and Independence of Independent Directors in Page 8 for relevant content.		
Independent Director (Convener)	King, Wen-Heng	Please refer to the Information of Professional Qualifications of Directors and Supervisors and Independence of Independent Directors in Page 8 for relevant content.		
Independent Director	Tsai, Ching-Feng	Please refer to the Information of Professional Qualifications of Directors and Supervisors and Independence of Independent Directors in Page 8 for relevant content.		

Note 1: Please specify years of service, professional qualifications, experience and independence of individual remuneration committee member in the form. For the identity category, please fill in independent director or others (please indicate in case of a convener).

Note 2: For the professional qualifications and experience, please specify professional qualifications and experience of individual remuneration committee member.

Note 3: Independence Criteria: Specify the independence of members of the Remuneration Committee, including but not limited to whether they, their spouse, or familial relationship within the second degree of kinship are the directors, supervisors or employees of the Company or its affiliated companies, the number and proportion of the Company's shares held in the name of another person; whether to serve as a director, supervisor, or supervisor of a company that has a specific relationship with the Company (Refer to the provisions of Article 6, Item 1, Paragraph 5 to 8 of the Methods for Establishing and Power Excising of the Compensation Committee of Listed Companies or Companies Trading in the Business Premises of Securities Firms). Amount of remuneration received for providing business, legal, financial, accounting and other services to the Company or its affiliates in the last two years.

3. Operation status of the Remuneration Committee:

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

(2) The term of office of the Remuneration Committee: August 18, 2021 to August 17, 2024. A total of three (A) remuneration committee meetings were held in 2022 and the attendance of the members was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance rate (%) [B/A] (Note)	Remarks
Committee Member	Hsu, Ya-Lin	2	1	83	
Member (Convener)	King, Wen-Heng	3	0	100	
Committee Member	Tsai, Ching-Feng	3	0	100	
Other matters: I. If the Board of Directors refuses to adopt or amend a recommendation from the Remuneration Committee, the date of the meeting, session, contents of the motions, resolution by the Board of Directors, and the Company's response to the Remuneration Committee's opinion (e.g., the circumstances and cause for the difference if the remuneration passed by the Board of Directors exceeds the recommended amount by the Remuneration Committee) shall be specified: None. II. If there were resolutions by the Remuneration Committee to which members have dissenting or qualified opinions, and for which there is a record or declaration in writing, the date of the meeting, session, contents of the motions, all members' opinions, and the response to members' opinions shall be specified: None.					

Important Resolutions of the Remuneration Committee

<table>
<tr><th>Date of Convention</th><th>Contents of Motions</th><th>Resolution Results</th><th>The Company’s Handling of Opinions of the Remuneration Committee</th></tr>
<tr><td>The 3rd meeting of 5th term 2022.7.25</td><td>Formulation of the Retirement Methods of Managers.</td><td>To be reviewed next time due to the insufficiency of information.</td><td rowspan="3">To be amended or adopted with the consent of all the directors present.</td></tr>
<tr><td>The 4th meeting of 5th term 2022.8.10</td><td>Formulation of the Retirement Methods of Managers.
Hsiao, Kun-Hsien, the former general manager of the Company applying for retirement pension.</td><td rowspan="2">Passed unanimously by all directors present. Submitted to the Board of Directors for discussion.</td></tr>
<tr><td>The 5th meeting of 5th term 2022.9.23</td><td>The salaries and remuneration to Mr. Liu, Yi-Chang, the newly elected general manager of the Company.</td></tr>
</table>

Note:

(1) If any remuneration committee member resigns before the end of the fiscal year, the date of resignation shall be indicated in the “Remarks” column. The attendance rate (%) shall be calculated by the number of meetings and attendance times of remuneration committee member during his/her tenure.

(2) If any remuneration committee member resigns before the end of the fiscal year, both the former and new remuneration committee member shall be listed, and indicate if the member is a former, newly elected or reelected director as well as the date of the election. The attendance rate (%) shall be calculated by the number of meetings and attendance times of remuneration committee member during his/her tenure.

(V) Implementation of Sustainable Development and Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof:

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
I. Does the Company establish an exclusively (or concurrently) dedicated unit to implement governance structure for sustainable development, and does the Board of Directors authorize the senior management to handle it, and the supervision of the Board of Directors?	✓		The Company does not establish an exclusively (or concurrently) dedicated unit to implement sustainable development.	It will be implemented according to the provisions of the statute of Laws.
II. Does the Company assess ESG risks associated with its operations based on the principle of materiality, and establish relevant risk management policies or strategies?		✓	1. The Company does not have a risk management policy or strategy. 2. The Company organizes corporate ethics education and training for directors and employees from time to time. 3. The Company has established work rules, which specify that all employees are responsible for protecting the value and reputation of the Company and complying with provisions of laws. The Company has also planned to combine the work rules with the employee performance assessment system.	It will be implemented according to the provisions of the statute of Laws.
III. Environmental issues (I) Has the Company established environmental management systems based on its industry's characteristics?	✓		(I) Regularly disinfect the overall office environment.	(I) None.
(II) Does the Company endeavor to utilize all resources more efficiently and use renewable materials that have low impacts on the environment?	✓		(II) Promote electronic information transfer and saving to save paper; promote the recycling of photocopy paper, and carry out garbage classification and effective resource recycling.	(II) None.
(III) Does the Company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business,	✓		(III) Due to the industrial characteristics of the Company, the Company has no manufacturing process, or no	(III) None.

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
and take appropriate action to counter climate change issues?			waste is produced in the production process. However, it still adheres to the concept of environmental protection and is committed to energy saving and carbon reduction and improving the utilization efficiency of existing resources.	
(IV) Does the Company take inventory of its greenhouse gas emissions, water consumption, and the total weight of waste in the last two years, and formulate policies on energy efficiency and carbon dioxide reduction, greenhouse gas reduction, water reduction, or waste management?		✓	(IV) 1. Adjust the opening time and temperature of air conditioning in the office area. 2. Plant green plants to save energy and reduce carbon.	(IV) The Company hasn't take inventory of its greenhouse gas emissions, water consumption, and the total weight of waste, and it will be implemented according to the provisions of the statute of Laws.
IV. Social issues (I) Does the Company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	✓		(I) The Company has established work rules.	(I) None.
(II) Does the Company formulate and implement reasonable employee benefit measures (including remuneration, leave, and other benefits) and appropriately employee compensation based on operating performance or results?	✓		(II) If the Company makes a profit during the year, 5% to 10% will be set aside for employee compensation. Please refer to employee welfare measures in labor and management relations on pages 44 and 45.	(II) None.
(III) Does the Company provide a healthy and safe work environment, and does it organize health and safety training for its employees on a regular basis?	✓		(III) The Company provides employees with a working environment complying with the building and fire code and conduct regular safety and health education for employees.	(III) None.
(IV) Does the Company establish effective career development and training plans for its employees?	✓		(IV) The Company will put forward the on-the-job training schedule and submit it to the general manager for approval according to the future development	(IV) None.

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
			strategy and the next year's work objectives.	
(V) Does the Company comply with relevant regulations and international standards regarding customer health and safety, right to privacy, marketing and labeling of its products and services and set up relevant consumer or customer protection policies and complaint procedures?	✓		(V) The Company requests to provide transparent and effective services to its products, strictly inspect products in accordance with regulatory requirements and establish customer complaint procedures.	(V) None.
(VI) Does the Company formulate supplier management policies that require suppliers to follow relevant regulations on issues, such as environmental protection, occupational safety and health, or labor rights?	✓		(VI) At present, no contract is entered with the existing suppliers. In the future, the contract with newly added suppliers will include relevant clauses which may terminate or rescind the contract at any time in case of violating their corporate social responsibility policy, and whether the contract meets internal and external service and environmental requirements will be assessed.	(VI) None.
V. Does the Company refer to internationally accepted standards or guidelines for the preparation of reports and prepare reports that disclose non-financial information of the Company, such as sustainable reports? Are the reports certified or assured by a third-party accreditation body?		✓	The Company has not yet prepared a CSR report.	Same as the left.
VI. If the Company has established its own sustainable development management principles based on the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, please describe the implementation and any deviations from the principles: None.				
VII. Other important information to facilitate a better understanding of the Company's sustainable development: None.				

Note 1: If "Yes" is ticked for implementation status, please specify the significant policies, strategies and measures adopted as well as the implementation status; if "No" is selected, please explain the deviations and reasons thereof in the column of "Implementation of sustainable development and deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof", and specify relevant policies, strategies and measures planned to be implemented in the future.

Note 2: Principle of materiality refers to material impact of environmental, social and corporate governance issues on corporate investors and other stakeholders.

(VI) Implementation of Ethical Corporate Management and Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies:

Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Description	
I. Establishment of ethical corporate management policies and programs				
(I) Does the Company have a Board-approved ethical corporate management policy and state in its regulations and external correspondence the ethical corporate management policy and practices, as well as the active commitment of the Board of Directors and senior management towards implementation of such policy?		✓	(I) The Company does not have an ethical operation policy. However, it has set an approval authority according to the operation and arranged the directors, supervisors and managers to receive ethical management courses from time to time.	(I) It will be formulated according to the provisions of the statute of Laws.
(II) Does the Company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with higher risks of unethical conduct within the scope of business? Does the Company implement programs to prevent unethical conduct accordingly and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies?		✓	(II) The Company regularly conducts spot checks on its internal business operation, and sets up a mailbox on the official website for reporting any misconduct.	(II) It will be implemented according to the provisions of the statute of Laws.
(III) Does the Company define the operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the Company enforce the programs effectively and perform regular reviews and amendments?		✓	(III) The Company has established a "Reward and Punishment Operation Process" as a guidance of behavior and basis of punishment for violations and appeals.	(III) It will be implemented according to the provisions of the statute of Laws.
II. Fulfillment of ethical corporate management				
(I) Does the Company evaluate	✓		(I) The Company has established	(I) None.

Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Description	
business partners' ethical records and include ethics-related clauses in the business contracts?			sales and purchase-related measures to regularly evaluate customers/manufacturers.	
(II) Does the Company have a unit responsible for ethical corporate management on a full-time basis under the Board of Directors that reports the ethical corporate management policy and programs against unethical conduct regularly (at least once a year) to the Board of Directors while overseeing such operations?		✓	(II) The Company's Board of Directors and Management Division promote the ethical corporate management.	(II) It will be implemented according to the provisions of the statute of Laws.
(III) Does the Company establish policies to prevent conflicts of interest, provide appropriate communication channels, and implement them accordingly?	✓		(III) Major resolutions will be handled through the resolutions of the Board of Directors.	(III) None.
(IV) Does the Company have effective accounting and internal control systems in place to implement ethical corporate management? Does the internal audit unit devise audit plans based on the results of unethical conduct risk assessments and audit the systems accordingly to prevent unethical conduct, or hire external CPAs to perform the audits?	✓		(IV) The accounting unit audits the transaction accounts of different departments in accordance with their rights and responsibilities, and accountants will examine and issue financial statements. The audit unit also irregularly audits the operation of each unit from time to time to implement the supervision mechanism.	(IV) None.
(V) Does the Company regularly hold internal and external educational trainings on ethical corporate management?		✓	(V) The Company does not have a plan for training related to ethical corporate management.	(V) It will be implemented according to the provisions of the statute of Laws.
III. Operation of the whistle-blowing system (I) Does the Company establish a reward/whistle-blowing system and convenient whistle-blowing channels? Are appropriate personnel assigned to the accused party for the follow-up?		✓	(I) The Company does not have a whistle-blowing system. However, the Board of Directors will accept complaints, and if there is a violation of ethical corporate	(I) It will be formulated according to the provisions of the statute of Laws.

Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Description	
(II) Does the Company have in place standard operating procedures for investigating accusation cases, as well as follow-up actions and relevant post-investigation confidentiality measures? (III) Does the Company provide proper whistleblower protection?		✓ ✓	management, a meeting will be held to discuss relevant disposition methods. (II) The Company does not have relevant regulations. (III) The Company does not have relevant regulations.	(II) It will be formulated according to the provisions of the statute of Laws. (III) It will be formulated according to the provisions of the statute of Laws.
IV. Strengthening information disclosure Does the Company disclose its ethical corporate management policies and the results of its implementation on the Company's website and MOPS?		✓	The Company does not establish ethical corporate management principles and there are no information on violating ethical corporate management to disclose.	It will be formulated according to the provisions of the statute of Laws.
V. If the Company has established its own ethical corporate management principles based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, please describe the implementation and any deviations from the principles: N/A				
VI. Other important information to facilitate a better understanding of the Company's practices on ethical corporate management: The Company does not establish ethical corporate management principles.				

Note：Whether "Yes" or "No" is ticked, it should be stated in the column of summary.

(VII) If the Company Has Established Corporate Governance Principles, Please Disclose the Inquiry Method: The Company does not establish corporate governance principles.

(VIII) Other Important Information Regarding Corporate Governance:
Operation Procedures for Handling of Major Internal Information
The Company has established the "Management Measures for Preventing Insider Trading". The responsible unit will deal with major information immediately, notify relevant colleagues and supervisors from time to time, remind them whether there is any major information that needs to be disclosed according to law, and inform them of relevant regulations. In addition, to ensure that colleagues, managers and directors are aware of and follow the relevant regulations, the Company also provides training for Company executives and colleagues.

(IX) Implementation of the Internal Control System

1. Statement on Internal Control

Chip Hope Co., Ltd.

Statement on Internal Control

Date: March 10, 2023

I. The Company hereby states the results of the self-evaluation of the internal control system for 2022 as follows:

II. The Company acknowledges that the establishment, implementation, and maintenance of an internal control system is the responsibility of the Board of Directors and managerial officers, and the Company has established an internal control system. The internal control system is designed to provide reasonable assurance for the effectiveness and efficiency of the operations (including profitability, performance, and protection of assets), reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations.

III. The internal control system has innate limitations. No matter how robust and effective the internal control system is, it can only provide reasonable assurance of the achievement of the foregoing three goals; in addition, the effectiveness of the internal control system may vary due to changes in the environment and conditions. However, the internal control system of the Company has self-monitoring mechanisms in place, and the Company will take corrective action against any defects identified.

IV. The Company uses the assessment items specified in the Regulations Governing Establishment of Internal Control Systems by Public Companies (hereinafter referred to as the "Regulations") to determine whether the design and implementation of the internal control system are effective. Based on the process of control, the assessment items specified in the Regulations divide the internal control system into five constituent elements: 1. control environment; 2. risk assessment; 3. control activities; 4. information and communication; and 5. monitoring. Each constituent element includes a certain number of items. For more information on such items, refer to the Regulations.

V. The Company has adopted the aforesaid assessment items for the internal control system to determine whether the design and implementation of the internal control system are effective.

VI. Based on the results of the determination 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 subsidiaries), including the design and implementation of the internal control system relating to the effectiveness and efficiency of the operations, reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations, are effective and can reasonably assure the achievement of the foregoing goals.

VII. This statement will constitute the main content of the Company's annual report and the prospectus and will be disclosed to the public. Any falsehood or concealment with regard to the above contents will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

VIII. This statement was approved by the Board of Directors on March 10, 2023, and out of the six directors in attendance, none had dissenting opinions of it and all approved the content expressed in this statement.

Chip Hope Co., Ltd.

Chairman: Cheng, Yuan-Ching

General Manager: Liu, Yi-Chang

2. Has a CPA been hired to audit the Internal Control System: No CPA has been hired to audit the Internal Control System in 2022.

(X) For Penalties Imposed Upon the Company and Its Employees in Accordance with the Law or Penalties Imposed by the Company Upon Its Employees for the Violation of the Internal Control System Policy During the Most Recent Fiscal Year up to the Date of Publication of the Annual Report, if the Result of Such Penalties May Have a Significant Impact on the Shareholders' Equity or the Price of Securities, the Contents of the Penalties, Principal Deficiencies, and Improvements Shall Be Specified: None.

(XI) Major Resolutions of Shareholders' Meeting and Board Meetings During the Most Recent Fiscal Year up to the Date of Publication of the Annual Report:

1. Major Resolutions of Shareholders' Meeting

Date of Meeting	Major Resolutions	Implementation Status
2022.5.31	Acknowledged matters: Item I: 2021 Statement of Final Accounts. Item II: 2021 Deficit Compensation Plan. Matters discussed Item I: Proposal for partial amendment to the Articles of Incorporation. Item II: The Company amendment to some provisions of Procedures for Acquiring or Disposition of Assets. Item III: Proposal for partial amendment to the Rules of Procedure for Shareholders' Meetings.	 Pass by vote Pass by vote Approved to be registered on July 6, 2022. Pass by vote Pass by vote

2. Major Resolutions of Board Meetings

Date of Meeting	Major Resolutions	Matters Referred to in Article 14-3 or 14-5 of the Securities and Exchange Act	Independent Directors' Opinions and the Company's Responses	Resolution Results of Board Meetings
The 3rd meeting of 12th term 2022.3.11	Matters discussed: The Company's 2021 Business Report and Financial Statements. The Company's 2021 Annual Deficit Compensation Plan. 2021 Statement on Internal Control System. The Company's disposal of the equity of Lungshan Yule Development Co., Ltd. Proposal for partial amendment to the Company's Articles of Incorporation. The Company amendment to some provisions of Procedures for Acquiring or Disposition of Assets. Proposal for partial amendment to the Rules of Procedure for Shareholders' Meetings.	✓ ✓ ✓ ✓	None None None None None None	The proposal was approved unanimously by all the shareholders.
The 4th meeting of 12th term 2022.5.11	Matters discussed: Lending funds to the subsidiary.	✓	None	The proposal was approved unanimously by all the shareholders.
The 5th meeting of 12th term 2022.7.25	Matters discussed: Conducted private placement of convertible bonds of the Company.	✓	None	The proposal was approved unanimously by all the shareholders.
The 6th meeting of 12th term 2022.8.10	Matters discussed: Formulation of the Retirement Methods of Managers.		None	The proposal was approved unanimously by all the shareholders.
The 7th meeting of 12th term 2022.8.16	Matters discussed: Withdrawal of the private placement of convertible bonds of the Company approved on July 25, 2022, and suspend the convention of the 1st interim meeting of the shareholders in 2022.	✓	None	The proposal was approved unanimously by all the shareholders.
The 8th meeting of 12th term 2022.11.09	Matters discussed: The Company's consolidated financial statements for the third quarter of 2022. The Company's 2023 annual audit plan. Disposition of the Company's real estate and sale-leaseback proposal.	✓ ✓ ✓	None None None	The proposal was approved unanimously by all the shareholders.

(XII) Any Dissenting Opinion Expressed by a Director or Supervisor with Respect to a Major Resolution Passed by the Board of Directors During the Most Recent Fiscal Year and up to the Date of Publication of the Annual Report, Where Said Dissenting Opinion Has Been Recorded or Prepared as a Written Declaration, and Its Main Content: None.

(XIII) A Summary of Resignations and Dismissals of the Company’s Chairman, General Manager, Chief Accounting Officer, Financial Manager, Chief Internal Auditor, Corporate Governance Officer, or Research and Development Officer During the Most Recent Fiscal Year and up to the Date of Publication of the Annual Report: None.

V. Information on CPA Professional Fees

When non-audit fees paid to the CPA, the CPA's accounting firm, and/or any affiliated enterprise of such accounting firm are one quarter or more of the audit fees paid thereto, the amounts of both audit and non-audit fees as well as details of non-audit services shall be disclosed:

Unit: NT$ thousands

Accounting Firm	Name of CPA	Audit Period	Audit Fee	Non-audit Fee	Total	Remarks
RSM Taiwan	Wan, Yi-Tung	2022.01.01~2022.12.31	1,640	25	1,665	Non-audit expenses include tax compliance audits and salary information checks for non-executive positions.
	Chang, Chien-Ling	2022.01.01~2022.12.31				

Note： If the Company changes the CPAs or the accounting firm this year, please list their respective audit periods separately, specify the reason for the replacement in the "Remarks" column, and disclose the audit and non-audit professional fees paid in order. A note shall be provided to indicate the content of services for non-audit expenses.

(I) When the Company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed: None.

(II) When the Audit Fee Is Reduced by More than 10% over the Previous Year, the Amount, Proportion and Reasons for the Reduction Shall Be Disclosed: None.

VI. Information on Replacement of CPAs

Replacement of CPAs in the Last Two Years and the Period Thereafter: None.

VII. The Company’s Chairman, General Manager, or Any Managerial Officer in Charge of Finance or Accounting Matters in the Most Recent Fiscal Year Holding a Position at the Company's CPA Accounting Firm or at an Affiliated Enterprise of Such Accounting Firm: None.

VIII. Any Transfer of Equity Interests and/or Pledge of or Change in Equity Interests (During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report) by a Director, Supervisor, Managerial Officer, or Shareholder with a Stake of More than 10 Percent

(I) No change in equity interests by a director, supervisor, managerial officer, or shareholder with a stake of more than 10 percent.

Title	Name	2022		Till April 1, 2023	
		Shareholding Increase (Decrease)	Pledged Shareholding Increase (Decrease)	Shareholding Increase (Decrease)	Pledged Shareholding Increase (Decrease)
Chairman and CEO	Cheng, Yuan-Ching	-	-	-	-
Director and Deputy General Manager	Cheng, Yueh-Min	(200,000)	-	-	-
Director and General Manager (discharged on May 27, 2022/resigned on August 1, 2022)	Hsiao, Kun-Hsien	(1,800,000)	-	-	-
Director	Tung Chi Investment Limited.	-	-	-	-
Independent Director	King, Wen-Heng	-	-	-	-
Independent Director	Hsu, Ya-Lin	-	-	-	-
Independent Director	Tsai, Ching-Feng	-	-	-	-
General Manager (Appointed on August 10, 2022)	Liu, Yi-Chang	-	-	-	-
Deputy General Manager and CFO	Peng, Dong -Feng	(8,000)	-	(8,000)	-

(II) The trading counterparty of equity transfer is a related party: None.

(III) The counterparty of the equity pledge is a related party: The counterparty of the equity pledge is a related party.

IX. Relationship among the Company's 10 Largest Shareholders who are Related to, Spouse of, or a Relative Within the Second Degree of Kinship of Another

April 1, 2023

Name	Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Name and relationship between the Company's top ten shareholders with the relation as specified in IAS 6		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relation	
Cheng, Yuan-Ching	3,784,483	5.44	314	0.00	0	0.00	Cheng, Yueh-Min	Sisters	None
Tung Chi Investment Limited.	3,180,000	4.57	0	0.00	0	0.00	None	None	None
Huang, Wen-Pin	3,000,000	4.32	0	0.00	0	0.00	None	None	None
Chiu, Yi-Jung	2,977,610	4.28	0	0.00	0	0.00	None	None	None
Cheng, Yueh-Min	2,687,037	3.87	0	0.00	0	0.00	Cheng, Yuan-Ching	Sisters	None
Chang, Chia-Chou	2,660,000	3.83	0	0.00	0	0.00	None	None	None
Chiu, Yi-Chun	2,425,000	3.49	0	0.00	0	0.00	None	None	None
Huang, Su-Chen	2,143,425	3.08	0	0.00	0	0.00	None	None	None
Liang, Ching-Kuo	2,000,000	2.88	0	0.00	0	0.00	None	None	None
Yin, Chung-Han	2,000,000	2.88	0	0.00	0	0.00	None	None	None

X. Total Number of Shares and Total Equity Stake Held in any Single Enterprise by the Company, Its Directors and Supervisors, Managers, and Any Companies Controlled Either Directly or Indirectly by the Company

April 1, 2023

Unit: Share; %

Investee business (Note 1)	Ownership by the Company		Direct or Indirect Ownership by Directors/ Supervisors/Managers		Total Ownership	
	Shares	Shareholding	Shares	Shareholding	Shares	Shareholding
Joint Harvest Industries Limited.	44,990,000	99.98	9,500	0.01%	44,999,500	99.99
Shenzhen Chip Hope Micro-Electronics Ltd.	-	100.00	-	-	-	100.00
Honglang Technology Co., Ltd. (Note 2)	4,270,000	61.00	-	-	4,270,000	61.00
Huchu Investment Co., Ltd. (Note 3)	6,100,000	100.00	-	-	6,100,000	100.00
Jipin Seafood Co., Ltd.	4,860,000	85.26	-	-	4,860,000	85.26
Right Aim Limited.	-	-	-	100.00%	-	100.00
Lungshan Yule Development Co., Ltd. (Note 4)	4,350,000	12.43	6,000,000	17.14	10,350,000	29.57

Note 1: Invested by the Company with the equity method.
Note 2: All disposed of on March 20, 2023.
Note 3: All disposed of on September 30, 2022.
Note 4: All disposed of on March 28, 2022.

Chapter 4. Capital Overview

I. Capital and Shares

(I) Sources of Capital

April 20, 2023; Unit: Share

Month/ Year	Par value per share	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increase by Assets Other than Cash	Others
1999.12	10	3,800,000	38,000,000	3,800,000	38,000,000	Capital Increase by Cash NT$38,000,000	None	—
2000.11	10	15,000,000	150,000,000	15,000,000	150,000,000	Capital Increase by Cash NT$112,000,000	None	—
2002.03	10	30,000,000	300,000,000	21,000,000	210,000,000	Capital Increase by Cash NT$20,000,000 Capitalization of Profit NT$40,000,000	None	Approved on March 22, 2002 by Approval Letter of S.S.Z. No. 09101099860
2003.10	10	30,000,000	300,000,000	25,000,000	250,000,000	Capitalization of Profit NT$40,000,000	None	Approved on September 3, 2003 by Approval Letter of T.C.Z.Y.Z. No. 0920140089
2004.07	10	50,000,000	500,000,000	27,530,000	275,300,000	Capitalization of Profit NT$25,300,000	None	Approved on July 9, 2004 by Approval Letter of J.G.Z.Y.Z. No. 0930130547
2004.10	10	50,000,000	500,000,000	27,538,695	275,386,950	Capitalization of Convertible Bonds NT$86,950	None	Approved on October 19, 2004 by Approval Letter of S.Z.Z. No. 09332877580
2005.01	10	50,000,000	500,000,000	27,582,173	275,821,730	Capitalization of Convertible Bonds NT$434,780	None	Approved on January 17, 2005 by Approval Letter of S.Z.Z. No. 09431557580
2005.09	10	50,000,000	500,000,000	29,449,173	294,491,730	Capitalization of Profit NT$18,670,000	None	Approved on September 15, 2005 by Approval Letter of S.Z.Z. No. 09432824920
2006.04	10	50,000,000	500,000,000	31,332,878	313,328,780	Capitalization of Convertible Bonds NT$18,837,050	None	Approved on April 21, 2006 by S.Z.Z. No. 09532041600 Letter
2006.07	10	50,000,000	500,000,000	31,528,226	315,282,260	Capitalization of Convertible Bonds NT$1,953,480	None	Approved on July 19, 2006 by Approval Letter of S.Z.Z. No. 09532517650
2006.09	10	70,000,000	700,000,000	32,190,833	321,908,330	Capitalization of Profit NT$6,626,070	None	Approved on September 13, 2006 by Approval Letter of S.Z.Z. No. 09532823550

Month/ Year	Par value per share	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increase by Assets Other than Cash	Others
2007.04	10	70,000,000	700,000,000	33,257,498	332,574,980	Capitalization of Convertible Bonds NT$10,666,650	None	Approved on April 18, 2007 by Approval Letter of S.Z.Z. No. 09631972140
2007.07	10	70,000,000	700,000,000	33,400,355	334,003,550	Capitalization of Convertible Bonds NT$1,428,570	None	Approved on July 30, 2007 by Approval Letter of S.Z.Z. No. 09632519860
2007.09	10	70,000,000	700,000,000	40,400,355	404,003,550	Capital Increase by Cash NT$70,000,000	None	Approved on September 4, 2007 by Approval Letter of S.Z.Z. No. 09632714310
2007.10	10	70,000,000	700,000,000	40,428,925	404,289,250	Capitalization of Convertible Bonds NT$285,700	None	Approved on October 18, 2007 by Approval Letter of S.Z.Z. No. 09632912430
2008.01	10	70,000,000	700,000,000	40,476,544	404,765,440	Capitalization of Convertible Bonds NT$476,190	None	Approved on January 17, 2008 by Approval Letter of S.Z.Z. No. 09731591520
2011.09	10	70,000,000	700,000,000	40,436,544	404,365,440	Capital Increase NT$400,000	None	September 1, 2011 B.F.J.D.Z.No. 1005054195
2014.01	10	70,000,000	700,000,000	53,936,544	539,365,440	Private Placement NT$135,000,000	None	Approved on January 2, 2014 by S.S.Z. No. 10201268230
2018.01	10	70,000,000	700,000,000	60,962,857	609,628,570	Private Placement Secured Convertible Bonds NT$70,263,130	None	Approved on January 28, 2018 by Approval Letter of S.S.Z. No. 10701009490
2018.03	10	70,000,000	700,000,000	67,094,433	670,944,330	Private Placement Secured Convertible Bonds NT$61,315,760	None	Approved on March 28, 2018 by Approval Letter of S.S.Z. No. 10701030200
2020.12	10	100,000,000	1,000,000,000	69,514,149	695,141,490	Private Placement Non-secured Convertible Bonds NT$24,197,160	None	Approved on December 7, 2020 by Approval Letter of S.S.Z. No. 10901233620

Share Type	Authorized Capital (Shares)					Remark
	Issued Shares			Un-issued Shares	Total	
Common stock	Listed	Unlisted	Total			
	40,436,544	29,077,605	69,514,149	30,485,851	100,000,000	Listed Shares

Information for shelf registration: None.

(II) Shareholder Structure

Shareholder Structure / Number	Government Agencies	Financial Institutions	Other Institutional Shareholders	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	0	0	36	2,740	13	2,789
Shareholding (Shares)	0	0	6,012,121	63,119,020	383,008	69,514,149
Shareholding Proportion	0.00%	0.00%	8.65%	90.80%	0.55%	100.00%

(III) Shareholding Distribution Status

NT$ 10 par value per share; April 1, 2023

Range of Shareholding	Number of Shareholders	Shareholding (Shares)	Shareholding Proportion %
1 ～ 999	515	75,684	0.11
1,000 ～ 5,000	1,617	3,133,083	4.51
5,001 ～ 10,000	238	1,916,697	2.76
10,001 ～ 15,000	99	1,259,965	1.81
15,001 ～ 20,000	57	1,056,122	1.52
20,001 ～ 30,000	65	1,664,126	2.39
30,001 ～ 40,000	28	1,029,217	1.48
40,001 ～ 50,000	27	1,240,853	1.79
50,001 ～100,000	54	4,068,365	5.85
100,001 ～200,000	38	5,876,630	8.45
200,001 ～400,000	17	4,515,838	6.50
400,001 ～600,000	16	7,829,104	11.26
600,001 ～800,000	2	1,352,961	1.95
800,001～1,000,000	1	852,471	1.23
More than 1,000,001	15	33,643,033	48.39
Total	2,789	69,514,149	100.00

(IV) List of Major Shareholders

April 1, 2023

Shareholding / Shareholder's Name	Shareholding (Shares)	Shareholding Proportion
Cheng, Yuan-Ching	3,784,483	5.44%
Tung Chi Investment Limited.	3,180,000	4.57%
Huang, Wen-Pin	3,000,000	4.32%
Chiu, Yi-Jung	2,977,610	4.28%
Cheng, Yueh-Min	2,687,037	3.87%
Chang, Chia-Chou	2,660,000	3.83%
Chiu, Yi-Chun	2,425,000	3.49%
Huang, Su-Chen	2,143,425	3.08%
Liang, Ching-Kuo	2,000,000	2.88%
Yin, Chung-Han	2,000,000	2.88%

(V) Market Price, Net Worth, Earnings, and Dividends, and Related Information per Share for the Past Two Fiscal Years

Unit: NT$; April 20, 2023

Item / Year			2021	2022	As of April 20, 2023 of the current year (Note 8)
Market Price per Share (Note 1)	Highest		103.50	142.50	125.00
	Lowest		56.80	48.70	90.20
	Average		83.47	87.72	101.98
Net Worth per Share (Note 2)	Before Distribution		5.19	5.79	-
	After Distribution		5.19	-	-
Earnings per Share	Weighted Average Shares (thousand shares)		69,514	69,514	-
	Earnings per Share (Note 3)		(0.83)	0.83	-
Dividends per Share	Cash Dividends		—	—	—
	Stock Dividends	Dividends from Retained Earnings	—	—	—
		Dividends from Capital Surplus	—	—	—
	Accumulated Undistributed Dividends (Note 4)		—	—	—
Return on Investment	Price/Earnings Ratio (Note 5)		—	—	—
	Price/Dividend Ratio (Note 6)		—	—	—
	Cash Dividend Yield Rate (Note 7)		—	—	—

Note 1: List the highest and lowest market prices of each year. And calculating each year's average market price based upon each year's actual transaction prices and volume.

Note 2: Please refer to the number of shares issued at the end of the year and allocated in accordance with the resolution of the Board of Directors or the Shareholders' Meeting in the next year.

Note 3: Earnings per share before and after adjustment should be listed in case of retroactive adjustment due to stock dividends.

Note 4: If the conditions for the issuance of equity securities stipulate that the dividends not paid in the current year can be accumulated to be paid in the year with a surplus, the dividends not paid shall be disclosed separately as of the current year.

Note 5: Price/Earnings Ratio = Average closing price of the current year/Earnings per share.

Note 6: Price/Dividend ratio = Average closing price of the current year/Cash dividends per share.

Note 7: Cash dividend yield = Cash dividend per share / Average closing price per share of the current year.

Note 8: Net worth per share and earnings per share shall be included in the latest quarter as of the publication date of the annual report which has been checked (reviewed) by accountants; the remaining fields should contain information for the year ending on the publication date of the annual report.

(VI) Dividend Policy and Implementation Status

1. Dividend policy established in the Company's Articles of Incorporation

   The Company is in the business growth stage, and the dividend policy gives priority to the Company's future development and financial position while taking into account the reasonable remuneration of shareholders. The current dividend policy is mainly to cover losses of previous years first. If there is a surplus, the balance plus the accumulated undistributed surplus of previous years shall be distributed after the Board of Directors has prepared a distribution proposal and submitted it to the Shareholders' Meeting for resolution.

2. Distribution of Dividends Proposed in the Shareholders' Meeting:
   (1) The Company's Board of Directors resolved on March 29, 2023 not to distribute dividends.
   (2) It is planned to discuss it at the Annual Shareholders’ Meeting on May 30, 2023.

(VII) Effect upon Business Performance and Earnings per Share of Any Stock Dividend Distribution Proposed or Adopted at the Most Recent Shareholders’ Meeting: N/A.

(VIII) Compensation of Employees, Directors, and Supervisors

1. The percentages or ranges with respect to employee, director, and supervisor compensation, as set forth in the Company's Articles of Incorporation
   If the Company has any profit in the year, it shall set aside 5% to 10% for the compensation of employees and not more than 2% for the compensation of directors. However, if the Company still has accumulated losses, it shall be covered first.
2. The Basis for Estimating the Amount of Employee, Director, and Supervisor Compensation, for Calculating the Number of Shares to Be Distributed as Employee Compensation, and the Accounting Treatment of the Discrepancy, if Any, Between the Actual Distributed Amount and the Estimated Figure, for the Current Period: Not distributed.
3. Distribution of Compensation Approved in the Board of Directors Meeting: Not distributed.
4. Compensation of Employees, Directors, and Supervisors in the Previous Fiscal Year: Not distributed.

(IX) Share Repurchases: None.

II. Corporate Bonds: None.

III. Preferred Shares: None.

IV. Global Depository Shares: None.

V. Employee Stock Options: None.

VI. New Restricted Employee Shares: None.

VII. Issuance of New Shares in Connection with Mergers or Acquisitions or with Acquisitions of Shares of Other Companies: None.

VIII. Implementation of the Company’s Capital Allocation Plan: None.

Chapter 5. Operational Highlights

I. Business Activities

(I) Business Scope

1. Principal Business Activities

   Manufacturing, processing, designing and trading of electronic component materials, finished products, semiconductors, communication equipment, mechanical equipment, electrical equipment, general instruments and equipment, other optical and precision instruments, medical equipment, measuring instruments, computer equipment and software, catering and intelligent manufacturing.

2. Proportion of Business

Major Product	Operating revenue in 2022 (NT$ 1,000)	Proportion of revenue (%)
Memory Products	703,074	60.66
Catering	291,610	25.16
Bio-medical	123,465	10.65
Others	40,957	3.53
Total	1,159,106	100.00

3. Current items of goods (services)
   (1) Memory Products: Sales of flash memory cards, memory IC and wafers.
   (2) Bio-medical: AI hearing aids.
   (3) Catering: Jipin Seafood Restaurant.
   (4) Others: Agency of Elan Communication and computer peripheral IC.
4. New products to be developed
   (1) R&D and sales of AI aids.
   (2) Application and development of intelligent manufacturing technology.
   (3) Develop new restaurant sites.

(II) Industry Overview

1. Current Status and Development
   (1) Memory Industry

   In 2022, affected by the overall economic adverse factors, the global memory market suffered from a contraction of terminal demand. However, under the recession of the economy, to improve its product technology to increase competitive advantages is the current goal of the factory, and the most important goal is the next generation of computing. The development of DRAM focuses on DDR6 and other specifications. In addition to achieving thinner linewidth through the EUV process to increase the transistor density, it achieves higher transmission speed through the mSAP packaging technology. However, 3D NAND Flash technology introduces EUV technology into the process and the product stack number is increased to over 200 layers, so as to achieve high-speed and high-reliability SSD access devices. The new memory can be integrated with the logic IC through the yellow light process to improve the data transmission performance and reduce the size of the chip. Therefore, the emerging memory technology integrating RRAM, MRAM and wafer process will be an important development direction in the future.

(2) Bio-medical application industry:

At present, the Company has developed hearing aid products with noise reduction functions, and with the continuous progress of artificial intelligence, future hearing aid products will be optimized. In addition, the U.S. Government has officially announced that all major medical device companies and distributors could sell OTC hearing aids from 2020. The clear market opportunity will bring a demand explosion for hearing aids.

(3) Catering Industry

The past two years' pandemic is unforgettable for the global catering industry. For Taiwan, people's livelihood demand began to release in the second half of 2022. In addition, the border control was gradually loosened, which was also conducive to the recovery of overall consumption growth and the rise of the operating revenue of the restaurant industry.

2. Relationship Amongst Upstream, Midstream, and Downstream Sections of the Industry

(1) The industry architecture of memory products:

Upstream	Midstream	Downstream
• Flash memory manufacturer • Distributor • PCB manufacturer • Electronic parts manufacturer	• Controller chip manufacturer	• Flash memory card manufacturer • Electronic products manufacturer

(2) The industry architecture of bio-medical industry:

Upstream	Midstream	Downstream
• Raw material manufacturer, IC manufacturer	• ODM factory	• Brand owner • Consumer

(3) The industry architecture of the catering industry:

Upstream	Midstream	Downstream
• Accommodation industry, transportation industry, catering industry, Retail industry, and leisure and recreation industry	• catering industry	• catering industry consumers

3. Product Development Trends and Competition

The Company's main businesses include memory products, bio-medical products and catering industries. The development trend of various products is as follows:

(1) Memory Products

At present, Samsung, Kioxia, Western Digital, Micron, SK Hynix, Intel, etc. are the main producers of NAND Flash wafers in the world. Under the fierce competition of the 3D NAND stacking process, the increase of the 3D NAND stack number has led to technical bottleneck of the single-string stack. Samsung has led the NAND Flash industry since 2002, mastering the discourse power of market order.

In the past two years, impacted by the pandemic, the NAND Flash market was oversupplied. However, with the increasing demand for SSDS over 2TB, 512Gb and 1Tb NAND chips became the most popular applications. As the demand for memory for data centers and servers increases, the demand for mainstream specifications including R-DIMM 32/64GB and SSD for servers also increases. It is estimated that DRAM and NAND Flash will continue to increase in price and volume in this field.

(2) Bio-medical application

With the increase in human longevity, people are increasingly dependent on 3C products, and more people need help with hearing. The appearance of OTC (OVER THE COUNTER) hearing aids should be the biggest change in the industry. The core technology of OTC hearing aids continues to advance, and it is cheaper and more convenient than traditional hearing aid fitting. With the continuous progress and optimization of artificial intelligence, the future of hearing aids will be promising, and the industry will continue to burst with vitality.

(3) Catering Industry

A. Catering service: To provide customers with a series of thoughtful meticulous and innovative catering services.

B. Development of frozen food: To allow consumers to cook at home, many catering companies have launched popular frozen products with unique features. For example, "Jipin Seafood" has developed frozen and refrigerated foods, including salted egg yolk custard bun, oxtail stew with red wine and brined beef tendon, so that consumers can enjoy delicious meals at home and the Company can seize the business opportunities of pandemic prevention.

(III) Technology and R&D Overview

1. Annual R&D Expenses in the Most Recent Fiscal Year

The Company did not invest in research and development.

2. Technology or Product Successfully Developed

(1) Control IC of different caller ID telephones
(2) Application of 900MHz and 2.4GHz RF modules in cordless telephones
(3) 2.4GHz spread-spectrum cordless telephone (Spread-spectrum Technology)
(4) Multi-functional clocks for LCD Lines and body scale
(5) Flashlight lens for traffic signs and camera phone
(6) Memory card and adapter manufacturing
(7) Fingerprint sensor
(8) 100-watt high-power LED street lamp products
(9) 1 to 30-watt high-power LED street lamp products
(10) High-power LED optical module/cooling structure

(11) High-power LED light controller and drive circuit module
(12) CMOS/CCD rear camera module
(13) Sunroof controller
(14) Car door anti-clamp module
(15) General mobile phone communication IC module
(16) Touch control mobile phone communication IC module
(17) Android-encrypted cell phone
(18) Windows Mobile phone
(19) Driving recorder
(20) Optical filter IRCF laser cut
(21) Application of the plasma technology in the cleaning process
(22) Feedback cancellation, big data recording, noise reduction and environmental detection technology

(IV) Long- and Short-Term Business Development Plans

1. Short-term plan

(1) Utilizing its years of experience in semiconductor marketing and application design, the Company will understand the niche of semiconductor industry and its downstream development trend, continue to strengthen the professional fields of operation and development team, analyze the industry trends, and strengthen its market positioning to obtain greater advantages for the Company's operation.

(2) Develop Jipin frozen, refrigerated food and exquisite meals to provide consumers with take-away options, and strengthens cooperation with delivery platforms to provide consumers with more delivery services.

2. Long-term plan

(1) Continue to introduce outstanding talents and strengthen personnel training to lead in the industry.

(2) Continue to carry out the development plan with cooperative manufacturers to enhance product price competitiveness. Establish brands to stabilize sales channels and prices through brand growth.

(3) Plan the hearing aid products with the customer and market as orientation, and effectively reduce the signal noise of the hearing aid to reduce the noise so that consumers can improve their speech recognition ability and auditory comfort.

(4) Expand Jipin Seafood's specialty frozen food to meet the future "stay-at-home economy", and allows consumers to taste delicious food at home.

II. Analysis of the Market as well as Production and Marketing Situation

(I) Market Analysis

1. Sales (Service) Regions of Main Products (Services)

Unit: NT$ 1,000

Year / Region	2022	
	Amount	%
Taiwan	319,533	27.57
Asia	839,573	72.43
Total	1,159,106	100.00

2. Market share

   At present, the Company's main businesses include sales of memory and biomedical products and catering industries. The memory products integrate development technologies and the Company belongs to a second-tier manufacturer in terms of business and sales, so the market share of each product line in different fields is still low. Biomedical products are mainly sold to the Chinese mainland market, and are still in their early stage. In the aspect of the catering industry, due to the fierce market competition of Taiwan's tourism and leisure industry, the brand marketing of the Company is still insufficient, and the market share is still low.

3. Future Market Supply, Demand, and Growth Potential

   (1) Memory Industry

   Since the Company is mainly engaged in the field of consuming memory storage, which is mainly used in 3C products and portable hard drives made in Mainland China. We can only estimate the competition situation in this market roughly, and its market demand situation is roughly measured by the growth forecast of the mobile phone market this year.

   A. Supply Side

   At present, Samsung, Kioxia, Western Digital, Micron, SK Hynix, Intel, etc. are the main producers of NAND Flash wafers in the world. Under the fierce competition of the 3D NAND stacking process, the increase of the 3D NAND stack number has led to technical bottleneck of the single-string stack. Samsung has led the NAND Flash industry since 2002, mastering the discourse power of market order. With the increasing demand for SSDS over 2TB, 512Gb and 1Tb NAND chips became the most popular applications.

   B. Demand Side

   As the demand for NAND FLASH products declined, all factories were still destocking, and the market was oversupplied, so both the price and sales of memory products fell. However, due to the shortage of relevant parts, the cost of SSDs and other related products increases, resulting in the price rise of high-capacity SSDs. In addition, since virtual currency drives the mining trend, the demand for high-capacity SSDs is surging.

   (2) Research and Development of AI Hearing Aids

   A. Supply Side

   The global hearing aid market is dominated by six brands, namely Sonova Hearing Group, Denmark William Demant Group, Denmark GN ReSound Hearing Group, Denmark Widnex Hearing Aids, American Starkey Hearing Aids and Siemens Hearing Group, accounting for over 95% of the market share. Since these six brands are multinational enterprises, their distribution services in Taiwan mostly rely on hearing centers or agency companies.

   B. Demand Side

   Globally, about two-thirds of people over the age of 70 have hearing problems. However, the use of hearing aids is less than a tenth of the real market demand. Hearing loss is listed in many countries as a major chronic disease that seriously affects the life quality of the elderly. Therefore, it is urgent to support and develop the hearing aids market for the elderly. The core technology of OTC hearing aids continues to advance, and it is cheaper and more convenient than traditional hearing aid fitting, bringing more convenience for consumers.

(3) Catering Industry

We have developed dishes that are highly accepted by local people based on authentic Hong Kong-style Cantonese cuisine cooked by a 40-year experienced chef combined with local taste. The landscape and layout of the restaurants take the landscape and buildings as the outline, connecting the spaces of different blocks and increasing the depth of field level, so as to provide a new space for consumers to enjoy delicious food in Jhubei.

4. Competitive Niches

Memory and IC Design Industry:

Based on its existing design experience, the Company will establish a position of a professional IDH company in the market of mainland China, and continue to deepen the old channels with relatively good quality to sell memory cards and 3C peripheral products. It will also be engaged in the R&D and design of medical devices through the semiconductor field. In the hearing aid project, the Company takes researching and developing OTC hearing aids that can be sold by major medical stores and retail channels.

5. Favorable and Unfavorable Factors of Development Prospects and Countermeasures

(1) Favorable Factors:

A. The Company has been engaged in semiconductor-related fields for years, and has technical talents and relevant channels to provide appropriate products and services according to customer needs. Through the semiconductor field, the Company also started researching and developing AI hearing aids products.

B. In the catering industry, the Company has over 14 years of operating experience and has always adhered to traditional Cantonese cuisine, which is very popular among consumers.

(2) Unfavorable factors:

Due to the ongoing Russia-Ukraine war, and soaring global inflation, there is a decline in the demand for terminal consumer electronic products and a longer destocking time, increasing the risk of price loss and price competition.

(3) Countermeasures

A. Relying on its years of experience in semiconductor marketing and application design, the Company will continue to strengthen the professionalism of the management team, analyze the industrial trends, continue to strengthen the manufacturer and customer development plan, strengthen the competitiveness of products, integrate multiple technologies, and improve the intelligent manufacturing capability to obtain greater advantages for the company's operation.

B. The Company will strengthen delivery and take-out services, develop frozen food of its own features to maintain existing stable customers and introduce preferential and delicate special deals and packages to provide multiple services to cope with the pandemic.

(II) Functions and Manufacturing Processes for Main Products

1. Important Functions of Main Products

Major Product	Important Functions
Memory Products	Mainly used for storage media in mobile phones, computers, tablets, driving recorders, household intelligent appliances and other electronic products.
Bio-medical Application	Hearing aids products
Catering	Providing meal services for daily dining or gathering.

2. Manufacturing Process: Not applicable, since no production or manufacturing is involved.

(III) Supply of Major Raw Materials

Elan Electronics is the main supplier of the Company’s IC application commodities. It provides IC matrices to the Company and has cooperated with the Company for a long time for its stable product quality, high production capacity, and active cooperation.

Most of the memory products are standardized products, since there are a large number of suppliers, who have cooperated with the Company for a long time, so there is no risk of supply shortage.

The Company’s main IC supplier for hearing aids products is British Cayman Islands Intelligo Technology Inc. Taiwan Branch. The quality of its products is stable, but due to the tight production capacity of upstream chip factories, the delivery time is long.

(IV) Major Clients Who Have Accounted for at Least 10% of the Total Sales in Any of the Last Two Years, Their Sales Amount and Proportion, and Reasons for Increase or Decrease

1. Major Suppliers Who Have Accounted for at Least 10% of the Total Purchases in Any of the Last Two Years

Unit: NT$ 1,000

	2021			2022			As of March 31, 2023		
Company Name	Amount	Proportion to Annual Net Purchases (%)	Relationship with Issuer	Amount	Proportion to Annual Net Purchases (%)	Relationship with Issuer	Amount	Proportion to Annual Net Purchases as of March 31 of the current year (%)	Relationship with Issuer
Manufacturer A	262,421	34.93	None	344,823	38.26	None	104,985	46.83	None
Manufacturer B	85,261	11.35	None	158,448	17.58	None	22,766	10.15	None
Manufacturer C	71,657	9.83	None	111,075	12.32	None	33,780	15.07	None
Others	331,893	43.89		286,981	31.84		62,672	27.95	
Total	751,232	100.00		901,327	100.00		224,203	100.00	

2. Major Clients Who Have Accounted for at Least 10% of the Total Purchases (Sales) in Any of the Last Two Years

Unit: NT$ 1,000

	2021			2022			As of March 31, 2023		
Company Name	Amount	Proportion to Annual Net Sales (%)	Relationship with Issuer	Amount	Proportion to Annual Net Sales (%)	Relationship with Issuer	Amount	Proportion to Annual Net Sales as of March 31 of the current year (%)	Relationship with Issuer
Client A	212,991	25.00	None	213,484	18.42	None	50,470	17.64	None
Client B	166,261	19.52	None	189,944	16.39	None	29,547	10.33	None
Client C	123,660	14.52	None	151,590	13.08	None	35,597	12.44	None
Client D	83,815	9.84	None	123,535	10.66	None	22,726	7.94	None
Others	348,961	40.96		480,553	41.45		147,759	51.65	
Total	851,873	100.00		1,159,106	100.00		286,099	100.00	

3. Reasons of increase or decrease:

The increase and decrease of the purchase and sales objects and their proportion in 2022 were not much different from that in 2021. As the pandemic situation slowed down in 2022 and China gradually opened its border, some customers placed more orders.

(V) Production in the Last Two Years: Not applicable, since no production or manufacturing is involved.

(VI) Shipments and Sales in the Last Two Years

Unit: Unit: 1,000 pieces; NT$ 1,000

Year / Shipments & Sales / Major Products	2021				2022			
	Domestic		Overseas		Domestic		Overseas	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Memory card	-	-	1,690	289,946	35	3,168	2,896	414,696
Wafer	-	-	6,493	315,855	12	1,101	5,039	284,109
Catering	-	209,887	-	-	-	299,374	-	-
Medical devices	-	-	13	27,626	-	-	64	123,465
Others	124	3,139	1,558	5,420	95	15,889	2,639	17,304
Total	-	213,026	-	638,847	-	319,532	-	839,574

III. Number of Employees for the Two Most Recent Fiscal Years

Year		2021	2022	As of April 25, 2023 in the year
Number of Employees	Manager	14	16	15
	General staff	96	97	92
	Production line worker	46	58	52
	Total	156	171	159
Average Age		44.32	44.88	45.30
Average Years of Services		6.55	6.49	6.57
Education Distribution Ratio	Ph.D.	0	0	0
	Master's	0.64	2.34	1.26
	University	30.77	39.18	37.74
	Senior High school	64.74	50.29	54.09
	Below Senior High School	3.85	8.19	6.92

IV. Environmental Protection Expenditure

Any losses suffered by the Company in the most recent fiscal year and during the current fiscal year up to the publication date of the annual report due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in the environmental inspection, the disposition dates, disposition reference numbers, the articles of law violated, the contents of law violated, and the content of the dispositions), and an estimate of possible expenses that could be incurred currently and in the future and countermeasures being or to be taken shall be disclosed. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided:

There have been no pollution accidents in the most recent fiscal year and during the current fiscal year up to the publication date of the annual report.

V. Labor Relations

(I) Employee Benefit Plans, Continuing Education, Training, and Retirement Systems and the Status of Their Implementation, and the Status of Labor-management Agreements and Measures for Safeguarding Employees' Rights and Interests.

1. Employee Welfare
   (1) Annual and festival bonus
   (2) Annual employee travel
   (3) Employee internal and external education and training
   (4) Staff gathering
2. Continuing Education and Training: The Company handles various internal and external training for employees according to work requirements.

Unit: NT$ 1,000

Item	Times	Total Number of Participants	Total Number of Hours	Total Expenses
1. Professional function training	4	2	24	15
2. Executive competency training	1	1	12	8

3. Retirement System and Its Implementation
   The Company has a retirement policy, which allocates 2% of the total salary to the Central Trust Bureau special account as the labor pension reserve funds. The retirement measures and pension payment standards are the same as the provisions of the Labor Standard Law. From July 1, 2005, the Company has made a contribution of 6% of the employees' salary every month to a special personal pension account for employees according to the Labor Retirement Pension System.
4. Agreements between Labor and Management and Employee Rights Protection Measures: The labor and management relation is good, without significant agreement matters.

Item	Description
Access control security	1. A 24-hour access control monitoring system is provided. 2. Security companies are contracted to provide security services at nights and on holidays.
Equipment maintenance and inspection	The Management Committee regularly and irregularly inspects elevators, fire equipment and safety equipment in public areas.
Physiological hygiene	Regularly clean and disinfect the office areas.
Insurance	1. Insure labor insurance and health insurance according to law. 2. Consult an insurance company to insure a business accident insurance of NT$ 2 million.

(II) Any losses incurred as a result of labor disputes in the most recent fiscal year, and during the current fiscal year up to the publication date of the annual report (including any violations of the Labor Standards Act found in labor inspection, the disposition dates, reference numbers, the articles of law violated, the contents of law violated, and the content of the dispositions), and an estimate of possible expenses that could be incurred currently and in the future and countermeasures being or to be taken shall be disclosed. If a reasonable estimate cannot be made, an explanation shall be provided:

The Company has a good labor and management relations. So far, there have been no labor and management disputes.

VI. Information Security Management

(I) Describe the information security risk management structure, information security policy, specific management scheme, resources invested in the information security management, and information security policy

1. Information security risk management structure

The Company strengthens its information security management to ensure the confidentiality, integrity and availability of its information assets to provide an information environment for the normal operation of its business.

2. Information security risk management structure

(1) The Company's Management Department is responsible for coordinating matters related to information security management.

(2) The employees shall comply with the Company's information or confidential security specifications.

(3) The employees' job positions should be properly isolated and only be given access to information necessary for the job.

(4) When there is an information security incident, the information security contact personnel shall be notified immediately.

(5) In case of damage to the rights and interests caused by an information security incident, it shall be appropriately and effectively disposed of.

3. Specific management scheme, resources invested in information security management, and information security policy

(1) Access to the control and management system.

(2) Set up a firewall, install anti-virus software, set access rights, and encrypt data.

(3) Regularly sweep company computer equipment and network equipment every month.

(II) Any losses incurred as a result of major information security incidents, the possible impact and the response measures during the current fiscal year up to the publication date of the annual report. If a reasonable estimate cannot be made, an explanation shall be provided:

None.

VII. Important Contracts

The parties, main contents, restriction clauses and commencement dates of sales and purchase contracts, technical cooperation contracts, engineering contracts, long-term loan contracts and other important contracts affecting shareholders' rights and interests that are still in force as of the publication date of the annual report and expire in the current fiscal year:

Type of Contract	Counterparty	Contract Period	Major Contents	Restrictions
Short-term loan	Taiwan Cooperative Bank	2022.06.01-2023.01.03	Credit financing	None
Short-term loan	First Commercial Bank	2022.05.20-2023.01.11	Credit financing	None
Short-term loan	Hua Nan Commercial Bank	2022.11.28-2023.05.28	Credit financing	None
Short-term loan	Taiwan Business Bank Co., Ltd.	2022.01.17-2023.01.17	Credit financing	None
Long-term loan		2020.09.01-2025.09.01		
Short-term loan	Chang Hwa Commercial Bank	2022.06.30-2023.06.30	Credit financing	None
Long-term loan		2021.06.30-2023.10.22		

Chapter 6. Financial Information

I. Condensed Balance Sheets and Statements of Comprehensive Income for the Past Five Fiscal Years and Names and Audit Opinions of CPAs

(I) Condensed Balance Sheets and Statements of Comprehensive Income

Condensed Balance Sheet

Unit: NT$ 1,000

Item \ Year		Financial summary for the last five years (Note 1) 2018	2019	2020	2021	2022	Financial Information as of March 31, 2023 of the current year (Note 3)
Current assets		906,491	870,761	628,446	587,341	618,077	—
Property, plant and equipment (Note 2)		119,506	104,035	129,134	144,149	190,708	—
Intangible assets		170,793	28,580	28,580	74,507	87,254	—
Other assets (Note 2)		233,675	261,152	306,748	409,798	277,000	—
Total assets		1,430,465	1,264,528	1,092,908	1,215,795	1,173,039	—
Current liabilities	Before Distribution	375,298	670,022	453,794	539,287	450,301	—
	After Distribution	375,298	670,022	453,794	539,287	450,301	—
Non-current liabilities		205,809	50,261	205,245	301,225	309,548	—
Total liabilities	Before Distribution	581,107	720,283	659,039	840,512	759,849	—
	After Distribution	581,107	720,283	659,039	840,512	759,849	—
Equity attributable to shareholders of the parent		812,520	533,972	427,846	360,436	402,192	—
Capital stock		670,944	670,944	695,142	695,142	695,142	—
Capital surplus		159,961	137,614	53,473	—	—	—
Retained earnings	Before Distribution	(18,002)	(272,998)	(316,811)	(329,079)	(269,877)	—
	After Distribution	(18,002)	(272,998)	(316,811)	(329,079)	(269,877)	—
Other equity interest		(383)	(1,588)	(3,958)	(5,627)	(23,073)	—
Treasury stock		—	—	—	—	—	—
Non-controlling interest		36,838	10,273	6,023	14,847	10,998	—
Total equity	Before Distribution	849,358	544,245	433,869	375,283	413,190	—
	After Distribution	849,358	544,245	433,869	375,283	—	—

Note 1: The year not audited and certified by the CPAs shall be indicated.

Note 2: If the assets have been reappraised in the current year, the date and amount of the appraisal shall be listed.

Note 3: As of the date of publication of the annual report, a company listed or whose shares have been traded at the places of business of securities firms should disclose the most recent financial information which has been audited and certified or reviewed by the CPAs.

Note 4: The amount after distribution should be filled in accordance with the resolution of the Board of Directors or the Shareholders' Meeting in the next year.

Note 5: If the financial information is subject to self-correction or recompilation as notified by the competent authority, it shall be presented in the corrected or recompiled amount, and the date of self-correction or recompilation and reasons thereof should be indicated.

Condensed Statement of Comprehensive Income

Unit: NT$ 1,000

Item \ Year	Financial summary for the last five years (Note 1)					Financial Information as of March 31, 2023 of the current year (Note 2)
	2018	2019	2020	2021	2022	
Operating revenue	2,684,005	2,047,993	1,022,027	851,873	1,159,106	—
Gross Profit	154,898	124,520	31,866	90,750	184,055	—
Operating Profit and Loss	(34,216)	(104,451)	(181,658)	(64,428)	(104,517)	—
Non-operating income and expenses	13,990	(150,535)	7,550	29	165,532	—
Net Profit Before Tax	(20,226)	(254,986)	(174,108)	(64,399)	61,015	—
Net income from continuing operations	(26,952)	(254,250)	(174,109)	(64,517)	53,555	—
Loss from discontinued operations	—	—	—	—	—	—
Net income (loss)	(26,952)	(254,250)	(174,109)	(64,517)	53,555	—
Other comprehensive income (net, after tax)	(3,020)	3,814	(2,079)	(369)	(15,650)	—
Total comprehensive income	(29,972)	(250,436)	(176,188)	(64,886)	37,905	—
Net income attributable to shareholders of the parent	(28,192)	(249,692)	(170,853)	(57,571)	57,406	—
Net income attributable to non-controlling interests	1,240	(4,558)	(3,256)	(6,946)	(3,851)	—
Comprehensive income attributable to shareholders of the parent	(31,212)	(245,878)	(172,932)	(57,940)	41,756	—
Comprehensive income attributable to non-controlling interest	1,240	(4,558)	(3,256)	(6,946)	(3,851)	—
Earnings per Share	(0.43)	(3.72)	(2.53)	(0.83)	0.83	—

Note 1: The year not audited and certified by the CPAs shall be indicated.

Note 2: As of the date of publication of the annual report, a company listed or whose shares have been traded at the places of business of securities firms should disclose the most recent financial information which has been audited and certified or reviewed by the CPAs.

Note 3: Loss from discontinued operations is shown net of income tax.

Note 4: If the financial information is subject to self-correction or recompilation as notified by the competent authority, it shall be presented in the corrected or recompiled amount, and the date of self-correction or recompilation and reasons thereof should be indicated.

Individual Condensed Balance Sheet

Unit: NT$ 1,000

Item \ Year		Financial summary for the last five years (Note 1) 2018	2019	2020	2021	2022	Financial Information as of March 31, 2023 of the current year (Note 3)
Current assets		807,489	797,637	556,195	480,551	664,036	—
Property, plant and equipment (Note 2)		48,867	46,862	45,165	46,150	4,684	—
Intangible assets		—	—	—	—	—	—
Other assets (Note 2)		560,882	385,581	281,882	292,210	94,088	—
Total assets		1,417,238	1,230,080	883,242	818,911	762,808	—
Current liabilities	Before Distribution	398,733	655,817	402,966	421,223	249,016	—
	After Distribution	398,733	655,817	402,966	421,223	—	—
Non-current liabilities		205,985	40,291	52,430	37,252	111,600	—
Total liabilities	Before Distribution	604,718	696,108	455,396	458,475	360,616	—
	After Distribution	604,718	696,108	455,396	458,475	—	—
Equity attributable to shareholders of the parent		—	—	—	—	—	—
Capital stock		670,944	670,944	695,142	695,142	695,142	—
Capital surplus		159,961	137,614	53,473	—	—	—
Retained earnings	Before Distribution	(18,002)	(272,998)	(316,811)	(329,079)	(269,877)	—
	After Distribution	(18,002)	(272,998)	(316,811)	(329,079)	—	—
Other equity interest		(383)	(1,588)	(3,958)	(5,627)	(23,073)	—
Treasury stock		—	—	—	—	—	—
Non-controlling interest		—	—	—	—	—	—
Total equity	Before Distribution	812,520	533,972	427,846	360,436	402,192	—
	After Distribution	812,520	533,972	427,846	360,436	—	—

Note 1: The year not audited and certified by the CPAs shall be indicated.
Note 2: If the assets have been reappraised in the current year, the date and amount of the appraisal shall be listed.
Note 3: As of the date of publication of the annual report, a company listed or whose shares have been traded at the places of business of securities firms should disclose the most recent financial information which has been audited and certified or reviewed by the CPAs.
Note 4: The amount after distribution should be filled in accordance with the resolution of the Board of Directors or the Shareholders' Meeting in the next year.
Note 5: If the financial information is subject to self-correction or recompilation as notified by the competent authority, it shall be presented in the corrected or recompiled amount, and the date of self-correction or recompilation and reasons thereof should be indicated.

Individual Condensed Statement of Comprehensive Income

Unit: NT$ 1,000

Item \ Year	Financial summary for the last five years					As of March 31, 2023 of the current year (Note 1)
	2018	2019	2020	2021	2022	
Operating revenue	2,378,171	1,758,056	812,774	621,129	960,504	—
Gross Profit	(6,005)	(7,664)	(69,423)	(23,296)	135,430	—
Operating Profit and Loss	(44,785)	(80,797)	(169,892)	(51,285)	(41,939)	—
Non-operating income and expenses	18,579	(171,503)	(961)	(6,286)	105,075	—
Net Profit Before Tax	(26,206)	(252,300)	(170,853)	(57,571)	63,136	—
Net income from continuing operations	(28,192)	(249,692)	(170,853)	(57,571)	57,406	—
Loss from discontinued operations	—	—	—	—	—	—
Net income (loss)	(28,192)	(249,692)	(170,853)	(57,571)	57,406	—
Other comprehensive income (net, after tax)	(3,020)	3,814	(2,079)	(369)	(15,650)	—
Total comprehensive income	(31,212)	(245,878)	(172,932)	(57,940)	41,756	—
Net income attributable to shareholders of the parent	—	—	—	—	—	—
Net income attributable to non-controlling interests	—	—	—	—	—	—
Comprehensive income attributable to shareholders of the parent	—	—	—	—	—	—
Comprehensive income attributable to non-controlling interest	—	—	—	—	—	—
Earnings per Share	(0.43)	(3.72)	(2.53)	(0.83)	0.83	—

Note 1: The year not audited and certified by the CPAs shall be indicated.

Note 2: As of the date of publication of the annual report, a company listed or whose shares have been traded at the places of business of securities firms should disclose the most recent financial information which has been audited and certified or reviewed by the CPAs.

Note 3: Loss from discontinued operations is shown net of income tax.

Note 4: If the financial information is subject to self-correction or recompilation as notified by the competent authority, it shall be presented in the corrected or recompiled amount, and the date of self-correction or recompilation and reasons thereof should be indicated.

(II) Name of CPAs and Audit Opinions for the Last Five Years

Year	Accounting Firm	Name of CPA	Audit Opinion
2018	RSM Taiwan	Wan, Yi-Tung, Chang, Chien-Ling	Unqualified opinion
2019	RSM Taiwan	Wan, Yi-Tung, Chang, Chien-Ling	Unqualified opinion
2020	RSM Taiwan	Wan, Yi-Tung, Chang, Chien-Ling	Unqualified opinion
2021	RSM Taiwan	Wan, Yi-Tung, Chang, Chien-Ling	Unqualified opinion (with highlighted paragraphs)
2022	RSM Taiwan	Wan, Yi-Tung, Chang, Chien-Ling	Unqualified opinion

II. Five-Year Financial Analysis

(I) Financial Analyses

Item	Year	2018	2019	2020	2021	2022	As of March 31, 2023 of the current year (Note 1)
		Financial Analyses for the Past Five Fiscal Years					
Financial structure (%)	Debt ratio	40.62	56.96	60.35	69.13	64.78	-
	Ratio of long-term capital to property, plant and equipment	882.94	571.45	494.18	469.31	378.98	-
Solvency (%)	Current ratio	241.54	129.96	163.86	108.91	137.26	-
	Quick ratio	202.53	83.98	87.84	59.62	86.87	-
	Interest earned ratio	(52.91)	(1,574.13)	(1,229.93)	(571.24)	475.34	-
Operating performance	Accounts receivable turnover (times)	4.98	4.50	2.85	2.81	3.42	-
	Average collection period	73.27	81.11	128.07	129.89	106.73	-
	Inventory turnover (times)	20.36	7.95	3.38	2.75	3.36	-
	Payables turnover (times)	51.32	120.22	81.38	50.58	23.07	-
	Average days in sales	17.93	45.91	107.98	132.72	108.63	-
	Property, plant and equipment turnover (times)	22.06	18.32	8.77	6.23	6.92	-
	Total asset turnover (times)	1.76	1.52	0.87	0.74	0.97	-
Profitability	Return on total assets (%)	(0.54)	(8.98)	(13.97)	(4.92)	5.57	-
	Return on Equity (%)	(1.81)	(18.24)	(35.83)	(15.95)	13.58	-
	Pre-tax income to paid-in capital (%)	(3.01)	(38.00)	(25.19)	(9.26)	8.78	-
	Net Profit Margin (%)	(1.00)	(12.41)	(17.13)	(7.57)	4.62	-
	Earnings Per Share (NT$) (Note 2)	(0.43)	(3.72)	(2.55)	(0.83)	0.83	-
Cash Flow	Cash flow ratio (%)	Note 3	Note 3	13.97	Note 3	7.82	-
	Cash flow adequacy ratio (%)	69.02	52.71	Note 3	Note 3	Note 3	-
	Cash reinvestment ratio (%)	Note 3	Note 3	9.62	Note 3	4.87	-
Leverage	Operating leverage	(0.25)	(0.64)	0.88	0.53	0.65	-
	Financial leverage	0.72	(0.87)	0.93	0.87	0.87	-

Reasons for differences in financial ratios in the most recent two years:

1. Current ratio: Mainly due to the disposal of real estate to repay short-term loans, resulting in a decline in current liabilities.
2. Quick ratio: Mainly due to the disposal of real estate to repay short-term loans, resulting in a decline in current liabilities.
3. Interest earned ratio: Mainly due to the disposal of real estate and equity increased the disposition interest, which greatly increased the pre-tax net profit compared with that in 2021.
4. Payables turnover: Mainly due to the extension of payment terms.
5. Financial ratios of profitability: Mainly due to the disposal of real estate and equity increased the disposition interest, which greatly increased the pre-tax net profit compared with that in 2021.
6. Cash flow adequacy ratio: Mainly due to the increase of capital expenditure in 2022, such as the expansion and decoration of Jipin Seafood.

Note 1: As of the publication date, the CPAs have not completed the review of the Q1 2023 financial information.

Note 2: Earnings per share are calculated based on the weighted average number of shares issued during the year.

Note 3: Since the cash flows from operating activities are outflows and do not conform to the definition of cash flow analysis, this ratio is not applicable.

Individual Financial Analyses

Item		Financial Analyses for the Past Five Fiscal Years (Year) 2018	2019	2020	2021	2022
Financial structure (%)	Debt ratio	42.67	56.59	51.62	55.99	47.27
	Ratio of long-term capital to property, plant and equipment	2,084.24	1,225.43	1,061.25	861.73	10,969.09
Solvency (%)	Current ratio	202.51	121.62	151.11	114.08	266.66
	Quick ratio	171.72	78.72	99.97	58.48	205.02
	Interest earned ratio	(97.66)	(1,683.16)	(1,362.15)	(776.94)	729.53
Operating performance	Accounts receivable turnover (times)	4.58	4.03	2.38	2.18	2.55
	Average collection period	79.65	90.57	153.36	167.43	113
	Inventory turnover (times)	23.19	8.24	3.37	2.63	3.61
	Payables turnover (times)	62.74	546.92	387.10	289.24	66.02
	Average days in sales	15.74	44.29	108.31	138.78	101.11
	Property, plant and equipment turnover (times)	49.07	36.73	17.66	13.60	37.79
	Total asset turnover (times)	1.59	1.33	0.77	0.73	1.21
Profitability	Return on total assets (%)	(1.18)	(18.01)	(15.38)	(6.15)	8.27
	Return on Equity (%)	(4.01)	(37.09)	(35.76)	(14.61)	15.05
	Pre-tax income to paid-in capital (%)	(3.91)	(37.60)	(24.72)	(8.28)	9.08
	Net Profit Margin (%)	(1.19)	(14.20)	(21.14)	(9.27)	5.98
	Earnings Per Share (NT$) (Note 1)	(0.43)	(3.72)	(2.55)	(0.83)	0.83
Cash Flow	Cash flow ratio (%)	Note 2	Note 2	6.37	Note 2	Note 2
	Cash flow adequacy ratio (%)	42.34	32.96	Note 2	Note 2	Note 2
	Cash reinvestment ratio (%)	Note 2	Note 2	5.63	Note 2	Note 2
Leverage	Operating leverage	(0.57)	(0.79)	0.84	0.68	0.54
	Financial leverage	0.77	(0.85)	0.94	0.89	0.81

Reasons for differences in financial ratios in the most recent two years:

1. Ratio of long-term capital to property, plant and equipment: Mainly due to the disposal of assets in 2022, resulting in the reduction of real estate and factory buildings.
2. Current and Quick ratio (%) Mainly due to the disposal of real estate to repay short-term loans, resulting in a decline in current liabilities.
3. Interest earned ratio: Mainly due to the disposal of real estate and equity increased the disposition interest, which greatly increased the pre-tax net profit compared with that in 2021.
4. Payables turnover: Mainly due to the extension of payment terms.
5. Financial ratios of profitability: Mainly due to the disposal of real estate and equity increased the disposition interest, which greatly increased the pre-tax net profit compared with that in 2021.

Note 1: Earnings per share are calculated based on the weighted average number of shares issued during the year.

Note 2: Since the cash flows from operating activities are outflows and do not conform to the definition of cash flow analysis, this ratio is not applicable.

The formulas for financial analysis are listed as follows:

1. Financial structure
   (1) Debt ratio = Total liabilities/Total assets.
   (2) Ratio of long-term funds 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 = Earnings before interest and taxes/Interest expenses.
3. Operating performance
   (1) Accounts receivable turnover rate (including accounts receivable and bills receivable from business activities) = Net sales/Balance of average accounts receivable in each period (including accounts receivable and bills receivable from business activities).
   (2) Average collection period = 365/Accounts receivable turnover.
   (3) Inventory turnover rate= Cost of sales/Average inventory.
   (4) Payables turnover rate (including accounts payable and bills payable from business activities) = Cost of sales/Balance of average accounts payable in each period (including accounts payable and bills payable from business activities).
   (5) Average days in sales = 365/Inventory turnover.
   (6) Property, plant and equipment turnover rate = Net sales/Average net property, plant, and equipment.
   (7) Total asset turnover rate = Net sales/Average total assets.
4. Profitability
   (1) Asset return ratio = [Profit or loss after tax + Interest expenses × (1 - Tax rate)]/Average total assets.
   (2) Return on shareholders' equity = Profit or loss after tax/Average total equity.
   (3) Profit ratio = Profit or loss after tax/Net sales.
   (4) Earnings per share = (Income attributable to shareholders of parent company - Preferred shares dividends)/Weighted average number of shares issued.
5. Cash Flow
   (1) Cash flow ratio = Net cash flows from operations/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).

III. Audit Committee Report for the Most Recent Fiscal Year's Financial Statements

Audit Committee's Report

The Board of Directors prepared and submitted the Company’s 2022 Business Report, Financial Statements, and a loss compensation proposal. Among them, the Financial Statements have been audited by Wan, Yi-Tung and Chang, Chien-Ling, CPAs at RSM Taiwan, by whom an audit report has been issued. The above-mentioned business report, financial statements and the deficit compensation proposal have been reviewed by the Audit Committee and no discrepancy is found. The report is in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, and we hereby submit this report.

Chip Hope Co., Ltd.

Convener of the Audit Committee：Tsai Ching-Feng

March 29, 2023

IV. Financial Statements for the Most Recent Fiscal Year

The financial statements for the most recent fiscal year include the CPA Audit Report, comparative balance sheets for two years, consolidated income statement, statement of changes in equity, cash flow statement and notes or schedules: Please refer to Pages 72 to 145 for details.

V. Parent Company-Only Financial Statements for the Most Recent Fiscal Year, Certified by the CPA: Please refer to Pages 146 to 208 for details.

VI. In the Most Recent Fiscal Year and Up to the Date of Publication of the Annual Report, Any Financial Difficulties Experienced by the Company or Its Affiliates and How Said Difficulties Will Affect the Company's Financial Situation: None.

Declaration of Consolidation of Financial Statements of Affiliates

For the year of 2022 (from January 1 to December 31, 2022), the Company's entities that are required to be included in the consolidated financial statements of affiliated enterprises under the "Criteria Governing Preparation of Consolidated Business Report of Affiliated Enterprises, Consolidated Financial Statements of Affiliated Enterprises, and Affiliation Reports" are the same as those required to be included in the parent-subsidiary consolidated financial statements under the International Financial Reporting Standards 10. Moreover, the related information required to be disclosed for the consolidated financial statements of affiliated enterprises has been fully disclosed in the aforementioned parent-subsidiary consolidated financial statements. Consequently, a separate set of consolidated financial statements of affiliated enterprises is not prepared.

Sincerely,

Company Name: Chip Hope Co., Ltd.

Person in charge: Cheng, Yuan-Ching

Date: March 29, 2023

RSM Taiwan

No.63, Dingxiang St., Sanmin Dist., Kaohsiung City 807, Taiwan

T+ 886 (7) 359 0669

Independent Auditors' Report

Chip Hope Co., Ltd.,

Audit Opinion

We have audited the accompanying consolidated financial statements of Chip Hope Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

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

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards 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 Company and its subsidiaries 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 consolidated financial statements of the Group for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters identified in the audit of the consolidated financial statements of the Group for the year ended December 31, 2022 are as follows:

<u>Allowance for doubtful accounts receivable</u>

The accounting policies with respect to accounts receivable are discussed in Note 4(12) financial instruments to the consolidated financial statements. For details, please refer to Note 6(2) notes receivable, accounts receivable, other receivables, and overdue receivables to the consolidated financial statements.

Description of key audit matters:

As of December 31, 2022, the accounts receivable of the Group amounted to NT$233,176,000, accounting for 20% of the total assets in the consolidated financial statements. The estimated impairment of the accounts receivable of the Group relates to the judgment that the amounts may not be recovered. The management, in accordance with International Financial Reporting Standards (IFRS) 9, recognized the loss on allowance for accounts receivable based on expected credit loss from continuing operations. The above estimation involves the management's subjective judgment and credit risk assumptions. Therefore, the estimated impairment of accounts receivable from the Group is included as one of the key audit matters for the year.

The audit procedures are summarized as follows:

We tested and assessed whether management's policy on the allowance for doubtful accounts receivable was reasonable; we tested the aging of accounts receivable balances and verified whether management's allowance for doubtful accounts was correct; and we assessed the post-period recovery of accounts receivable to see if the allowance for doubtful accounts was adequate.

Revenue recognition

The accounting policies with respect to revenue recognition are discussed in Note 4(13) revenue recognition to the consolidated financial statements. For details, please refer to Note 6(18) operating income to the consolidated financial statements.

Description of key audit matters:

Revenue is recognized under individual sales contracts when control of the merchandise is transferred. Because the Group enters into different trading terms with individual customers, whether to identify the transfer of control of merchandise based on the trading terms of individual sales targets and recognize revenue accordingly has a significant impact on the financial statements' reliability. As a result, it is listed as a key audit matter.

The audit procedures are summarized as follows:

We sought to understand the accounting policies adopted by the Group for revenue recognition and compared them with the terms of sales to assess whether the policies adopted were appropriate; we sampled internal controls and individual revenue transactions related to revenue recognition and verified relevant customer orders, shipping certificates, and collection documents; and we sampled sales transactions before and after the reporting date and reviewed relevant documents to assess whether the revenue recognition periods were appropriate.

Other Matters

We have also audited the parent company only financial statements of the Company as of and for the years ended December 31, 2022 and 2021, on which we have issued an unqualified opinion.

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 International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is also responsible for assessing the ability of the Company and its subsidiaries 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 and its subsidiaries 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 financial reporting process of the Group.

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 auditing standards of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error. Misstatements are considered material if individual or aggregate amount of misstatements 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 auditing standards of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We have also performed the following tasks:

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 and appropriate audit evidence regarding the financial information of 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 provided the governance units with a statement assuring the personnel of our accounting firm who are subject to independent regulations had acted according to the Norm of Professional Ethics for Certified Public Accountant of the Republic of China to remain neutral and also communicated with them about all relations and other matters (including related preventive measures) that could affect the independence of certified public accountants.

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 for the year ended December 31, 2022, 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.

RSM Taiwan

Document number approved by the competent authorities:

Jin-Guan-Cheng-Shen-Zi No. 1050028831

Jin-Guan-Cheng-Shen-Zi No. 1070305454

Certified public accountant: Wan I-Tung

Certified public accountant: Chang Chien-Ling

March 29, 2023

Chip Hope Co., Ltd. and Subsidiaries
Consolidated Balance Sheets
December 31, 2022 and 2021

Unit: In Thousands of New Taiwan Dollars

	Assets	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current assets				
1100	Cash and cash equivalents (Note 6(1))	$ 99,940	8	$ 99,058	8
1150	Notes receivable, net (Note 6(2))	—	—	16	—
1170	Accounts receivable, net (Note 6(2))	233,176	20	175,971	14
1200	Other receivables (Note 6(2))	564	—	546	—
1220	Current income tax assets (Note 6(21))	—	—	92	—
1310	Inventory (Note 6(3))	219,774	19	255,991	21
1410	Prepayments	7,129	1	9,849	1
1476	Other current financial assets (Note 8)	57,494	5	45,818	4
11XX	Total current assets	618,077	53	587,341	48
	Non-current assets				
1510	Non-current financial assets at fair value through profit or loss (Note 6(4))	—	—	—	—
1517	Non-current financial assets at fair value through other comprehensive income (Note 6(5))	12,898	1	—	—
1550	Investments accounted for using the equity method (Note 6(7))	—	—	115,989	10
1600	Property, plant and equipment (Notes 6(8) and 8)	190,708	16	144,149	12
1755	Right-to-use assets (Note 6(9))	226,577	19	249,310	21
1780	Intangible assets (Note 6(11))	87,254	8	74,507	6
1840	Deferred tax assets (Note 6(21))	59	—	1,406	—
1915	Prepayment of equipment	4,636	—	25,228	2
1920	Refundable deposits	10,585	1	9,070	1
1990	Other non-current assets - others (Note 6(12))	22,245	2	8,795	—
15XX	Total non-current assets	554,962	47	628,454	52
1XXX	Total assets	$ 1,173,039	100	$ 1,215,795	100

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	Liabilities and equity	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current liabilities				
2100	Short-term loans (Notes 6(13), 7 and 8)	$ 228,880	20	$ 419,905	35
2130	Contract liabilities (Note 6(18))	8,909	1	9,783	1
2150	Notes payable (Note 6(14))	6,563	1	2,307	—
2170	Accounts payable (Note 6(14))	57,630	5	18,045	1
2200	Other payables (Note 6(14))	62,720	5	28,731	2
2220	Other payables to related parties (Note 7)	15,000	1	189	—
2230	Current income tax liabilities (Note 6(21))	1,206	—	112	—
2280	Lease liabilities (Note 6(9))	37,182	3	33,785	3
2322	Current portion of long-term loans (Notes 6(15), 7 and 8)	31,005	3	23,802	2
2399	Other current liabilities - others	1,206	—	2,628	—
21XX	Total current liabilities	450,301	39	539,287	44
	Non-current liabilities				
2540	Long-term loans (Notes 6(15), 7 and 8)	75,906	7	57,058	5
2580	Non-current lease liabilities (Note 6(9))	219,270	18	218,689	18
2640	Non-current defined benefit liabilities - net (Note 6(16))	12,769	1	23,927	2
2600	Other non-current liabilities	1,603	—	1,551	—
25XX	Total non-current liabilities	309,548	26	301,225	25
2XXX	Total liabilities	759,849	65	840,512	69
	Equity				
3110	Common stock (Note 6(17))	695,142	59	695,142	57
3200	Capital surplus (Note 6(17))	—	—	—	—
3300	Retained earnings (Note 6(17))				
3310	Legal reserve	1,268	—	1,268	—
3320	Special reserve	3,259	—	3,259	—
3350	Accumulated deficit	(274,404)	(23)	(333,606)	(27)
3400	Other equity (Note 6(17))				
3410	Financial statements translation differences of foreign operations	(234)	—	(5,627)	—
3420	Unrealized valuation profit or loss of financial assets at fair value through other comprehensive income	(22,839)	(2)	—	—
31XX	Total equity attributable to owners of the parent	402,192	34	360,436	30
36XX	Non-controlling interests (Note 6(17))	10,998	1	14,847	1
3XXX	Total equity	413,190	35	375,283	31
	Total liabilities and equity	$ 1,173,039	100	$ 1,215,795	100

The accompanying notes are an integral part of the Consolidated Financial Statements.

Chairman: Cheng, Yuan-Ching Manager: Liu, Yi-Chang Accounting Supervisor: Peng, Dong-Feng

<u>Chip Hope Co., Ltd. and Subsidiaries</u>
<u>Consolidated Statements of Comprehensive Income</u>
<u>January 1 to December 31, 2022 and 2021</u>

Unit: In Thousands of New Taiwan Dollars
(Except for Earnings Per Share, Which Are in New Taiwan Dollars)

		2022		2021	
		Amount	%	Amount	%
4000	Net operating revenue (Notes 6(18) and 7)	$ 1,159,106	100	$ 851,873	100
5000	Operating costs	(975,051)	(84)	(761,123)	(89)
5900	Gross profit	184,055	16	90,750	11
	Operating expenses (Notes 6(19), 6(20) and 7)				
6100	Selling expenses	(200,860)	(17)	(136,834)	(16)
6200	General and administrative expenses	(36,747)	(3)	(30,116)	(4)
6450	Expected credit loss (gain)	(50,965)	(5)	11,772	2
6000	Total operating expenses	(288,572)	(—) (25)	(155,178)	(18)
6900	Net operating income (loss)	(104,517)	(9)	(64,428)	(7)
	Non-operating income and expenses (Note 6(19))				
7010	Other income	36,698	3	10,265	1
7020	Other gains and losses	144,641	12	(542)	—
7050	Finance costs	(16,256)	(1)	(9,594)	(1)
7060	Share of profit or loss of associates and joint ventures accounted for using equity method	449	—	(100)	—
7000	Total non-operating income and expenses	165,532	14	29	—
7900	Net income (loss) before tax	61,015	5	(64,399)	(7)
7950	Tax expense (Note 6(21))	(7,460)	—	(118)	—
8200	Net income (loss) for the period	53,555	5	(64,517)	(7)
	Other comprehensive income				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit plans	1,796	—	1,300	—
8316	Unrealized valuation profit or loss of investment in equity instruments measured at fair value through other comprehensive income	(22,839)	(2)	—	—
8360	Items that may subsequently be reclassified to profit or loss:				

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8361	Financial statements translation differences of foreign operations		6,740	—		(2,086)	—
8399	Income tax relating to items that may be reclassified to profit or loss (Note 6(21))		(1,347)	—		417	—
8300	Other comprehensive income, net		(15,650)	(2)		(369)	—
8500	Total comprehensive income for the period	$	37,905	3	$	(64,886)	(7)
	Net income (loss) attributable to:						
8610	Owners of the parent	$	57,406	5	$	(57,571)	(7)
8620	Non-controlling interests		(3,851)	—		(6,946)	—
		$	53,555	5	$	(64,517)	(7)
	Comprehensive income attributable to:						
8710	Owners of the parent	$	41,756	5	$	(57,940)	(7)
8720	Non-controlling interests		(3,851)	—		(6,946)	—
		$	37,905	5	$	(64,886)	(7)
	Earnings per share of common stock (Note 6(22))						
	From continuing operations						
9750	Basic earnings per share	$	0.83		$	(0.83)	
9850	Diluted earnings per share	$	0.83		$	(0.83)	

The accompanying notes are an integral part of the Consolidated Financial Statements.

Chairman: Cheng, Yuan-Ching Manager: Liu, Yi-Chang Accounting Supervisor: Peng, Dong-Feng

Chip Hope Co., Ltd. and Subsidiaries
Consolidated Statements of Changes in Equity
January 1 to December 31, 2022 and 2021

Unit: In Thousands of New Taiwan Dollars

		Equity attributable to owners of the parent									
				Retained earnings			Other equity				
		Common stock	Capital surplus	Legal reserve	Special reserve	Accumulated deficit	Financial statements translation differences of foreign operations	Unrealized valuation profit or loss of financial assets at fair value through other comprehensive income	Total equity attributable to owners of the parent	Non-controlling interests	Total equity
A1	Balance at January 1, 2021	$ 695,142	$ 53,473	$ 1,268	$ 3,259	$(322,302)	$ (3,958)	$ —	$ 426,882	$ 6,023	$ 432,905
A3	Variance of retrospective adjustment and restatement	—	—	—	—	964	—	—	964	—	964
A5	Restated balance at January 1, 2021	695,142	53,473	1,268	3,259	(321,338)	(3,958)	—	427,846	6,023	433,869
C11	1Capital surplus to cover accumulated deficit	—	(53,473)	—	—	53,473	—	—	—	—	—
M7	Change in ownership of subsidiaries	—	—	—	—	(9,470)	—	—	(9,470)	9,470	—
O1	Increase in non-controlling interests	—	—	—	—	—	—	—	—	6,300	6,300
D1	Net income (loss) in 2021	—	—	—	—	(57,571)	—	—	(57,571)	(6,946)	(64,517)
D3	Other comprehensive income after tax in 2021	—	—	—	—	1,300	(1,669)	—	(369)	—	(369)
D5	Total comprehensive income in 2021	—	—	—	—	(56,271)	(1,669)	—	(57,940)	(6,946)	(64,886)
Z1	Balance at December 31, 2021	$ 695,142	$ —	$ 1,268	$ 3,259	$(333,606)	$ (5,627)	$ —	$ 360,436	$ 14,847	$ 375,283
A1	Balance at January 1, 2022	$ 695,142	$ —	$ 1,268	$ 3,259	$(333,606)	$ (5,627)	$ —	$ 360,436	$ 14,847	$ 375,283
O1	Increase in non-controlling interests	—	—	—	—	—	—	—	—	2	2
D1	Net income in 2022	—	—	—	—	57,406	—	—	57,406	(3,851)	53,555
D3	Other comprehensive income after tax in 2022	—	—	—	—	1,796	5,393	(22,839)	(15,650)	—	(15,650)
D5	Total comprehensive income in 2022	—	—	—	—	59,202	5,393	(22,839)	41,756	(3,851)	37,905
Z1	Balance at December 31, 2022	$ 695,142	$ —	$ 1,268	$ 3,259	$(274,404)	$ (234)	$ (22,839)	$ 402,192	$ 10,998	$ 413,190

The accompanying notes are an integral part of the Consolidated Financial Statements.

Chairman: Cheng, Yuan-Ching Manager: Liu, Yi-Chang Accounting Supervisor: Peng, Dong-Feng

Chip Hope Co., Ltd. and Subsidiaries
Consolidated Statements of Cash Flows
January 1 to December 31, 2022 and 2021

Unit: In Thousands of New Taiwan Dollars

		2022	2021
AAAA	Cash flows from operating activities:		
A00010	Net income (loss) before tax	$ 61,015	$ (64,399)
A20010	Adjustments for:		
A20100	Depreciation expenses	56,446	42,025
A20200	Amortization expenses	33,707	12,435
A20300	Expected credit loss (gain)	50,965	(11,772)
A20900	Finance costs	16,256	9,594
A21200	Interest income	(318)	(78)
A22300	Share of profit or loss of associates and joint ventures accounted for using equity method	(449)	100
A22500	Loss (gain) on disposal of property, plant, and equipment	(102,417)	110
A23200	Loss (gain) on investment accounted for using the equity method	(30,092)	—
A23700	Write-downs of inventories	38,110	—
A23800	Write-downs of inventories (gains on price recovery)	—	(6,293)
A24000	Unrealized loss on foreign currency exchange	(6,857)	(256)
A29900	Loss on inventory obsolescence	8,617	—
A29900	Others	10	(19)
A30000	Net changes in operating assets and liabilities		
A31130	Notes receivable	16	183
A31150	Accounts receivable	(102,943)	39,369
A31180	Other receivables	(18)	(83)
A31200	Inventories	(11,716)	(24,025)
A31230	Prepayments	2,720	(5,376)
A32125	Contract liabilities	(891)	2,569
A32130	Notes payable	4,256	1,520
A32150	Accounts payable	39,681	9,070
A32180	Other payables	11,681	4,656
A32190	Other payables to related parties	(189)	(6,555)
A32230	Other current liabilities	(1,422)	932
A32240	Net defined benefit liabilities	(9,362)	610
A33000	Cash flows generated from operations	56,806	4,317
A33100	Interest received	318	78
A33300	Interest paid	(15,619)	(9,479)
A33500	Refund (payment) of income tax	(6,274)	722
AAAA	Net cash flows generated from (used in) operating activities	35,231	(4,362)

(Continued on the next page)

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BBBB	Cash flows from investing activities:		
B00010	Acquisition of financial assets at fair value through other comprehensive income	(35,737)	—
B01900	Proceeds from disposal of associates' equity accounted for using the equity method	146,530	—
B02700	Acquisition of property, plant, and equipment	(89,128)	(11,588)
B02800	Proceeds from disposal of property, plant, and equipment	187,225	258
B03700	Increase in refundable deposits	(1,515)	(2,087)
B04500	Acquisition of intangible assets	(30,651)	(55,703)
B06500	Increase in other financial assets	(11,676)	(7,961)
B06700	Increase in other non-current assets	(15,799)	(7,567)
B07100	Increase in prepayments for equipment	(5,325)	(25,228)
B07600	Dividends received	—	300
BBBB	Net cash flows generated from (used in) investing activities	143,924	(109,576)
CCCC	Cash flows from financing activities:		
C00100	Increase in short-term loans	—	81,370
C00200	Decrease in short-term loans	(191,024)	—
C01600	Proceeds from long-term loans	53,686	30,000
C01700	Repayment of long-term loans	(27,635)	(20,510)
C03000	Increase in guarantee deposits received	52	—
C03100	(Decrease in) guarantee deposits received	—	(145)
C03700	Increase in other payables to related parties	15,000	—
C03800	(Decrease in) other payables to related parties	—	(10,000)
C04020	Repayments of lease liabilities	(33,907)	(27,042)
C05800	Change in non-controlling interests	—	6,300
CCCC	Net cash flows generated from (used in) financing activities	(183,828)	59,973
DDDD	Effect of exchange rate changes on cash and cash equivalents	5,555	(2,394)
EEEE	Net increase (decrease) in cash and cash equivalents	882	(56,359)
E00100	Cash and cash equivalents at beginning of period	99,058	155,417
E00200	Cash and cash equivalents at end of period	$ 99,940	$ 99,058

The accompanying notes are an integral part of the Consolidated Financial Statements.

Chairman: Cheng, Yuan-Ching Manager: Liu, Yi-Chang Accounting Supervisor: Peng, Dong-Feng

Chip Hope Co., Ltd. and Subsidiaries

Notes to Consolidated Financial Statements

For the Years of 2022 and 2021

(In Thousands of New Taiwan Dollars)

(Unless Stated Otherwise)

I. Company History

Chip Hope Co., Ltd. (the Company) was established and commenced operations on December 6, 1993. The Company and its subsidiaries (the "Consolidated Company") are engaged in the manufacture, design and trading of electronic component materials, finished products, semiconductors, communications equipment, machinery and equipment, electrical equipment, general instrumentation, other optical and precision instruments, medical equipment, metrology and measuring instruments, computer equipment and software, and catering business. The Company’s shares started to be traded on the Taipei Exchange on March 8, 2004.

These consolidated financial statements are presented in the New Taiwan dollar, the Company's functional currency.

II. Date of Authorization for Issuance of the Financial Statements and Procedures for Authorization

The Consolidated Financial Statements have been approved by the Board of Directors on March 29, 2023.

III. Application of New and Amended Standards and Interpretations

(I) The newly issued and amended International Financial Reporting Standards (IFRS) endorsed by the Financial Supervisory Commission ("FSC") have been adopted.

The following table presents the newly issued, amended and revised content and interpretations of the IFRS approved by the FSC for the year of 2022:

New/Revised/Amended Standards and Interpretations	Effective Date of International Accounting Standards Board (IASB) Release
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 2018-2020 Cycle	January 1, 2022

The Consolidated Company has assessed that the above standards and interpretations have no material impact on the Consolidated Company's financial position and financial performance.

(II) The newly issued and amended IFRS endorsed by the FSC have not yet been adopted.

The following table presents the newly issued, amended and revised content and interpretations of the IFRS approved by the FSC for the year of 2023:

New/Revised/Amended Standards and Interpretations	Effective Date of International Accounting Standards Board (IASB) Release
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 Consolidated Company has assessed that the above standards and interpretations have no material impact on the Consolidated Company's financial position and financial performance.

(III) Effect of IFRS issued by the IASB but not yet endorsed by the FSC

The following table presents the newly issued, amended and revised standards and interpretations of IFRS that have been issued by the IASB but not yet incorporated into IFRS that are endorsed by the FSC:

New/Revised/Amended Standards and Interpretations	Effective Date of International Accounting Standards Board (IASB) Release
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and Its Affiliated Enterprise or Joint Venture”	To be decided by the IASB
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
Amendments to IFRS 17 "First-time Adoption of IFRS 17 and IFRS 9" - Comparative Information	January 1, 2023
Amendments to IAS 1 "Classify Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

The Consolidated Company has assessed that the above standards and interpretations have no material impact on the Consolidated Company's financial position and financial performance.

IV. Summary of Significant Accounting Policies

(I) Compliance declaration

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC.

(II) Preparation basis

The Consolidated Financial Statements have been prepared on a historical cost basis, except for financial instruments measured at fair value.

The fair value measurement is classified into three levels based on the observability and importance of related input:

1. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities on the measurement date.
2. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. deduced from prices).
3. Level 3 inputs are unobservable inputs for the asset or liability.

(III) Standards for assets and liabilities classified as current and non-current

Current assets include:

1. Assets held primarily for trading purposes;
2. Assets expected to be realized within 12 months after the balance sheet date; and
3. Cash or cash equivalents (excluding assets restricted from being exchanged or used to settle a liability for at least 12 months after the balance sheet date).

Current liabilities include:

1. Liabilities held primarily for trading purposes;
2. liabilities due for settlement within 12 months of the balance sheet date (current liabilities even if long-term refinancing or rescheduling agreements are completed after the balance sheet date and prior to the adoption of the published financial statements), and
3. Liabilities with a repayment schedule that cannot be unconditionally deferred till at least 12 months after the publication of the balance sheet. The terms of the liabilities may be settled by the issuance of equity instruments at the option of the counter-parties, but this does not affect the classification.

All other assets or liabilities that are not specified above are classified as non-current.

(IV) Basis of consolidation

The Consolidated Financial Statements include the financial statements of the Company and entities controlled by the Company (subsidiaries). Consolidated Statements of Comprehensive Income includes the operating profit or loss of the acquired or disposed company for the period from the date of acquisition or up to the date of disposal. The financial statements of the subsidiaries have been adjusted to bring their accounting policies in line with those used by the Group. All intergroup transactions, balances, income and expenses are eliminated in full upon consolidation. A subsidiary's total comprehensive income is attributed to the owners of the Company and non-controlling interests, even if non-controlling interests become having deficit balances in the process.

When a change in the Consolidated Company's ownership interests in a subsidiary does not cause it to lose control of the subsidiary, it shall be accounted for as an equity transaction. The carrying amounts of the consolidated and non-controlling interests have been adjusted to reflect the changes in their relative interests in subsidiaries. The difference between the adjustment amount of the non-controlling interest and the fair value of the consideration paid or received is recognized directly in equity and is attributed to the Company's owners..

Please refer to Note 6 (6) and Table 6 and 7 for details, shareholding ratio, and operations of subsidiaries.

(V) Foreign currencies

In the preparation of each individual financial statements, transactions denominated in a currency other than the entity’s functional currency (i.e. foreign currency) are translated into the entity's functional currency by using the exchange rate at the date of the transaction before they are recorded by each entity.

Monetary items denominated in foreign currencies are translated at the closing rates on the balance sheet date. Exchange differences arising on the settlement or on translating of monetary items are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are translated at the exchange rates prevailing at the date when the fair value was determined. The resulting exchange difference is recognized in profit or loss, except for items whose changes in fair value are recognized in other comprehensive income, where the resulting exchange difference is recognized in other comprehensive income.

Non-monetary items measured at historical cost that are denominated in foreign currencies are translated at the rates of exchange prevailing on the transaction dates and are not re-translated.

In the preparation of the consolidated financial statements, the assets and liabilities of foreign operations (including subsidiaries, affiliated enterprises, joint ventures, or branches that operate in a country or currency different from the Company) are translated into the New Taiwan dollar at the closing rate of exchange prevailing on the balance sheet date. Income and expenses are translated at the average rate of the year. The exchange differences arising are recognized in other comprehensive income.

If the Consolidated Company disposes of all the equity of the foreign operations, or disposes of part of the equity of the foreign operations' subsidiary but loses control, or disposes of the foreign operations' joint agreement or the retained equity after the affiliated enterprises is a financial asset and is treated in accordance with the accounting policy of the financial instrument, all accumulated exchange differences attributable to the Company's owners and associated with the foreign operations will be reclassified to profit or loss.

If the partial disposal of a foreign operating subsidiary does not result in a loss of control, the cumulative exchange difference is re-attributed to the non-controlling interest of the subsidiary on a pro rata basis and is not recognized in profit or loss. In the case of any other partial disposal of foreign operations, the accumulated exchange differences are reclassified to profit or loss in proportion to the disposal.

(VI) Inventories

Inventories include merchandise, raw materials, supplies, finished goods and semi-finished goods. Inventory costs are calculated using the weighted average method. Inventories are measured at the lower of cost and net realizable value. The comparison between costs and net realizable values is based on individual items except for the same type of inventory. The net realizable value is the estimated selling price in the ordinary course of business less the estimated costs to be invested to completion and the estimated costs to complete the sale. Cost of inventory is calculated using the weighted-average method.

(VII) Investment in affiliated enterprises

An affiliated enterprise is an enterprise over which the Consolidated Company has significant influence, but which is not a subsidiary or a joint venture interest.

The Consolidated Company applies the equity method to its investment in affiliated enterprises.

Under the equity method, the investment in affiliated enterprises is initially recognized at cost. The carrying amount of investment is adjusted thereafter for the post-acquisition changes in the Consolidated Company's share of profit or loss and other comprehensive income and profit distribution of the affiliates.

Any excess of the cost of acquisition over the Consolidated Company’s share of the net fair value of the identifiable assets, and liabilities of affiliated enterprises recognized at the date of acquisition is recognized as goodwill, which is included in the carrying amount of the investment and may not be amortized. Any excess of the Consolidated Company’s share of the net fair value of the identifiable assets and liabilities of affiliated enterprises over the cost of acquisition is recognized as profit or loss in the current year.

If the Consolidated Company does not subscribe for new shares of an affiliate enterprise in proportion to its shareholding, resulting in a change in its shareholding and increase or decrease in the net equity of the investment, the increase or decrease is adjusted to capital reserves - changes in the net equity of the affiliate enterprise recognized under the equity method and the investment accounted for under the equity method. However, if the ownership interest in an affiliate enterprise is reduced as a result of subscription or acquisition without proportionate shareholding, the amount recognized in other comprehensive income or loss related to the affiliate enterprise is reclassified in proportion to the reduction on the same basis as that required for the direct disposal of the related assets or liabilities of the affiliate enterprise. If the former adjustment is charged to capital reserve and the balance of capital reserve generated from the investment using the equity method is insufficient, the difference is charged to retained earnings.

When the Consolidated Company's share of losses of an affiliated enterprise equals or exceeds its interest in that affiliated enterprise (including any carrying amount of the investment accounted for by the equity method and long-term interests that, in substance, form part of the Consolidated Company's net investment in the affiliated enterprise), the Consolidated Company shall discontinue to recognize losses. The Consolidated Company recognizes additional losses and liabilities only to the extent that legal obligations, constructive obligations or payments on behalf of affiliated enterprises have been incurred.

In assessing the impairment, the Consolidated Company considers the overall carrying amount of the investment (including goodwill) as a single asset to compare the recoverable amount with the carrying amount for the purpose of impairment testing, and the recognized impairment loss is part of the carrying amount of the investment. Any reversal of impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

When the Company ceases to adopt the equity method from the date it ceases to invest in the affiliated enterprise, its retained interest in the former affiliated enterprise is measured at fair value. And the difference between such fair value and the disposal price and the carrying amount of the investment on the date it ceases to adopt the equity method is recognized in profit or loss for the current period. In addition, the Company accounted for all amounts recognized in other comprehensive income in relation to the affiliated enterprise on the same basis as would be required if the affiliated enterprise had directly disposed of the related assets and liabilities.. If an investment in the affiliated enterprise becomes a joint venture or an investment in a joint venture becomes an investment in the affiliated enterprise, the Consolidated Company continues to use the equity method without remeasuring the retained interest.

The profits and losses resulting from the upstream, downstream and sidestream transactions between the Consolidated Company and the affiliated enterprise are recognized in the financial statements only to the extent of interests in the affiliated enterprise that are not owned by the Consolidated Company.

(VIII) Property, plant, and equipment

Property, plant, and equipment shall be recognized at cost and subsequently at cost less accumulated depreciation and accumulated impairment losses.

No depreciation is provided for owned land.

The depreciation of property, plant, and equipment (including assets held under finance leases) in its useful life is made on a straight-line basis for each major part/component separately. Where the lease term is less than the useful life of an asset, the depreciation is recognized over the lease term. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

When property, plant, and equipment is derecognized, the difference between the net disposal proceeds and the carrying amount of the asset shall be recognized in profit or loss.

(IX) Investment property

Investment property is real estate held to earn rentals or for capital appreciation or both. Investment property also includes land held for future use that is currently undetermined.

Investment property is initially measured at cost (including transaction costs) and subsequently measured at cost less accumulated depreciation and accumulated impairment losses. The Consolidated Company provides depreciation on a straight-line basis.

When investment property is derecognized, the difference between the net disposal proceeds and the carrying amount of the asset shall be recognized in profit or loss.

(X) Intangible Assets

Goodwill

Goodwill acquired through a business merger is measured at cost based on the amount of goodwill recognized on the acquisition date and subsequently measured at cost less accumulated impairment losses.

For the purposes of impairment testing, goodwill is allocated to each cash-generating unit or group of cash-generating units (CGU) of the Consolidated Company that is expected to benefit from the combined effect of the combination.

A cash-generating unit subject to goodwill is tested annually (and when there are indications that the unit may be impaired) for impairment by comparing the carrying amount of the unit that contains goodwill with its recoverable amount. If goodwill allocated to a cash-generating unit is acquired in a business merger during the year, the unit should be tested for impairment before the end of the year. If the recoverable amount of a cash-generating unit subject to goodwill is less than its carrying amount, the impairment loss is calculated by first reducing the carrying amount of the cash-generating unit subject to goodwill and then reducing the carrying amount of each asset in proportion to the carrying amount of the other assets in that unit. Any impairment loss is recognized directly as current loss. Impairment losses attributable to goodwill shall not be reversed in subsequent periods.

Upon disposal of an operation within an amortized goodwill cash-generating unit, the amount of goodwill associated with the disposed operation is included in the carrying amount of the operation to determine the gain or loss on disposal.

Others

The intellectual property license fee is amortized on a straight-line basis over the shorter contractual or economic life (three years).

(XI) Impairment of tangible and intangible assets (excluding goodwill)

On each balance sheet date, the Consolidated Company reviews its tangible and intangible assets (excluding goodwill) to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and not yet available for use are tested for impairment at least annually and whenever there is an indication of impairment.

The recoverable amount is the fair value minus cost of sales or its value in use, whichever is higher. If the recoverable amount of individual asset or the cash-generating unit is lower than its carrying amount, the carrying amount of the asset or the cash-generating unit shall be reduced to the recoverable amount and the impairment loss shall be recognized in profit or loss.

When the impairment loss is subsequently reversed, the carrying amount of the asset or the cash-generating unit will be reduced to the extent of the recoverable amount prior to revision, provided the increased carrying amount does not exceed the carrying amount (minus amortization or depreciation) of the asset or the cash-generating unit not declared as impairment loss in the previous years. A reversal of an impairment loss is recognized immediately in profit or loss.

(XII) Financial Instruments

1. Financial assets

Regular trading of financial assets shall be recognized and derecognized in accordance with trade date accounting.

(1) Types of measurement

The types of financial assets held by the Consolidated Company are financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, and financial assets at amortized cost.

A. Financial assets measured at fair value through profit or loss

Financial asset measured at fair value through profit or loss include financial assets that are compulsively measured at fair value through profit or loss and those designated as measured at fair value through profit or loss. Financial assets that are compulsively measured at fair value through profit or loss include investments in equity instruments not designated by the Consolidated Company as measured at fair value through other comprehensive income or loss, and investments in debt instruments that do not qualify for classification as measured at amortized cost or measured at fair value through other comprehensive income or loss.

Financial assets are designated as measured at fair value through profit or loss on initial recognition if the designation eliminates or significantly reduces the measurement or recognition inconsistency.

Financial assets measured at fair value through profit or loss are measured at fair value, and any gain or loss arising from their remeasurement is recognized in profit or loss. Please refer to Note 6(24) for the determination of fair value.

B. Investments in equity instruments measured at fair value through other comprehensive income or loss

On initial recognition, the Company has an irrevocable option to designate investments in equity instruments that are not held-for-trading and not acquired in a business merger with contingent consideration to be measured at fair value through other comprehensive income.

Investments in equity instruments measured at fair value through other comprehensive income are measured at fair value, with subsequent changes in fair value reported in other comprehensive income and accumulated in other equity. Upon disposal of investments, the accumulated profit and loss are transferred directly to retained earnings and are not reclassified to profit or loss.

Dividends from investments in equity instruments measured at fair value through other comprehensive income or loss are recognized in profit or loss when the Company's right to receive them is established, unless the dividend clearly represents a partial recovery of the cost of the investment.

C. Financial assets at amortized cost

The Consolidated Company's investment financial assets is classified as financial assets carried at amortized cost if both of the following two conditions are met:

a. Financial assets are under a business model whose purpose is to hold financial assets and collecting contractual cash flows; and

b. The terms of the contract generate a cash flow on a specified date that is solely for the payment of interest on the principal and the amount of principal outstanding.

Subsequent to initial recognition, such financial assets (including cash and cash equivalents, accounts receivable, other receivables, refundable deposits and other financial assets) are measured at the amortized cost equal to the gross carrying amount as determined using the effective interest method less any impairment loss; any foreign exchange gain or loss arising therefrom is recognized in profit or loss.

Except for the following two circumstances, interest income is calculated at the value of effective interest rate times the gross carrying amount of financial assets:

a. For purchased or originated credit-impaired financial assets, interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial assets.

b. For financial assets that are not purchased or originated credit-impaired but subsequently have become credit-impaired, interest income is calculated by applying the effective interest rate to the amortized cost balance of such financial assets.

Cash equivalents include time deposits within three months from the acquisition date and with high liquidity and relatively low price changes convertible to cash any time. They are used for meeting short-term cash commitments.

(2) Impairment of financial assets

The impairment loss of financial assets (including trade receivables), investments in debt instruments measured at fair value through other comprehensive income or loss, and lease receivables and contract assets at amortized cost are measured by the Consolidated Company on the balance sheet date based on the expected credit losses.

Allowances shall be appropriated for trade receivables for expected credit losses for the duration of their existence. A loss allowance for the 12-month expected credit losses is required for a financial asset if its credit risk has not increased significantly since initial recognition. A loss allowance for full lifetime expected credit losses is required for a financial asset if its credit risk has increased significantly since initial recognition.

The expected credit loss is the weighted average credit loss determined by the risk of default. The 12-month expected credit losses represent the expected credit losses arising from the possible default of the financial instrument in the 12 months after the balance sheet date, and the expected credit losses during the lifetime represent the expected credit losses arising from all possible defaults of the financial instrument during the expected existence period.

Through the loss allowance account, the carrying amount of all financial assets is reduced for the impairment loss, except for the investment in debt instruments measured at FVTOCI for which the impairment loss is recognized in other comprehensive income and does not reduce the carrying amount.

(3) Derecognition of financial assets

The Consolidated Company derecognizes the financial assets when the contractual rights to the cash inflow from the asset expire or when the company transfers all the risks and rewards of ownership of the financial assets to other enterprises substantially.

If the Consolidated Company neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset and retains control over the asset, it continues to recognize the asset to the extent of its continuing involvement in the asset and recognizes a related liability for the amount that may be required to be paid. If the Consolidated Company retains substantially all the risks and rewards of ownership of the financial asset, it continues to recognize the asset and recognizes the price received as a collateralized loan.

When a financial asset is derecognized in its entirety, the difference between its carrying amount and the sum of the consideration received plus any cumulative gain or loss recognized in other comprehensive income is recognized in profit or loss.

If the transferred asset is part of a larger financial asset and the transferred portion qualifies for overall derecognition, the Consolidated Company allocates the previous carrying amount of the larger financial asset to each portion based on the relative fair values of the continuously recognized portion and the derecognized portion at the date of transfer. The difference between the carrying amount allocated to the excluded component and the consideration received for the excluded component plus the sum of any cumulative gain or loss recognized in other comprehensive income or loss allocated to the excluded component is recognized in profit or loss. The Consolidated Company allocates the cumulative gain or loss recognized in other comprehensive income or loss to each of these components based on the relative fair values of the continuously recognized component and the excluded component.

2. Equity Instruments

Debt and equity instruments issued by the Consolidated Company are classified as financial liabilities or equity based on the substance of the contractual agreements and the definitions of financial liabilities and equity instruments.

Equity instruments issued by the Consolidated Company are recognized at the acquisition price less direct issue costs.

The Consolidated Company's own equity instruments are recognized and derecognized under equity. The purchase, sale, issuance or cancellation of the Consolidated Company's own equity instruments is not recognized in profit or loss.

3. Financial liabilities

(1) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method, except for financial liabilities carried at fair value through profit or loss:

Financial liabilities measured at fair value through profit or loss include those held for trading and those designated as measured at fair value through profit or loss.

Financial liabilities held for trading are measured at fair value, and the gain or loss arising from their remeasurement includes any dividends or interest paid on the financial liabilities and is recognized in profit or loss.

The Consolidated Company designates a financial liability as measured at fair value through profit or loss on initial recognition if:

A. The designation eliminates or significantly reduces inconsistencies in measurement or recognition; or

B. A group of financial assets, financial liabilities, or both, is managed and its performance is evaluated on a fair value basis in accordance with a written risk management or investment strategy, and information on this portfolio provided internally to management of the Consolidated Company is also based on fair value.

C. A hybrid (combined) contract containing one or more embedded derivatives is specified as a whole.

For financial liabilities designated as at fair value through profit or loss, the amount of change in fair value arising from changes in credit risk is recognized in other comprehensive income and is not subsequently reclassified to profit or loss, but only to retained earnings when the related financial liabilities are derecognized. The amount of the remaining fair value change of the liability is reported in profit or loss. If the recognition of changes in fair value attributable to credit risk in other comprehensive income would cause or aggravate an accounting mismatch, the entire fair value change of the liability is reported in profit or loss.

(2) Derecognition of financial liabilities

When financial liabilities are derecognized, the difference between their carrying amount and the paid consideration (including any transferred non-cash assets or liabilities assumed) shall be recognized in profit or loss.

(XIII) Revenue recognition

Revenue from sales of merchandise is generated from the sale of electronic components materials and meals. Revenue is recognized when the merchandise is delivered or the meal is served to the customer and the customer obtains control of it. The Consolidated Company receives a portion of the consideration from the customer before transferring the merchandise.

The Consolidated Company is obligated to transfer the merchandise later and therefore recognizes a contract liability.

(XIV) Leases

The Consolidated Company assesses whether the contract is (or includes) a lease on the date of its establishment.

1. If the Consolidated Company is a lessee:

A lease is classified as a finance lease when the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the asset to the lessee. All other leases are classified as operating leases.

When the Consolidated Company subleases right-of-use assets, it uses the right-of-use assets (instead of the subject assets) to determine the classification of the subleases. If a principal tenancy is a short-term lease to which the Consolidated Company applies the recognition exemption, the sublease is classified as an operating lease.

Under operating leases, lease payments, net of lease incentives, are recognized as income on a straight-line basis over the term of the relevant lease. The original direct cost incurred in acquiring an operating lease is added to the carrying amount of the subject asset and recognized as an expense on a straight-line basis over the lease term.

2. If the Group is a lessee:

Except that the leases of low value assets and short-term leases applicable to the exemption are recognized as expenses on a straight-line basis over the lease term, other leases are recognized as right-of-use assets and lease liabilities on the lease commencement date.

The right-of-use asset is initially measured at cost (including the original measured amount of the lease liability, the lease payment paid before the lease commencement date minus the lease incentive received, the original direct cost and the estimated cost of the recovery target asset), and subsequently measured at cost minus the accumulated depreciation and the accumulated impairment loss and adjusted for the remeasurement of the lease liability. A right-of-use asset is presented separately in the balance sheet.

The right-of-use assets shall be depreciated on a straight-line basis from lease commencement date to the end of the useful life or the end of the lease term.

Lease liabilities were originally measured by the present value of lease payments. If the implicit interest rate of lease is easy to determine, the interest rate is used to discount the lease payment. If the interest rate is not easy to determine, the lessee's incremental borrowing rate shall be used.

Subsequently, the lease liability is measured on the basis of amortized cost using the effective interest method, and the interest expense is apportioned during the lease period. In the case that future lease payments change as a result of a change in the lease term, the Group remeasures the lease liability and correspondingly adjusts the right-of-use asset, except in the case when the carrying amount of the right-of-use asset has reduced to zero, in which case any residual remeasured amount shall be recognized in profit or loss. Lease liabilities are expressed separately in the balance sheets.

The variable rent in the lease agreement that is not dependent on the index or rate is recognized as an expense in the period in which it occurs.

(XV) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than those stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

(XVI) Employee benefits

1. Short-term employee benefits

   Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the services.

2. Retirement benefits

   Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

   The costs of defined benefits under the defined benefit pension plan (including service cost, net interest, and the remeasurement amount) are calculated based on the projected unit credit method. The cost of services and the net interest of the net defined benefit liability (asset) are recognized as employee benefit expenses as they occur. The remeasurements (including actuarial gains and losses, changes in the effect of the asset ceiling, and the return on plan assets after interest deduction) are recognized as other comprehensive income and included as retained earnings at the time of occurrence, and are not reclassified to profit or loss in subsequent periods.

   Net defined benefit liabilities (assets) are the deficit (balance) of the contribution made according to the defined benefit pension plan. A net defined benefit asset shall not exceed the present value of the contributions to be refunded from the plan, or the reductions in future contributions.

3. Other long-term employee benefits

   Other long-term employee benefits are accounted for in the same manner as defined benefit pension plans, except that the related remeasurement is recognized in profit or loss.

4. Post-employment Benefits

   The Consolidated Company recognizes a liability for post-employment benefits when the offer of post-employment benefits can no longer be revoked or when the related restructuring costs are recognized, whichever is earlier.

(XVII) Income tax

Income tax expenses are the sum of the tax in the current year and deferred income tax.

1. Current income tax

   A tax is levied on the unappropriated earnings pursuant to the Income Tax Act and is recorded as an income tax expense in the year when the shareholders' meeting resolves to appropriate the earnings. Adjustments to income tax payable from previous years are recognized in the income tax of current period.

2. Deferred income tax

   Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit.

   Deferred income tax liabilities are generally recognized for all taxable temporary differences, and deferred income tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which deductible temporary differences and income tax deduction for expenses such as loss deduction can be utilized.

   Deferred income tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, affiliated enterprises and association agreements, except where the Consolidated Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and equities are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

   The carrying amount of the deferred income tax assets is re-examined at each balance sheet date and the carrying amount is reduced for assets that are no longer likely to generate sufficient taxable income to recover all or part of the assets. The carrying amount of items that were not previously recognized as a deferred tax asset is also reviewed at each balance sheet date and is raised when it becomes probable that sufficient taxable profit will be available in the future to recover all or part of the asset.

   Deferred income tax assets and liabilities are measured at the tax rate of the period of expected repayment of liabilities or realization of assets. The rate is based on the tax rate and tax laws that have been enacted prior to the balance sheet date or have been substantially legislated. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3. Current and deferred income taxes for the period

Current income tax and deferred income tax are recognized in profit or loss, but the current and deferred income taxes associated with items recognized in other comprehensive profit or loss or directly included in equity are respectively recognized in other comprehensive profit or loss or directly included in equity.

V. Primary Sources of Uncertainties in Material Accounting Judgments, Estimates, and Assumptions

When the Consolidated Company adopts accounting policies, the management must make judgments, estimates, and assumptions based on historical experience and other critical factors for related information that are not readily available from other sources. Actual results may differ from these estimates.

The management will review the estimates and underlying assumptions on an ongoing basis. If an amendment of an estimate affects only the current period, it is recognized in the period in which it is amended. If an amendment of accounting estimates affects the current year and future periods, it shall be recognized in the period of amendment and future periods.

(I) Estimated impairment of receivables

The allowance for losses on the Consolidated Company's accounts receivable were estimated based on the assumptions of default risk and expected loss rate. At each reporting date, the Consolidated Company considers historical experience, current market conditions and forward-looking estimates to determine the assumptions to be used in calculating the impairment and the input values to be selected.

(II) Fair Value of Level 3 Financial Instruments

When the fair value of financial assets recognized in Level 3 on the balance sheet is not available in an active market, the fair value is determined primarily using market-based valuation techniques. The fair value assessment involves significant judgment, such as the selection of comparable companies or prices for equity transactions, and judgment on various assumptions, such as liquidity discounts and valuation multipliers. Changes in the assumptions used in this model will affect the fair value of the reported financial instruments.

(III) Impairment of Inventories

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated cost of investment until completion and the estimated cost to complete the sale. These estimates are based on current market conditions and historical sales experience of similar products, and changes in market conditions may materially affect the results of these estimates.

(IV) Lease period

In determining the lease period, the Consolidated Company considers all relevant facts and circumstances that give rise to an economic incentive to exercise (or not to exercise) the option, including all expected changes in facts and circumstances from the commencement date to the exercise date of the option. The factors to be considered include the contractual terms and conditions for the period covered by the option, significant improvements in lease equity made during the contract period, and the significance of the underlying assets to the lessee's operations. The lease term will be reassessed if a significant change or a major change in circumstances occurs within the Consolidated Company's control range.

VI. Details of Significant Accounts

(I) Cash and Cash Equivalents

	December 31, 2022	December 31, 2021
Cash on hand and change fund	$ 1,557	$ 1,454
Bank deposits	98,383	97,604
	$ 99,940	$ 99,058

The market rate interval of bank deposits on the balance sheet date is as follows:

	December 31, 2022	December 31, 2021
Bank deposits	0.25%~1.15%	0.04%~0.05%

(II) Bills receivable, accounts receivable, other receivables and collections

	December 31, 2022	December 31, 2021
Bills receivable		
Bills receivable	$ -	$ 16
Less: Bad debt allowance	-	-
	$ -	$ 16
Accounts receivable		
Accounts receivable	$ 393,406	$ 283,686
Less: Bad debt allowance	(160,230)	(107,715)
	$ 233,176	$ 175,971
Other receivables		
Others	$ 564	$ 546
Other non-current assets - others		
Collections	$ 3,946	$ 3,946
Less: Bad debt allowance	(3,946)	(3,946)
Net amount	$ -	$ -

1. The Consolidated Company grants credit for merchandise sales for a period of 30 to 180 days depending on the credit quality of the customer. The Consolidated Company uses a simplified approach to estimate expected credit losses for receivables, which is measured using expected credit losses over the life of the receivables.For this measurement purpose, these kinds of receivables are grouped by common credit risk characteristics that represent the customer's ability to pay all amounts due in accordance with contractual terms and are included in forward-looking information.

2. The Consolidated Company's accounts receivable and collections are analyzed according to the credit period provided to customers as follows:

	December 31, 2022		December 31, 2021	
Accounts that have not exceeded the credit period	$	274,661	$	176,051
Accounts that have exceeded the credit period		122,691		111,581
Total	$	397,352	$	287,632

3. Receivables that are overdue at the balance sheet date but for which the Consolidated Company has not recognized an allowance for loss are considered recoverable by the Consolidated Company's management because the credit quality has not materially changed and the Consolidated Company does not hold any collateral or other credit enhancement protection for these receivables. The Consolidated Company adjusted the expected credit loss ratio for some customers in 2020, because some customers are located in areas affected by the COVID 19 pandemic and the loss patterns of these customer groups differ from those of other customer groups.

   The accounts receivable and collections are analyzed according to the credit period as follows:

	December 31, 2022		December 31, 2021	
Less than 90 days	$	264,630	$	159,911
91-120 days		10,031		16,140
121-150 days		-		-
151-180 days		-		-
181-365 days		-		-
Over 365 days		122,691		111,581
Total	$	397,352	$	287,632

   The above is an aging analysis based on the account establishment date.

   The aging analysis of receivables that were overdue but not impaired was as follows:

	December 31, 2022		December 31, 2021	
Less than 90 days	$	-	$	-
91-120 days		-		-
121-150 days		-		-
151-180 days		-		-
181-365 days		-		-
Over 365 days		-		-
Total	$	-	$	-

   The above is an aging analysis based on the account establishment date.

4. Bills receivable, accounts receivable, other receivables and collections changes in allowance for doubtful accounts of the Consolidated Company in 2022 and 2021 are as follows:

	2022	2021
Beginning balance	$ 111,661	$ 123,850
Expected gain on reversal of credit losses (rebound benefits)	50,965	(11,772)
Actual elimination for the period	-	-
Foreign currency translation differences	1,550	(417)
Ending balance	$ 164,176	$ 111,661

5. The aging analysis of receivables that were impaired was as follows:

Accounts receivable and collections

	December 31, 2022	December 31, 2021
Less than 90 days	$ 41,875	$ -
91-120 days	10,031	16,140
121-150 days	-	-
151-180 days	-	-
181-365 days	-	-
Over 365 days	122,691	111,581
Total	$ 174,597	$ 127,721

The above aging analysis is based on the accounts receivable closing date and accounts receivable management policy.

(III) Inventories

	December 31, 2022	December 31, 2021
Commodities	$ 190,470	$ 237,230
Finished Products	-	133
In-process products	-	4,180
Materials	7	119
Raw Material	29,297	14,329
	$ 219,774	$ 255,991

1. The cost of goods sold related to inventories was NT$923,797 and NT$719,997 thousand for 2022 and 2021, respectively.

2. The cost of goods sold for the year 2022 and 2021 included a loss of NT$38,110 thousand on inventory decline and a gain of NT$6,293 thousand on the recovery of inventory decline, respectively. The benefit of the recovery in 2021 was due to the elimination of some inventory that had fallen in value.

(IV) Financial assets measured at fair value through profit or loss－ Non-current

	December 31, 2022	December 31, 2021
Domestic unlisted stocks		
Chen Wei Technologies Co., LTD	$ -	$ -

Chen Wei Technologies Co., LTD is mainly engaged in the manufacturing of electronic components. The management of the Consolidated Company clearly certifies that it does not have a significant impact on Chen Wei Technologies Co., LTD.

(V) Financial assets measured at fair value through other comprehensive profit or loss－Non-current

	December 31, 2022	December 31, 2021
Overseas unlisted stocks		
Intelligo Technology INC	$ 12,898	$ -

Intelligo Technology INC's main operating businesses are IC chip design, production and sales. The management of the Consolidated Company has clearly demonstrated that it has no significant influence on Intelligo Technology INC.

(VI) Subsidiary

1. Subsidiaries included in the consolidated financial statements

The entities involved in the preparation of the Consolidated Financial Statements are listed as follows:

Name of Investor	Name of Subsidiary	Business Type	Shareholding Percentage December 31, 2022	Shareholding Percentage December 31, 2021	Description
The Company	Joint Harvest Industries Limited	Trading of electronic component materials, semiconductors, communication devices and software	99.98%	99.98%	-
The Company	Juhong Technology (Shenzhen) Co., Ltd.	Development of electronic products and new electronic components and devices	100.00%	100.00%	-
The Company	Hong Lang Technology Co., Ltd.	Machinery, other machinery and equipment manufacturing and wholesaling	61.00%	61.00%	-
The Company	Hui Chu Investment Company Limited	General investment industry	-	100.00%	(1)
The Company	Chi Pin Restaurant Co., Ltd.	Restaurant industry	85.26%	85.26%	(2)
Chi Pin Restaurant Co., Ltd.	Chi Ching Co., Ltd.	Food wholesale industry	85.26%	85.26%	-

Description:

(1) The Consolidated Company's board of directors resolved to dissolve Hui Chu Investment Company Limited in the year of 2022 and the liquidation was completed. The remaining investment amount belonging to the Company has been

remitted.

(2) The Company is a subsidiary with significant noncontrolling interest.

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

3. Information on subsidiaries with significant noncontrolling interests

Name of Subsidiary	Main Business Venues	Percentage of equity and voting rights held by non-controlling interests	
		December 31, 2022	December 31, 2021
Chi Pin Restaurant Co., Ltd.	Taiwan	14.74%	14.74%

Name of Subsidiary	Profit or loss allocated to non-controlling interests	
	2022	2021
Chi Pin Restaurant Co., Ltd.	$(2,891)	$(1,224)
Others	(960)	(5,722)
	$(3,851)	$(6,946)

Name of Subsidiary	Non-controlling interests	
	December 31, 2022	December 31, 2021
Chi Pin Restaurant Co., Ltd.	$ 5,405	$ 8,296
Others	5,593	6,551
	$ 10,998	$ 14,847

Aggregate financial information for the following subsidiaries has been prepared using amounts before elimination of intercompany transactions:

Chi Pin Restaurant Co., Ltd.

	December 31, 2022	December 31, 2021
Current assets	$ 50,315	$ 73,592
Non-current assets	412,570	351,989
Current liabilities	(176,424)	(114,261)
Non-current liabilities	(249,779)	(255,025)
Equity	$ 36,682	$ 56,295
Equity attributable to:		
Owners of the Company	$ 31,277	$ 47,999
Non-controlling interests of Chi Pin Restaurant Co., Ltd.	5,405	8,296
	$ 36,682	$ 56,295

	2022		2021	
Sales Revenue	$	297,403	$	210,151
Current Net (loss)	$(	19,614)	$(	8,305)
Other comprehensive income		-		-
Total Consolidated Profit and Loss	$(	19,614)	$(	8,305)
Net loss is attributable to:				
Owners of the Company	$(	16,723)	$(	7,081)
Non-controlling interests of Chi Pin Restaurant Co., Ltd.	(	2,891)	(	1,224)
	$(	19,614)	$(	8,305)

	2022		2021	
Cash Flows				
Operating activities	$	53,602	$	39,752
Investing activities	(	97,947)	(	49,871)
Financing activities		23,049		11,752
Net cash flow-in (flow-out)	$(	21,296)	$	1,633

(VII) Investment accounted for using the equity method

	December 31, 2022		December 31, 2021	
Investment in affiliated enterprises				
Significant affiliated enterprises				
Longshan Yule Development Co. LTD.	$	-	$	115,989

Name of company	Business Type	Main Business Venues	Percentage of equity and voting rights December 31, 2022	Percentage of equity and voting rights December 31, 2021
Longshan Yule Development Co. LTD.	General hotel i ndustry	Taiwan	-	29.57%

1. For the years of 2022 and 2021, the equity method was applied to the profit or loss of subsidiaries and affiliated enterprises and the share of other comprehensive income or loss, except for an affiliated enterprise, Longshan Yule Development Co., LTD which completed the settlement of its shareholding on March 28, 2022, and therefore only the profit or loss for the first quarter of 2022 was recognized without audit, based on the audited financial statements of each subsidiary for the same period.
2. As of December 31, 2021, there were no pledges for investments accounted for using the equity method.

(VIII) Property, plant, and equipment

	2022						
	Owned land	Housing and Construction	Machinery	Transportation equipment	Office Equipment	Others	Total
Cost							
Beginning balance	$ 73,445	$ 34,057	$47,723	$ 17,181	$ 5,012	$ 51,174	$ 228,592
Addition	-	285	14,627	680	414	91,950	107,956
Disposal	(41,844)	(32,619)	(815)	-	(5)	(7,831)	(83,114)
Reclassification	-	-	4,399	-	-	14,907	19,306
Net exchange differences	-	-	-	-	18	(1)	17
Ending balance	$ 31,601	$ 1,723	$65,934	$ 17,861	$ 5,439	$ 150,199	$ 272,757
Accumulated depreciation							
Beginning balance	$ -	$ 13,116	$35,875	$ 12,002	$ 3,777	$ 19,673	$ 84,443
Depreciation expenses	-	727	4,887	1,390	373	10,850	18,227
Disposal	-	(12,708)	(753)	-	(5)	(7,174)	(20,640)
Net exchange differences	-	-	-	-	18	1	19
Ending balance	$ -	$ 1,135	$40,009	$ 13,392	$ 4,163	$ 23,350	$ 82,049
Net end of period	$ 31,601	$ 588	$25,925	$ 4,469	$ 1,276	$126,849	$ 190,708

	2021						
	Owned land	Housing and Construction	Machinery	Transportation equipment	Office Equipment	Others	Total
Cost							
Beginning balance	$ 56,841	$ 25,115	$45,131	$ 16,633	$ 4,394	$ 49,740	$ 197,854
Addition	-	-	2,592	3,250	625	1,459	7,926
Disposal	-	-	-	(2,702)	-	(25)	(2,727)
Reclassification	16,604	8,942	-	-	-	-	25,546
Net exchange differences	-	-	-	-	(7)	-	(7)
Ending balance	$ 73,445	$ 34,057	$47,723	$ 17,181	$ 5,012	$ 51,174	$ 228,592
Accumulated depreciation							
Beginning balance	$ -	$ 8,978	$30,877	$ 12,526	$ 3,535	$ 12,804	$ 68,720
Depreciation expenses	-	735	4,998	1,835	249	6,869	14,686
Disposal	-	-	-	(2,359)	-	-	(2,359)
Reclassification	-	3,403	-	-	-	-	3,403
Net exchange differences	-	-	-	-	(7)	-	(7)
Ending balance	$ -	$ 13,116	$35,875	$ 12,002	$ 3,777	$ 19,673	$ 84,443
Net end of period	$ 73,445	$ 20,941	$11,848	$ 5,179	$ 1,235	$31,501	$ 144,149

1. Property, plant and equipment are depreciated on a straight-line basis according to the following durable years:

Housing and Construction	3-50 years
Machinery	2-5 years
Transportation equipment	2-5 years
Office Equipment	2-5 years
Others	1-10 years

2. Please refer to Note 8 for the amount of property, plant and equipment pledged as collateral for loans by the Consolidated Company.

(IX) Lease Agreements

1. Right-of-use assets

	December 31, 2022	December 31, 2021
Carrying amount of right-of-use assets		
Buildings	$ 226,577	$ 249,310

	2022	2021
Addition of right-of-use assets		
Buildings	$ 37,659	$ 122,045

	2022	2021
Depreciation expenses on right-of-use assets		
Buildings	$ 38,219	$ 27,339

2. Lease liabilities

	December 31, 2022	December 31, 2021
Carrying amount of lease liabilities		
Current	$ 37,182	$ 33,785
Non-current	219,270	218,689
	$ 256,452	$ 252,474

The discount rate ranges for lease liabilities are as follows:

	December 31, 2022	December 31, 2021
Buildings	1.62%～3.50%	1.62%～2.75%

3. Other lease information

	2022	2021
Interest expense on lease liabilities	$ 3,987	$ 2,097
Short-term lease expenses	$ 3,882	$ 5,059
Total cash inflows (outflows) on lease	$ 41,776	$ 34,198

(X) Investment property

	2021		
	Owned land	Housing and Construction	Total
Cost			
Beginning balance	$ 16,604	$ 8,942	$ 25,546
Addition	-	-	-
Disposal	-	-	-
Reclassification to property, plant and equipment	(16,604)	(8,942)	(25,546)
Ending balance	$ -	$ -	$ -
Accumulated depreciation			
Beginning balance	$ -	$ 3,403	$ 3,403
Depreciation expenses	-	-	-
Reclassification to property, plant and equipment	-	(3,403)	(3,403)
Ending balance	$ -	$ -	$ -
Net end of period	$ -	$ -	$ -

1. Investment real estate is depreciated on a straight-line basis according to the following durable years:

   Housing and Construction 50 years

2. All of the Consolidated Company's investment properties are owned by the Consolidated Company. Please refer to Note 8 for the amount of investment property pledged as collateral for loans by the Consolidated Company.

(XI) Intangible Assets

	2022		
Cost	Goodwill	Authorization fund	Total
Beginning balance	$ 170,793	$ 55,273	$ 226,066
Increase for the period	-	30,651	30,651
Foreign currency exchange effect	-	2,842	2,842
Ending balance	$ 170,793	$ 88,766	$ 259,559
Accumulated amortization and impairment			
Beginning balance	$ 142,213	$ 9,346	$ 151,559
Increase for the period	-	21,914	21,914
Foreign currency exchange effect	-	(1,168)	(1,168)
Ending balance	$ 142,213	$ 30,092	$ 172,305
Net value	$ 28,580	$ 58,674	$ 87,254

Cost	2021 Goodwill	2021 Authorization fund	2021 Total
Beginning balance	$ 170,793	$ -	$ 170,793
Increase for the period	-	55,703	55,703
Foreign currency exchange effect	-	(430)	(430)
Ending balance	$ 170,793	$ 55,273	$ 226,066
Accumulated amortization and impairment			
Beginning balance	$ 142,213	$ -	$ 142,213
Increase for the period	-	9,346	9,346
Ending balance	$ 142,213	$ 9,346	$ 151,559
Net value	$ 28,580	$ 45,927	$ 74,507

1. The difference between the acquisition price and the fair value of the identifiable net assets acquired is recognized as goodwill.
2. The intellectual property license fee represents the acquisition of software license price and is amortized over the appropriate period of time.
3. Please refer to Note 6 (19) for the amount of amortization of intangible assets recognized.

(XII) Other non-current assets - others

	December 31, 2022	December 31, 2021
Collections	$ 3,946	$ 3,946
Less: Bad debt allowance	(3,946)	(3,946)
Others	22,245	8,795
	$ 22,245	$ 8,795

(XIII) Short-term loans

	December 31, 2022	December 31, 2021
Unsecured loans	$ 228,880	$ 234,905
Secured loans	-	185,000
	$ 228,880	$ 419,905

1. As of December 31, 2022 and 2021, the interest rates of bank loans were 1.92%-6.80% and 0.87%-2.25%, respectively.
2. Please refer to Note 8 for the amount of collateral provided by the Consolidated Company as guarantee for loans.

(XIV) Bills Payables, Payables receivable and other collections

	December 31, 2022	December 31, 2021
Bills Payables		
Occurred as a result of business	$ 6,563	$ 2,307
Accounts payable		
Occurred as a result of business	$ 57,630	$ 18,045
Other payables		
Salaries and bonuses payable	$ 19,999	$ 11,230
Interest payable	1,095	458
Equipment payable	21,743	72
Others	19,883	16,971
	$ 62,720	$ 28,731

(XV) Long-term loans

	December 31, 2022	December 31, 2021
Financial Institutions	$ 106,911	$ 80,860
Less: Classified as portion due within one year	(31,005)	(23,802)
	$ 75,906	$ 57,058

1. As of December 31, 2022 and 2021, the interest rates of long-term loans were 2.42%~2.92% and 1.00%-2.99%, respectively.

2. Please refer to Note 8 for the amount of collaterals provided by the Consolidated Company as collaterals for loans.

(XVI) Post-retirement Benefit Plan

1. Defined contribution plans

(1) The pension system applicable to the Company and its domestic subsidiaries in the Consolidated Company under The "Labor Pension Act" is a defined contribution plan under government administration, to which the Group contributes 6% of each employee's monthly salary and wages to their personal accounts at the Bureau of Labor Insurance.

(2) The employees of the Consolidated Company's subsidiary in Hong Kong (i.e. Joint Harvest Industries Limited) are members of a retirement benefit plan operated by the Hong Kong government. The subsidiary is required to contribute a specified percentage of payroll costs to a retirement benefit plan to fund the plan. The subsidiary's obligation for this government-operated retirement benefit plan is only to contribute a specified amount.

(3) The employees of the Consolidated Company's subsidiary in the mainland of China (i.e. Juhong Technology (Shenzhen) Co., Ltd.) are members of a retirement benefit plan operated by the government of the People’s Republic of China. The subsidiary is required to contribute a specified percentage of payroll costs to a retirement benefit plan to fund the plan. The subsidiary's obligation for this government-operated retirement benefit plan is only to contribute a specified amount.

(4) For the years of 2022 and 2021, the Consolidated Company recognized a total of NT$6,195 thousand and NT$5,577 thousand, respectively, in the consolidated statements of income in accordance with the proportionate share of the defined contribution plan.

2. Defined benefit plans

(1) The Consolidated Company is pension system under the "Labor Standards Act” is a defined benefit pension plan managed by the government. The payment of the employee's pension is based on the period of service and the average salary of 6 months before the approved retirement date. The Consolidated Company contributes 2% of employees' monthly salaries to the pension fund, which is deposited in the name of the Supervisory Committee of Business Entities' Labor Retirement Reserve in a special account at the Bank of Taiwan. If the estimated balance of the special account before the end of the year is not enough to pay for the workers who are expected to meet the retirement requirements in the following year, the difference will be withdrawn in one lump sum by the end of March of the following year. The management of the special account is entrusted to the Bureau of Labor Funds, Ministry of Labor. The Consolidated Company has no right to influence the investment management strategy.

(2) The amounts included in the consolidated balance sheet for defined benefit plans are shown below

	December 31, 2022	December 31, 2021
Defined present value of benefit obligations	$ 19,778	$ 30,306
Fair value of planned assets	(7,009)	(6,379)
Net defined benefit liabilities	$ 12,769	$ 23,927

(3) Changes in the net defined benefit liabilities are as follows:

	Defined present value of benefit obligations	Fair value of planned assets	Net defined benefit liabilities
January 1, 2021	$ 30,764	$(6,147)	$ 24,617
Service costs			
Current service costs	658	-	658

Other interest expense (revenue)	92	(19)	73
Recognized in profit or loss	750	(19)	731
Re-measurements			
Return on planned assets (other than amounts included in net interest)	-	(92)	(92)
Actuarial losses - changes in financial assumptions	(478)	-	(478)
Actuarial losses - experience adjustment	(730)	-	(730)
Recognized in other comprehensive income	(1,208)	(92)	(1,300)
Employer contributions	-	(121)	(121)
December 31, 2021	$ 30,306	$(6,379)	$ 23,927
Service costs			
Current service costs	637	-	637
Other interest expense (revenue)	181	(38)	143
Recognized in profit or loss	818	(38)	780
Re-measurements			
Return on planned assets (other than amounts included in net interest)	-	(482)	(482)
Actuarial losses - changes in financial assumptions	(607)	-	(607)
Actuarial losses - experience adjustment	(707)	-	(707)
Recognized in other comprehensive income	(1,314)	(482)	(1,796)
Employer contributions and payment	(10,032)	(110)	(10,142)
December 31, 2022	$ 19,778	$(7,009)	$ 12,769

The amounts recognized in profit or loss for defined benefit plans are summarized by function as follows:

	2022	2021
Selling expenses	$ 610	$ 670
General and administrative expenses	170	61
	$ 780	$ 731

(4) The Company is exposed to the following risks as a result of the pension system of the "Labor Standards Act":

A. Investment risk: The Bureau of Labor Funds, Ministry of Labor invests the Labor Pension Fund in domestic and foreign equity securities, debt securities and bank deposits through its own use and entrusted operation. The amount allocated to the Consolidated Company's plan assets is based on the income at an interest rate no less than the local bank's two-year time deposit rate.

B. Interest rate risk: A decrease in interest rates will increase the present value of the defined benefit obligation, but the investment return on plan assets will also increase, which will have a partially offsetting effect on the net defined benefit obligation.

C. Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salary of the plan member. As a result, increases in plan members' salaries will increase the present value of the defined benefit obligation.

(5) The present value of the Company's planned assets and defined benefit obligations are determined by a qualified actuary. The key assumptions of the actuarial valuation as of the measurement date are presented below:

	December 31, 2022	December 31, 2021
Discount rate	1.20%	0.60%
Expected rate of salary increase	2.75%	2.75%
Mortality rate	The parent company adopted the 6th experience life table of Taiwan life insurance industry	The parent company adopted the 6th experience life table of Taiwan life insurance industry

(6) The amount by which the present value of the defined benefit obligation would increase (decrease) if there were reasonably possible changes in significant actuarial assumptions, respectively, with all other assumptions held constant, is as follows:

	December 31, 2022	December 31, 2021
Discount rate		
Increase by 0.25%	$(244)	$(397)
Decrease by 0.25%	$ 249	$ 405
Expected rate of salary increase		
Increase by 0.25%	$ 196	$ 321
Decrease by 0.25%	$(194)	$(317)

The sensitivity analysis above may not reflect actual changes in the present value of the defined benefit obligation as the actuarial assumptions may be correlated with each other and changes in only one assumption are not probable.

(7) The amounts expected to be contributed in the coming year are as follows:

	December 31, 2022	December 31, 2021
Amount expected to be withdrawn within 1 year	$ 70	$ 121
Average period of defined benefit obligation	5 years	5 years

(XVII) Equity

1. Share capital

	December 31, 2022	December 31, 2021
Number of shares authorized (in thousands)	100,000	100,000
Share capital authorized	$ 1,000,000	$ 1,000,000
Number of shares issued and fully paid (in thousands)	69,514	69,514
Share capital issued	$ 695,142	$ 695,142

The issued common stock has a par value of NT$10 per share and each share is entitled to one vote and the right to receive dividends.

(1) As of December 31, 2022 and 2021, 26,658 thousand shares of the issued capital were converted into common shares through a private placement of common shares in December 2013 and convertible bonds issued in February 2015.

(2) As of December 31, 2022 and 2021, 2,420 thousand shares of the issued capital were converted into common shares through a convertible bonds issued in November 2017.

(3) In accordance with Article 43 (8) of the Securities and Exchange Act, the above-mentioned private placement of common stock may only be transferred after three years from the date of delivery and may not be traded on the stock exchange until after a public offering has been made. The rights and obligations of the private placement of common stock are the same as those of the issued and outstanding shares, except that transferability is restricted by law.

2. Special reserve

	December 31, 2022	December 31, 2021
Cumulative conversion adjustment	$ 3,259	$ 3,259

3. Accumulated earnings and dividend policy

	2022	2021
Beginning balance	$(333,606)	$(322,302)
Effect of retroactive adjustment and retroactive restatement	-	964
Balance after restatement	(333,606)	(321,338)
Capital surplus to cover accumulated deficit	-	53,473
Changes in ownership interest in subsidiaries	-	(9,470)
Net income (loss) attributable to owners of the Company	57,406	(57,571)
Other comprehensive income after tax	1,796	1,300
Ending balance	$(274,404)	$(333,606)

(1) If the Company has a net profit for the current year, it shall first use the profit to pay income taxes and make up for any accumulated losses, and then set aside 10% as a legal capital reserve. Any excessive balance may be reserved or transferred to be a special reserve pursuant to relevant laws. Any remaining balance in retained earnings may be appropriated for dividends in accordance with a proposal for appropriation of earnings as approved by the Board of Directors and submit it to the shareholders' meeting for distribution of shareholder dividends.

(2) The Company shall set aside a legal reserve until it equals the Company's paid-in capital. The legal reserve may be used to make up for losses. When the Company has no loss, the portion of the legal reserve exceeding 25% of the total paid-in capital may be appropriated in the form of cash, in addition to being transferred to share capital.

(3) The shareholders' meetings approved the distribution of earnings for years 2021 and 2020 on May 31, 2022 and August 18, 2021, respectively, as follows:

	Surplus distribution case		Dividends Per Share (NT$)	
	2021	2020	2021	2020
Legal reserve	$ -	$ -		
Special reserve	-	-		
Cash dividends	-	-	$ -	$ -
Stock dividends	-	-	-	-

(4) The Company has provided for and reversed the special reserve in accordance with the provisions of JinGuanZhengFaZi Letter No. 1090150022.

4. Other equity items

(1) Financial statements translation differences of foreign operations

	2022	2021
Beginning balance	$(5,627)	$(3,958)
Financial statements translation differences of foreign operations	6,740	(2,086)
Related income tax	(1,347)	417
Ending balance	$(234)	$(5,627)

(2) Unrealized valuation gains or losses on financial assets measured at fair value through other comprehensive profit or loss

	2022	2021
Beginning balance	$ -	$ -
Unrealized gains or losses on investments in equity instruments measured at fair value	(22,839)	-
through other comprehensive income		-
Ending balance	$ (22,839)	$ -

Investments in equity instruments measured at fair value through other comprehensive income are measured at fair value, with subsequent changes in fair value reported other comprehensive income and accumulated in other equity. Upon disposal of investments, the accumulated profit and loss are transferred directly to retained earnings and are not reclassified to profit or loss.

5. Non-controlling interests

	2022	2021
Beginning balance	$ 14,847	$ 6,023
Share attributable to non-controlling interests		
Changes in ownership interest in subsidiaries	-	9,470
Increase in non-controlling interests	-	6,300
Exchange rate impact	2	-
Current Net (loss)	(3,851)	(6,946)
Ending balance	$ 10,998	$ 14,847

(XVIII) Sales Revenue

	2022	2021
Sales revenue	$ 1,159,106	$ 851,873

1. Contract balance

	December 31, 2022	December 31, 2021
Contractual liabilities		
Prepayment	$ 8,909	$ 9,783

(XIX) Consolidated income or loss of continuing business units

1. Other income

	2022	2021
Rental income	$ 1,447	$ 1,737
Interest income	318	78
Other income	34,933	8,450
Total	$ 36,698	$ 10,265

2. Other gains and losses

	2022	2021
Foreign currency exchange gains (losses)	$ 12,132	$(421)
Disposal of interest in property, plant and equipment (loss)	102,417	(110)
Disposal of interests in affiliated companies using the equity method	30,092	-
Miscellaneous expenditures	-	(11)
Total	$ 144,641	$(542)

Gains or losses on foreign currency exchange

	2022	2021
Total gains on foreign currency exchange	$ 34,208	$ 18,001
Total gains (losses) on foreign currency exchange	(22,076)	(18,422)
Total	$ 12,132	$(421)

3. Finance costs

	2022	2021
Bank interest loans	$ 12,269	$ 7,497
Interest on lease liabilities	3,987	2,097
Less: Amount included in cost of qualifying assets	-	-
Total	$ 16,256	$ 9,594

Information related to interest capitalization is as follows:

	2022	2021
Amount of interest capitalization	$ -	$ -
Rate of interest capitalization	-	-

4. Depreciation and amortization

	2022	2021
Property, plant, and equipment	$ 18,227	$ 14,686
Right-of-use assets	38,219	27,339
Intangible Assets	21,914	9,346
Other non-current assets	11,793	3,089
Total	$ 90,153	$ 54,460

By function

	2022	2021
Operating costs	$ 11,581	$ 8,278
Operating expenses	78,572	46,182
Total	$ 90,153	$ 54,460

(XX) Employee benefits

	2022	2021
Retirement benefits		
Defined benefit plans	$ 780	$ 731
Defined contribution plans	6,195	5,577
Other employee benefits	136,248	110,973
Total employee benefit expenses	$ 143,223	$ 117,281

By function		
Operating costs	$ 39,674	$ 32,850
Operating expenses	$ 103,549	$ 84,431

1. In accordance with the provisions of the Articles of Association the Company sets aside employee compensation and remuneration for directors and supervisors at a rate of not less than 5%-10% and not more than 2% on the pre-tax benefits before deduction of the distribution of employee compensation and compensation to directors and supervisors for the current year. However, if the Company still has accumulated losses, the Company should first make up for them.

2. The remuneration of employees and remuneration of directors and supervisors for the years of 2022 and 2021, as approved by the Board of Directors, are as follows:

	2022		2021	
	Cash	Stock	Cash	Stock
Employee compensation	$ -	$ -	$ -	$ -
Remunerations for directors and supervisors	-	-	-	-

3. The amount of compensation to employees and directors and supervisors resolved by the board of directors is not materially different from the amount recognized in the financial statements for the years of 2022 and 2021. If there is any change in the amount after the annual financial statements are approved and issued, it will be adjusted and recorded in the following year in accordance with the changes in accounting estimates.

4. For information on the Company's employee compensation and remuneration for directors and supervisors, please visit the “Market Observation Post System”.

(XXI) Income tax

1. Income tax recognized in profit or loss

	2022	2021
Current income tax		
Current year generators	$ 7,460	$ 118
Deferred income tax		
Temporary difference generation and reversal	-	-
Income tax expense recognized in profit or loss	$ 7,460	$ 118

The adjustment of accounting income and income tax expenses and income tax expense to the applicable tax rate is as follows:

	2022	2021
Net Income from continuing operations before income tax(losses)	$ 61,105	$(64,399)
Income tax expense of net profit before tax calculated at statutory tax rate	$ 12,221	$ -
Items that should be adjusted (reduced) for statutory tax purposes	(12,221)	-
Land value added tax	4,775	-
Minimum taxable amount	955	-
Unappropriated earnings plus levy	-	11
Income tax of foreign subsidiaries	1,730	107
Income tax expense recognized in profit or loss	$ 7,460	$ 118

2. Income taxes recognized in other comprehensive income

	2022	2021
Deferred income tax		
Conversion of financial statements of foreign operating companies	$ 1,347	$(417)

3. Current income tax assets and liabilities

	December 31, 2022	December 31, 2021
Current income tax assets		
Tax refund receivable	$ -	$ 92
Current income tax liabilities		
Income tax payable	$ 1,206	$ 112

4. Items not recognized as deferred income tax assets

	December 31, 2022	December 31, 2021
Loss Deduction Credit		
Due in 2027	$ -	$ 5,974
Due in 2029	-	8,408
Due in 2030	5,178	16,043
Due in 2031	14,376	14,376
	$ 19,554	$ 44,801

5. Deferred tax assets and liabilities

Changes in deferred income tax assets and liabilities are as follows:

2022

Deferred income tax assets (liabilities)	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Directly recognized in equity	Ending balance
Temporary differences					
Exchange differences of foreign operating institutions	$ 1,406	$ -	$ (1,347)	$ -	$ 59

2022

Deferred income tax assets (liabilities	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Directly recognized in equity	Ending balance
Temporary differences					
Exchange differences of foreign operating institutions	$ 989	$ -	$ 417	$ -	$ 1,406

6. Income tax assessment

The Company's income tax returns have been approved by the tax authorities up to 2020 and no significant tax administrative relief has been provided. The rest of the domestic and foreign subsidiaries are reported in accordance with the laws and regulations of each country.

(XXII) Earnings per Share

Unit: In Shares or NT$

	2022	2021
Basic earnings per share	$ 0.83	$(0.83)
Diluted earnings per share	$ 0.83	$(0.83)

Net income and weighted average number of common shares used for calculation of earnings per share are as follows:

1. Net profit for the period

	2022	2021
Net profit used to calculate basic and earnings per share	$ 57,406	$(57,571)
Effect of potentially dilutive common shares: None	-	-
Net profit used to calculate diluted earnings per share	$ 57,406	$(57,571)

2. Number of Shares

Unit: Thousand shares

	2022	2021
Weighted average number of common shares used for calculation of basic earnings per share	69,514	69,514
Effect of potentially dilutive common shares: None	-	-
Weighted average number of common shares used for calculation of diluted earnings per share	69,514	69,514

(XXIII) Capital Risk Management

The purpose of the Consolidated Company's capital management policy is to ensure the Consolidated Company's ability to continue as a going concern in order to maximize shareholder compensation. To ensure that the above objectives are met, the management of the Consolidated Company regularly reviews its capital structure, taking into account the general economic conditions, prevailing interest rates and the adequacy of cash flows from operating activities, and adjusts the capital structure by paying dividends, issuing new shares, repurchasing shares, and issuing or redeeming bonds.

The Group is not subject to any other external capital requirements.

(XXIV) Financial Instruments

1. Category of financial instruments

Financial assets	December 31, 2022	December 31, 2021
Measured at amortized cost		
Cash and Cash Equivalents	$ 99,940	$ 99,058
Net bills receivable	-	16
Net accounts receivable	233,176	175,971
Other receivables	564	546
Other financial assets - Current	57,494	45,818
Refundable deposits	10,585	9,070
Financial assets measured at fair value through profit or loss - Non-current	-	-
Financial assets measured at fair value through other comprehensive profit or loss- Non-current	12,898	-

Financial assets	December 31, 2022	December 31, 2021
Financial liabilities		
Measured at amortized cost		
Short-term loans	$ 228,880	$ 419,905
Bills Payables	6,563	2,307
Accounts payable	57,630	18,045
Other payables	62,720	28,731
Other payables - Related parties	15,000	189
Lease liabilities - Current	37,182	33,785
Long-term loans due within one year or one business cycle	31,005	23,802
Long-term loans	75,906	57,058
Lease liabilities - Non-current	219,270	218,689

2. Financial risk management objectives and policies

The Consolidated Company's major financial instruments include cash and cash equivalents, notes and accounts receivable, notes and accounts payable, corporate bonds payable, and long-term and short-term borrowings. The financial department of the Consolidated Company provides services for the business units, coordinates the operation of the domestic financial market, and supervises and manages financial risks related to the operation by analyzing the internal risk reports of the risks according to the level and scope of risks. Such risks include market risk (including exchange rate risk and interest rate risk), credit risk, and liquidity risk.

The Consolidated Company does not engage in transactions of financial instruments (including derivative financial instruments) for speculative purposes. The Financial Department reports to the Board of Directors of the Company on a quarterly basis.

(1) Market risk

A. Foreign exchange risk

The operations of the Company and its foreign subsidiaries are mainly conducted in foreign currencies. Therefore, the exchange rate risk arises.

The Consolidated Company's foreign currency receivables and payables are partly in the same currency, and a natural hedge effect is generated for a substantial portion of the site. The Consolidated Company regularly reviews the net position of assets and liabilities in each currency and manages the risk of the net position. Currently the Consolidated Company's foreign currency receivables and payables are not exposed to significant exchange rate changes due to the short maturity of each transaction.

The Consolidated Company engages in business involving certain non-functional currencies and is therefore subject to exchange rate fluctuations. Information on foreign currency assets and liabilities that are subject to significant exchange rate fluctuations is as follows:

Unit:

(In Thousands of Foreign Currency or Thousands of New Taiwan Dollars)

	December 31, 2022		
	Foreign	Exchange rate	Book Value
Financial assets			
Monetary items			
USD:NTD	$ 12,401	30.7100	$ 380,832
USD:HKD	45	7.7984	1,372
Financial liabilities			
Monetary items			
USD:NTD	4,764	30.7100	133,984

	December 31, 2021		
	Foreign	Exchange rate	Book Value
Financial assets			
Monetary items			
USD:NTD	$ 11,262	27.6800	$ 311,721
USD:HKD	582	7.7994	16,109
Financial liabilities			
Monetary items			
USD:NTD	5,030	27.6800	139,240

Note：Since the functional currency of the consolidated entity is not the New Taiwan Dollar, it must be taken into account when making disclosures. For example, if the functional currency of a subsidiary is the Hong Kong Dollar but there is a foreign currency component other than the U.S. Dollar, it must be taken into account.

Sensitivity analysis

	2022		
	Change Range	Impact on profit and loss	Impact on other comprehensive income
Financial assets			
Monetary items			
USD:NTD	1%	$ 3,808	$ -
USD:HKD	1%	14	-
Financial liabilities			
Monetary items			
USD:NTD	1%	1,340	-

	2021		
	Change Range	Impact on profit and loss	Impact on other comprehensive income
Financial assets			
Monetary items			
USD:NTD	1%	$ 3,117	$ -
USD:HKD	1%	161	-
Financial liabilities			
Monetary items			
USD:NTD	1%	1,392	-

Note： Since the functional currency of the consolidated entity is not the New Taiwan Dollar, it must be taken into account when making disclosures. For example, if the functional currency of a subsidiary is the Hong Kong Dollar but there is a foreign currency component other than the U.S. Dollar, it must be taken into account.

Unrealized exchange gains or losses on monetary items of the Consolidated Company that were significantly affected by exchange rate fluctuations are described as follows:

	2022				
	Gains or losses on exchange				
	Foreign		Exchange rate	Impact on book	
Financial assets					
Monetary items					
USD:NTD	$	12,401	30.7100	$	8,548
Financial liabilities					
Monetary items					
USD:NTD		4,764	30.7100	(	150)

	2021				
	Gains or losses on exchange				
	Foreign		Exchange rate	Impact on book	
Financial assets					
Monetary items					
USD:NTD	$	11,262	27.6800	$(	13,781)
Financial liabilities					
Monetary items					
USD:NTD		5,030	27.6800		2,577

B. Interest rate risk

The Consolidated Company's short-term borrowings bear floating interest rates, resulting in interest rate risk. The carrying amounts of financial assets and financial liabilities of the Group exposed to interest rate risk on the balance sheet date are as follows:

	December 31, 2022		December 31, 2021	
Cash flow interest rate risk - financial liabilities	$	228,880	$	419,905

Sensitivity analysis

The sensitivity analysis below is prepared based on the risk exposure of non-derivative instruments to the interest rates at balance sheet date. For variable-rate liabilities, the analysis is based on the weighted-average amount over the reporting period. The rate of change used when reporting interest rates within the Group to the main management is an increase or decrease of 1% in interest rates, which also represents the management’s assessment of the reasonably possible range of changes in interest rates.

If interest rates increase/decrease by 1%, and all other variables remain unchanged, the Company's net profit before tax will increase/decrease by NT$3,974 thousand and NT$3,776 thousand for 2022 and 2021, respectively.

The Consolidated Company's sensitivity to interest rates increased in the current period compared to the previous period mainly due to the increase in the weighted average amount of variable-rate debt instruments.

(2) Credit risk

Credit risk refers to risk that causes the financial loss of the Group due to a counterparty's delay in performing contractual obligations. As of the balance sheet date, the Consolidated Company's largest credit risk exposure from a counterparty's failure to fulfill obligations came from the carrying amount of financial assets recognized in the consolidated balance sheets.

The main potential credit risk of the Consolidated Company arises from financial instruments with accounts receivable. The Consolidated Company's sales to more than 10% of its customers accounted for 59% and 59% of its operating revenues for the years of 2022 and 2021, respectively, and their accounts receivable balances were approximately 59% and 49% as of December 31, 2022 and 2021, respectively. To reduce credit risk, the Consolidated Company periodically and continuously evaluates the financial position of its customers and the collectibility of their receivables, and provides an allowance for doubtful accounts.

(3) Liquidity risk

The Consolidated Company manages and maintains sufficient cash and cash equivalents to support its operations and mitigate the impact of cash flow fluctuations. The management of the Group supervises the use of the credit line and ensures compliance with the terms of the loan contracts.

Bank loans are an important source of liquidity for the Consolidated Company. As of December 31, 2022 and 2021, the Consolidated Company had unused banking facilities of NT$39,265 thousand and NT$108,695 thousand, respectively.

Liquidity Risk and Interest Rate Risk Table

The following table details the analysis of the remaining contractual maturities of the Consolidated Company's non-derivative financial liabilities with contractual repayment periods, which are based on the earliest possible date on which the Consolidated Company could be required to make repayments, and is prepared using the undiscounted cash flows of the financial liabilities, which include cash flows of interest and principal.

Specifically, the Group's bank borrowings with repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights immediately. The analysis of maturity dates for other non-derivative financial liabilities is based on the agreed repayment dates.

December 31, 2022

	Immediate payment or payment less than 1 month is required	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years
Non-derivative financial liabilities					
Zero-interest-bearing liabilities	$ 141,913	$ -	$ -	$ -	$ -
Lease liabilities	3,188	6,393	27,601	141,430	77,840
Fixed-rate instruments	2,407	4,824	23,774	75,906	-
Floating-rate instruments	26,564	139,316	63,000	-	-
	$ 174,072	$ 150,533	$ 114,375	$ 217,336	$ 77,840

December 31, 2021

	Immediate payment or payment less than 1 month is required	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years
Non-derivative financial liabilities					
Zero-interest-bearing liabilities	$ 49,272	$ -	$ -	$ -	$ -
Lease liabilities	2,277	4,497	27,011	117,299	101,390
Fixed-rate instruments	1,956	3,994	17,852	57,058	-
Floating-rate instruments	85,438	168,347	166,120	-	-
	$ 138,943	$ 176,838	$ 210,983	$ 174,357	$ 101,390

The amount of floating-rate instruments for the above non-derivative financial liabilities will vary depending on the difference between the floating rate and the interest rate estimated at the balance sheet date.

2. Fair value information

(1) Financial instruments not measured at fair value

The management of the Consolidated Company considers that carrying amount of financial instruments not carried at fair value (measured at amortized cost) approximates their fair value.

(2) Financial instruments measured at fair value

A. Fair value levels

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss				
- Equity investment				
Domestic unlisted marketable securities				
- Equity investment	$ -	$ -	$ -	$ -
Financial assets measured at fair value through other comprehensive income or loss				
Overseas unlisted marketable securities				
- Equity investment	$ -	$ -	$ 12,898	$ 12,898

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss				
Domestic unlisted marketable securities				
- Equity investment	$ -	$ -	$ -	$ -

There was no transfer between Level 1 and Level 2 fair value measurements in 2022 and 2021.

B. Reconciliation of financial instruments measured at fair value in Level 3

2022

Financial assets	Measured at fair value through profit or loss Equity investment	Through other comprehensive income or loss at fair value Value measurement - Equity investment
Beginning balance	$ -	$ -
Increase for the period	-	35,737
Recognized in other comprehensive income - Unrealized	-	(22,839)
Ending balance	$ -	$ 12,898

2021

Financial assets	Measured at fair value through profit or loss Equity investment
Beginning balance	$ -
Increase for the period	-
Recognized in profit or loss (other gains and losses) - Unrealized	-
Ending balance	$ -

C. Level 3 valuation techniques and inputs for fair value measurements

(A) The fair value of overseas unlisted equity investments is determined by the market approach because there is no public quotation.

VII. Related Party Transactions

The transactions, account balances, revenues and expenses between the Company and its subsidiaries (which are related parties of the Company) were eliminated upon consolidation and are therefore not disclosed in this note. Please refer to Note 13(1) for related eliminations. The transactions between the Consolidated Company and other related parties were as follows

(I) Name and relationship of related parties

Related Party	Relationship with the Company
Yu Kun Investment Co.	Corporate director of the Company (retired as corporate director after the election of directors at the shareholders' meeting on August 18, 2021)
Longshan Yule Development Co. LTD.	Equity-method investees of the Company (which ceased to be related parties after March 28, 2022)
Teng Lung Resort Co.	A subsidiary of a related company of the Company (Longshan Yule Development Co., LTD. which ceased to be a related party after March 28, 2022)
Cheng, Yuan-Ching	Chairman of the Company
Cheng, Yueh-Min	Directors of the Company
Hsiao, Kun-Hsien	Director of the Company General Manager of the Company (resigned on August 10, 2022)
Liu, Yi-Chang	President of the Company (appointed on August 10, 2022)
Chung,Meng-Hsuan	Other related parties

(II) Significant transactions with related parties

1. Operating transactions - Sales

	2022	2021
Longshan Yule Development Co. LTD.	$ 107	$ 46
Yu Kun Investment Co.	-	58
	$ 107	$ 104

The sales prices are based on general market prices and are comparable to general customer collection terms.

2. Other payables - Related parties

	December 31, 2022	December 31, 2021
Cheng, Yueh-Min	$ 10,000	$ -
Chung,Meng-Hsuan	5,000	-
Teng Lung Resort Co.	-	189
	$ 15,000	$ 189

3. Operating expenses

	2022	2021
Longshan Yule Development Co. LTD.	$ -	$ 14
Teng Lung Resort Co.	1,488	4,504
	$ 1,488	$ 4,518

4. Guarantee

The Consolidated Company's loans to financial institutions for the years ended December 31, 2022 and 2021 were jointly and severally guaranteed by key management personnel - Cheng, Yuan-Ching, Cheng, Yueh-Min, Hsiao, Kun-Hsien, and Liu, Yi-Chang.

5. Remunerations to Major Management

	2022	2021
Short-term employee benefits	$ 11,464	$ 9,404
Retirement benefits	10,183	186
Other long-term employee benefits	-	-
Post-employment Benefits	-	-
Share-based payments	-	-

VIII. Pledged Assets

The following assets of the Consolidated Company have been provided as collateral for bank loans and corporate bonds or for other purposes subject to restrictions:

	December 31, 2022	December 31, 2021
Other financial assets - Current	$ 57,494	$ 45,818
Property, plant, and equipment	32,189	62,884
Investment property	-	-
	$ 89,683	$ 108,702

IX. Significant Contingent Liabilities and Unrecognized Contract Commitments

(I) As of December 31, 2022, the promissory notes issued to obtain purchase credits from suppliers amounted to NT$105,061 thousand.

(II) As of December 31, 2022, NT$316,156 thousand of promissory notes were issued to secure borrowing credit facilities from banks.

X. Significant Disaster Loss: None

XI. Significant Events after the Balance Sheet Date

In March 2023, the Company sold all 61% of the shares of its subsidiary, Hong Lang Technology Co., Ltd.

XII. Others: None

XIII. Supplementary Disclosures

(I) Major transactions and

(II) Information on the investment business:

1. Loans of funds to others: Table 1.
2. Endorsements/guarantees provided for others: None.
3. Marketable securities held at the end of the period (excluding investments in subsidiaries, affiliates and joint ventures): Table 2
4. Cumulative purchase or sale of the same marketable securities amounting to at least NT$300 million or 20% of the paid-in capital: None.
5. Acquisition of real estate amounting to at least NT$300 million or 20% of the paid-in capital: None.
6. Disposal of immovable property amounting to at least NT$300 million or 20% of the paid-in capital: None.
7. The amount of purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 3.
8. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 4.
9. Derivatives transactions: None.
10. Other: Business relationships and significant intercompany transactions between the parent and subsidiaries and between subsidiaries and their amounts: Table 5.
11. Information on investee companies: Table 6.

(III) Investment Information of the mainland of China:

1. Information on invested companies in Mainland China, including the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, gain or loss on investments, carrying amount of investment at the end of the period, gain or loss on repatriated investment and ceiling of investments in Mainland China: Table 7.
2. Major transactions with any investee company in mainland China directly or indirectly through a third region, and their prices, payment terms, unrealized gains (losses), and other information: Table 5.

(1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year.

(2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year.

(3) The amount of property transactions and the amount of the resultant gains or losses.

(4) Ending balances and purposes of endorsements/guarantees or collateral provided.

(5) The highest of the financing balance, ending balance, interest rate range and total amount of current interest.

(6) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receiving of services.

(IV) Information for major shareholders: Table 8.

XIV. Segment Information

The Consolidated Company determines its operating segments based on management reports used by management to make decisions, evaluate performance and allocate resources. The Consolidated Company's reportable segments are Chip Hope Co., Ltd., Joint Harvest Industries Limited, Juhong Technology (Shenzhen) Co., Ltd., Hong Lang Technology Co., Ltd., Hui Chu Investment Company Limited, Chu Feng Hotel and Chi Pin Restaurant Co., Ltd. This measure is provided to the chief operating decision maker to allocate resources to departments and to measure their performance.

(I) Segment revenue and operating results

2022

	Single segment	Eliminations and adjustments	Total
Sales:			
Revenue from external customers			
Chip Hope Co., Ltd.	$ 718,963	$ -	$ 718,963
Joint Harvest Industries Limited	17,303	-	17,303
Juhong Technology (Shenzhen) Co., Ltd.	123,465	-	123,465
Chi Pin Restaurant Co., Ltd.	299,375	-	299,375
Intersegmental revenue	331,453	(331,453)	-
Total segment revenue	$ 1,490,559	$ (331,453)	$ 1,159,106
Segment profit and loss			
Chip Hope Co., Ltd.			$ 57,406
Joint Harvest Industries Limited			(1,442)
Juhong Technology (Shenzhen) Co., Ltd.			(5,946)
Hong Lang Technology Co., Ltd.			(2,459)
Hui Chu Investment Company Limited			20,529
Chi Pin Restaurant Co., Ltd.			(19,614)
Adjustments and eliminations			5,081
Segment profit and loss			$ 53,555

2021

	Single segment	Eliminations and adjustments	Total
Sales:			
Revenue from external customers			
Chip Hope Co., Ltd.	$ 607,975	$ -	$ 607,975
Joint Harvest Industries Limited	25,195	-	25,195
Juhong Technology (Shenzhen) Co., Ltd.	7,850	-	7,850
Hong Lang Technology Co., Ltd.	965	-	965
Chi Pin Restaurant Co., Ltd.	209,888	-	209,888
Intersegmental revenue	23,079	(23,079)	-
Total segment revenue	$ 874,952	$ (23,079)	$ 851,873
Segment profit and loss			
Chip Hope Co., Ltd.			$(57,571)
Joint Harvest Industries Limited			3,559
Juhong Technology (Shenzhen) Co., Ltd.			5,652
Hong Lang Technology Co., Ltd.			(12,386)
Hui Chu Investment Company Limited			(142)
Chi Pin Restaurant Co., Ltd.			(8,305)
Adjustments and eliminations			4,676
Segment profit and loss			$(64,517)

(II) Segment assets and liabilities

	December 31, 2022	December 31, 2021
Chip Hope Co., Ltd.	$ 825,515	$ 765,840
Joint Harvest Industries Limited	227,508	66,071
Juhong Technology (Shenzhen) Co., Ltd.	49,198	7,537
Hong Lang Technology Co., Ltd.	14,752	18,367
Hui Chu Investment Company Limited	-	275
Chi Pin Restaurant Co., Ltd.	477,107	437,693
Investment accounted for using the equity method	-	115,989
Adjustments and eliminations	(421,041)	(195,977)
Total assets	$ 1,173,039	$ 1,215,795

	December 31, 2022	December 31, 2021
Chip Hope Co., Ltd.	$ 423,324	$ 458,475
Joint Harvest Industries Limited	160,101	3,956
Juhong Technology (Shenzhen) Co., Ltd.	51,584	3,986
Hong Lang Technology Co., Ltd.	445	1,602
Hui Chu Investment Company Limited	-	46
Chi Pin Restaurant Co., Ltd.	440,425	381,397
Adjustments and eliminations	(316,030)	(8,950)
Total liabilities	$ 759,849	$ 840,512

(III) Important customer information

A breakdown of the Consolidated Company's customers whose revenues accounted for more than 10% of the income statement for the years ended December 31, 2022 and 2021 is as follows:

Customer	2022 Amount	2022 Proportion	2021 Amount	2021 Proportion
Company T	$ 213,484	19	$ 212,991	25
Company G	189,944	16	166,261	20
Company S	151,590	13	123,660	14
Company TJ	124,936	11	21,519	2
	$ 679,954	59	$ 524,431	61

(IV) Regional Information

1. Revenue from external customers

Region	2022	2021
Taiwan	$ 319,533	$ 213,027
The mainland of China	839,573	638,846
	$ 1,159,106	$ 851,873

2. Property, plant, and equipment

Region	December 31, 2022	December 31, 2021
Taiwan	$ 189,527	$ 144,087
The mainland of China	1,181	62
	$ 190,708	$ 144,149

Table 1:

Chip Hope Co., Ltd. and Subsidiaries
Loans provided for others
December 31, 2022

Unit: In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Lender of funds	Borrower of funds	Are they related parties	Transaction item	Maximum balance for the period	Ending balance	The actual amounts disbursed	Interest rate range	Nature of loan (Note 2)	Business transaction amount (Note 3)	Reasons for requirement of short-term financing (Note 4)	Amount of provision for bad debt allowance	Collateral		Loan limit amount for each individual (Note 5)	Total limit on financing amount (Note 5)
													Name	Value		
1	Chip Hope Co., Ltd.	Chi Pin Restaurant Co., Ltd.	Yes	Other receivables - Related parties	$36,000	$ -	$ 18,000	3%	2	$ -	Operating working capital	$ -	None		$40,219	$160,877

Note 1: Information on the financial information of the Company and its subsidiaries should be presented in two separate tables and noted in the numbered column, which should be completed as follows:

(1) The Company fills in 0.

(2) A subsidiaries is numbered starting from number 1.

Note 2: The method of filling-in of the nature of loan

(1) Please fill in 1 if it has business dealings.

(2) Please fill in 2 if it has a need for short-term financing.

Note 3: If the nature of the capital loan is 1, the amount of business transactions should be filled in.

Note 4: If the nature of the loan is 2, the reason for the loan and the purpose of the loan should be specified, such as repayment of loans, purchase of equipment, operating turnover, etc.

Note 5: In accordance with Chip Hope's capital lending guidelines, the total amount of short-term financing necessary to lend funds to others shall not exceed 40% of Chip Hope's latest audited net financial statements. The amount of individual loans necessary for short-term financing shall not exceed 10% of the most recent audited net financial statements of Chip Hope.

Table 2:

Chip Hope Co., Ltd. and Subsidiaries

Marketable securities held at the end of the period

December 31, 2022

Unit: In Thousands of New Taiwan Dollars, Unless Stated Otherwise

Companies held	Types and names of securities	Relationship with the issuer of marketable securities	Billing subjects	End of period				Note
				Number of Shares	Carrying amount	Shareholding Ratio	Fair value	
Chip Hope Co., Ltd.	Common stock of Media Scope Technologies Corporation	-	Financial assets measured at fair value through profit or loss - Non-current	20,000	$ -	1.28%	$ -	
Chip Hope Co., Ltd.	Intelligo Technology INC (common stock)	-	Financial assets measured at fair value through other comprehensive profit or loss- Non-current	300,000	12,898	0.52%	12,898	

Table 3:

Chip Hope Co., Ltd. and Subsidiaries

Purchase or sale of goods with related parties amounting to at least NT$100 million or 20% of the paid-in capital

2022

Unit: In Thousands of New Taiwan Dollars, Unless Stated Otherwise

Purchase (sales) of companies	Name of trading counterparty	Relationship	Transaction situation				Circumstances and reasons why transaction conditions differ from those of ordinary transactions (Note 1)		Notes receivable (paid) and accounts payable		Remarks (Note 2)
			Purchase (sales)	Amount	Percentage of purchase (sales)	Credit period	Unit price	Credit period	Balance	Percentage of total notes and accounts receivable (paid)	
Chip Hope Co., Ltd.	Joint Harvest Industries Limited	Subsidiary	(Sales)	$ 241,541	(25%)	180 days for the monthly balance	-	-	$ 157,983	32%	
Joint Harvest Industries Limited	Chip Hope Co., Ltd.	Parent company	Purchase of goods	$ 241,541	100%	180 days for the monthly balance	-	-	$ 157,983	(100%)	

Note 1: If the terms of the related party transaction are different from the normal terms of the transaction, the differences and the reasons for the differences should be described in the unit price and credit period columns.

Note 2: If there is any prepayment, the reason, contract terms, amount and difference from the general transaction type should be stated in the Remarks column.

Note 3: Paid-in capital represents the parent company's paid-in capital. If the issuer's stock has no par value or the par value per share is not NT$10, the transaction amount of 20% of the paid-in capital is calculated based on 10% of the equity attributable to the owners of the parent company in the balance sheet.

Table 4:

Chip Hope Co., Ltd. and Subsidiaries

Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital

December 31, 2022

Unit: In Thousands of New Taiwan Dollars, Unless Stated Otherwise

Companies with accounts receivables	Name of trading counterparty	Relationship	Amount due from related parties (in thousands of foreign currencies)	Turnover days	Overdue receivables from related parties		Amounts due from related parties subsequently recovered	Amount of provision for loss allowance
					Amount	Processing method		
Chip Hope Co., Ltd.	Joint Harvest Industries Limited	Subsidiary	$ 157,983 (USD 5,144)	119	$ -	-	$ -	$ -

Table 5:

Chip Hope Co., Ltd. and Subsidiaries

Business relationships and significant transactions and amounts between parent company and subsidiaries and between subsidiaries

2022

Unit: In Thousands of New Taiwan Dollars, Unless Stated Otherwise

No. (Note 1)	Name of the trader	Trading clients	Relationship with the counterparty (Note 2)	Transaction situation			
				Subject	Amount	Trading conditions	Percentage of consolidated total revenue or total assets (Note 3)
0	Chip Hope Co., Ltd.	Joint Harvest Industries Limited	1	Sales revenue	$ 241,541	180 days for the monthly balance	20.83%
0	Chip Hope Co., Ltd.	Joint Harvest Industries Limited	1	Accounts receivable	157,983	-	13.46%
0	Chip Hope Co., Ltd.	Hong Lang Technology Co., Ltd.	1	Other income	114	Monthly collections	0.01%
0	Chip Hope Co., Ltd.	Hui Chu Investment Company Limited	1	Other income	26	Monthly collections	-
0	Chip Hope Co., Ltd.	Chi Pin Restaurant Co., Ltd.	1	Other income	749	Monthly collections	0.06%
0	Chip Hope Co., Ltd.	Chi Pin Restaurant Co., Ltd.	1	Interest income	279	Monthly collections	0.02%
0	Chip Hope Co., Ltd.	Chi Pin Restaurant Co., Ltd.	1	Other receivables	14	-	-
0	Chip Hope Co., Ltd.	Chi Ching Co., Ltd.	1	Other income	97	Monthly collections	0.01%
1	Joint Harvest Industries Limited	Chip Hope Co., Ltd.	2	Sales revenue	111	-	0.01%
1	Joint Harvest Industries Limited	Juhong Technology (Shenzhen) Co., Ltd.	3	Sales revenue	87,721	105 days for the monthly balance	7.56%
1	Joint Harvest Industries Limited	Juhong Technology (Shenzhen) Co., Ltd.	3	Accounts receivable	30,690	-	2.62%
2	Juhong Technology (Shenzhen) Co., Ltd.	Chip Hope Co., Ltd.	2	Sales revenue	1,470	-	0.13%
2	Juhong Technology (Shenzhen) Co., Ltd.	Chip Hope Co., Ltd.	2	Other receivables	1,410	-	0.12%
2	Juhong Technology (Shenzhen) Co., Ltd.	Joint Harvest Industries Limited	3	Labor income	162	-	0.01%
3	Chi Pin Restaurant Co., Ltd.	Chip Hope Co., Ltd.	2	Sales revenue	442	-	0.04%
3	Chi Pin Restaurant Co., Ltd.	Chip Hope Co., Ltd.	2	Bills receivable	140	-	0.01%
3	Chi Pin Restaurant Co., Ltd.	Chip Hope Co., Ltd.	2	Accounts receivable	120	-	0.01%
3	Chi Pin Restaurant Co., Ltd.	Hong Lang Technology Co., Ltd.	3	Sales revenue	6	-	-
3	Chi Pin Restaurant Co., Ltd.	Chi Ching Co., Ltd.	3	Sales revenue	5,345	30 days for the monthly balance	0.46%
4	Chi Ching Co., Ltd.	Chi Pin Restaurant Co., Ltd.	3	Sales revenue	286	25 days after the month ends	0.02%
4	Chi Ching Co., Ltd.	Chi Pin Restaurant Co., Ltd.	3	Other income	1,440	Monthly collections	0.12%
4	Chi Ching Co., Ltd.	Chi Pin Restaurant Co., Ltd.	3	Bills receivable	126	-	0.01%

Note 1: Information on business transactions between the parent company and the subsidiary company should be indicated in the numbered column respectively, and the number should be filled in as follows:

(1) Filling in 0 for the parent company.

(2) A subsidiaries is numbered starting from number 1.

Note 2: There are three types of relationships with the counter-parties as follows, and it is sufficient to indicate the type of relationship (if it is the same transaction between a parent and a subsidiary or between subsidiaries, there is no need to disclose it repeatedly. For example, if a parent company discloses a transaction with a subsidiary, the subsidiary does not need to repeat the disclosure; if a subsidiary discloses a transaction with a subsidiary, the other subsidiary does not need to repeat the disclosure):

(1) Parent company to subsidiary company.

(2) Subsidiary company to parent company.

(3) Subsidiary to Subsidiary.

Note 3: For the calculation of the ratio of transaction amount to consolidated total revenue or total assets, if it is an asset and liability item, the calculation is based on the ending balance to consolidated total assets. In the case of profit and loss items, the cumulative amount is calculated as a percentage of the consolidated total revenue.

Table 6:

Chip Hope Co., Ltd. and Subsidiaries

Information about the investee company, location, etc.

2022

Unit: In Thousands of New Taiwan Dollars, Unless Stated Otherwise

Name of Investor	Name of Investee	Location	Main Business Activities	Initial Investment Amount		Ending Balance			Profit/Loss of Investee for the Period	Investment income or loss recognized (Note 1)	Note
				Ending Balance for the Current Period	End of last year	Number of Shares	Ratio	Carrying amount			
Chip Hope Co., Ltd.	Joint Harvest Industries Limited	Unit E, 8/F, Hung Wai Industrial Building, 3 Hi Yip Street, Yuen Long, Hong Kong	Trading of electronic component materials, semiconductors, communication devices and software	$ 188,742	$ 188,742	-	99.98%	$(60,578)	$(1,442)	$(6,127)	
Chip Hope Co., Ltd.	Hong Lang Technology Co., Ltd.	Rm. 1, 9F., No. 258, Liancheng Rd., Zhonghe Dist., New Taipei City, Taiwan (R.O.C.)	Machinery machinery and equipment manufacturing and wholesaling	42,700	42,700	4,270,000	61.00%	8,727	(2,459)	(1,501)	
Chip Hope Co., Ltd.	Hui Chu Investment Company Limited	Rm. 1, 9F., No. 258, Liancheng Rd., Zhonghe Dist., New Taipei City, Taiwan (R.O.C.)	General investment industry	-	61,000	-	-	-	20,529	20,529	
Chip Hope Co., Ltd.	Chi Pin Restaurant Co., Ltd.	2F., No. 236, Sec. 4, Xinyi Rd., Da'an Dist., Taipei City (R.O.C.)	Restaurant industry	287,640	287,640	4,860,000	85.26%	59,857	(19,614)	(16,723)	
Chip Hope Co., Ltd.	Longshan Yule Development Co. LTD.	No. 5, Henglong Mt., Tai'an Township, 8th Neighborhood, Chin-Shui Vil., Miaoli County	General hotels, restaurants, recreational facilities and hot springs	-	44,600	-	-	-	1,517	189	Note 2

Name of Investor	Name of Investee	Location	Main Business Activities	Initial Investment Amount		Ending Balance			Profit/Loss of Investee for the Period	Investment income or loss recognized (Note 1)	Note
				Ending Balance for the Current Period	End of last year	Number of Shares	Ratio	Carrying amount			
Hui Chu Investment Company Limited	Longshan Yule Development Co. LTD.	No. 5, Henglong Mt., Tai'an Township, 8th Neighborhood, Chin-Shui Vil., Miaoli County	General hotels, restaurants, recreational facilities and hot springs	-	60,000	-	-	-	1,517	260	Note 2
Chi Pin Restaurant Co., Ltd.	Chi Ching Co., Ltd.	Rm. 2, 9F., No. 258, Liancheng Rd., Zhonghe Dist., New Taipei City, Taiwan (R.O.C.)	Food wholesale industry	600	6,000	-	100.00%	656	(46)	(46)	

Note 1: Please refer to Tablet 7 for information on our investee companies in the mainland of China.
Note 2: Please refer to Note 6 (6) to the financial statements for clarification.

Table 7:

Chip Hope Co., Ltd. and Subsidiaries

Information on Investments in Mainland China

2022

Unit: In Thousands of Foreign Currency/New Taiwan Dollars, Unless Stated Otherwise

Investee Company	Main Business Activities	Paid-in Capital	Method of Investments (Note 1)	Accumulated Amount of Investments Remitted from Taiwan at Beginning of Period	Amount of Investments Remitted or Repatriated for the Period		Accumulated Amount of Investments Remitted from Taiwan at End of Period	Profit/Loss of Investee for the Period	The Company's Direct or Indirect Shareholding Ratio	Investment Profit (Loss) Recognized for the Period (Note 2)	Carrying Amount of Investments at End of Period	Accumulated Investment Income Repatriated at End of Period
					Remitted	Repatriated						
Juhong Technology (Shenzhen) Co., Ltd.	Development of electronic products and new electronic components and devices	$ 4,459 (USD 128,382)	(1)	$ 4,459 (USD128,382)	$ -	$ -	$ 4,459 (USD128,382)	$ (5,946)	100%	$ (5,946) (2)B.	$(2,386)	$ -

Accumulated Amount of Investments Remitted from Taiwan to Mainland China at End of Period	Amount of Investments Authorized by Investment Commission, M.O.E.A.	Ceiling on Amount of Investments Stipulated by Investment Commission, M.O.E.A.
$4,459(USD 128,382)	$8,272(USD 256,500)	$ 247,914

Note 1: Investment methods can be divided into the following four types, which can be marked by categories:
- (1) Direct investment in the mainland of China.
- (2) Reinvestment in the mainland of China through a third party company (please specify the third party company).
- (3) Other methods.

Note 2: Investment Profit (Loss) Recognized for the Period:
- (1) If the investment is under preparation and there is no investment gain or loss, it should be specified.
- (2) Investment income or loss is recognized on the following three bases, which should be specified
  - A. The financial statements have been audited by an international accounting firm with which the R.O.C. has a cooperative relationship.
  - B. The financial statements have been audited by a certified public accountant of the parent company in Taiwan.
  - C. Others.

Table 8:

Chip Hope Co., Ltd. and Subsidiaries

Information on Major Shareholders

December 31, 2022

Shareholding / Name of Major Shareholders	Number of shares held	Shareholding Ratio
Cheng, Yuan-Ching	3,784,483	5.44 %

Note 1: This table is based on the last business day at the end of each quarter, and the information of shareholders holding 5% or greater of the ordinary and preference shares that have completed delivery without physical registration (including treasury shares) at the end of each quarter. Share capital indicated in the Company's parent company only financial statements may differ from the actual number of shares that have been issued and delivered without physical registration as a result of different basis of preparation.

Note 2: If a shareholder delivers its shareholding information to the trust, the aforesaid information shall be disclosed by the individual trustee who opened the trust account. For information on shareholders, who declare to be insiders holding more than 10% of shares in accordance with the Securities and Exchange Act, and their shareholdings including their shareholdings plus their delivery of trust and shares with the right to make decisions on trust property, please refer to MOPS.

IV. Individual Financial Statements for the Most Recent Fiscal year, Certified by a CPA

RSM
RSM Taiwan
No. 63, Dingxiang St., Sanmin Dist., Kaohsiung City 807, Taiwan
T+ 886 (7) 359 0669

Independent Auditors' Report

Chip Hope Co., Ltd.,

Audit Opinion

We have audited the accompanying parent company only financial statements of Chip Hope Co., Ltd. (the "Company"), which comprise the parent company only balance sheets as of December 31, 2022 and 2021, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies (collectively referred to as the "parent company only financial statements").

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

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards 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 parent company only financial statements of the Company for the year ended December 31, 2022. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters identified in the audit of the parent company only financial statements of the Company for the year ended December 31, 2022 are as follows:

Allowance for doubtful accounts receivable

The accounting policies with respect to accounts receivable are discussed in Note 4(11) financial instruments to the parent company only financial statements. For details, please refer to Note 6(2) notes receivable, accounts receivable, other receivables, and overdue receivables.

Description of key audit matters:

As of December 31, 2022, the Company's accounts receivable (excluding those from subsidiaries) amounted to NT$227,090,000, accounting for 30% of the total assets in the parent company only financial statements. The estimated impairment of the accounts receivable of the Company relates to the judgment that the amounts may not be recovered. The management, in accordance with International Financial Reporting Standards (IFRS) 9, recognized the loss on allowance for accounts receivable based on expected credit loss from continuing operations. The above estimation involves the management's subjective judgment and credit risk assumptions. Therefore, the estimated impairment of accounts receivable from the Company is included as one of the key audit matters for the year.

The audit procedures are summarized as follows:

We tested and assessed whether management's policy on the allowance for doubtful accounts receivable was reasonable; we tested the aging of accounts receivable balances and verified whether management's allowance for doubtful accounts was correct; and we assessed the post-period recovery of accounts receivable to see if the allowance for doubtful accounts was adequate.

Revenue recognition

The accounting policies with respect to revenue recognition are discussed in Note 4(12) revenue recognition to the parent company only financial statements. For details, please refer to Note 6(15) operating income to the parent company only financial statements.

Description of key audit matters:

Revenue is recognized under individual sales contracts when control of the merchandise is transferred. Because the Company enters into different trading terms with individual customers, whether to identify the transfer of control of merchandise based on the trading terms of individual sales targets and recognize revenue accordingly has a significant impact on the financial statements' reliability. As a result, it is listed as a key audit matter.

The audit procedures performed by us are summarized as follows:

We sought to understand the accounting policies adopted by the Company for revenue recognition and compared them with the terms of sales to assess whether the policies adopted were appropriate; we sampled internal controls and individual revenue transactions related to revenue recognition and verified relevant customer orders, shipping certificates, and collection documents; and we sampled sales transactions before and after the reporting date and reviewed relevant documents to assess whether the revenue recognition periods were appropriate.

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 financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of the 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 also responsible for assessing the ability of the Company 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 financial reporting process of the Company

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 auditing standards of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error. Misstatements are considered material if individual or aggregate amount of misstatements 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 auditing standards of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We have also performed the following tasks:

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 and appropriate audit evidence regarding the financial information of 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 parent company only 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 provided the governance units with a statement assuring the personnel of our accounting firm who are subject to independent regulations had acted according to the Norm of Professional Ethics for Certified Public Accountant of the Republic of China to remain neutral and also communicated with them about all relations and other matters (including related preventive measures) that could affect the independence of certified public accountants.

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 for the year ended December 31, 2022 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.

RSM Taiwan

Document number approved by the competent authorities:

Jin-Guan-Cheng-Shen-Zi No. 1050028831

Jin-Guan-Cheng-Shen-Zi No. 1070305454

Certified public accountant: Wan I-Tung

Certified public accountant: Chang Chien-Ling

March 29, 2023

<u>Chip Hope Co., Ltd.</u>
<u>Parent Company Only Balance Sheets</u>
<u>December 31, 2022 and 2021</u>

Unit: In Thousands of New Taiwan Dollars

		December 31, 2022			December 31, 2021		
	Assets		Amount	%		Amount	%
	Current assets						
1100	Cash and cash equivalents (Note 6(1))	$	76,344	10	$	43,923	5
1170	Accounts receivable, net (Note 6(2))		227,090	30		165,095	20
1181	Accounts receivable from related parties, net (Note 7)		157,983	21		—	—
1200	Other receivables (Note 6(2))		121	—		—	—
1210	Other receivables from related parties (Note 7)		14	—		—	—
1310	Inventory (Note 6(3))		153,151	20		230,963	28
1410	Prepayments		354	—		3,253	1
1476	Other current financial assets (Note 8)		48,979	6		37,317	5
11XX	Total current assets		664,036	87		480,551	59
	Non-current assets						
1510	Non-current financial assets at fair value through profit or loss (Note 6(4))		—	—		—	—
1517	Non-current financial assets at fair value through other comprehensive income (Note 6(5))		12,898	2		—	—
1550	Investments accounted for using the equity method (Note 6(6))		68,584	9		268,679	33
1600	Property, plant and equipment (Notes 6(7) and 8)		4,684	1		46,150	5
1755	Right-to-use assets (Note 6(8))		12,145	1		—	—
1760	Investment property (Notes 6(9) and 8)		—	—		21,967	3
1840	Deferred tax assets (Note 6(18))		59	—		1,406	—
1920	Refundable deposits		402	—		158	—
15XX	Total non-current assets		98,772	13		338,360	41
1XXX	Total assets	$	762,808	100	$	818,911	100

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	Liabilities and equity	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current liabilities				
2100	Short-term loans (Notes 6(10), 7 and 8)	$ 200,880	26	$ 391,905	48
2130	Contract liabilities (Notes 6(15) and 7)	24	—	6,886	1
2160	Notes payable to related parties (Note 7)	140	—	42	—
2170	Accounts payable (Note 6(11))	22,462	3	2,351	—
2200	Other payables (Note 6(11))	12,736	2	6,412	—
2220	Other payables to related parties (Note 7)	1,531	—	—	—
2230	Current income tax liabilities (Note 6(18))	921	—	—	—
2280	Current lease liabilities (Note 6(8))	2,931	1	—	—
2322	Current portion of long-term loans (Notes 6(12), 7 and 8)	7,044	1	13,332	2
2399	Other current liabilities - others	347	—	295	—
21XX	Total current liabilities	249,016	33	421,223	51
	Non-current liabilities				
2540	Long-term loans (Notes 6(12), 7 and 8)	2,716	—	9,750	2
2580	Non-current lease liabilities (Note 6(8))	31,548	4	—	—
2640	Non-current defined benefit liabilities - net (Note 6(13))	12,769	2	23,927	3
2645	Guarantee deposits received (Note 7)	1,603	—	1,691	—
2600	Other non-current liabilities	62,964	8	1,884	—
25XX	Total non-current liabilities	111,600	14	37,252	5
2XXX	Total liabilities	360,616	47	458,475	56
	Equity				
3110	Common stock (Note 6(14))	695,142	92	695,142	85
3300	Retained earnings (Note 6(14))				
3310	Legal reserve	1,268	—	1,268	—
3320	Special reserve	3,259	—	3,259	—
3350	Accumulated deficit	(274,404)	(36)	(333,606)	(41)
3400	Other equity (Note 6(14))				
3410	Financial statements translation differences of foreign operations	(234)	—	(5,627)	—
3420	Unrealized valuation profit or loss of financial assets at fair value through other comprehensive income	(22,839)	(3)	—	—
3XXX	Total equity	402,192	53	360,436	44
	Total liabilities and equity	$ 762,808	100	$ 818,911	100

The accompanying notes are an integral part of the Parent Company Only Financial Statements.

Chairman: Chang Chien-Ling   Manager: Liu, Yi-Chang   Accounting Supervisor: Peng, Dong-Feng

Chip Hope Co., Ltd.

Parent Company Only Statements of Comprehensive Income

January 1 to December 31, 2022 and 2021

Unit: In Thousands of New Taiwan Dollars
(Except for Earnings Per Share, Which Are in New Taiwan Dollars)

		2022		2021	
		Amount	%	Amount	%
4000	Net operating revenue (Notes 6(15) and 7)	$ 960,504	100	$ 621,129	100
5000	Operating costs (Note 7)	(825,074)	（二） (86)	(644,425)	（三） (104)
5900	Gross profit (loss)	135,430	14	(23,296)	(4)
5910	Unrealized sales (gain)	(160,655)	(17)	(3,117)	—
5920	Realized sales gain	39,254	4	1,920	—
5950	Net gross profit (loss)	14,029	1	(24,493)	(4)
	Operating expenses (Notes 6(16), 6(17) and 7)				
6100	Selling expenses	(26,360)	(3)	(21,598)	(4)
6200	General and administrative expenses	(19,137)	(2)	(16,496)	(2)
6450	Expected credit loss (gain)	(10,471)	(1)	11,302	2
6000	Total operating expenses	(55,968)	(6)	(26,792)	(4)
6900	Net operating income (loss)	(41,939)	(5)	(51,285)	(8)
	Non-operating income and expenses (Notes 6(16) and 7)				
7010	Other income	1,637	—	1,295	—
7020	Other gains and losses	123,046	13	3,702	1
7050	Finance costs	(10,029)	(1)	(6,565)	(1)
7070	Share of profit or loss of subsidiaries, associates, and joint ventures accounted for using equity method	(9,579)	(1)	(4,718)	(1)
7000	Total non-operating income and expenses	105,075	11	(6,286)	(1)
7900	Net income (loss) before tax	63,136	6	(57,571)	(9)
7950	Tax expense (Note 6(18))	(5,730)	—	—	—
8200	Net income (loss) for the period	57,406	6	(57,571)	(9)
	Other comprehensive income				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit plans	1,796	—	1,300	—
8316	Unrealized valuation profit or loss of investment in equity instruments measured at fair value through other comprehensive income	(22,839)	(2)	—	—
8360	Items that may subsequently be reclassified to profit or loss:				
8361	Financial statements translation differences of foreign operations	6,740	—	(2,086)	—

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	2022		2021	
	Amount	%	Amount	%
8399 Income tax relating to items that may be reclassified to profit or loss (Note 6(18))	(1,347)	－	417	－
8300 Other comprehensive income, net	(15,650)	(2)	(369)	－
8500 Total comprehensive income for the period	$ 41,756	4	$ (57,940)	(9)
Earnings per share of common stock (Note 6(19))				
From continuing operations				
9750 Basic earnings per share	$ (四)0.83		$ (五)(0.83)	
9850 Diluted earnings per share	$ (六)0.83		$ (七)(0.83)	

The accompanying notes are an integral part of the Parent Company Only Financial Statements.

Chairman: Chang Chien-Ling　　Manager: Liu, Yi-Chang　　Accounting Supervisor: Peng, Dong-Feng

Chip Hope Co., Ltd.
Parent Company Only Statements of Changes in Equity
January 1 to December 31, 2022 and 2021

Unit: In Thousands of New Taiwan Dollars

				Retained earnings			Other equity		
		Common stock	Capital surplus	Legal reserve	Special reserve	Accumulated deficit	Financial statements translation differences of foreign operations	Unrealized valuation profit or loss of financial assets at fair value through other comprehensive income	Total equity
A1	Balance at January 1, 2021	$ 695,142	$ 53,473	$ 1,268	$ 3,259	$ (322,302)	$ (3,958)	$ –	$ 426,882
A3	Retrospective adjustment of prior profit and loss	–	–	–	–	964	–	–	964
A5	Restated balance at January 1, 2021	695,142	53,473	1,268	3,259	(321,338)	(3,958)	–	427,846
C11	Capital surplus to cover accumulated deficit	–	(53,473)	–	–	53,473	–	–	–
M7	Change in ownership of subsidiaries	–	–	–	–	(9,470)	–	–	(9,470)
D1	Net income (loss) in 2021	–	–	–	–	(57,571)	–	–	(57,571)
D3	Other comprehensive income after tax in 2021	–	–	–	–	1,300	(1,669)	–	(369)
D5	Total comprehensive income in 2021	–	–	–	–	(56,271)	(1,669)	–	(57,940)
Z1	Balance at December 31, 2021	$ 695,142	$ –	$ 1,268	$ 3,259	$ (333,606)	$ (5,627)	$ –	$ 360,436
A1	Balance at January 1, 2022	$ 695,142	$ –	$ 1,268	$ 3,259	$ (333,606)	$ (5,627)	$ –	$ 360,436
D1	Net income in 2022	–	–	–	–	57,406	–	–	57,406
D3	Other comprehensive income after tax in 2022	–	–	–	–	1,796	5,393	(22,839)	(15,650)
D5	Total comprehensive income in 2022	–	–	–	–	59,202	5,393	(22,839)	41,756
Z1	Balance at December 31, 2022	$ 695,142	$ –	$ 1,268	$ 3,259	$ (274,404)	$ (234)	$ (22,839)	$ 402,192

The accompanying notes are an integral part of the Parent Company Only Financial Statements.

Chairman: Chang Chien-Ling　　Manager: Liu, Yi-Chang　　Accounting Supervisor: Peng, Dong-Feng

Chip Hope Co., Ltd.

Parent Company Only Statements of Cash Flows

January 1 to December 31, 2022 and 2021

Unit: In Thousands of New Taiwan Dollars

		2022	2021
AAAA	Cash flows from operating activities:		
A00010	Net income (loss) before tax	$ 63,136	$ (57,571)
A20010	Adjustments for:		
A20100	Depreciation expenses	1,978	2,533
A20300	Expected credit loss (gain)	10,471	(11,302)
A20900	Finance costs	10,029	6,565
A21200	Interest income	(450)	(32)
A22400	Share of profit or loss of subsidiaries, associates, and joint ventures accounted for using equity method	9,579	4,718
A22500	Loss (gain) on disposal of property, plant, and equipment	(51,828)	111
A22700	Loss (gain) on investment property	(51,273)	-
A23200	Loss (gain) on investment accounted for using the equity method	(8,325)	-
A23700	Write-downs of inventories	27,891	-
A23800	Write-downs of inventories (gains on price recovery)	-	(7,648)
A23900	Unrealized sales gain	160,655	3,117
A24000	Realized sales (gain)	(39,254)	(1,920)
A24100	Unrealized loss (gain) on foreign currency exchange	(7,027)	2,408
A30000	Net changes in operating assets and liabilities		
A31130	Notes receivable	-	159
A31150	Accounts receivable	(65,919)	46,007
A31160	Accounts receivable from related parties	(157,643)	-
A31180	Other receivables	(121)	4
A31190	Other receivables from related parties	-	262
A31200	Inventories	49,921	(17,510)
A31230	Prepayments	2,899	(2,991)
A32125	Contract liabilities	(6,879)	(45,778)
A32140	Notes payable to related parties	(42)	42
A32150	Accounts payable	20,207	271
A32160	Accounts payable to related parties	-	-
A32180	Other payables	5,743	1,042
A32190	Other payables to related parties	1,591	-
A32230	Other current liabilities	52	1
A32240	Net defined benefit liabilities	(9,362)	610
A33000	Cash inflow (outflow) generated from operations	(33,971)	(76,902)

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A33100	Interest received	436	32
A33300	Interest paid	(9,448)	(6,484)
A33500	Refund (payment) of income tax	(4,809)	29
AAAA	Net cash flows generated from (used in) operating activities	(47,792)	(83,325)
BBBB	Cash flows from investing activities:		
B00010	Acquisition of financial assets at fair value through other comprehensive income	(35,737)	-
B01900	Proceeds from disposal of associates' equity accounted for using the equity method	61,585	-
B02400	Refunds of shares accounted for using the equity method from capital reduction in investee companies	61,000	
B02700	Acquisition of property, plant, and equipment	(50)	(3,685)
B02800	Proceeds from disposal of property, plant, and equipment	113,873	232
B03700	Increase in refundable deposits	(244)	-
B05400	Acquisition of investment property	(285)	-
B05500	Proceeds from disposal of investment property	73,352	-
B06500	(Increase in) other financial assets	(11,662)	-
B06600	Decrease in other financial assets	-	540
B07600	Dividends received	22,675	-
BBBB	Net cash flows generated from (used in) investing activities	284,507	(2,913)
CCCC	Cash flows from financing activities:		
C00100	Increase in short-term loans	-	68,370
C00200	Decrease in short-term loansS	(191,024)	-
C01700	Repayment of long-term loans	(13,322)	(13,844)
C03000	Increase in guarantee deposits received	52	-
C03100	(Decrease in) guarantee deposits received	-	(5)
C03800	(Decrease in) other payables to related parties	-	(7,000)
C05400	Acquisition of equity in subsidiaries	-	(28,700)
CCCC	Net cash flows generated from (used in) financing activities	(204,294)	18,821
EEEE	Net increase (decrease) in cash and cash equivalents	32,421	(67,417)
E00100	Cash and cash equivalents at beginning of period	43,923	111,340
E00200	Cash and cash equivalents at end of period	$ 76,344	$ 43,923

The accompanying notes are an integral part of the Parent Company Only Financial Statements.

Chairman: Chang Chien-Ling Manager: Liu, Yi-Chang Accounting Supervisor: Peng, Dong-Feng

Chip Hope Co., Ltd.

Notes to Parent Company Only Financial Statements

For the Years of 2022 and 2021

(In Thousands of New Taiwan Dollars)

(Unless Stated Otherwise)

I. Company History

Chip Hope Co., Ltd. (the Company) was established and commenced operations on December 6, 1993. The main business items include the manufacture, design and trading of electronic component materials, finished products, semiconductors, communications equipment, machinery and equipment, electrical equipment, general instrumentation, other optical and precision instruments, medical equipment, metrology and measuring instruments, computer equipment and software. The Company’s shares started to be traded on the Taipei Exchange on March 8, 2004.

These parent company only financial statements are presented in the New Taiwan dollar, the Company's functional currency.

II. Date of Authorization for Issuance of the Financial Statements and Procedures for Authorization

These parent company only financial statements have been approved by the Board of Directors on March 29, 2023.

III. Application of New and Amended Standards and Interpretations

(I) The newly issued and amended International Financial Reporting Standards (IFRS) endorsed by the Financial Supervisory Commission ("FSC") have been adopted.

The following table presents the newly issued, amended and revised content and interpretations of the IFRS approved by the FSC for the year of 2022:

New/Revised/Amended Standards and Interpretations	Effective Date of International Accounting Standards Board (IASB) Release
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 2018-2020 Cycle	January 1, 2022

The Company has assessed that the above standards and interpretations have no material impact on the Company financial position and financial performance.

(II) The newly issued and amended IFRS endorsed by the FSC have not yet been adopted.

The following table presents the newly issued, amended and revised content and interpretations of the IFRS approved by the FSC for the year of 2023:

New/Revised/Amended Standards and Interpretations	Effective Date of International Accounting Standards Board (IASB) Release
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 Company has assessed that the above standards and interpretations have no material impact on the Company financial position and financial performance.

(III) Effect of IFRS issued by the IASB but not yet endorsed by the FSC

The following table presents the newly issued, amended and revised standards and interpretations of IFRS that have been issued by the IASB but not yet incorporated into IFRS that are endorsed by the FSC:

New/Revised/Amended Standards and Interpretations	Effective Date of International Accounting Standards Board (IASB) Release
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and Its Affiliated Enterprise or Joint Venture"	To be decided by the IASB
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
Amendments to IFRS 17 "First-time Adoption of IFRS 17 and IFRS 9" - Comparative Information	January 1, 2023
Amendments to IAS 1 "Classify Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

The Company has assessed that the above standards and interpretations have no material impact on the Company financial position and financial performance.

IV. Summary of Significant Accounting Policies

(I) Compliance declaration

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

(II) Preparation basis

These parent company only financial statements have been prepared on a historical cost basis, except for financial instruments measured at fair value.

The fair value measurement is classified into three levels based on the observability and importance of related input:

1. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities on the measurement date.
2. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. deduced from prices).
3. Level 3 inputs are unobservable inputs for the asset or liability.

In preparing its financial statements, the Company adopts the equity method of accounting for its investments in subsidiaries, affiliated enterprises or joint ventures. In order to make the profit or loss for the year, other comprehensive income and equity in the individual financial statements the same as the profit or loss for the year, other comprehensive income and equity attributable to the owners of the Company in the consolidated financial statements, certain accounting differences between the individual basis and the consolidated basis are adjusted for "investments accounted for using the equity method" and "share of profit or loss of subsidiaries, affiliated enterprises and joint ventures accounted for using the equity method" and related equity items.

(III) Standards for assets and liabilities classified as current and non-current

Current assets include:

1. Assets held primarily for trading purposes;
2. Assets expected to be realized within 12 months after the balance sheet date; and
3. Cash or cash equivalents (excluding assets restricted from being exchanged or used to settle a liability for at least 12 months after the balance sheet date).

Current liabilities include:

1. Liabilities held primarily for trading purposes;
2. liabilities due for settlement within 12 months of the balance sheet date (current liabilities even if long-term refinancing or rescheduling agreements are completed after the balance sheet date and prior to the adoption of the published financial statements), and
3. Liabilities with a repayment schedule that cannot be unconditionally deferred till at least 12 months after the publication of the balance sheet. The terms of the liabilities may be settled by the issuance of equity instruments at the option of the counter-parties, but this does not affect the classification.

All other assets or liabilities that are not specified above are classified as non-current.

(IV) Foreign currencies

In the preparation of financial statements, transactions denominated in a currency other than the Company’s functional currency (i.e. foreign currency) are translated into the Company's functional currency by using the exchange rate at the date of the transaction.

Monetary items denominated in foreign currencies are translated at the closing rates on the balance sheet date. Exchange differences arising on the settlement or on translating of monetary items are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are translated at the exchange rates prevailing at the date when the fair value was determined. The resulting exchange difference is recognized in profit or loss, except for items whose changes in fair value are recognized in other comprehensive income, where the resulting exchange difference is recognized in other comprehensive income.

Non-monetary items measured at historical cost that are denominated in foreign currencies are translated at the rates of exchange prevailing on the transaction dates and are not re-translated.

In the preparation of the parent company only financial statements, the assets and liabilities of foreign operations (including subsidiaries, affiliates, joint ventures, or branches that operate in a country or currency different from the Company) are translated into the New Taiwan Dollar at the closing rate of exchange prevailing on the balance sheet date. Income and expenses are translated at the average rate of the year. The exchange differences arising are recognized in other comprehensive income.

If the Company disposes of all the equity of the foreign operations, or disposes of part of the equity of the foreign operations’ subsidiary but loses control, or disposes of the foreign operations' joint agreement or the retained equity after the affiliate is a financial asset and is treated in accordance with the accounting policy of the financial instrument, all accumulated exchange differences associated with the foreign operations will be reclassified to profit or loss.

If the partial disposal of a foreign operating subsidiary does not result in a loss of control, the cumulative exchange difference is attributed to the interest on a pro rata basis and is not recognized in profit or loss. In the case of any other partial disposal of foreign operations, the accumulated exchange differences are reclassified to profit or loss in proportion to the disposal.

(V) Inventories

Inventories include merchandise, raw materials, supplies, finished goods and semi-finished goods. Inventory costs are calculated using the weighted average method. Inventories are measured at the lower of cost and net realizable value. The comparison between costs and net realizable values is based on individual items except for the same type of inventory. The net realizable value is the estimated selling price in the ordinary course of business less the estimated costs to be invested to completion and the estimated costs to complete the sale. Cost of inventory is calculated using the weighted-average method.

(VI) Investments in subsidiaries

The Company handles investments in subsidiaries by using the equity method.

A subsidiary is an entity (including a structured entity) over which the Company has control.

Under the equity method, the investment is initially recognized at cost. The carrying amount of investment is adjusted thereafter for the post-acquisition changes in the Company's share of profit or loss and other comprehensive income and profit distribution of the subsidiaries. In addition, changes in the Company's share of subsidiaries' other equity are recognized in proportion to its shareholding ratio.

When a change in the Company's ownership interests in a subsidiary does not cause it to lose control of the subsidiary, it shall be accounted for as an equity transaction. The difference between the carrying amount of the investments and the fair value of the consideration paid or received is recognized directly in equity.

When the Company's share of losses of a subsidiary equals or exceeds its interest in that subsidiary (including any carrying amount of the investment accounted for by the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company shall continue to recognize losses based on the shareholding ratio.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets, and liabilities of subsidiaries recognized at the date of acquisition is recognized as goodwill, which is included in the carrying amount of the investment and may not be amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognized as profit or loss in the current year.

When the Company assesses impairment, the test shall be performed on the basis of cash generating units within the financial statements. The recoverable amount and the carrying amount of cash generating units shall be compared. Subsequently, if the recoverable amount of an asset increases, the recovery of the impairment loss shall be recognized as an advantage, provided that the carrying amount of the asset recovered from the impairment loss shall not exceed the carrying amount of the asset to be amortized if the impairment loss is not recognized. Impairment losses attributable to goodwill shall not be reversed in subsequent periods.

When the Company loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between the aggregate of the fair value of consideration received and the fair value of any retained investment at the date when control is lost. The Company accounted for all amounts recognized in other comprehensive income in relation to the subsidiary on the same basis as would be required if the Company had directly disposed of the related assets and liabilities..

The unrealized profit or loss in downstream transactions between the Company and the subsidiaries shall be eliminated in the parent company only financial statements. When the Company transacts with its subsidiaries, profits and losses resulting from the transactions with the subsidiaries are recognized in the Company's parent company only financial statements only to the extent of interests in the subsidiaries that are not owned by the Company.

(VII) Investment in affiliated enterprises

An affiliated enterprise is an enterprise over which the Company has significant influence, but which is not a subsidiary or a joint venture.

Under the equity method, the investment is initially recognized at cost. The carrying amount of investment is adjusted thereafter for the post-acquisition changes in the Company's share of profit or loss and other comprehensive income and profit distribution of the subsidiaries. For changes in equity in affiliated companies, the Company's equity in affiliated companies and changes in joint ventures are recognized in proportion to the Company's shareholding.

The excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of an affiliate at the date of acquisition is recorded as goodwill, which is included in the carrying amount of the investment and is not amortized. The excess of the Company's share of the net fair value of the identifiable assets and liabilities of affiliated companies over the cost of acquisition is recognized in profit or loss for the period.

If the Company does not subscribe for new shares of an affiliate enterprise in proportion to its shareholding, resulting in a change in its shareholding and increase or decrease in the net equity of the investment, the increase or decrease is adjusted to capital reserves - changes in the net equity of the affiliate enterprise recognized under the equity method and the investment accounted for under the equity method. However, if the ownership interest in an affiliate enterprise is reduced as a result of subscription or acquisition without proportionate shareholding, the amount recognized in other comprehensive income or loss related to the affiliate enterprise is reclassified in proportion to the reduction on the same basis as that required for the direct disposal of the related assets or liabilities of the affiliate enterprise. If the former adjustment is charged to capital reserve and the balance of capital reserve generated from the investment using the equity method is insufficient, the difference is charged to retained earnings.

The Company ceases to recognize further losses when its share of losses of an affiliated enterprise equals or exceeds its interest in the affiliated enterprise (including the carrying amount of investments in affiliates under the equity method and other long-term interests that are in substance a component of the Company's net investment in the affiliated enterprises). The Company recognizes additional losses and liabilities only to the extent that legal obligations, constructive obligations or payments on behalf of affiliated enterprises have been incurred.

In assessing the impairment, the Company considers the overall carrying amount of the investment (including goodwill) as a single asset to compare the recoverable amount with the carrying amount for the purpose of impairment testing, and the recognized impairment loss is part of the carrying amount of the investment. Any reversal of impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

When the Consolidated Company ceases to adopt the equity method from the date it ceases to invest in the affiliated enterprise, its retained interest in the former affiliated enterprise is measured at fair value. And the difference between such fair value and the disposal price and the carrying amount of the investment on the date it ceases to adopt the equity method is recognized in profit or loss for the current period. In addition, the Company accounted for all amounts recognized in other comprehensive income in relation to the affiliated enterprise on the same basis as would be required if the affiliated enterprise had directly disposed of the related assets and liabilities.. If an investment in the affiliated enterprise becomes a joint venture or an investment in a joint venture becomes an investment in the affiliated enterprise, the Company continues to use the equity method without remeasuring the retained interest.

When the Company transacts with its subsidiaries, profits and losses resulting from the transactions with the subsidiaries are recognized in the Company’s parent company only financial statements only to the extent of interests in the subsidiaries that are not owned by the Company.

(VIII) Property, plant, and equipment

Property, plant, and equipment shall be recognized at cost and subsequently at cost less accumulated depreciation and accumulated impairment losses.

No depreciation is provided for owned land.

The depreciation of property, plant, and equipment (including assets held under finance leases) in its useful life is made on a straight-line basis for each major part/component separately. Where the lease term is less than the useful life of an asset, the depreciation is recognized over the lease term. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

When property, plant, and equipment is derecognized, the difference between the net disposal proceeds and the carrying amount of the asset shall be recognized in profit or loss.

(IX) Investment property

Investment property is real estate held to earn rentals or for capital appreciation or both. Investment property also includes land held for future use that is currently undetermined.

Investment property is initially measured at cost (including transaction costs) and subsequently measured at cost less accumulated depreciation and accumulated impairment losses. The Company provides depreciation on a straight-line basis.

When investment property is derecognized, the difference between the net disposal proceeds and the carrying amount of the asset shall be recognized in profit or loss.

(X) Impairment of tangible and intangible assets (excluding goodwill)

On each balance sheet date, the Company reviews its property, plant, and equipment, right-of-use assets, and intangible assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. If it is not possible to determine the recoverable amount for an individual asset, the Company shall estimate the recoverable amount of the asset's cash-generating unit.

Intangible assets with indefinite useful lives and not yet available for use are tested for impairment at least annually and whenever there is an indication of impairment.

The recoverable amount is the fair value minus cost of sales or its value in use, whichever is higher. If the recoverable amount of individual asset or the cash-generating unit is lower than its carrying amount, the carrying amount of the asset or the cash-generating unit shall be reduced to the recoverable amount and the impairment loss shall be recognized in profit or loss.

When the impairment loss is subsequently reversed, the carrying amount of the asset or the cash-generating unit will be reduced to the extent of the recoverable amount prior to revision, provided the increased carrying amount does not exceed the carrying amount (minus amortization or depreciation) of the asset or the cash-generating unit not declared as impairment loss in the previous years. A reversal of an impairment loss is recognized immediately in profit or loss.

(XI) Financial Instruments

1. Financial assets

Regular trading of financial assets shall be recognized and derecognized in accordance with trade date accounting.

(1) Types of measurement

The types of financial assets held by the Company are financial assets measured at fair value through profit or loss, financial assets measured at fair value through other comprehensive income and financial assets measured at amortized cost.

A. Financial assets measured at fair value through profit or loss

Financial asset measured at fair value through profit or loss include financial assets that are compulsively measured at fair value through profit or loss and those designated as measured at fair value through profit or loss. Financial assets that are compulsively measured at fair value through profit or loss include investments in equity instruments not designated by the Consolidated The Company measured at fair value through other comprehensive income or loss, and investments in debt instruments that do not qualify for classification as measured at amortized cost or measured at fair value through other comprehensive income or loss.

Financial assets are designated as measured at fair value through profit or loss on initial recognition if the designation eliminates or significantly reduces the measurement or recognition inconsistency.

Financial assets measured at fair value through profit or loss are measured at fair value, and any gain or loss arising from their remeasurement is recognized in profit or loss. Please refer to Note 6 (21) for the determination of fair value.

B. Investments in equity instruments measured at fair value through other comprehensive income or loss

On initial recognition, the Company has an irrevocable option to designate investments in equity instruments that are not held-for-trading and not acquired in a business merger with contingent consideration to be measured at fair value through other comprehensive income.

Investments in equity instruments measured at fair value through other comprehensive income are measured at fair value, with subsequent changes in fair value reported in other comprehensive income and accumulated in other equity. Upon disposal of investments, the accumulated profit and loss are transferred directly to retained earnings and are not reclassified to profit or loss.

Dividends from investments in equity instruments measured at fair value through other comprehensive income or loss are recognized in profit or loss when the Company's right to receive them is established, unless the dividend clearly represents a partial recovery of the cost of the investment.

C. Financial assets at amortized cost

When the Company's investments in financial assets match the following two conditions simultaneously, they are classified as financial assets at amortized cost:

a. Financial assets are under a business model whose purpose is to hold financial assets and collecting contractual cash flows; and

b. The terms of the contract generate a cash flow on a specified date that is solely for the payment of interest on the principal and the amount of principal outstanding.

Subsequent to initial recognition, such financial assets (including cash and cash equivalents, accounts receivable, other receivables, refundable deposits and other financial assets) are measured at the amortized cost equal to the gross carrying amount as determined using the effective interest method less any impairment loss; any foreign exchange gain or loss arising therefrom is recognized in profit or loss.

Except for the following two circumstances, interest income is calculated at the value of effective interest rate times the gross carrying amount of financial assets:

a. For purchased or originated credit-impaired financial assets, interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial assets.

b. For financial assets that are not purchased or originated credit-impaired but subsequently have become credit-impaired, interest income is calculated by applying the effective interest rate to the amortized cost balance of such financial assets.

Cash equivalents include time deposits within three months from the acquisition date and with high liquidity and relatively low price changes convertible to cash any time. They are used for meeting short-term cash commitments.

(2) Impairment of financial assets

The impairment loss of financial assets (including trade receivables) at amortized cost is measured by the Company on the balance sheet date based on the expected credit losses.

Allowances shall be appropriated for trade receivables for expected credit losses for the duration of their existence. A loss allowance for the 12-month expected credit losses is required for a financial asset if its credit risk has not increased significantly since initial recognition. A loss allowance for full lifetime expected credit losses is required for a financial asset if its credit risk has increased significantly since initial recognition.

The expected credit loss is the weighted average credit loss determined by the risk of default. The 12-month expected credit losses represent the expected credit losses arising from the possible default of the financial instrument in the 12 months after the balance sheet date, and the expected credit losses during the lifetime represent the expected credit losses arising from all possible defaults of the financial instrument during the expected existence period.

Through the loss allowance account, the carrying amount of all financial assets is reduced for the impairment loss, except for the investment in debt instruments measured at FVTOCI for which the impairment loss is recognized in other comprehensive income and does not reduce the carrying amount.

(3) Derecognition of financial assets

The Company derecognizes financial assets when the contractual rights to the cash inflow from the asset expire or when the Company transfers the financial assets with substantially all the risks and rewards of ownership to other enterprises.

If the Consolidated Company neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset and retains control over the asset, it continues to recognize the asset to the extent of its continuing involvement The Company asset and recognizes a related liability for the amount that may be required to be paid. If the Company retains substantially all the risks and rewards of ownership of the financial asset, it continues to recognize the asset and recognizes the price received as a collateralized loan.

When a financial asset is derecognized in its entirety, the difference between its carrying amount and the sum of the consideration received plus any cumulative gain or loss recognized in other comprehensive income is recognized in profit or loss.

If the transferred asset is part The Company larger financial asset and the transferred portion qualifies for overall derecognition, the Consolidated Company allocates the previous carrying amount of the larger financial asset to each portion based on the relative fair values of the continuously recognized portion and the derecognized portion at the date of transfer. The difference between the carrying amount allocated to the excluded component and the consideration received for the excluded component plus the sum of any cumulative gain or loss recognized in other comprehensive income or loss allocated to the excluded component is recognized in profit or loss. The Company allocates the cumulative gain or loss recognized in other comprehensive income or loss to each of these components based on the relative fair values of the continuously recognized component and the excluded component.

2. Equity Instruments

Debt and equity instruments issued by the Company classified as financial liabilities or equity based on the substance of the contractual agreements and the definitions of financial liabilities and equity instruments.

Equity tools issued by the Company are recognized at the acquisition price less direct issue costs.

The Company's own equity instruments are recognized and derecognized under equity. The purchase, sale, issuance or cancellation the Company's own equity instruments is not recognized in profit or loss.

3. Financial liabilities

(1) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method, except for financial liabilities carried at fair value through profit or loss:

Financial liabilities measured at fair value through profit or loss include those held for trading and those designated as measured at fair value through profit or loss.

Financial liabilities held for trading are measured at fair value, and the gain or loss arising from their remeasurement includes any dividends or interest paid on the financial liabilities and is recognized in profit or loss.

The Company designates a financial liability as measured at fair value through profit or loss on initial recognition if:

A. The designation eliminates or significantly reduces inconsistencies in measurement or recognition; or

B. A group of financial assets, financial liabilities, or both, is managed and its performance is evaluated on a fair value basis in accordance with a written risk management or investment strategy, and information on this portfolio provided internally to management of the Company is also based on fair value.

C. A hybrid (combined) contract containing one or more embedded derivatives is specified as a whole.

For financial liabilities designated as at fair value through profit or loss, the amount of change in fair value arising from changes in credit risk is recognized in other comprehensive income and is not subsequently reclassified to profit or loss, but only to retained earnings when the related financial liabilities are derecognized. The amount of the remaining fair value change of the liability is reported in profit or loss. If the recognition of changes in fair value attributable to credit risk in other comprehensive income would cause or aggravate an accounting mismatch, the entire fair value change of the liability is reported in profit or loss.

(2) Derecognition of financial liabilities

When financial liabilities are derecognized, the difference between their carrying amount and the paid consideration (including any transferred non-cash assets or liabilities assumed) shall be recognized in profit or loss.

(XII) Revenue recognition

Revenue from sales of merchandise is derived from sales of electronic component materials. Revenue is recognized when the merchandise is delivered to the customer and the customer obtains control over it. The Company recognizes a contract liability because it receives a portion of the consideration from the customer before transferring the merchandise, and the Company is obligated to transfer the merchandise subsequently.

(XIII) Leases

The Company assesses whether the contract is (or includes) a lease on the date of its establishment.

1. The Company is the lessor

   A lease is classified as a finance lease when the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the asset to the lessee. All other leases are classified as operating leases.

   When the Company subleases right-of-use assets, it uses the right-of-use assets (instead of the subject assets) to determine the classification of the subleases.

   If a principal tenancy is a short-term lease to which the Company applies the recognition exemption, the sublease is classified as an operating lease.

   Under operating leases, lease payments, net of lease incentives, are recognized as income on a straight-line basis over the term of the relevant lease. The original direct cost incurred in acquiring an operating lease is added to the carrying amount of the subject asset and recognized as an expense on a straight-line basis over the lease term.

2. If the Company is a lessee:

   Except that the leases of low value assets and short-term leases applicable to the exemption are recognized as expenses on a straight-line basis over the lease term, other leases are recognized as right-of-use assets and lease liabilities on the lease commencement date.

   The right-of-use assets shall be depreciated on a straight-line basis from lease commencement date to the end of the useful life or the end of the lease term using the original cost of the right-of-use asset (including the original measurement of the lease liability, lease payments made before the lease commencement date less lease incentives received, and the original direct cost of the right-of-use asset).

   Lease liabilities were originally measured by the present value of lease payments. If the implicit interest rate of lease is easy to determine, the interest rate is used to discount the lease payment. If the interest rate is not easy to determine, the lessee's incremental borrowing rate shall be used.

Subsequently, the lease liability is measured on the basis of amortized cost using the effective interest method, and the interest expense is apportioned during the lease period. In the case that future lease payments change as a result of a change in the lease term, the Company remeasures the lease liability and correspondingly adjusts the right-of-use asset, except in the case when the carrying amount of the right-of-use asset has reduced to zero, in which case any residual remeasured amount shall be recognized in profit or loss. Lease liabilities are expressed separately in the balance sheets.

The variable rent in the lease agreement that is not dependent on the index or rate is recognized as an expense in the period in which it occurs.

(XIV) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than those stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

(XV) Employee benefits

1. Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the services.

2. Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

The costs of defined benefits under the defined benefit pension plan (including service cost, net interest, and the remeasurement amount) are calculated based on the projected unit credit method. The cost of services and the net interest of the net defined benefit liability (asset) are recognized as employee benefit expenses as they occur. The remeasurements (including actuarial gains and losses, changes in the effect of the asset ceiling, and the return on plan assets after interest deduction) are recognized as other comprehensive income and included as retained earnings at the time of occurrence, and are not reclassified to profit or loss in subsequent periods.

Net defined benefit liabilities (assets) are the deficit (balance) of the contribution made according to the defined benefit pension plan. A net defined benefit asset shall not exceed the present value of the contributions to be refunded from the plan, or the reductions in future contributions.

3. Other long-term employee benefits

Other long-term employee benefits are accounted for in the same manner as defined benefit pension plans, except that the related remeasurement is recognized in profit or loss.

4. Post-employment Benefits

The Company recognizes a liability for post-employment benefits when the offer of post-employment benefits can no longer be revoked or when the related restructuring costs are recognized, whichever is earlier.

(XVI) Income tax

Income tax expenses are the sum of the tax in the current year and deferred income tax.

1. Current income tax

A tax is levied on the unappropriated earnings pursuant to the Income Tax Act and is recorded as an income tax expense in the year when the shareholders' meeting resolves to appropriate the earnings.Adjustments to income tax payable from previous years are recognized in the income tax of current period.

2. Deferred income tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred income tax liabilities are generally recognized for all taxable temporary differences, and deferred income tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which deductible temporary differences and income tax deduction for expenses such as loss deduction can be utilized.

Deferred income tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and equities are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of the deferred income tax assets is re-examined at each balance sheet date and the carrying amount is reduced for assets that are no longer likely to generate sufficient taxable income to recover all or part of the assets. The carrying amount of items that were not previously recognized as a deferred tax asset is also reviewed at each balance sheet date and is raised when it becomes probable that sufficient taxable profit will be available in the future to recover all or part of the asset.

Deferred income tax assets and liabilities are measured at the tax rate of the period of expected repayment of liabilities or realization of assets. The rate is based on the tax rate and tax laws that have been enacted prior to the balance sheet date or have been substantially legislated. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the balance sheet date, to recover or settle the carrying amount of its assets and liabilities.

3. Current and deferred income taxes for the period

Current income tax and deferred income tax are recognized in profit or loss, but the current and deferred income taxes associated with items recognized in other comprehensive profit or loss or directly included in equity are respectively recognized in other comprehensive profit or loss or directly included in equity.

V. Primary Sources of Uncertainties in Material Accounting Judgments, Estimates, and Assumptions

When the Company adopts accounting policies, the management must make judgments, estimates, and assumptions based on historical experience and other critical factors for related information that are not readily available from other sources. Actual results may differ from these estimates.

The management will review the estimates and underlying assumptions on an ongoing basis. If an amendment of an estimate affects only the current period, it is recognized in the period in which it is amended. If an amendment of accounting estimates affects the current year and future periods, it shall be recognized in the period of amendment and future periods.

(I) Estimated impairment of receivables

The allowance for losses on the Company's accounts receivable were estimated based on the assumptions of default risk and expected loss rate. At each reporting date, the Company considers historical experience, current market conditions and forward-looking estimates to determine the assumptions to be used in calculating the impairment and the input values to be selected.

(II) Fair Value of Level 3 Financial Instruments

When the fair value of financial assets recognized in Level 3 on the balance sheet is not available in an active market, the fair value is determined primarily using market-based valuation techniques. The fair value assessment involves significant judgment, such as the selection of comparable companies or prices for equity transactions, and judgment on various assumptions, such as liquidity discounts and valuation multipliers. Changes in the assumptions used in this model will affect the fair value of the reported financial instruments.

(III) Impairment of Inventories

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated cost of investment until completion and the estimated cost to complete the sale. These estimates are based on current market conditions and historical sales experience of similar products, and changes in market conditions may materially affect the results of these estimates.

VI. Details of Significant Accounts

(I) Cash and Cash Equivalents

	December 31, 2022	December 31, 2021
Cash on hand and change fund	$ 177	$ 169
Bank deposits	76,167	43,754
	$ 76,344	$ 43,923

The market rate interval of bank deposits on the balance sheet date is as follows:

	December 31, 2022	December 31, 2021
Bank deposits	0.45%~1.05%	0.03%~0.04%

(II) Bills receivable, accounts receivable, other receivables and collections

	December 31, 2022	December 31, 2021
Accounts receivable		
Accounts receivable	$ 333,574	$ 261,108
Less: Bad debt allowance	(106,484)	(96,013)
	$ 227,090	$ 165,095
Other receivables		
Others	$ 121	$ -
Other non-current assets - others		
Collections	$ 3,946	$ 3,946
Less: Bad debt allowance	(3,946)	(3,946)
Net amount	$ -	$ -

1. The Company grants credit for merchandise sales for a period of 30 to 120 days depending on the credit quality of the customer.The Company a simplified approach to estimate expected credit losses for receivables, which is measured using expected credit losses over the life of the receivables.For this measurement purpose, these kinds of receivables are grouped by common credit risk characteristics that represent the customer's ability to pay all amounts due in accordance with contractual terms and are included in forward-looking information.

2. The Company's accounts receivable and collections are analyzed according to the credit period provided to customers as follows:

	December 31, 2022	December 31, 2021
Accounts that have not exceeded the credit period	$ 227,140	$ 165,175
Accounts that have exceeded the credit period	110,380	99,879
Total	$ 337,520	$ 265,054

3. Receivables that are overdue at the balance sheet date but for which the Company has not recognized an allowance for loss are considered recoverable by the Company's management because the credit quality has not materially changed and the Company does not hold any collateral or other credit enhancement protection for these receivables. The Company adjusted the expected credit loss ratio for some customers in the year of 2020, because some customers are located in areas affected by the COVID 19 pandemic and the loss patterns of these customer groups differ from those of other customer groups.

The accounts receivable and collections are analyzed according to the credit period as follows:

	December 31, 2022	December 31, 2021
Less than 90 days	$ 217,109	$ 149,035
91-120 days	10,031	16,140
121-150 days	-	-
151-180 days	-	-
181-365 days	-	-
Over 365 days	110,380	99,879
Total	$ 337,520	$ 265,054

The above is an aging analysis based on the account establishment date.

The aging analysis of receivables that were overdue but not impaired was as follows:

	December 31, 2022	December 31, 2021
Less than 90 days	$ -	$ -
91-120 days	-	-
121-150 days	-	-
151-180 days	-	-
181-365 days	-	-
Over 365 days	-	-
Total	$ -	$ -

The above is an aging analysis based on the account establishment date.

4. Bills receivable, accounts receivable, other receivables and collections changes in allowance for doubtful accounts of the Company in 2022 and 2021 are as follows:

	2022	2021
Beginning balance	$ 99,959	$ 111,261
Expected gain on (reversal of credit losses)	10,471	(11,302)
Ending balance	$ 110,430	$ 99,959

5. The aging analysis of receivables that were impaired was as follows:

Accounts receivable and collections

	December 31, 2022	December 31, 2021
Less than 90 days	$ -	$ -
91-120 days	10,031	16,140
121-150 days	-	-
151-180 days	-	-
181-365 days	-	-
Over 365 days	110,380	99,879
Total	$ 120,411	$ 116,019

The above aging analysis is based on the accounts receivable closing date and accounts receivable management policy.

(III) Inventories

	December 31, 2022	December 31, 2021
Commodities	$ 153,151	$ 230,963

1. The cost of goods sold related to inventories was NT$825,074 and NT$644,425 thousand for 2022 and 2021, respectively.

2. The cost of goods sold for the years of 2022 and 2021 included a loss on decline in value of inventories of NT$27,891 thousand and a gain on reversal of inventory decline of NT$7,648 thousand, respectively. The benefit of the rebound in 2021 was due to the de-valuation of some of the inventories that had fallen in value.

(IV) Financial assets measured at fair value through profit or loss－ Non-current

	December 31, 2022	December 31, 2021
Domestic unlisted stocks		
Chen Wei Technologies Co., LTD	$ -	$ -

Chen Wei Technologies Co., LTD is mainly engaged in the manufacturing of electronic components. The management of the Company clearly certifies that it does not have a significant impact on Media Scope Technologies Corporation.

(V) Financial assets measured at fair value through other comprehensive profit or loss－Non-current

	December 31, 2022	December 31, 2021
Overseas unlisted stocks		
Intelligo Technology INC	$ 12,898	$ -

Intelligo Technology INC's main operating businesses are IC chip design, production and sales. The management of the Company has clearly demonstrated that it has no significant influence on Intelligo Technology INC.

(VI) Investment accounted for using the equity method

	December 31, 2022	December 31, 2021
Investments in subsidiaries	$ 68,584	$ 215,608
Investment in affiliated enterprises	-	53,071
	$ 68,584	$ 268,679

1. Investments in subsidiaries

	December 31, 2022	December 31, 2021
Unlisted (counter) companies		
Joint Harvest Industries Limited	$ (60,578)	$ 62,103
Juhong Technology (Shenzhen) Co., Ltd.	(2,386)	3,551
Hong Lang Technology Co., Ltd.	8,727	10,228
Hui Chu Investment Company Limited	-	63,146
Chi Pin Restaurant Co., Ltd.	59,857	76,580
Subtotal	5,620	215,608
Account for other non-current liabilities	62,964	-
	$ 68,584	$ 215,608

	Percentage of Ownership	
Unlisted (counter) companies	December 31, 2022	December 31, 2021
Joint Harvest Industries Limited	99.98%	99.98%
Juhong Technology (Shenzhen) Co., Ltd.	100.00%	100.00%
Hong Lang Technology Co., Ltd.	61.00%	61.00%
Hui Chu Investment Company Limited	-	100.00%
Chi Pin Restaurant Co., Ltd.	85.26%	85.26%

(1) The Company's board of directors resolved to dissolve the Hui Chu Investment Company Limited in the year of 2022 and the liquidation was completed. The remaining investment amount belonging to has been remitted.

2. Investment in affiliated enterprises

	December 31, 2022	December 31, 2021
Unlisted (counter) companies		
Longshan Yule Development Co. LTD.	$ -	$ 53,071

Name of company	Business Type	Main Business Venues	Percentage of equity and voting rights December 31, 2022	Percentage of equity and voting rights December 31, 2021
Longshan Yule Development Co. LTD.	General hotel i ndustry	Taiwan	-	12.43%

3. For the years of 2022 and 2021, the equity method was applied to the profit or loss of subsidiaries and affiliated enterprises and the share of other comprehensive income or loss, except for an affiliated enterprise, Longshan Yule Development Co., LTD which completed the settlement of its shareholding on March 28, 2022, and therefore only the profit or loss for the first quarter of 2022 was recognized without audit, based on the audited financial statements of each subsidiary for the same period.

4. As of December 31, 2022 and 2021, there were no pledges of investments accounted for using the equity method.

(VII) Property, plant, and equipment

2022	Owned land	Housing and Construction	Machinery	Transportation equipment	Office Equipment	Others	Total
Cost							
Beginning balance	$ 25,240	$ 23,392	$ 1,606	$ 15,796	$ 3,401	$ 1,648	$ 71,083
Addition	-	-	-	-	-	50	50
Disposal	(25,240)	(23,392)	(240)	-	(5)	-	(48,877)
Ending balance	$ -	$ -	$ 1,366	$ 15,796	$ 3,396	$ 1,698	$ 22,256
Accumulated depreciation							
Beginning balance	$ -	$ 8,502	$ 1,106	$ 11,160	$ 2,714	$ 1,451	$ 24,933
Depreciation expenses	-	454	57	1,166	92	36	1,805
Disposal	-	(8,956)	(205)	-	(5)	-	(9,166)
Ending balance	$ -	$ -	$ 958	$ 12,326	$ 2,801	$ 1,487	$ 17,572
Net end of period	$ -	$ -	$ 408	$ 3,470	$ 595	$ 211	$ 4,684

2021	Owned land	Housing and Construction	Machinery	Transportation equipment	Office Equipment	Others	Total
Cost							
Beginning balance	$ 25,240	$ 23,392	$ 1,256	$ 15,486	$ 3,242	$ 1,484	$ 70,100
Addition	-	-	350	3,012	159	164	3,685
Disposal	-	-	-	(2,702)	-	-	(2,702)
Ending balance	$ 25,240	$ 23,392	$ 1,606	$ 15,796	$ 3,401	$ 1,648	$ 71,083
Accumulated depreciation							
Beginning balance	$ -	$ 8,043	$ 1,052	$ 11,792	$ 2,638	$ 1,410	$ 24,935
Depreciation expenses	-	459	54	1,727	76	41	2,357
Disposal	-	-	-	(2,359)	-	-	(2,359)
Ending balance	$ -	$ 8,502	$ 1,106	$ 11,160	$ 2,714	$ 1,451	$ 24,933
Net end of period	$ 25,240	$ 14,890	$ 500	$ 4,636	$ 687	$ 197	$ 46,150

1. The Company's board of directors approved the disposal of the Company's office in Chung-Han in November 2022, and the transfer was completed as of December 31, 2022, and the disposal price has been collected.

2. Property, plant and equipment are depreciated on a straight-line basis according to the following durable years:

Housing and Construction	3-50 years
Machinery	2-5 years
Transportation equipment	2-5 years
Office Equipment	2-5 years
Others	1-5 years

3. Please refer to Note 8 for the amount of property, plant and equipment pledged as collateral for loans by the Company.

(VIII) Lease Agreements

1. Right-of-use assets

	December 31, 2022	December 31, 2021
Carrying amount of right-of-use assets		
Buildings	$ 12,145	$ -

	2022	2021
Addition of right-of-use assets		
Buildings	$ 12,145	$ -
Depreciation expenses on right-of-use assets		
Buildings	$ -	$ -

2. Lease liabilities

	December 31, 2022	December 31, 2021
Carrying amount of lease liabilities		
Current	$ 2,931	$ -
Non-current	31,548	-
	$ 34,479	$ -

The discount rate ranges for lease liabilities are as follows:

	2022	2021
Buildings	3.5%	-

3. Other lease information

	2022	2021
Interest expense on lease liabilities	$ -	$ -
Short-term lease expenses	$ 51	$ 394
Total cash inflows (outflows) on lease	$ 51	$ 394

(IX) Investment property

	2022		
	Owned land	Housing and Construction	Total
Cost			
Beginning balance	$ 16,604	$ 8,942	$ 25,546
Addition	-	285	285
Disposal	(16,604)	(9,227)	(25,831)
Ending balance	$ -	$ -	$ -
Accumulated depreciation			
Beginning balance	$ -	$ 3,579	$ 3,579
Depreciation expenses	-	173	173
Disposal	-	(3,752)	(3,752)
Ending balance	$ -	$ -	$ -
Net end of period	$ -	$ -	$ -

	2021		
	Owned land	Housing and Construction	Total
Cost			
Beginning balance	$ 16,604	$ 8,942	$ 25,546
Addition	-	-	-
Ending balance	$ 16,604	$ 8,942	$ 25,546
Accumulated depreciation			
Beginning balance	$ -	$ 3,403	$ 3,403
Depreciation expenses	-	176	176
Ending balance	$ -	$ 3,579	$ 3,579
Net end of period	$ 16,604	$ 5,363	$ 21,967

1. The Company's board of directors approved the disposal of the investment real estate in November 2022, and the transfer was completed as of December 31, 2022, and the disposal price has been collected.
2. Investment real estate is depreciated on a straight-line basis according to the following durable years:

   Housing and Construction 50 years

3. All of the Company's investment properties are owned by the Company. Please refer to Note 8 for the amount of investment property pledged as collateral for loans by the Company.

(X) Short-term loans

	December 31, 2022	December 31, 2021
Unsecured loans	$ 200,880	$ 206,905
Secured loans	-	185,000
	$ 200,880	$ 391,905

1. As of December 31, 2022 and 2021, the interest rates of bank revolving loans were 2.58%-6.80% and 0.87%-2.25%, respectively.

2. Please refer to Note 8 for the amount of collaterals provided by the Company as collaterals for loans.

(XI) Payables receivable and other collections

	December 31, 2022	December 31, 2021
Accounts payable		
Occurred as a result of business	$ 22,462	$ 2,351
Other payables		
Salaries payable	$ 3,797	$ 3,322
Interest payable	984	403
Pension payable	3,344	-
Business tax payable	2,094	-
Others	2,517	2,687
	$ 12,736	$ 6,412

(XII) Long-term loans

	December 31, 2022	December 31, 2021
Financial Institutions	$ 9,760	$ 23,082
Less: Classified as portion due within one year	(7,044)	(13,332)
	$ 2,716	$ 9,750

1. As of December 31, 2022 and 2021, the interest rates of bank revolving loans were 2.83%-2.88% and 1.35%-2.99%, respectively.

2. Please refer to Note 8 for the amount of collaterals provided by the Company as collaterals for loans.

(XIII) Post-retirement Benefit Plan

1. Defined contribution plans

(1) The pension system applicable to the Company under the "Labor Pension Act" is a defined contribution plan under government administration, to which the Company contributes 6% of employees' monthly salary and wages to their personal accounts at the Bureau of Labor Insurance.

(2) For the years of 2022 and 2021, the Company recognized a total of NT$1,086 thousand and NT$949 thousand, respectively, The Company consolidated statements of income in accordance with the proportionate share of the defined contribution plan.

2. Defined benefit plans

(1) The Company's pension system under the "Labor Standards Act" is a defined benefit pension plan managed by the government. The payment of the employee's pension is based on the period of service and the average salary of 6 months before the approved retirement date. The Company contributes 2% of employees' monthly salaries to the pension fund, which is deposited in the name of the Supervisory Committee of Business Entities' Labor Retirement Reserve The Company at the Bank of Taiwan. If the estimated balance of the special account before the end of the year is not enough to pay for the workers who are expected to meet the retirement requirements in the following year, the difference will be withdrawn in one lump sum by the end of March of the following year. The special account is entrusted to the Bureau of Labor Funds, Ministry of Labor. The Company has no right to influence the investment management strategy.

(2) The amounts included in the parent balance sheet for defined benefit plans are shown below

	December 31, 2022	December 31, 2021
Defined present value of benefit obligations	$ 19,778	$ 30,306
Fair value of planned assets	(7,009)	(6,379)
Net defined benefit liabilities	$ 12,769	$ 23,927

(3) Changes of the net defined benefit liabilities are as follows

	Defined present value of benefit obligations	Fair value of planned assets	Net defined benefit liabilities
January 1, 2021	$ 30,764	$(6,147)	$ 24,617
Service costs			
Current service costs	658	-	658
Other interest expense (revenue)	92	(19)	73
Recognized in profit or loss	750	(19)	731
Re-measurements			
Return on planned assets (other than amounts included in net interest)	-	(92)	(92)
Actuarial losses - changes in financial assumptions	(478)	-	(478)
Actuarial losses - experience adjustment	(730)	-	(730)
Recognized in other comprehensive income	(1,208)	(92)	(1,300)
Employer contributions	-	(121)	(121)
December 31, 2021	$ 30,306	$(6,379)	$ 23,927

	Defined present value of benefit obligations	Fair value of planned assets	Net defined benefit liabilities
January 1, 2022	$ 30,306	$(6,379)	$ 23,927
Service costs			
Current service costs	637	-	637
Other interest expense (revenue)	181	(38)	143
Recognized in profit or loss	818	(38)	780
Re-measurements			
Return on planned assets (other than amounts included in net interest)	-	(482)	(482)
Actuarial losses - changes in financial assumptions	(607)	-	(607)
Actuarial losses - experience adjustment	(707)	-	(707)
Recognized in other comprehensive income	(1,314)	(482)	(1,796)
Employer contributions and payment	(10,032)	(110)	(10,142)
December 31, 2022	$ 19,778	$(7,009)	$ 12,769

The amounts recognized in profit or loss for defined benefit plans are summarized by function as follows:

	2022	2021
Selling expenses	$ 610	$ 670
General and administrative expenses	170	61
	$ 780	$ 731

(4) The Company is exposed to the following risks as a result of the pension system of the "Labor Standards Act":

A. Investment risk: The Bureau of Labor Funds, Ministry of Labor invests the Labor Pension Fund in domestic and foreign equity securities, debt securities and bank deposits through its own use and entrusted operation. The amount allocated to the Company's plan assets is based on the income at an interest rate no less than the local bank's two-year time deposit rate.

B. Interest rate risk: A decrease in interest rates will increase the present value of the defined benefit obligation, but the investment return on plan assets will also increase, which will have a partially offsetting effect on the net defined benefit obligation.

C. Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salary of the plan member. As a result, increases in plan members' salaries will increase the present value of the defined benefit obligation.

(5) The present value of the Company's planned assets and defined benefit obligations are determined by a qualified actuary. The key assumptions of the actuarial valuation as of the measurement date are presented below:

	December 31, 2022	December 31, 2021
Discount rate	1.20%	0.60%
Expected rate of salary increase	2.75%	2.75%
Mortality rate	The parent company adopted the 6th experience life table of Taiwan life insurance industry	The parent company adopted the 6th experience life table of Taiwan life insurance industry

(6) The amount by which the present value of the defined benefit obligation would increase (decrease) if there were reasonably possible changes in significant actuarial assumptions, respectively, with all other assumptions held constant, is as follows:

	December 31, 2022	December 31, 2021
Discount rate		
Increase by 0.25%	$(244)	$(397)
Decrease by 0.25%	$ 249	$ 405
Expected rate of salary increase		
Increase by 0.25%	$ 196	$ 321
Decrease by 0.25%	$(194)	$(317)

The sensitivity analysis above may not reflect actual changes in the present value of the defined benefit obligation as the actuarial assumptions may be correlated with each other and changes in only one assumption are not probable.

(7) The amounts expected to be contributed in the coming year are as follows:

	December 31, 2022	December 31, 2021
Amount expected to be withdrawn within 1 year	$ 70	$ 121
Average period of defined benefit obligation	5 years	5 years

(XIV) Equity

1. Share capital

	December 31, 2022	December 31, 2021
Number of shares authorized (in thousands)	100,000	100,000
Share capital authorized	$ 1,000,000	$ 1,000,000
Number of shares issued and fully paid (in thousands)	69,514	69,514
Share capital issued	$ 695,142	$ 695,142

The issued common stock has a par value of NT$10 per share and each share is entitled to one vote and the right to receive dividends.

(1) As of December 31, 2022 and 2021, 26,658 thousand shares of the issued capital were converted into common shares through a private placement of common shares in December 2013 and convertible bonds issued in February 2015.

(2) As of December 31, 2022 and 2021, 2,420 thousand shares of the issued capital were converted into common shares through a convertible bonds issued in November 2017.

(3) In accordance with Article 43 (8) of the Securities and Exchange Act, the above-mentioned private placement of common stock may only be transferred after three years from the date of delivery and may not be traded on the stock exchange until after a public offering has been made. The rights and obligations of the private placement of common stock are the same as those of the issued and outstanding shares, except that transferability is restricted by law.

2. Special reserve

	December 31, 2022	December 31, 2021
Cumulative conversion adjustment	$ 3,259	$ 3,259

3. Accumulated earnings and dividend policy

	2022	2021
Beginning balance	$(333,606)	$(322,302)
Effect of retroactive adjustment and retroactive restatement	-	964
Balance after restatement	(333,606)	(321,338)
Capital surplus to cover accumulated deficit	-	53,473
Changes in ownership interest in subsidiaries	-	(9,470)
Net income (loss) attributable to owners of the Company	57,406	(57,571)
Other comprehensive income after tax	1,796	1,300
Ending balance	$(274,404)	$(333,606)

(1) If the Company has a net profit for the current year, it shall first use the profit to pay income taxes and make up for any accumulated losses, and then set aside 10% as a legal capital reserve. Any excessive balance may be reserved or transferred to be a special reserve pursuant to relevant laws. Any remaining balance in retained earnings may be appropriated for dividends in accordance with a proposal for appropriation of earnings as approved by the Board of Directors and submit it to the shareholders' meeting for distribution of shareholder dividends.

(2) The Company shall set aside a legal reserve until it equals the Company's paid-in capital. The legal reserve may be used to make up for losses. When the Company has no loss, the portion of the legal reserve exceeding 25% of the total paid-in capital may be appropriated in the form of cash, in addition to being transferred to share capital.

(3) The shareholders' meetings approved the distribution of earnings for years 2021 and 2020 on May 31, 2022 and August 18, 2021, respectively, as follows:

	Surplus distribution case		Dividends Per Share (NT$)	
	2021	2020	2021	2020
Legal reserve	$ -	$ -		
Special reserve	-	-		
Cash dividends	-	-	$ -	$ -
Stock dividends	-	-	-	-

(4) The Company has provided for and reversed the special reserve in accordance with the provisions of JinGuanZhengFaZi Letter No. 1090150022.

4. Other equity items

(1) Financial statements translation differences of foreign operations

	2022	2021
Beginning balance	$(5,627)	$(3,958)
Financial statements translation differences of foreign operations	6,740	(2,086)
Related income tax	(1,347)	417
Ending balance	$(234)	$(5,627)

(2) Unrealized valuation gains or losses on financial assets measured at fair value through other comprehensive profit or loss

	2022	2021
Beginning balance	$ -	$ -
Unrealized gains or losses on investments in equity instruments measured at fair value through other comprehensive income	(22,839)	-
Ending balance	$ (22,839)	$ -

Investments in equity instruments measured at fair value through other comprehensive income are measured at fair value, with subsequent changes in fair value reported other comprehensive income and accumulated in other equity. Upon disposal of investments, the accumulated profit and loss are transferred directly to retained earnings and are not reclassified to profit or loss.

(XV) Sales Revenue

	2022	2021
Sales revenue	$ 960,504	$ 621,129

1. Contract balance

	December 31, 2022	December 31, 2021
Contractual liabilities		
Prepayment	$ 24	$ 6,886
The beginning balance of the period transferred to income in the current period	$(6,862)	$(46,398)
Increase in receipts in advance for the period (net of income generated during the period and reclassified)	$ -	$3,001

(XVI) Consolidated income or loss of continuing business units

1. Other income

	2022	2021
Rental income	$ 1,186	$ 1,080
Interest income	450	32
Other income	1	183
	$ 1,637	$ 1,295

2. Other gains and losses

	2022	2021
(Losses on) Foreign currency exchange	$ 11,620	$(949)
Disposal of interest in property, plant and equipment (loss)	51,828	(111)
Disposal of investment real estate interests	51,273	-
Disposal of investment income using the equity method	8,325	-
Others	-	4,762
	$ 123,046	$ 3,702

Gains or losses on foreign currency exchange

	2022	2021
Total gains on foreign currency exchange	$ 33,696	$ 17,473
Total gains (losses) on foreign currency exchange	(22,076)	(18,422)
	$ 11,620	$(949)

3. Finance costs

	2022	2021
Bank interest loans	$ 9,750	$ 6,504
Interest on funds borrowed by subsidiaries	279	61
	$ 10,029	$ 6,565

Information related to interest capitalization is as follows:

	2022	2021
Amount of interest capitalization	$ -	$ -
Rate of interest capitalization	-	-

4. Depreciation and amortization

	2022	2021
Property, plant, and equipment	$ 1,805	$ 2,357
Investment property	173	176
	$ 1,978	$ 2,533

Depreciation and amortization expense is summarized by function

	2022	2021
Operating costs	$ -	$ -
Operating expenses	1,978	2,533
	$ 1,978	$ 2,533

5. Direct operating expenses of investment property

	2022	2021
Incurred rental income	$ 173	$ 176
Not incurred rental income	-	-
	$ 173	$ 176

(XVII) Employee benefits

	2022	2021
Retirement benefits		
Defined benefit plans	$ 780	$ 731
Defined contribution plans	1,086	949
Other employee benefits	30,973	26,882
Total employee benefit expenses	$ 32,839	$ 28,562
By function		
Operating expenses	$ 32,839	$ 28,562

1. In accordance with the provisions of the Articles of Association the Company sets aside employee compensation and remuneration for directors and supervisors at a rate of not less than 5%-10% and not more than 2% on the pre-tax benefits before deduction of the distribution of employee compensation and compensation to directors and supervisors for the current year. However, if the Company still has accumulated losses, the Company should first make up for them.

2. The remuneration of employees and remuneration of directors and supervisors for the years of 2022, as approved by the Board of Directors, are as follows:

	2021		2020	
	Cash	Stock	Cash	Stock
Employee compensation	$ -	$ -	$ -	$ -
Remunerations for directors and supervisors	-	-	-	-

3. The amount of compensation to employees and directors and supervisors resolved by the board of directors is not materially different from the amount recognized in the financial statements for the years of 2022 and 2021. If there is any change in the amount after the annual financial statements are approved and issued, it will be adjusted and recorded in the following year in accordance with the changes in accounting estimates.

4. For information on the Company's employee compensation and remuneration for directors and supervisors, please visit the "Market Observation Post System".

(XVIII) Income tax

1. Income tax recognized in profit or loss

	2022	2021
Current income tax		
Current year generators	$ 5,730	$ -
Deferred income tax		
Temporary difference generation and reversal	-	-
Income tax expense recognized in profit or loss	$ 5,730	$ -

A reconciliation of the accounting income and income tax expense to the applicable tax rate is as follows:

	2022	2021
Net income (loss) before income tax	$ 63,136	$ (57,571)
Income tax expense of net profit before tax calculated at statutory tax rate	$ 12,627	$ -
Items that should be increased (reduced) for statutory tax purposes	(12,627)	-
Land value added tax	4,775	-
Minimum taxable amount	955	-
Income tax expense recognized in profit or loss	$ 5,730	$ -

2. Income taxes recognized in other comprehensive income

	2022	2021
Deferred income tax		
Conversion of financial statements of foreign operating companies	$ 1,347	$(417)

3. Current income tax assets and liabilities

	December 31, 2022	December 31, 2021
Current income tax liabilities		
Income tax payable	$ 921	$ -

4. Items not recognized as deferred income tax assets

	December 31, 2022	December 31, 2021
Loss Deduction Credit		
Due in 2027	$ -	$ 5,974
Due in 2029	-	8,408
Due in 2030	5,178	16,043
Due in 2031	14,376	14,376
	$ 19,554	$ 44,801

5. Deferred tax assets and liabilities

Changes in deferred income tax assets and liabilities are as follows:

2022

Deferred income tax assets (liabilities)	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Directly recognized in equity	Ending balance
Temporary differences					
Exchange differences of foreign operating institutions	$ 1,406	$ -	$ (1,347)	$ -	$ 59

2021

Deferred income tax assets (liabilities)	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Directly recognized in equity	Ending balance
Temporary differences					
Exchange differences of foreign operating institutions	$ 989	$ -	$ 417	$ -	$ 1,406

6. Income tax assessment

The Company's income tax returns have been approved by the tax authorities up to 2020 and no significant tax administrative relief has been provided.

(XIX) Earnings per Share

Unit: In Shares or NT$

	2022	2021
Basic earnings per share	$ 0.83	$(0.83)
Diluted earnings per share	$ 0.83	$(0.83)

Net income and weighted average number of common shares used for calculation of earnings per share are as follows:

1. Net profit for the period

	2022	2021
Net profit used to calculate basic and earnings per share	$ 57,406	$(57,571)
Effect of potentially dilutive common shares:		
After-tax interest on convertible corporate bonds	-	-
Net profit used to calculate diluted earnings per share	$ 57,406	$(57,571)

2. Number of Shares

Unit: Thousand shares

	2022	2021
Weighted average number of common shares used for calculation of basic earnings per share	69,514	69,514
Effect of potentially dilutive common shares: None	-	-
Weighted average number of common shares used for calculation of diluted earnings per share	69,514	69,514

(XX) Capital Risk Management

The purpose of the Company The Company capital management policy is to ensure the Company's ability to continue as a going concern in order to maximize shareholder compensation. To ensure that the above objectives are met, the management of the Company regularly reviews its capital structure, taking into account the general economic conditions, prevailing interest rates and the adequacy of cash flows from operating activities, and adjusts the capital structure by paying dividends, issuing new shares, repurchasing shares, and issuing or redeeming bonds.

The Company is not subject to any other external capital requirements.

(XXI) Financial Instruments

1. Category of financial instruments

Financial assets	December 31, 2022	December 31, 2021
Measured at amortized cost		
Cash and Cash Equivalents	$ 76,344	$ 43,923
Net accounts receivable	227,090	165,095
Net accounts receivable - Related parties	157,983	-
Other receivables	121	-
Other receivables - Related parties	14	-
Other financial assets - Current	48,979	37,317
Refundable deposits	402	158
Financial assets measured at fair value through profit or loss - Non-current	-	-
Financial assets measured at fair value through other comprehensive profit or loss- Non-current	12,898	-

Financial assets	December 31, 2022	December 31, 2021
Financial liabilities		
Measured at amortized cost		
Short-term loans	200,880	391,905
Notes Payable - Related Parties	140	42
Accounts payable	22,462	2,351
Other payables	12,736	6,412
Other payables - Related parties	1,531	-
Lease liabilities - Current	2,931	-
Long-term loans due within one year or one business cycle	7,044	13,332
Long-term loans	2,716	9,750
Lease liabilities - Non-current	31,548	-

2. Financial risk management objectives and policies

The Company major financial instruments include cash and cash equivalents, notes and accounts receivable, notes and accounts payable, corporate bonds payable, and long-term and short-term borrowings. The financial management department of the Company provides services for the business units, coordinates the operation of the domestic financial market, and supervises and manages financial risks related to the operation of the Company by analyzing the internal risk reports of the risks according to the level and scope of risks. Such risks include market risk (exchange rate risk and interest rate risk), credit risk, and liquidity risk.

The Company does not engage in transactions of financial instruments (including derivative financial instruments) for speculative purposes. The Financial Department reports to the Board of Directors of the Company on a quarterly basis.

(1) Market risk

A. Foreign exchange risk

The operations of the Company and net investment in foreign operations are mainly conducted in foreign currencies. Therefore, the exchange rate risk arises.

The Company's foreign currency receivables and payables are partly in the same currency, and a natural hedge effect is generated for a substantial portion of the site. The Company regularly reviews the net position of assets and liabilities in each currency and manages the risk of the net position. Currently the Company's foreign currency receivables and payables are not exposed to significant exchange rate changes due to the short maturity of each transaction.

The Company engages in business involving certain non-functional currencies and is therefore subject to exchange rate fluctuations. Information on foreign currency assets and liabilities that are subject to significant exchange rate fluctuations is as follows:

Unit:
(In Thousands of Foreign Currency or Thousands of New Taiwan Dollars)

	December 31, 2022		
	Foreign	Exchange rate	Book Value
Financial assets			
Monetary items			
USD:NTD	$ 17,545	30.7100	$ 538,814
Financial liabilities			
Monetary			
USD:NTD	4,764	30.7100	146,295

	December 31, 2021		
	Foreign	Exchange rate	Book Value
Financial assets			
Monetary items			
USD:NTD	$ 11,262	27.6800	$ 311,721
Financial liabilities			
Monetary items			
USD:NTD	5,030	27.6800	139,240

Sensitivity analysis

	2022		
	Change Range	Impact on profit and loss	Impact on other comprehensive income
Financial assets			
Monetary items			
USD:NTD	1%	$ 5,388	$ -
Financial liabilities			
Monetary items			
USD:NTD	1%	1,463	-

	2021		
	Change Range	Impact on profit and loss	Impact on other comprehensive
Financial assets			
Monetary items			
USD:NTD	1%	$ 3,117	$ -
Financial liabilities			
Monetary items			
USD:NTD	1%	1,392	-

Unrealized exchange gains or losses on monetary items of the Company that were significantly affected by exchange rate fluctuations are described as follows:

	2022		
	Gains or losses on exchange		
	Foreign	Exchange rate	Impact on book
Financial assets			
Monetary items			
USD:NTD	$ 17,545	30.7100	$ 8,887
Financial liabilities			
Monetary items			
USD:NTD	4,764	30.7100	(150)

	2021		
	Gains or losses on exchange		
	Foreign	Exchange rate	Impact on book
Financial assets			
Monetary items			
USD:NTD	$ 11,262	27.6800	$(13,781)
Financial liabilities			
Monetary items			
USD:NTD	5,030	27.6800	2,577

B. Interest rate risk

The Company's short-term borrowings bear floating interest rates, resulting in interest rate risk. The carrying amounts of financial assets and financial liabilities of the Company exposed to interest rate risk on the balance sheet date are as follows:

	December 31, 2022	December 31, 2021
Cash flow interest rate risk - financial liabilities	$ 200,880	$ 391,905

Sensitivity analysis

The sensitivity analysis below is prepared based on the risk exposure of non-derivative instruments to the interest rates at balance sheet date. For variable-rate liabilities, the analysis is based on the weighted-average amount over the reporting period. The rate of change used when reporting interest rates within the Company to the main management is an increase of 1% in interest rates, which also represents the management's assessment of the reasonably possible range of changes in interest rates.

If interest rates increase by 1%, and all other variables remain unchanged, the Company's net profit before tax will decrease by NT$3,694 thousand and NT$3,624 thousand for 2022 and 2021, respectively.

The Company's sensitivity to interest rates increased in the current period compared to the previous period mainly due to the increase in the weighted average amount of variable-rate debt instruments.

(2) Credit risk

Credit risk refers to risk that causes the financial loss of the Company due to a counterparty's delay in performing contractual obligations. As of the balance sheet date, the Company's largest credit risk exposure from a counterparty's failure to fulfill obligations came from the carrying amount of financial assets recognized in the balance sheets.

The main potential credit risk of the Company arises from financial instruments with accounts receivable. The Company's sales to more than 10% of its customers accounted for 94% and 95% of its operating revenues for the years of 2022 and 2021, respectively, and their accounts receivable balances were approximately 43% and 62% as of December 31, 2022 and 2021, respectively. To reduce credit risk, the Company periodically and continuously evaluates the financial position of its customers and the collectibility of their receivables, and provides an allowance for doubtful accounts.

(3) Liquidity risk

The Company manages and maintains sufficient cash to support operations and reduce the impact of cash flow fluctuations. The management of the Company supervises the use of the credit line and ensures compliance with the terms of the loan contracts.

Bank loans are an important source of liquidity for the Company. As of December 31, 2022 and 2021, the Company had unused banking facilities of NT$35,540 and NT$108,695 thousand, respectively.

Liquidity Risk and Interest Rate Risk Table

The remaining contractual maturity analysis of non-derivative financial liabilities is based on the earliest possible repayment date of the Company and is compiled based on the undiscounted cash flows of financial liabilities (including principal and estimated interest).

Specifically, the Company's bank borrowings with repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights immediately. The analysis of maturity dates for other non-derivative financial liabilities is based on the agreed repayment dates

December 31, 2022

	Immediate payment or payment less than 1 month is required	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years
Non-derivative financial liabilities					
Zero-interest-bearing liabilities	$ 36,869	$ -	$ -	$ -	$ -
Lease liabilities	240	483	2,208	12,806	18,742
Fixed-rate instruments	678	1,357	5,009	2,716	-
Floating-rate instruments	26,564	124,316	50,000	-	-
	$ 64,351	$126,156	$ 57,217	$ 15,522	$ 18,742

December 31, 2021

	Immediate payment or payment less than 1 month is required	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years
Non-derivative financial liabilities					
Zero-interest-bearing liabilities	$ 8,805	$ -	$ -	$ -	$ -
Fixed-rate instruments	1,157	2,312	9,863	9,750	-
Floating-rate instruments	57,438	168,347	166,120	-	-
	$ 67,400	$170,659	$175,983	$ 9,750	$ -

The amount of floating-rate instruments for the above non-derivative financial liabilities will vary depending on the difference between the floating rate and the interest rate estimated at the balance sheet date.

3. Fair value information

(1) Financial instruments not measured at fair value

The Company's management believes that the carrying amount of financial instruments not measured at fair value (measured at amortized cost) approximates their fair value.

(2) Financial instruments measured at fair value

A. Fair value levels

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss				
Domestic unlisted marketable securities - equity investments	$ -	$ -	$ -	$ -
Financial assets measured at fair value through other comprehensive income or loss				
Overseas unlisted marketable securities - equity investment	$ -	$ -	$ 12,898	$ 12,898

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss				
Domestic unlisted marketable securities - equity investments	$ -	$ -	$ -	$ -

There was no transfer between Level 1 and Level 2 fair value measurements in 2022 and 2021.

B. Reconciliation of financial instruments measured at fair value in Level 3

2021

	Measured at fair value through profit or loss	Through other comprehensive income or loss at fair value
Financial assets	Equity investment	Value measurement - Equity investment
Beginning balance	$ -	$ -
Increase for the period	-	35,737
Recognized in other comprehensive income - Unrealized	-	(22,839)
Ending balance	$ -	$ 12,898

2021

	Measured at fair value through profit or loss
Financial assets	Equity investment
Beginning balance	$ -
Increase for the period	-
Recognized in profit or loss (other gains and losses) - unrealized	-
Ending balance	$ -

C. Level 3 valuation techniques and inputs for fair value measurements

(A) The fair value of overseas unlisted equity investments is determined by the market approach because there is no public quotation.

VII. Related Party Transactions

(III) Name and relationship of related parties

Related Party	Relationship with the Company
Joint Harvest Industries Limited	Subsidiaries of the Company
Hong Lang Technology Co., Ltd.	Subsidiaries of the Company
Hui Chu Investment Company Limited	Subsidiaries of the Company
Chi Pin Restaurant Co., Ltd.	Subsidiaries of the Company
Chi Ching Co., Ltd.	Sub-subsidiaries of the Company
Juhong Technology (Shenzhen) Co., Ltd.	Subsidiaries of the Company
Longshan Yule Development Co. LTD.	Equity-method investees of the Company (which ceased to be related parties after March 28, 2022)
Cheng, Yuan-Ching	Chairman of the Company
Hsiao, Kun-Hsien	Director of the Company General Manager of the Company (resigned on August 10, 2022)
Liu, Yi-Chang	President of the Company (appointed on August 10, 2022)

(IV) Significant transactions with related parties

1. Operating transactions - Sales

	2022	2021
Joint Harvest Industries Limited	$ 241,541	$ 13,154

For the years of 2022 and 2021, the Company's sales prices to its subsidiaries were based on the cost-plus method, and the credit period was 180 days from the end of the month of INVOICE DATE.

2. Business transaction - Purchase

	2022	2021
Joint Harvest Industries Limited	$ 111	$ -

The transaction price of the purchased goods is equivalent to that of the unrelated party.

3. Payments receivable

Accounts receivable - Related parties

	December 31, 2022	December 31, 2021
Joint Harvest Industries Limited	$ 157,983	$ -

Notes Payable - Related parties

	December 31, 2022	December 31, 2021
Chi Pin Restaurant Co., Ltd.	$ 140	$ 42

Other accounts payable - Related parties

	December 31, 2022	December 31, 2021
Chi Pin Restaurant Co., Ltd.	$ 120	$ -
Juhong Technology (Shenzhen) Co., Ltd.	1,411	-
	$ 1,531	$ -

4. Financial access scenario - Lending

	Ending balance	Interest rate range	Total interest income for the year	Interest receivable at the end of the period
2022				
Chi Pin Restaurant Co., Ltd.	$ -	3.00%	$ 279	$ 14
2021：None				

5. Financial access scenario - Borrowing

	Ending balance	Interest rate range	Total full-year interest expense	Interest payable at the end of the period
2022：None				
2021				
Chi Pin Restaurant Co., Ltd.	$ -	1.90%	$ 61	$ -

6. Other transactions

(1) Guarantee deposits

	December 31, 2022	December 31, 2021
Chi Pin Restaurant Co., Ltd.	$ -	$ 140

(2) Contractual liabilities

	December 31, 2022	December 31, 2021
Joint Harvest Industries Limited	$ -	$ 6,879

(3) Interchange and other fees

	2022	2021
Chi Pin Restaurant Co., Ltd.	$ 442	$ 331
Longshan Yule Development Co. LTD.	-	13
	$ 442	$ 344

(4) Other income

	2022	2021
Hong Lang Technology Co., Ltd.	$ 114	$ 4,967
Hui Chu Investment Company Limited	26	34
Chi Pin Restaurant Co., Ltd.	749	110
Chi Ching Co., Ltd.	97	97
	$ 986	$ 5,208

7. Guarantee

The Company's loans to financial institutions for the years of 2022 and 2021 were jointly and severally guaranteed by key management personnel - Cheng, Yuan-Ching and Liu, Yi-Chang.

8. Remunerations to Major Management

	2022	2021
Short-term employee benefits	$ 11,464	$ 9,404
Retirement benefits	10,183	186
Other long-term employee benefits	-	-
Post-employment Benefits	-	-
Share-based payments	-	-

VIII. Pledged Assets

The following assets of the Company have been provided as collateral for bank loans and corporate bonds or for other purposes subject to restrictions:

	December 31, 2022	December 31, 2021
Other financial assets - Current	$ 48,979	$ 37,317
Property, plant, and equipment	-	40,918
Investment property	-	21,967
	$ 48,979	$ 100,202

IX. Significant Contingent Liabilities and Unrecognized Contract Commitments

(I) As of December 31, 2022, the promissory notes issued to obtain purchase credits from suppliers amounted to NT$105,061 thousand.

(II) As of December 31, 2022, NT$316,156 thousand of promissory notes were issued to secure borrowing credit facilities from banks.

X. Significant Disaster Loss: None

XI. Significant Events after the Balance Sheet Date

In March 2023, the Company sold all 61% of the shares of its subsidiary, Hong Lang Technology Co., Ltd.

XII. Others: None

XIII. Supplementary Disclosures

(I) Major transactions and

(II) Information on the investment business:

1. Loans of funds to others: Table 1.

2. Endorsements/guarantees provided for others: None.

3. Marketable securities held at the end of the period (excluding investments in subsidiaries, affiliates and joint ventures): Table 2

4. Cumulative purchase or sale of the same marketable securities amounting to at least NT$300 million or 20% of the paid-in capital: None.

5. Acquisition of real estate amounting to at least NT$300 million or 20% of the paid-in capital: None.

6. Disposal of immovable property amounting to at least NT$300 million or 20% of the paid-in capital: None.

7. The amount of purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 3.
8. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 4.
9. Derivatives transactions: None.
10. Please refer to Table 5 for information on investee companies.

(III) Investment Information of the mainland of China:

1. Information on invested companies in Mainland China, including the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, gain or loss on investments, carrying amount of investment at the end of the period, gain or loss on repatriated investment and ceiling of investments in Mainland China: Table 6.
2. The following significant transactions with the mainland of China investees, directly or indirectly through third parties, and their prices, payment terms, and unrealized gains or losses: details of the same items in the consolidated financial statements.
   (1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year.
   (2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year.
   (3) The amount of property transactions and the amount of the resultant gains or losses.
   (4) Ending balances and purposes of endorsements/guarantees or collateral provided.
   (5) The highest of the financing balance, ending balance, interest rate range and total amount of current interest.
   (6) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receiving of services.

(IV) Information of Major Shareholders: Table 7.

XIV. Segment Information

The Company has disclosed segment information in the consolidated financial statements and therefore does not disclose segment information in the individual financial statements.

Table 1:

Chip Hope Co., Ltd.
Loans provided for others
December 31, 2022

Unit: Unless Stated Otherwise
In Thousands of New Taiwan Dollars

No. (Note 1)	Lender of funds	Borrower of funds	Are they related parties	Transaction item	Maximum balance for the period	Ending balance	The actual amounts disbursed	Interest rate range	Nature of loan (Note 2)	Business transaction amount (Note 3)	Reasons for requirement of short-term financing (Note 4)	Amount of provision for bad debt allowance	Collateral		Loan limit amount for each individual (Note 5)	Total limit on financing amount (Note 5)
													Name	Value		
1	Chip Hope Co., Ltd.	Chi Pin Restaurant Co., Ltd.	Yes	Other receivables - Related parties	$36,000	$ -	$ 18,000	3%	2	$ -	Operating working capital	$ -	None		$40,219	$160,877

Note 1: Information on the financial information of the Company and its subsidiaries should be presented in two separate tables and noted in the numbered column, which should be completed as follows:
(1) The Company fills in 0.
(2) A subsidiaries is numbered starting from number 1.

Note 2: The method of filling-in of the nature of loan
(1) Please fill in 1 if it has business dealings.
(2) Please fill in 2 if it has a need for short-term financing.

Note 3: If the nature of the capital loan is 1, the amount of business transactions should be filled in.

Note 4: If the nature of the loan is 2, the reason for the loan and the purpose of the loan should be specified, such as repayment of loans, purchase of equipment, operating turnover, etc.

Note 5: In accordance with Chip Hope's capital lending guidelines, the total amount of short-term financing necessary to lend funds to others shall not exceed 40% of Chip Hope's latest audited net financial statements. The amount of individual loans necessary for short-term financing shall not exceed 10% of the most recent audited net financial statements of Chip Hope.

Table 2:

Chip Hope Co., Ltd.
Marketable securities held at the end of the period
December 31, 2022

Unit: Unless Stated Otherwise
In Thousands of New Taiwan Dollars

Companies held	Types and names of securities	Relationship with the issuer of marketable securities	Billing subjects	End of period				Note
				Number of Shares	Carrying amount	Shareholding Ratio	Fair value	
Chip Hope Co., Ltd.	Common stock of Media Scope Technologies Corporation	-	Financial assets measured at fair value through profit or loss - Non-current	20,000	$ -	1.28%	$ -	
Chip Hope Co., Ltd.	Intelligo Technology INC (common stock)	-	Financial assets measured at fair value through other comprehensive profit or loss- Non-current	300,000	12,898	0.52%	12,898	

Table 3:

Chip Hope Co., Ltd.
Purchase or sale of goods with related parties amounting to at least NT$100 million or 20% of the paid-in capital
2022

Unit: Unless Stated Otherwise
In Thousands of New Taiwan Dollars

Purchase (sales) of companies	Name of trading counterparty	Relationship	Transaction situation				Circumstances and reasons why transaction conditions differ from those of ordinary transactions (Note 1)		Notes receivable (paid) and accounts payable		Remarks (Note 2)
			Purchase (sales)	Amount	Percentage of purchase (sales)	Credit period	Unit price	Credit period	Balance	Percentage of total notes and accounts receivable (paid)	
Chip Hope Co., Ltd.	Joint Harvest Industries Limited	Subsidiary	(Sales)	$ 241,541	(25%)	180 days for the monthly balance	-	-	$ 157,983	32%	
Joint Harvest Industries Limited	Chip Hope Co., Ltd.	Parent company	Purchase of goods	$ 241,541	100%	180 days for the monthly balance	-	-	$ 157,983	(100%)	

Note 1: If the terms of the related party transaction are different from the normal terms of the transaction, the differences and the reasons for the differences should be described in the unit price and credit period columns.

Note 2: If there is any prepayment, the reason, contract terms, amount and difference from the general transaction type should be stated in the Remarks column.

Note 3: Paid-in capital represents the parent company's paid-in capital. If the issuer's stock has no par value or the par value per share is not NT$10, the transaction amount of 20% of the paid-in capital is calculated based on 10% of the equity attributable to the owners of the parent company in the balance sheet.

Table 4:

Chip Hope Co., Ltd.
Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital
December 31, 2022

Unit: Unless Stated Otherwise
In Thousands of New Taiwan Dollars

Companies with accounts receivables	Name of trading counterparty	Relationship	Amount due from related parties (in thousands of foreign currencies)	Turnover days	Overdue receivables from related parties		Amounts due from related parties subsequently recovered	Amount of provision for loss allowance
					Amount	Processing method		
Chip Hope Co., Ltd.	Joint Harvest Industries Limited	Subsidiary	$ 157,983 (USD 5,144)	119	$ -	-	$ -	$ -

Table 5:

Chip Hope Co., Ltd.
Information about the investee company, location, etc.
2022

Unit: Unless Stated Otherwise
In Thousands of New Taiwan Dollars

Name of Investor	Name of Investee (Note 1 and 2)	Location	Main Business Activities	Initial Investment Amount		Ending Balance			Profit/Loss of Investee for the Period	Investment income or loss recognized (Note 1)	Note
				Ending Balance for the Current Period	End of last year	Number of Shares	Ratio	Carrying amount			
Chip Hope Co., Ltd.	Joint Harvest Industries Limited	Unit E, 8/F, Hung Wai Industrial Building, 3 Hi Yip Street, Yuen Long, Hong Kong	Trading of electronic component materials, semiconductors, communication devices and software	$ 188,742	$ 188,742	-	99.98%	$(60,578)	$(1,442)	$(6,127)	
Chip Hope Co., Ltd.	Hong Lang Technology Co., Ltd.	Rm. 1, 9F., No. 258, Liancheng Rd., Zhonghe Dist., New Taipei City, Taiwan (R.O.C.)	Machinery machinery and equipment manufacturing and wholesaling	42,700	42,700	4,270,000	61.00%	8,727	(2,459)	(1,501)	
Chip Hope Co., Ltd.	Hui Chu Investment Company Limited	Rm. 1, 9F., No. 258, Liancheng Rd., Zhonghe Dist., New Taipei City, Taiwan (R.O.C.)	General investment industry	-	61,000	-	-	-	20,529	20,529	
Chip Hope Co., Ltd.	Chi Pin Restaurant Co., Ltd.	2F., No. 236, Sec. 4, Xinyi Rd., Da'an Dist., Taipei City (R.O.C.)	Restaurant industry	287,640	287,640	4,860,000	85.26%	59,857	(19,614)	(16,723)	
Chip Hope Co., Ltd.	Longshan Yule Development Co. LTD.	No. 5, Henglong Mt., Tai'an Township, 8th Neighborhood, Chin-Shui Vil., Miaoli County	General hotels, restaurants, recreational facilities and hot springs	-	44,600	-	-	-	1,517	189	Note 2
Hui Chu Investment Company Limited	Longshan Yule Development Co. LTD.	No. 5, Henglong Mt., Tai'an Township, 8th Neighborhood, Chin-Shui Vil., Miaoli County	General hotels, restaurants, recreational facilities and hot springs	-	60,000	-	-	-	1,517	260	Note 2
Chi Pin Restaurant Co., Ltd.	Chi Ching Co., Ltd.	Rm. 2, 9F., No. 258, Liancheng Rd., Zhonghe Dist., New Taipei City, Taiwan (R.O.C.)	Food wholesale industry	600	6,000	-	100.00%	656	(46)	(46)	

Note 1: Please refer to Table 6 for information on investments in the mainland of China.
Note 2: Please refer to Note 6 (6) to the financial statements for clarification.

Table 6:

Chip Hope Co., Ltd.
Information on Investments in Mainland China
2022

Unit: In Thousands of Foreign Currency/New Taiwan Dollars, Unless Stated Otherwise

Investee Company	Main Business Activities	Paid-in Capital	Method of Investments (Note 1)	Accumulated Amount of Investments Remitted from Taiwan at Beginning of Period	Amount of Investments Remitted or Repatriated for the Period		Accumulated Amount of Investments Remitted from Taiwan at End of Period	Profit/Loss of Investee for the Period	The Company's Direct or Indirect Shareholding Ratio	Investment Profit (Loss) Recognized for the Period (Note 2)	Carrying Amount of Investments at End of Period	Accumulated Investment Income Repatriated at End of Period
					Remitted	Repatriated						
Juhong Technology (Shenzhen) Co., Ltd.	Development of electronic products and new electronic components and devices	$ 4,459 (USD 128,382)	(1)	$ 4,459 (USD128,382)	$ -	$ -	$ 4,459 (USD128,382)	$ (5,946)	100%	$ (5,946) (2)B.	$(2,386)	$ -

Accumulated Amount of Investments Remitted from Taiwan to Mainland China at End of Period	Amount of Investments Authorized by Investment Commission, M.O.E.A.	Ceiling on Amount of Investments Stipulated by Investment Commission, M.O.E.A.
$4,459(USD 128,382)	$8,272(USD 256,500)	$ 247,914

Note 1: Investment methods can be divided into the following four types, which can be marked by categories:
(1) Direct investment in the mainland of China.
(2) Reinvestment in the mainland of China through a third party company (please specify the third party company).
(3) Other methods.

Note 2: Investment Profit (Loss) Recognized for the Period:
(1) If the investment is under preparation and there is no investment gain or loss, it should be specified.
(2) Investment income or loss is recognized on the following three bases, which should be specified
A. The financial statements have been audited by an international accounting firm with which the R.O.C. has a cooperative relationship.
B. The financial statements have been audited by a certified public accountant of the parent company in Taiwan.
C. Others.

Table 6:

Chip Hope Co., Ltd.
Information on Major Shareholders
December 31, 2022

Shareholding / Name of Major Shareholders	Number of shares held	Shareholding Ratio
Cheng, Yuan-Ching	3,784,483	5.44 %

Note 1: This table is based on the last business day at the end of each quarter, and the information of shareholders holding 5% or greater of the ordinary and preference shares that have completed delivery without physical registration (including treasury shares) at the end of each quarter. Share capital indicated in the Company's parent company only financial statements may differ from the actual number of shares that have been issued and delivered without physical registration as a result of different basis of preparation.

Note 2: If a shareholder delivers its shareholding information to the trust, the aforesaid information shall be disclosed by the individual trustee who opened the trust account. For information on shareholders, who declare to be insiders holding more than 10% of shares in accordance with the Securities and Exchange Act, and their shareholdings including their shareholdings plus their delivery of trust and shares with the right to make decisions on trust property, please refer to MOPS.

Chapter 7. Review and Analysis of the Company's Financial Position and Operating Results and Listing of Risks

I. Financial Position

Unit: NT$ 1,000

Item \ Year	2022	2021	Difference	
			Amount	%
Current assets	618,077	587,341	30,736	5.23
Property, plant and equipment	190,708	144,149	46,559	32.30
Intangible assets	87,254	74,507	12,747	17.11
Other assets	277,000	409,798	(132,798)	(32.41)
Total assets	1,173,039	1,215,795	(42,756)	(3.52)
Current liabilities	450,301	539,287	(88,986)	(29.54)
Non-current liabilities	309,548	301,225	8,323	2.76
Total liabilities	759,849	840,512	(80,663)	(9.60)
Equity attributable to shareholders of the parent				
Capital stock	695,142	695,142	0	-
Capital surplus	0	0	0	-
Retained earnings	(269,877)	(329,079)	59,202	17.99
Other equity interest	(23,073)	(5,627)	(17,446)	(310.04)
Non-controlling interest	10,998	14,847	(3,849)	(25.92)
Total equity	413,190	375,283	37,907	10.10

1. Increase in property, plant and equipment: mainly due to the increase of operating sites, decoration, and facilities.
2. Decrease in other assets: mainly due to the increase in property, plant and equipment transferred from decoration and facilities.
3. Decrease in Current liabilities: mainly due to the repayment of short-term loans.
4. Increase in retained earnings: mainly due to the increase of pre-tax net profit in 2022.
5. Decrease in other equity interest: mainly due to the evaluation impairment of evaluation equity held.

II. Financial Performance

Unit: NT$ 1,000

Item \ Year	2022	2021	Increase (Decrease) Amount	Variable Ratio (%)
Net operating revenue	1,159,106	851,873	307,233	36.07
Gross profit	184,055	90,750	93,305	102.82
Operating expenses	288,572	155,178	(133,394)	(85.96)
Non-operating income and expenses	165,532	29	165,503	5,707.00
Net profit for the year	53,555	(64,517)	118,072	183.01
Other comprehensive income (net, after tax)	(15,650)	(369)	(15,281)	4,141.19

Major causes and effects of major changes in net income before tax items:
With the relief of the global chip shortage in 2022, the amount of products shipped to customers gradually grew, resulting in an increase in the operating revenue of 2022 compared to the previous year. In addition, the gross profit of medical products is also high, resulting in a substantial increase in various operating figures compared to the previous year.

III. Cash Flow

(I) Cash Flow Analysis for the Latest Fiscal Year

Cash Balance, Beginning of Year	Annual Net Cash Outflow from Operating Activities	Annual Net Cash Outflow from Investment Activities	Annual Net Cash Inflow from Financing Activities	Impact of Annual Foreign Exchange Rate Changes	Cash Balance, End of Year
99,058	35,231	143,924	(183,828)	5,555	99,940

Net cash inflows from operating activities: due to the increase of shipments to customers, resulting in an increase in amount collected from sales.
Net cash inflows from investing activities: due to the selling of the real estate and plants.
Net cash outflows from financing activities: due to the repayment of loans.

(II) Cash Flow Analysis for the Coming Year

Unit: NT$ 1,000

Cash balance, Beginning of Year ①	Estimated annual net cash inflows from operating activities②	Estimated annual cash outflows③	Estimated cash surplus (deficit) amount ①＋②－③	Estimated remedial measures for cash deficit	
				Investment Plan	Financing Plan
99,940	2,200,574	(1,634,036)	666,478	0	0

Medical equipment commodities and new commodities are being shipped when sales proceeds are received. Substantial funds are required to pay for materials and are expected to be covered through the capital increase.

IV. Effect Upon Financial Operations of Any Major Capital Expenditures During the Most Recent Fiscal Year: The Company does not have any major capital expenditures during the most recent fiscal year.

V. Company Reinvestment Policy for the Most Recent Fiscal Year, Main Reasons for Profits/Losses Generated Thereby, Plan for Improving Reinvestment Profitability, and Investment Plans for Coming Year

Year / Item	Investment Amount (1,000)	Investment Policy	Annual Profit and Loss in 2022 (1,000)	Main Reasons for Profit or Loss	Remedial Plan	Future Investment Plan
Hong Kong Joint Harvest Industries.	188,742	Improving market share.	(1,443)	Increasing commodity sales	N/A	None
Shenzhen Chip Hope	4,459	Improving electronic product development technology and expanding the market in mainland China	(5,946)	Increasing commodity sales	N/A	None
Honglang Technology	42,700	Improving the Company’s profitability	(2,456)	In the product development stage, not yet profitable	Customer development	None
Huchu Investment	61,000	Improving the Company’s profitability	20,528	Disposal of the subject matter of investment	None	None
Jipin Seafood	287,640	Improving the Company’s profitability	(19,614)	Affected by the COVID-19	Developing new cuisines	None
Right Aim	6,000	Improving the Company’s profitability	(46)	Rental of premises	N/A	None

VI. Risk Analysis and Assessment for the Most Recent Fiscal Year and as of the Date of Publication of the Annual Report

1. Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures

The impact of interest rate and exchange rate on the Company's profit and loss

Item	2022
Net operating revenue (NT$ 1,000)	1,159,106
Interest expense (NT$ 1,000)	16,256
Interest expense/Net operating revenue	1.40%
Exchange Interest (NT$ 1,000)	12,132
Exchange interest/Net operating revenue	1.05%

The Company’s interest rate risk is to borrow money from banks to meet the operation needs. The Company adjusts the loan amount with the change of interest rate and obtains favorable interest rates from banks. In the future, the interest rate will change according to the global economic boom.

As for the exchange rate, the Company's main exchange risk is the trend of the New

Taiwan Dollar against the US dollar. To curb soaring inflation in 2022, the US Federal Reserve has raised interest rates four times. It is expected to gradually slow down after raising interest rates again in the first half of 2023. The Taiwan Dollar is expected to recover, but the space is limited, and investment from domestic and foreign manufacturers is required to return to a strong pattern. To avoid the significant impact of exchange rate fluctuations, the Company opened foreign currency deposit accounts to maintain an appropriate position to mitigate the impact of exchange rate fluctuations.

In 2022, the Ukraine-Russia War, the rise of international crude oil and fertilizer prices, and the increase of demand for services for the gradual lifting of pandemic control, bringing consumer inflation to its highest level in recent years. However, inflation will eventually stabilize as supply chains absorb or pass on costs. Moreover, inflation items are mostly daily supplies and have a limited impact on company products.

2. The Company’s Policy Regarding High-Risk Investments, Highly Leveraged Investments, Loans to Other Parties, Endorsements, Guarantees, and Derivatives Transactions; The Main Reasons for the Profits/Losses Generated Thereby; And Response Measures to Be Taken in the Future:

   The Company Adopts A Prudent and Conservative Financial Policy and Does Not Engage in High-risk and Highly-leveraged Investments, Borrow Loans to Other Parties, Provide Endorsements, and Derivatives Transactions.

3. Research and Development Work to Be Carried Out in the Future, and Further Expenditures Expected for Research and Development Work:

   (1) The Company will continue to develop the following products:

       A. Smart IC software for medical products.

       B. AI speech recognition.

   (2) The Company is expected to invest NT$ 20 million in research and development.

4. Effects of and Response to Changes in Policies and Regulations At Home and Abroad Relating to Corporate Finance and Sales: None.

5. Effects of and Response to Changes in Technology and the Industry Relating to Corporate Finance and Sales: The Company began to act as the agency of E-Lan’s IC products in 1994, and then acted as the mobile phone and its peripheral products. Due to the fierce price competition of electronic products and low gross profit, both the Company's pre-tax net profit and working capital showed negative growth. To improve its net profit, the Company began to invest in the leisure and tourism industry in 2015, which made a significant contribution to the Company's profit. In 2021, it began to produce hearing aids, which is conducive to the Company's operating revenue.

6. The Impact of Changes in Corporate Image on Corporate Risk Management, and the Company’s Response Measures: None.

7. Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans: None.

8. Expected Benefits from, Risks Relating to and Response to Factory Expansion Plans: None.

9. Risks Associated With Any Consolidation of Sales or Purchasing Operations, and

Mitigation Measures Being or to Be Taken:

(1) Procurement: In the aspect of the Company’s memory products, there were 3 suppliers with a purchase ratio of over 10% in 2022, indicating that there was no risk of centralized purchase.

(2) Sales: In 2022, there were 5 customers accounting for over 10% of the sales, indicating no risk of sales concentration.

10. Effects of, Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors, Supervisors, or Shareholders with Shareholdings of over 10%: The shareholding of directors and major shareholders is concentrated, and it reports the shareholding situation of the Board of Directors and shareholders with a shareholding of over 10% on time in accordance with the provisions of the Securities and Exchange Act, so there is no risk.

11. Effects of, Risks Relating to and Response to the Changes in Management Rights: None.

12. Litigation and Non-litigation Matters

(1) Disclosure of issues in dispute, the monetary amount of claims, filing date, counterparties, and status of any litigation or other legal proceedings in the most recent fiscal year and as of the publication date of the public prospectus where the Company is involved in pending litigation, legal proceedings or administrative proceedings, or a final judgment or ruling which may have a material adverse effect on the shareholders' equity or price of securities: None.

(2) Disclosure of issues in dispute, the monetary amount of claims, filing date, counterparties, and status of any litigation or other legal proceedings in the most recent fiscal year and as of the publication date of the public prospectus where the Company and/or any of its directors, supervisors, General Manager, de facto person in charge, shareholders with 10% or more share ownership, or affiliated companies are involved in pending litigation, legal proceedings or administrative proceedings, or a final judgment or ruling which may have a material adverse effect on the shareholders' equity or price of securities: None.

13. Other Important Risks and Mitigation Measures: None.

VII. Other Important Matters: None.

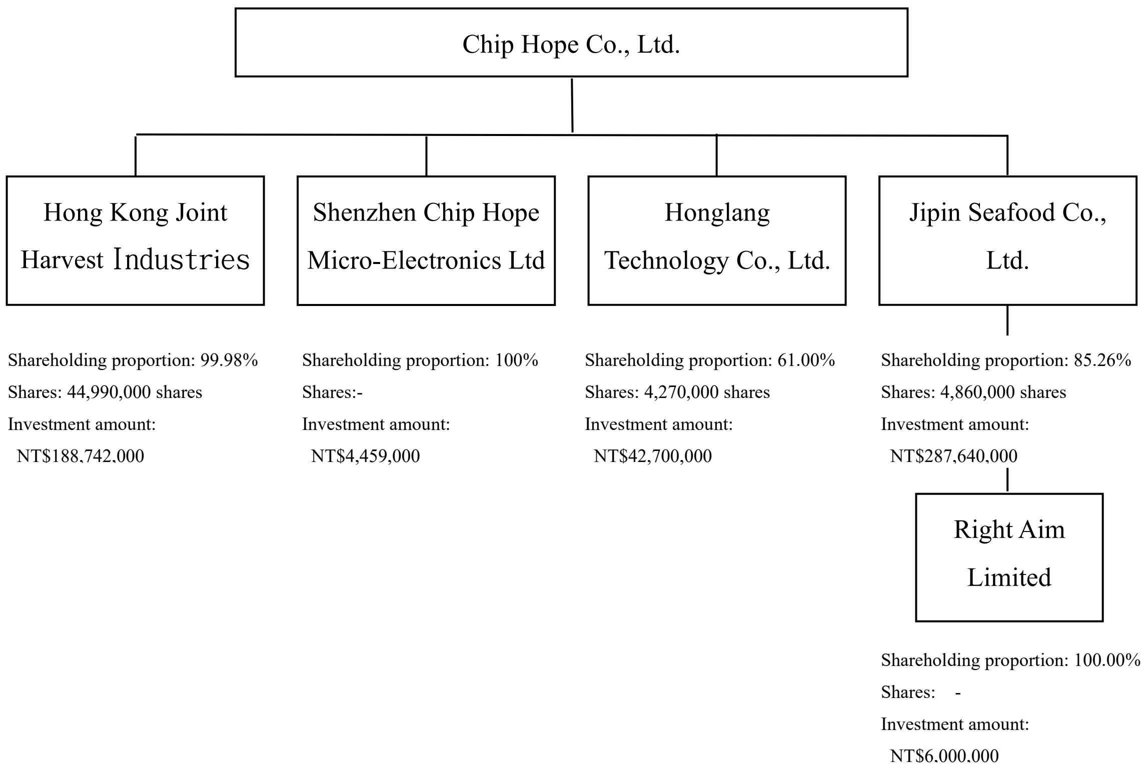
Chapter 8. Special Disclosure

I. Information on the Affiliates

(I) Consolidated Business Report of Affiliates

1. Overview of Affiliates

(1) Structure of Affiliates



(2) Shareholders Representing Both the Holding Company and Subordinates: None.

(3) Basic Information on Affiliates

Name of Affiliate	Date of Incorporation	Address	Paid-in Capital	Principal Business or Production Item
Hong Kong Joint Harvest Industries Limited.	1997.03.14	Flat 8-E, Hung Wai Industrial Building, 3 Hi Yip Street, Yuen Long,N.T., Hong Kong	HKD 45,000,000	Trade in electronic component materials, semiconductors, communication equipment and their software.
Shenzhen Chip Hope Micro-Electronics Ltd.	2003.02.24	1106 Desai Technology Building, No.9789 Shennan Avenue, High-tech Zone, Nanshan District, Shenzhen City	HKD 1,000,000	Development of electronic products and new electronic elements and devices.
Honglang Technology Co., Ltd.	2014.07.25	No.1, 9/F, No.258, Liancheng Road, Zhonghe District, New Taipei City	NT$ 70,000,000	Manufacture and wholesale of machinery and other mechanical equipment.
Huchu Investment Co., Ltd.	2015.01.20	No.1, 9/F, No.258, Liancheng Road, Zhonghe District, New Taipei City	NT$ 61,000,000	Leisure industry investment.
Lungshan Yule Development Co., Ltd.	1999.07.09	No.5 Henglongshan, Neighborhood 8, Jing Shuei Village, Taian Township, Miaoli County	NT$ 350,000,000	General hot-spring hotel.
Jipin Seafood Co., Ltd.	2005.09.23	2 F., No. 236, Sec. 4, Xinyi Rd., Da'an Dist., Taipei City	NT$ 60,000,000	Restaurant industry.
Right Aim Limited	2019.01.09	No.2, 9/F, No.258, Liancheng Road, Zhonghe District, New Taipei City	NT$ 6,000,000	Trade in food raw materials

(4) Industries Covered by Businesses of all Affiliates: Electronic component trading, design, leisure, and catering industry.

- Hong Kong Joint Harvest Industries Limited.: Responsible for overseas sales, customer sales management and market information collection.
- Shenzhen Chip Hope Micro-Electronics Ltd.: Responsible for technology research and development and sales in mainland China.
- Honglang Technology Co., Ltd.: Responsible for the development and sales of laser-cutting technology equipment. The company was disposed of on March 20, 2023.
- Huchu Investment Co., Ltd.: Responsible for leisure industry investment. The company close down September 30, 2022.
- .Lungshan Yule Development Co., Ltd.: Responsible for the hot spring hotel business. The company was disposed of on March 28, 2022.
- Jipin Seafood Co., Ltd.: Responsible for the general restaurant business.
- Right Aim Limited.: Responsible for trading in food raw materials.

(5) Information on Directors, Supervisors, and General Managers of Affiliates and Their Shareholdings

Name of Affiliate	Title	Name and Representative	Shareholding	
			Shares	Shareholding Proportion
Joint Harvest Industries Limited.	Director	Representative of Chip Hope Co., Ltd.: Cheng, Yueh-Min	44,990,000 shares	99.98%
	Director	Cheng, Yueh-Min	9,500 shares	0.02%
Shenzhen Chip Hope Micro-Electronics Ltd.	Director	Representative of Chip Hope Co., Ltd.: Liu, Yi-Chang	-	100%
Honglang Technology Co., Ltd.	Director	Representative of Chip Hope Co., Ltd.: Cheng, Yuan-Ching	4,270,000 shares	61.00%
	Director	Representative of Lite Investment Co., Ltd.: Cheng, Yueh-Min	1,330,000 shares	19.00%
	Director	Representative of Tengchuang Asset Management Co., Ltd.: Wang, Hsi-Chuan	700,000 shares	10.00%
	Supervisor	Representative of Shangyu Asset Management Co., Ltd.: Wu, Ming-Yu	700,000 shares	10.00%
Huchu Investment Co., Ltd.	Director	Representative of Chip Hope Co., Ltd.: Cheng, Yuan-Ching	6,100,000 shares	100.00%
	Director	Representative of Chip Hope Co., Ltd.: Cheng, Yueh-Min	6,100,000 shares	100.00%
	Director	Representative of Chip Hope Co., Ltd.: Hsiao, Kun-Hsien	6,100,000 shares	100.00%
	Supervisor	Representative of Chip Hope Co., Ltd.: Wu, Ming-Yu	6,100,000 shares	100.00%
Lungshan Yule Development Co., Ltd.	Director	Representative of Yu-Kun Investment Co., Ltd.: Yang, Chih-Min	3,000,000 shares	19.33%
	Director	Kunyu Investment Limited.	908,000 shares	5.85%
	Director	Representative of Huchu Investment Co., Ltd.: Cheng, Yueh-Min	6,000,000 shares	38.66%
	Director	Yuansheng Venture Investment Advisory Co., Ltd.	200,000 shares	1.28%
	Director	Liu, Hsing-Cheng	1,062,500 shares	6.85%
	Supervisor	Chip Hope Co., Ltd.	4,350,000 shares	28.03%
Jipin Seafood Co., Ltd.	Director	Representative of Chip Hope Co., Ltd.: Cheng, Yueh-Min	4,860,000 shares	85.26%
	Director	Representative of Chip Hope Co., Ltd.: Cheng, Yuan-Ching	4,860,000 shares	85.26%
	Director	Representative of Chip Hope Co., Ltd.: Hsiao, Kun-Hsien	4,860,000 shares	85.26%
Right Aim Limited	Director	Representative of Jipin Seafood Co., Ltd. Cheng, Yueh-Min	-	100.00%

2. Overview of Operations of Affiliates

December 31, 2022; Unit: NT$ 1,000

Name of Affiliate	Capital	Total assets	Total liabilities	Net value	Operating revenue	Operating Profit and Loss	Current profit and loss (after tax)	Profit and loss per share (after tax)
Hong Kong Joint Harvest Industries Limited.	188,742	227,508	160,101	67,407	105,135	(4,628)	(1,443)	-
Shenzhen Chip Hope Micro-Electronics Ltd.	4,459	49,198	51,584	(2,386)	124,936	(35,156)	(5,946)	-
Honglang Technology Co., Ltd.	70,000	14,752	445	14,307	0	(5,272)	(2,459)	(0.35)
Huchu Investment Co., Ltd.	61,000	22,875	0	22,875	22,853	22,768	21,354	-
Lungshan Yule Development Co., Ltd.	350,000	399,339	31,155	368,184	11,024	1,814	1,517	-
Jipin Seafood Co., Ltd.	60,000	462,884	426,203	36,681	297,403	(14,046)	(19,614)	(3.27)
Right Aim Limited	6,000	15,005	14,348	657	8,051	(1,293)	(46)	(0.76)

Note 1. Honglang Technology Co., Ltd was disposed of on March 20, 2023.
Note 2. Huchu Investment Co., Ltd. close down September 30, 2022.
Note 3. Lungshan Yule Development Co., Ltd. was disposed of on March 28, 2022.

(II) Parent Subsidiary Consolidated financial statements and CPA Audit Report: Please refer to Page 72 to Page 145of this annual report for details.

(III) Reports on Affiliates: N/A.

II. Private Placement of Securities During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report: None

III. Holding or Disposal of Shares in the Company by the Company's Subsidiaries During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report: None.

IV. Other Supplementary Information: None.

V. Situations Listed in Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act Which Might Materially Affect Shareholders' Equity or the Price of the Company's Securities Occurring During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report: None.

Chip Hope Co., Ltd.

Person in Charge: Cheng, Yuan-Ching