Stock Code：8277

Unifosa Corp.

2022 Annual Report

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Notice to readers
This English-version annual report is translation of the Chinese version. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevaill.

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4. **CPA for latest certified annual financial statements**
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5. **Overseas Securities Exchange：N/A**

6. **Corporate Website：https://www.unifosa.com.tw**

Contents

I. Letter to Shareholders

Dear Shareholders,

As the semiconductor industry has benefited from the shortage of chips in the past two years, after more than two years of rare prosperity, the second quarter of 2022 will begin to be affected by the rapid decline of the epidemic dividend, coupled with the impact of the Russia-Ukraine war and China's blockade, global inflation and economic downward pressure have intensified, and consumer electronics buying has taken the brunt of the plunge. The supply-demand reversal quickly triggered a price and volume storm with high inventory and low demand, and the rising inventory and sluggish end channel buying led to an oversupply of DRAMs and plunging prices.The vicious cycle of order cutting and price drops has led to a dark period of inventory adjustment in the memory market. Even though the three major DRAM makers have taken a cautious approach to production expansion, they are still not able to compete with the winter effect of the overall freezing demand in the end market. Looking back to 2022, the price of DRAM particles has declined quarter by quarter, and the cumulative spot price has dropped by more than 40% from the beginning of the year to the end of the year. Taking DDR4 16Gb (2G×8) 2666 as an example, the price at the beginning of the year was about 7.4 US dollars. However, at the end of December, it fell to about US$4.15, with a cumulative decline of about 44%. DDR4 8Gb (512M×16) and niche DDR4 4Gb, etc., fell by more than 50% throughout the year. To explore the cause of the reversal of the memory industry in 2022~2023, it is actually due to the shrinking of the terminal market, not the excessive expansion of upstream suppliers. Therefore, the high inventory level in various application fields is the primary problem to be solved.

Under the changes in the global prosperity and industrial environment, Unifosa's turnover in 2022 will be NT$354 million, an increase of 7.50% compared to 2021. The net loss for the current period is NT$69,799 thousand, and the after-tax earnings per share is -0.61 yuan. With the company's long-term efforts to improve its financial structure and strengthen its operating system, the debt ratio is only 14.67%, which shows that the company's overall stable operation strategy has achieved results that are not easy.

Looking ahead to 2023, the current domestic and external situation is full of too many uncertainties that may impact the future domestic and external economic trends, including the global economic situation is affected by geopolitical risks and monetary policy, the war between Russia and Ukraine has not yet been stopped, the U.S. inflation has not yet reached the target, the Fed will continue to raise interest rates, the U.S.-China trade and technology war is still tense and other factors, due to the complexity of uncertainties, making The downward trend of the global economy is even more severe, and major countries in Europe and the United States are even more caught in the haze of growth and recession.

In terms of the memory market outlook for 2023, although the price drop of DRAM has not yet come to a halt, the positive impact of the price decline is the growth of memory capacity for various applications, which will accelerate the growth of new product penetration of DDR5 and PCIe interface SSDs, the penetration rate of new products is growing, and fields such as 5G, cloud and servers will become key directions for strengthening the layout of upstream and downstream supply chains. At this time of prosperity and turmoil in the industry, Unifosa's will prudently respond to market changes in this industry, and strive to implement the company's stable operation, in order to respond to possible industrial shocks and make full preparations for future operations and transformation.

Operating Performance in 2022

1. Business plan implementation results

Unit: NT$ Thousand

Item	2022	2021	increase （Reduce）	increase （Reduce）%
Operating revenue	353,677	328,990	24,687	7.50 %
Gross profit from operations	62,657	61,273	1,384	2.26 %
Net operating Income	（71,402）	（69,144）	（2,258）	（3.27）%
Non-operating income and expenses	1,508	（7,606）	9,114	119.83 %
Profit before income tax	（69,894）	（76,750）	6,856	8.93 %
Net Profit	（69,799）	（90,004）	20,205	22.45 %
Earnings per share (NT$)	（0.61）	（0.78）	–	–

2. Budget implementation

After the memory industry benefited from the chip shortage and experienced a rare prosperity for more than two years, the second quarter of 2022 began to be affected by the rapid decline of the epidemic dividend, coupled with the impact of the Russia-Ukraine war and China's blockade, global inflation and downward economic pressure have intensified and the buying momentum of consumer electronics has borne the brunt of the sharp drop. The reversal of supply and demand quickly detonated the high inventory and low demand. With the vicious cycle of order cuts and price drops, the memory market has entered a dark period of inventory adjustment. The company's memory business group originally expected to sell 954 memory modules in 2022, and the actual sales volume was 606, with an achievement rate of 63.52%. The original estimated sales volume of integrated circuits was 1,638,529, and the actual sales volume was 304,684 , the achievement rate is 18.59%, and the achievement situation is not ideal; In addition, in terms of the storage business group, in 2022, the original estimated sales volume of disk array products was 447 units, and the sales volume of system integration products was 4,092 units. The actual sales volumes were 484 units and 5,646 units respectively, and the achievement rates were 108.28% and 137.98% respectively,the status of the achievement is still considered good.

3. Profitability analysis

Unit: NT$ Thousand；%

<table>
<tr><th colspan="3">Item</th><th>2022</th><th>2021</th></tr>
<tr><td rowspan="2">Financial income and expenditure</td><td colspan="2">Operating revenue</td><td>353,677</td><td>328,990</td></tr>
<tr><td colspan="2">Non-operating income and expenses</td><td>1,508</td><td>（7,606）</td></tr>
<tr><td rowspan="7">Profitability</td><td colspan="2">Return on asset (%)</td><td>-9.43</td><td>-11.00</td></tr>
<tr><td colspan="2">Return on equity (%)</td><td>-11.00</td><td>-12.74</td></tr>
<tr><td rowspan="2">Paid-in capital (%)</td><td>Operating Income</td><td>-7.79</td><td>-7.55</td></tr>
<tr><td>Pre-tax Profit</td><td>-7.63</td><td>-8.38</td></tr>
<tr><td colspan="2">Profit ratio (%)</td><td>-19.74</td><td>-27.36</td></tr>
<tr><td colspan="2">Earnings per share (NT$)</td><td>（0.61）</td><td>（0.78）</td></tr>
</table>

4. Research and development status

In the memory module segment, JEDEC released the memory module specifications for DDR5 desktop PC in the fourth quarter of 2022. According to the specifications released by JEDEC, DDR5 can provide 1.87 times higher bandwidth than DDR4, and provide higher channel efficiency. At 4800MT/s data transfer rate, it is 1.5 times higher than DDR4's 3200MT/s times. In the future, the data transmission rate will reach a maximum of 6400MT/s, twice as much as that of DDR4. In the fourth quarter of 2022, the motherboards supporting DDR5 have not yet entered mass production, so the company's products in 2011 are still dominated by DDR4 modules. The company's new product development in 2023 will depend on the launch date of DDR5 memory and related application consoles.

In terms of storage-related products, the company has developed a new generation of 2U rack-mounted 8bay server chassis for 2022 NAS/iSCSI network storage, and the NAS motherboard that introduces Intel's new generation H610 series chipsets can be installed with Intel® Alder Lake & Raptor Lake Platform Series Gen. 12th & Gen. 13th LGA1700 processors. This newly developed proNAS model is not only used as a mid amd low-end NAS file server, but also can be used as a network storage device for NVR surveillance video equipment, providing stable and secure network storage devices for enterprises. The company will evaluate the future in 2023 depending on the level of customer demand, focusing on the next generation of integrated storage device interface NVMe solid state hard disk or SAS/SATA/NVMe Tri-mode RAID storage device interface, To provide higher storage data transmission speed and PCIe Gen 4/5 new generation of host board busbar high-speed storage interface storage and NAS and other related products development.

Business Plan for 2023

1. Operating policy

(1) Perfect financial structure and strengthen management constitution

In view of the importance of strengthening the ability to respond to industrial changes and risks, the company will continue to actively improve the flexibility of working capital in the future, continue to work towards a low-debt business model, and go deep into the detailed aspects of operation, through careful and thorough review and coordination, to formulate A complete and appropriate financial quality plan enables the company to operate steadily under the conditions of a sound financial structure and sufficient working capital, thereby further strengthening the company’s operating physique and industrial competitiveness, in order to meet the growth and robustness of the industry after adjustment. Create good results for future operations and profitability.

(2) Committed to operational transformation to cope with industry risks and business climate changes

Under the violent fluctuations of the DRAM industry and the global economy, the company continues to adhere to the business philosophy of "stable operation" and the business of "focusing on core values", in order to respond to the competitive trend of the industry's future development, and to strengthen operating efficiency through resource integration , And expand business areas to expand the scale of operations, thereby achieving the purpose of stable operations, improving operational performance and industrial competitiveness. The company will continue to promote operational transformation in the future, and effectively diversify the DRAM industry's business fluctuations through diversified industrial operations Risks, in addition to developing new products to create business opportunities, and through equity investment in industrial targets with development potential, to enter new technical fields and industrial development, and to effectively enhance the company’s innovation capabilities and expand business development areas. In order to achieve the purpose of enhancing the company's operating performance.

(3) Adopt cost-saving solutions to actively improve operational performance

Under the conservative atmosphere that the demand for traditional PC/NB memory is still shrinking in the face of industry fluctuations, before this unfavorable situation has not improved, the company is not only committed to operating transformation to expand the company's operations, but also consider adopting various cost-saving solutions. , in order to actively improve the company's operating performance, and hope to inject vitality and power into the company's operating performance growth under the double-effect efforts of increasing revenue and reducing expenditure.

2. Expected sales volume and its basis

Looking forward to 2023, it is estimated that in the memory business group, the sales volume of memory modules will be 108, and the sales volume of integrated circuits will be 372,164; in the storage business group, the expected sales volume of disk array products will be 440 units, and 5,134 units of system-integrated products.

3. Important marketing policies

(1) Strengthen the adjustment of process integration, improve the efficiency and flexibility of production management, and pursue maximal production and sales benefits.

(2) Actively develop product transformation and diversification, expand the breadth of new consumer products, expand market opportunities, and achieve the most effective business model.

Development strategy of the company in the future

1. Actively carry out new product planning and adopt diversified and balanced development as a strategy, commit to diversified and flexible operation planning, and create a business model that emphasizes both stable growth and profitability in order to improve operational performance and industrial competitiveness.
2. Based on the R&D strategy of software and hardware integration, actively adopting core storage technologies that meet the needs of enterprises and the market, standing on mainstream industry trends, developing and integrating niche products with competitive advantages and future applications, and striving to provide customized products with various technical applications The software/hardware equipment for cloud storage is optimized, and the industrial application-oriented storage solution cuts into potential companies and markets that require a large number of storage applications.
3. Through investment and strategic alliances, we seek for industries with forward-looking and development potential, so as to quickly and effectively enter the market and grasp the opportunity of creating a win-win situation.

The Impact of the External Competitive Environment, Regulatory Environment, and Macroeconomic Conditions

1. Effects of External Competitive Environment

Unifosa's response strategy in the face of market changes is mainly focused on actively committing to the strategic goal of diversification. In addition to maintaining the existing niche of memory modules as the main product axis, it is also moving towards customized cloud storage software/hardware Equipment development, cutting into the potential market that requires a large number of storage applications, in order to expand the company's competitive advantage, and the unique company positioning and external competition to do effective and clear separation, so as to respond to the change of external competitive environment.

2. Environmental Impact of Regulations

   Under Unifosa's positioning as its main products, computer memory modules and disk arrays, the production and sales of related products are based on the relevant regulations and requirements of customers, and comply with relevant laws and regulations such as the EU environmental protection directive RoHS or green product certification requirements. It has been accumulated in the company for a long time. The certification experience from R&D, manufacturing, quality control to after-sales service is sufficient to respond to changes in the regulatory environment.

3. The impact of the overall business environment

   In view of the high industrial risks related to memory, Unifosa has established a priority to consider risk avoidance during the company's transformation process, and then pursue the criteria for operating profitable growth, in order to reduce industrial risks and ensure that the company responds to changes in the overall operating environment and The goal of sustainable operation.

I am very grateful to all shareholders for their long-term support and love to Unifosa, and I hope that the company's management team and all colleagues will continue to work hard with the spirit of excellence, courage to face the business climate, changes in the industry and competition in the same industry, and uphold the focus of operation Attitude, grasp the trend, start a new game, pursue higher operating performance, and work hard to create long-term rewards for all shareholders.

Chairman：Chen, Ching-jong

II. Company Profile

2.1 Date of Incorporation：May 16, 1994

2.2 Company History

Year	Milestones
May.1994	The company was duly incorporated. Use UNIFOSA to register product brand marks, The capital amount is NT$5,600 thousand .
Aug.1996	The cash was increased to NT$5,000 thousand, and the capital increased to NT$10,600 thousand. To increase working capital and expand the scale of operations.
Apr.1998	The cash was increased to NT$17,400 thousand. and the capital increased to NT$28,000 thousand.
Sep.1998	Change the company organization to a company limited by shares.
Oct.1998	The cash was increased to NT$18,000 thousand. and the capital increased to NT$46,000 thousand.
Jan.1999	The cash was increased to NT$34,000 thousand. and the capital increased to NT$80,000 thousand.
Feb.1999	Moved to the new factory on Ruiguang Road, Neihu and expanded to three SMT lines, Start of mass production.
Jun.1999	Obtained ISO9001 certification, product quality also obtained OEM customer certification, and began to accept OEM orders.
Jul.1999	The cash was increased to NT$40,000 thousand. and the capital increased to NT$120,000 thousand.
Apr.2000	Processed the transfer of surplus and capital increase of NT$31,946 thousand, and the capital increase of NT$47,054 thousand in cash, and the capital increased to NT$199,000 thousand.
Jul.2000	The Securities and Futures Commission approves the IPO.
Jul.2000	The cash was increased to NT$101,000 thousand. Premium NT$20 , and the capital increased to NT$300,000 thousand.
Feb.2002	Reinvested in the US subsidiary with a 100% shareholding ratio.
Aug.2002	The cash was increased to NT$60,000 thousand. and the capital increased to NT$360,000 thousand.
Mar.2003	Increased the cash capital increase of US$200 thousand in the US subsidiary.
Oct.2003	Through a third place to invest in Beijing Zhenwei Technology Co., Ltd., the shareholding ratio is 100%.
Jan.2004	Obtained approval from the Taipei Exchange (TPEx) , Officially listed on the OTC emerging stock market.
Jun.2004	Apply for stock delivery to the OTC.
Sep.2004	Processed the transfer of surplus and capital increase of NT$51,000 thousand. and the capital increased to NT$411,000 thousand.
Oct.2004	The listing is approved by the Securities and Futures Bureau.

Year	Milestones
Dec.2004	The stock was listed on the OTC.
May.2005	Issued the first domestic unsecured conversion corporate bonds, The amount raised is NT$200,000 thousand.
May.2005	Complete the expansion of the production line plan, Consolidate the original three SMT lines into two lead-free SMT production lines, And also purchased two new lead-free SMT production lines.
Jul.2005	Obtained ASUS Computer Green Environmental Protection Process Qualified Supplier Certification.
Sep.2005	Processed the transfer of surplus and capital increase of NT$48,527 thousand, and the capital increased to NT$459,527 thousand.
Oct.2005	Convertible corporate bonds can be converted into common stocks to increase capital of NT$20,118 thousand. Employee stock option conversion common stock increased capital by NT$ 5,694 thousand, and the capital increased to NT$485,340 thousand.
Jan.2006	Employee stock option conversion common stock increased capital by NT$ 1,998 thousand, and the capital increased to NT$487,338 thousand.
May.2006	Convertible corporate bonds can be converted into common stocks to increase capital of NT$37,365,810. and the capital increased to NT$524,704,110.
Aug.2006	Convertible corporate bonds can be converted into common stocks to increase capital of NT$892,850. and the capital increased to NT$525,596,960.
Sep.2006	Processed the transfer of surplus and capital increase of NT$28,574,170, and the capital increased to NT$554,171,130.
Nov.2006	Employee stock option conversion common stock increased capital by NT$ 13,150,000, and the capital increased to NT$567,321,130.
Jan.2007	Convertible corporate bonds can be converted into common stocks to increase capital of NT$20,518,350. Employee stock option conversion common stock increased capital by NT$ 4,600,000, and the capital increased to NT$591,899,480.
Apr.2007	Convertible corporate bonds can be converted into common stocks to increase capital of NT$4,528,140. Employee stock option conversion common stock increased capital by NT$ 928,000, and the capital increased to NT$597,355,620.
May.2007	Convertible corporate bonds can be converted into common stocks to increase capital of NT$1,037,690, and the capital increased to NT$598,393,310.
May.2007	Issued the second domestic unsecured conversion of corporate bonds, raising a total of NT$300,000 thousand.
Jul.2007	Employee stock option conversion common stock increased capital by NT$ 120,000, and the capital increased to NT$598,513,310.
Sep.2007	Employee stock option conversion common stock increased capital by NT$ 50,000, and the capital increased to NT$598,563,310.
Sep.2007	Processed the transfer of surplus and capital increase of NT$40,544,950, and the capital increased to NT$639,108,260.

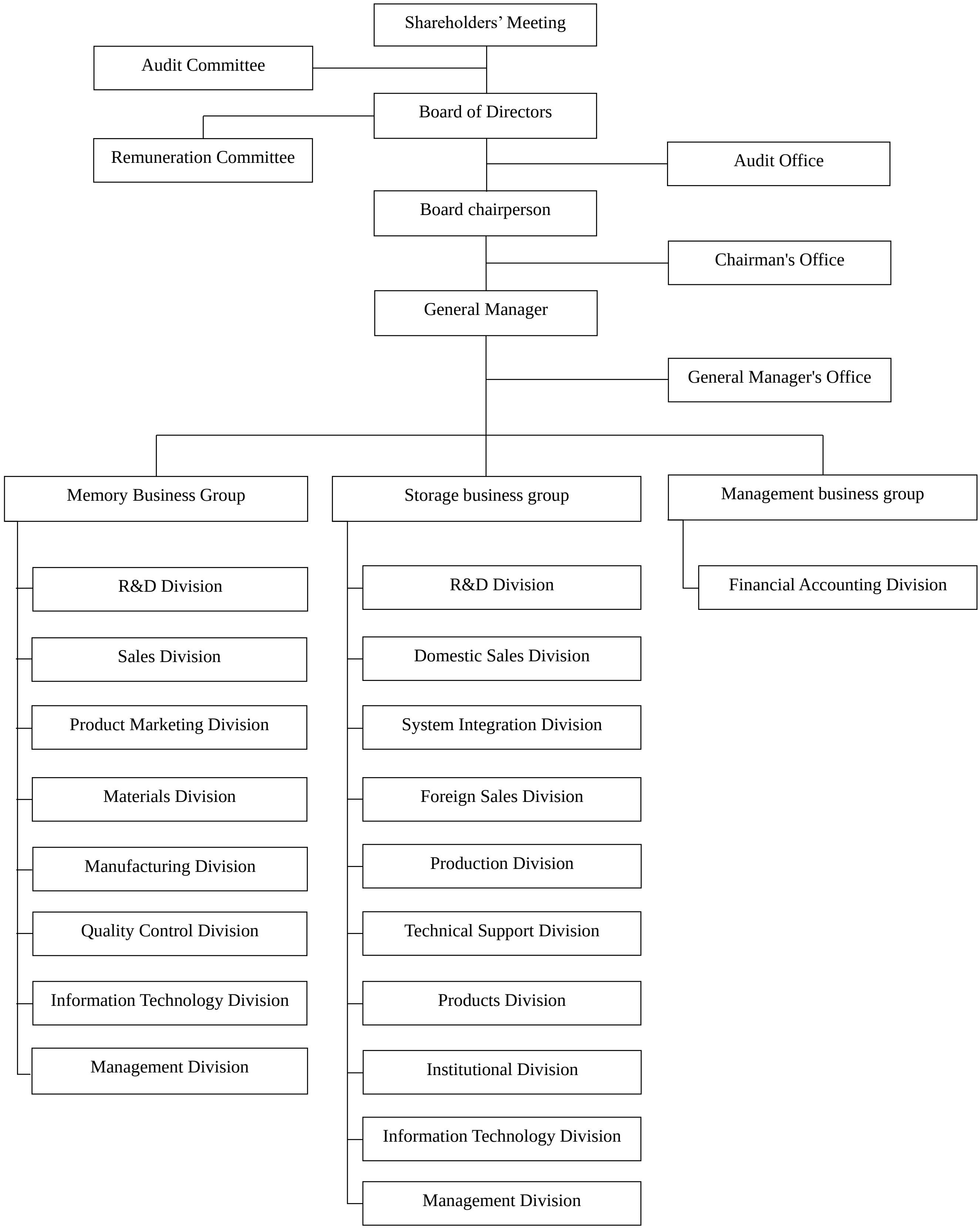
Year	Milestones
Nov.2007	Employee stock option conversion common stock increased capital by NT$ 2,120,000, and the capital increased to NT$641,228,260.
Jul.2008	Awarded as the "Fifth Listed TWSE/TPEx Listed Companies Information Disclosure Evaluation A+" company by the Securities and Futures, And it is the only OTC company among the 12 listed companies that have been awarded the A+ award.
Sep.2008	The cash was increased to NT$20,000,000 and employee stock option conversion common stock increased capital by NT$ 30,000, and the capital increased to NT$841,258,260.
Dec.2008	Processed a private equity cash increase of NT$400,000 thousand, and the capital increased to NT$1,241,258,260.
Apr.2009	Passed IECO QC-080000 hazardous substance process management system certification.
Aug.2009	The capital reduction is processed in the amount of NT$993,006,600. The capital was reduced to NT$248,251,660.
Sep.2009	Processed a private equity cash increase of NT$200,000 thousand, and the capital increased to NT$448,251,660.
Jan.2010	Convertible corporate bonds can be converted into common stocks to increase capital of NT$46,278,320, and the capital increased to NT$494,529,980.
Apr.2010	Convertible corporate bonds can be converted into common stocks to increase capital of NT$473,880. Employee stock option conversion common stock increased capital by NT$ 5,465,000, and the capital increased to NT$500,468,860.
Jun.2010	The company was rated as "2010 Top 100 Taiwanese Technology-No. 1 Company in Return on Shareholders' Equity" by Business Next Magazine.
Jul.2010	Employee stock option conversion common stock increased capital by NT$ 60,000, and the capital increased to NT$500,528,860.
Aug.2010	Processed the transfer of surplus and capital increase of NT$50,046,890, and the capital increased to NT$550,575,750.
Sep.2010	The cash was increased to NT$100,000 thousand, and the capital increased to NT$650,575,750.
Jun.2011	Awarded as the "Eighth Listed TWSE/TPEx Listed Companies Information Disclosure Evaluation A" company by the Securities and Futures.
Apr.2012	The factory moved to Wugu Industrial Zone, Xinzhuang District, New Taipei City.
Jul.2012	Awarded as the " Ninth Listed TWSE/TPEx Listed Companies Information Disclosure Evaluation A＋" company by the Securities and Futures.
Jan.2013	The company merged with Proware Technology Co., Ltd., Handle a combined capital increase and issue new shares of NT$278,476,260, and merger and cancellation of shares of NT$17,379,810 , and the capital increased to NT$911,672,200.
Apr.2013	Employee stock option conversion common stock increased capital by NT$ 1,792,290, and the capital increased to NT$913,464,490.
Apr.2013	Won the Taiwan Excellence Award from the Ministry of Economic Affairs.

Year	Milestones
Jul.2013	Awarded as the " Tenth Listed TWSE/TPEx Listed Companies Information Disclosure Evaluation A＋＋" company by the Securities and Futures.
Jul.2013	Employee stock option conversion common stock increased capital by NT$ 38,460, and the capital increased to NT$913,502,950.
Sep.2013	Employee stock option conversion common stock increased capital by NT$1,074,620, and the capital increased to NT$914,577,570.
Jan.2014	Employee stock option conversion common stock increased capital by NT$1,710,760, and the capital increased to NT$916,288,330.
Jun.2014	Awarded as the "Eleventh Listed TWSE/TPEx Listed Companies Information Disclosure Evaluation A＋" company by the Securities and Futures.
Aug.2014	Issued the third domestic guaranteed conversion corporate bond, The amount raised is NT$300,000,000.
Apr.2015	Awarded as the "Twelfth Listed TWSE/TPEx Listed Companies Information Disclosure Evaluation A＋" company by the Securities and Futures.
Apr.2015	Recognized by the TWSE as the top 20% company in the "First Corporate Governance Evaluation".
Apr.2016	Recognized by the TWSE as a top 6% to top 20% company in the "Second Corporate Governance Evaluation".
Apr.2017	Recognized by the TWSE as a top 6% to top 20% company in the "Third Corporate Governance Evaluation".
Jun.2018	Re-invested in Phoenix Innovative Materials' subsidiary of NT$ 68,000 thousand , The shareholding ratio is 97.14%.
Jun.2018	Established an American branch.
May.2018	Recognized by the TWSE as a top 6% to top 20% company in the "Fourth Corporate Governance Evaluation".
Jun.2018	Increased the cash capital increase of NT$70,000 thousand in the subsidiary of Phoenix Innovative Materials, The shareholding ratio is 98.57%.
Apr.2019	Recognized by the TWSE as a top 6% to top 20% company in the "Fifth Corporate Governance Evaluation".
Apr.2020	Recognized by the TWSE as a top 6% to top 20% company in the "Sixth Corporate Governance Evaluation".
Apr.2021	Recognized by the TWSE as a top 6% to top 20% company in the "Sixth Corporate Governance Evaluation".

III. Corporate Governance Report

3.1 Organization

3.1.1 Organizational Chart



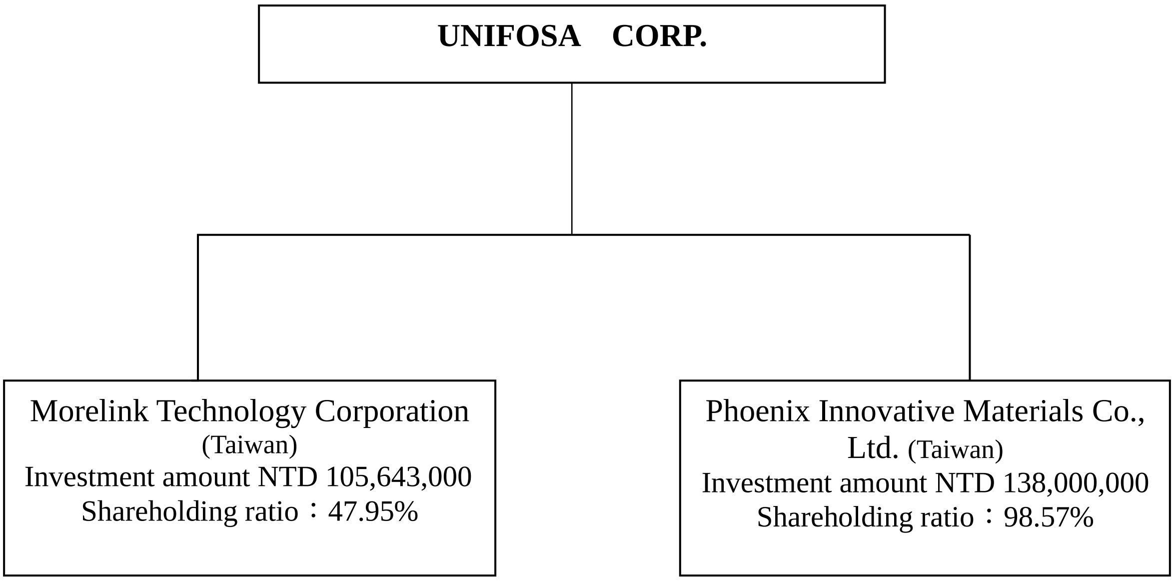
3.1.2 Major Corporate Functions

Department	Functions
Chairman's Office	Responsible for the formulation of the company's long-term business development strategy, Business environment analysis and evaluation, Review and evaluation of mergers and acquisitions and strategic alliances, Operational risk control, etc.
General Manager's Office	Responsible for the planning, formulation and supervision of the company's mid- and long-term strategies, annual policies and operational goals; responsible for project planning and supervision; responsible for coordination and control of stock affairs.
Audit Office	Establishment of internal control and internal audit system; to formulate and implementation of audit plan; audit of the correctness of the operation process of each department.
R&D Division	Responsible for new products and new technology development trends and proposals, market hardware equipment research and introduction, conduct research and development according to market/customer needs, complete product design and improvement; Introduce product technology transfer operations before mass production; handle design matters entrusted by customers; new product patent application matters; collection of software and hardware design information; new product development and design and product function update and other related matters; analysis and planning business of industry status and related information of competitive products.
Products Division	Responsible for new product development planning, according to the relevant new technology and OEM/ODM customer needs in the market and the relevant product planning proposed by the business end customer project/tender; product related catalog/manual production and revision; planning and execution of product related promotion/advertising/exhibition activities; product related press releases; update and maintenance of product web pages.
Institutional Division	Responsible for the organizational design and process improvement of products and OEM/ODM projects planned by the Product Division.
Sales Division	Formulate the company's annual plan goals, marketing strategy formulation, expansion of domestic and foreign business; customer service; relationship maintenance and improvement of satisfaction; evaluation and analysis of customer debt status.
Domestic Sales Division	Domestic business development and market research; customer service, relationship maintenance and improvement of satisfaction; estimation and analysis of customer debt status.

Department	Functions
System Integration Division	Domestic business development and customer service; maintain customer relationships and improve satisfaction; estimation and analysis of client credit status; assist enterprises to integrate, plan, build, deploy, and maintain information systems to simplify IT.
Foreign Sales Division	Development of foreign business and market research; customer service, relationship maintenance and satisfaction improvement; estimate and analysis of customer debt status.
Product Marketing Division	Preparation and execution of domestic and foreign participation in exhibitions; company Profile - Product Catalog Editing and Production; the company' s product promotions, planning and execution of publicity activities; industry status, analysis and planning of relevant information about competitive products; new product market development and investigation.
Materials Division	Purchase, inquiry, price comparison, price negotiation, contract conclusion and ordering of raw materials for products; supplier investigation and contact and data file management; purchase business of asset equipment and consumables; purchase defect compensation and return and exchange processing business; receipt and delivery management of raw materials, semi-finished products and finished products; business order delivery confirmation work; preparation and coordination of production capacity plans; arrangement, revision, execution and control of production line scheduling; collaborative vendor development and management.
Manufacturing Division	Plan and execute all production plans, supervise production operations, and automate and electronize production.
Production Division	Responsible for production scheduling and external processing matters; formulate and maintain product quality policies; enhance corporate capabilities and quality image; coordinate relevant departments to solve product quality problems; formulate inspection standards, sampling plans, and judgment standards for quality control operations; perform inspection of incoming materials and finished products, and make suggestions for improvement; maintenance and maintenance of inspection and test gauges; perform various operations of the ISO management system.
Quality Control Division	Formulate and maintain product quality policies; enhance corporate capabilities and quality image; coordinate relevant departments to solve product quality problems; ISO document issuance and management; formulate inspection standards, sampling plans, and judgment standards for quality control operations; perform inspection of incoming materials and finished products, and make suggestions for improvement; maintenance and maintenance of inspection and test gauges; perform various operations of

Department	Functions
	the ISO management system, assist sales staff in the business department to deal with customer problems, support and solve customer product problems; deal with technical issues of agents and customers; judgment and handling of returned products sold by customers.
Technical Support Division	Support and solve customer product problems; deal with technical issues of agents and customers; judgement and handling of returned products sold by customers and related work such as product testing and maintenance.
Financial Accounting Division	Consolidate the budget prepared by each department; responsible for cost control management operations; handling of various internal accounts, accounting-preparation of various accounting statements; various tax processing and declaration operations; expenditure and management of bank transactions and petty cash; financial investment management; management of foreign exchange operations.
Management Division	Plan human resources strategy and formulate and revise management system; handle recruitment, appointment, training, salary verification, insurance, assessment, transfer, promotion, attendance, salary, benefits, leave without pay, resignation, and retirement related businesses; carry out general affairs purchase requisitions, general affairs operations, and asset management related matters; carry out the management matters of company preservation, fire protection and cleaning; business related to the maintenance of harmonious labor-management relations.
Information Technology Division	Information system project management, system and data security control, processing application system related business, PC and workstation and network settings, planning and maintenance operations; MIS software development and problem consultation and resolution.

3.1.3 Affiliated company organization chart and shareholding structure



2023/03/31

Affiliate company name	Relationship with the company	Hold company shares		Holding shares in affiliated companies (Including indirect holding)		
		Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Investment amount
Phoenix Innovative Materials Co., Ltd.	Subsidiary	0	0	13,800,000	98.57%	NTD 138,000,000
Morelink Technology Corporation	Subsidiary	0	0	9,556,310	47.95%	NTD 105,643,000

source：The company's financial report for the first quarter of 2023 has been verified by an accountant.

3.2 Directors, Supervisors and Management Team

3.2.1 Directors and Supervisors

2023/04/30；Unit：share

Title	Nationality/ Place of Incorporation	Name	Gender age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience（Education）	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Note
							Shares	％	Shares	％	Shares	％	Shares	％			Title	Name	Relation	
Chairman	R.O.C.	Chen, Ching-jong	Male 65	06.10 2022	3	10.06 2000	187,092	0.20%	187,092	0.20%	0	—	0	—	· Tamkang University Department of Electronic Engineering · CLEVO business manager	· General Manager of the Company · General Manager of the company's memory business group · Head of Phoenix Innovative Materials Co., Ltd. · Legal person director representative of Foresight Energy Technologies CO.,LTD. · Legal person director representative of Morelink Technology Corporation	—	None	—	Note2
Director	R.O.C.	Trump Gain Investments Ltd		06.10 2022	3	06.10 2009	10,025,533	10.94%	10,025,533	10.94%	0	—	0	—	· Chinese Culture University Department of Geology · Head of Trump Gain Investments Ltd	· Legal person director representative of HGiga.	—	None	—	
	R.O.C.	Representative：Wu,Cheng-Teh	Male 77				0	—	0	—	0	—	0	—						
Director	R.O.C.	Chiang, Tsang-An	Male 67	06.10 2022	3	06.11 2013	577,290	0.63%	577,290	0.63%	0	—	0	—	· National Chiao Tung University Electrophysics · United Microelectronics Corporation Marketing Manager	· Chairman and General Manager of Princeton Technology Corp. · Chairman of Princeton Technology (Shenzhen) Corp. · Chairman of Princeton Technology (Chengdu) Corp. · Chairman of Chengdu Chip-Rail Microetectronics CO.,LTD. · Chairman of Princeton Capital Corp. · Chairman of Princeton Silicon Inc. · Chairman of Quntong Management Consultant · Chairman of MoreLink Technology Corporation · Chairman of Foresight Energy Technologies · Chairman of SIPP Technology Corporation · Chairman of Silan CO.,LTD. · Director of Taiwan Commate Computer Inc. · Director of TC-1 Culture Fund · Supervisor of Innorich Venture Capital Corp. · Legal person director representative of Phoenix Innovative Materials Co., Ltd · Chairman of Himalaya Venture Capital Management Consulting Co., Ltd. · Chairman of Tychip Co., Ltd. · Chairman of Jiaxin Co., Ltd.	—	None	—	

Title	Nationality/ Place of Incorporation	Name	Gender	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience（Education）	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Note
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director	R.O.C.	Hsiao, Wu-Hsing	Male 69	06.10. 2000	3	06.11 2013	826,453	0.90%	826,453	0.90%	0	—	0	—	· Chung Yuan Christian University Department of Information · Deputy General Manager of DATAWORLD INT'L CORP.	· General Manager of the company's storage business group · Legal person director representative of Princeton Technology Corp. · Legal person director representative of Morelink Technology Corporation	—	None	—	
Independent Director	R.O.C.	Chen, Chih-Ling	Male 64	06.10 2022	3	06.15 2016	0	—	0	—	0	—	0	—	· National Chengchi University Master of Accounting · College entrance examination accountant pass · Taiwan Securities Analyst · Researcher of Accounting Research and Development Foundation	· Chairman of the Audit Committee of the Company · Member of remuneration committee of the Company · Supervisor of G&B BREWERY DEVELOPMENT(ASIA) CORP. · Supervisor of SmartAnt Telecom CO.,LTD. · Supervisor of HC Photonics Corp. · NEXIA Sun Rise CPAs & Co. partnership accountant	—	None	—	
Independent Director	R.O.C.	Lee, Wen-Chin	Male 67	06.10 2022	3	06.26 2003	0	—	0	—	0	—	0	—	· National Chiao Tung University Electrophysics · Senior Vice President of Telefonaktiebolaget LM Ericsson · Chief Operating Officer of AT Telecom CORP. · Vice President of Taiwan Fixed Network · Chief Advisert of ARCOA Communication CO., LTD. · General manager of ARCOA Communication CO., LTD. · Executive Vice President of VIBO Telecom · Chief Operating Officer of Asia Pacific Telecom	· Chairman of remuneration committee of the Company · Member of the Audit Committee of the Company	—	None	—	
Independent Director	R.O.C.	Yo, Chi-Thon	Male 67	06.10 2022	3	06.13 2007	0	—	0	—	0	—	0	—	· Doctor of Laws, Tulane University · Lawyer of the Republic of China · Washington Attorney · Attorney at the Federal Court of Northern California · Lawyer of the International Trade Court of New York · Attorney at the U.S. Patent and Intellectual Circuit	· Member of the Audit Committee of the Company · Member of remuneration committee of the Company · Leading lawyer of Dr Yo's international Litigation Law Firm	—	None	—	

Note 1：The company has fully re-elected the directors and supervisors of the shareholders' regular meeting on June 15, 1999. According to Article 14-4 of the Securities and Exchange Act, Election of three independent directors to form an audit committee to replace the supervisor, Therefore, the company has no supervisors.

Note 2：Where the Chairman of the Board of Directors and the President or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (such as increasing the number of independent director seats, and more than half of all directors must not concurrently serve as employees or managers) must be disclosed.

The general manager and chairman of the company are the same person, mainly due to the professionalism and mobility based on the rapid changes in the DRAM industry, in order to grasp the effectiveness of the company’s rapid response, it is reasonable and necessary, but in order to take into account the goals and norms of corporate governance, the 2023 general meeting of shareholders will add an independent director seat, and more than half of the directors did not serve concurrently as employees or managers, to ensure the stability of the company's operations and reduce operating risks.

Major shareholders of the institutional shareholders

2023/04/30

Name of Institutional Shareholders	Major Shareholders
Trump Gain Investments Ltd	GREAT DELTA FINANCE LIMITED (100%)

Major shareholders of the Company’s major institutional shareholders

2023/04/30

Name of Institutional Shareholders	Major Shareholders
GREAT DELTA FINANCE LIMITED	Porterlea Group Limited(100％)
Porterlea Group Limited	Margaret Schneiter Silsby (100％)

Disclosure of Professional Qualifications of Directors and Independence of Independent Directors

Criteria / Name	Professional qualifications and experience (Note1)	Independence Criteria (Note2)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Chen, Ching-jong	Director Chen Ching-jong used to be the business manager of CLEVO, and now serves as the chairman, general manager, and general manager of memory business group of the company. Head of Phoenix Innovative Materials Co., Ltd. Legal person director representative of Foresight Energy Technologies CO.,LTD. Legal person director representative of Morelink Technology Corporation. Possess professional qualifications and experience in business, industry knowledge, operational judgment, risk management, decision-making, and leadership.	Independence Criteria： Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company. Not been a person of any conditions defined in Article 30 of the Company Law. Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.	None
Trump Gain Investments Ltd Representative ： Wu,Cheng-Teh	Representative Director Wu Cheng-Teh is currently the head of Trump Gain Investments Ltd. and the legal person director representative of HGiga. He has the professional qualifications and experience required for business and company business.	Independence Criteria： Not an employee of the company or any of its affiliates, Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company. Not been a person of any conditions defined in Article 30 of the Company Law.	None
Hsiao, Wu-Hsing	Director Hsiao Wu-Hsing used to be the deputy general manager of DATAWORLD INT’L CORP., and now serves as the general manager of the company's storage business group, and concurrently serves as the legal person director representative of Princeton Technology Corp. and the representative of the legal person director representative of Morelink Technology Corporation. Possess professional qualifications and experience in business, industry knowledge, operational judgment, risk management, decision-making, and leadership .	Independence Criteria：Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company. Not been a person of any conditions defined in Article 30 of the Company Law. Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.	None

Criteria / Name	Professional qualifications and experience (Note1)	Independence Criteria (Note2)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Chiang, Tsang-An	Director Chiang Tsang-An used to be the manager of the marketing department of United Microelectronics Corporation, and now serves as the chairman and general manager of Princeton Technology Corp., the chairman of Princeton Technology (Shenzhen) Corp., the chairman of Princeton Technology (Chengdu) Corp., the chairman of Chengdu Chip-Rail Microetectronics CO.,LTD, the chairman of Chengyi Investment chairman... etc., with work experience in international market outlook, business, technology, operational judgment, risk management, decision-making, and leadership.	Independence Criteria：Not an employee of the company or any of its affiliates, Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company. Not been a person of any conditions defined in Article 30 of the Company Law. Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.	None
Chen, Chih-Ling	Independent director Chen Chih-Ling graduated from National Chengchi University Master of Accounting, and has passed the college entrance examination for accountants and the professional qualifications of Taiwan securities analysts. He is currently a partner accountant of NEXIA Sun Rise CPAs & Co., with professional qualifications and experience such as profound financial accounting professionalism.	Chen Chih-Ling independent director meets the professional qualifications of independent directors regulated by the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies", restrictions on shareholding and part-time jobs and independence, including that he, his spouse, and relatives within the second degree have not served as directors, supervisors or employees of the company or its affiliated companies; and neither himself, his spouse, nor his relatives within the second degree (or in the name of others) hold the shares of the company; Nor act as a director, supervisor or employee of a company that has a specific relationship with the Company; In the last two years, it has not provided the company or its affiliates with business, legal, financial, accounting and other services and has not received any remuneration, there is also no situation under the provisions of Article 30 of the Company Law.	None
Lee, Wen-Chin	Independent director Lee Wen-Chin has served as the president or chief operating officer of a number of major telecommunications companies, including Asia Pacific Telecom and VIBO Telecom, and has in-depth professional knowledge and practical management experience in the telecommunications. Possess professional qualifications and experience in business, technology industry, operational judgment, risk management, decision-making, and leadership .	Lee Wen-Chin independent director meets the professional qualifications of independent directors regulated by the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies", restrictions on shareholding and part-time jobs and independence, including that he, his spouse, and relatives within the second degree have not served as directors, supervisors or employees of the company or its affiliated companies; and neither himself, his spouse, nor his relatives within the second degree (or in the name of others) hold the shares of the company;	None

Criteria / Name	Professional qualifications and experience (Note1)	Independence Criteria (Note2)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
		Nor act as a director, supervisor or employee of a company that has a specific relationship with the Company; In the last two years, it has not provided the company or its affiliates with business, legal, financial, accounting and other services and has not received any remuneration, there is also no situation under the provisions of Article 30 of the Company Law.	
Yo, Chi-Thon	Independent Director Yo Chi-Thon graduated from Tulane University with a Juris Doctor degree and has the professional qualification of passing the bar exam of the Republic of China. He is currently the leading lawyer of Dr Yo's international Litigation Law Firm. He has served as Washington attorney, attorney at the Federal Court of Northern California, lawyer of the International Trade Court of New York, and attorney at the U.S. Patent and Intellectual Circuit. He has profound legal professional qualifications and practical experience.	Yo Chi-Thon independent director meets the professional qualifications of independent directors regulated by the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies", restrictions on shareholding and part-time jobs and independence, including that he, his spouse, and relatives within the second degree have not served as directors, supervisors or employees of the company or its affiliated companies; and neither himself, his spouse, nor his relatives within the second degree (or in the name of others) hold the shares of the company; Nor act as a director, supervisor or employee of a company that has a specific relationship with the Company; In the last two years, it has not provided the company or its affiliates with business, legal, financial, accounting and other services and has not received any remuneration, there is also no situation under the provisions of Article 30 of the Company Law.	None

Note1: Professional qualifications and experience : Clarify 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 stated. In addition, indicate whether there is any circumstance in Article 30 of the Company Law.

Note2: The independent director shall state the circumstances conforming to the independence, including but not limited to whether they, their spouses, or relatives within the second degree are the directors, supervisors or employees of the company or its affiliated companies; The number and proportion of the company's shares held by the person, spouse, relatives within the second degree of relatives (or in the name of others); Whether he is a director, supervisor or employee 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 and Matters to be Complied with); The amount of remuneration received for providing business, legal, financial, accounting and other services to the company or its affiliates in the last two years.

Board Diversity and Independence

1. Board Diversity

   Please see the Board Diversity Policy on pages 45-48.

2. Board independence

   The election of directors of the company adopts the candidate nomination system, in which independent director candidates are qualified by the board of directors in accordance with Article 5, item 3 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies". After the resolution of the board of directors is passed, it will be sent to the shareholders' meeting for election.

   The members of the board of directors of the company do not have any of the conditions stipulated in paragraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act, and they do not have a spouse or family relationship with other directors within the second degree of kinship (Please refer to pages 15-16 for information on directors and supervisors).

3.2.2 Management Team

2023/04/30;Unit：share

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience（Education）	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			(Note)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
General Manager and General Manager of Memory Business Group	R.O.C.	Chen, Ching-jong	Male	08.31 2000	187,092	0.20%	–	–	–	–	· Tamkang University Department of Electronic Engineering · CLEVO business manager	Note1	–	None	–	Note6
General Manager of Storage Business Group	R.O.C.	Hsiao, Wu-Hsing	Male	08.01 1996	826,453	0.90%	–	–	–	–	· Chung Yuan Christian University Department of Information · Deputy General Manager of DATAWORLD INT'L CORP.	Note2	–	None	–	
Assistant Manager of Storage Business Group Technology Department and System R&D Department	R.O.C.	Colt Yin	Male	03.01 2001	35,705	0.04%	–	–	–	–	· St. John's and St. Mary's Institute of Technology of Electronics · Deputy Manager of DATAWORLD INT'L CORP.	None	–	None	–	
Deputy General Manager of R&D Department and Information Department of Memory Business Group	R.O.C.	Johnson Wu	Male	12.01 1997	6,065	0.01%	–	–	–	–	· Master of Electrical Engineering, Tamkang University · American SMC Manager	Note3	–	None	–	
Assistant Manager of Materials Department of Memory Business Group	R.O.C.	Angel Lee	Female	09.01 1999	4,069	0.00%	–	–	–	–	· Takming College of Business Accounting and Statistics · KAPOK Computer CO. Purchasing Staff	Note4	–	None	–	
General Manager's Office Assistant Manager	R.O.C.	Hhieh, Da-Wei	Male	05.15 2003	11,000	0.01%	–	–	–	–	· Department of Accounting, Fu Jen Catholic University · Senior Manager of Asia Securities INC.	Note5	–	None	–	
Manager of Accounting Department of Management Business Group	R.O.C.	Chen, Hsiu yu	Female	10.13 1998	10,263	0.01%	–	–	–	–	· Ming Chuan Women's Commercial College of Business Accounting and Statistics · Deputy Manager of Accounting Department of Data Expert Computer Co., Ltd.	None	–	None	–	

Note 1：General Manager Chen, Ching-jong currently holds positions in other companies as the head of Phoenix Innovative Materials Co., Ltd. legal person director representative of Foresight Energy Technologies CO.,Ltd. legal person director representative of Morelink Technology Corporation.

Note 2：General manager of the storage business group Hsiao Wu-Hsing currently holds positions in other companies as legal person director representative of Princeton Technology Corp. legal person director representative of Morelink Technology Corporation.

Note 3：The memory business group R & D department and Deputy General Manager of the information department are currently serving as the general manager of Phoenix Innovative Materials Co.,Ltd. in other companies.

Note 4：Associate of the Materials Division of the Memory Business Group is currently concurrently serving as the supervisor of Phoenix Innovative Materials Co., Ltd.

Note 5：The general manager's office associate currently concurrently holds the position of other companies as the legal person director representative of Morelink Technology Corporation.

Note 6：Where the Chairman of the Board of Directors and the President or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (such as increasing the number of independent director seats, and more than half of all directors must not concurrently serve as employees or managers) must be disclosed.

The general manager and chairman of the company are the same person, mainly due to the professionalism and mobility based on the rapid changes in the DRAM industry, in order to grasp the effectiveness of the company’s rapid response, it is reasonable and necessary, but in order to take into account the goals and norms of corporate governance, the 2023 general meeting of shareholders will add an independent director seat, and more than half of the directors did not serve concurrently as employees or managers, to ensure the stability of the company's operations and reduce operating risks.

3.3 Remuneration paid to directors, general manager and vice general managers in the most recent year

3.3.1 Remuneration of Directors and Independent Directors

Unit: NT$ thousands

Title	Name	Remuneration (Note6)								Ratio of Total Remuneration (A+B+C+D) to Net Income (%) (Note1)		Relevant Remuneration Received by Directors Who are Also Employees								Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%) (Note2)		Remuneration from ventures other than subsidiaries or from the parent company
		Base Compensation (A)		Severance Pay (B)		Directors Compensation(C) (Note2)		Allowances (D)				Salary, Bonuses, and Allowances (E) (Note3)		Severance Pay (F) (Note4)		Employee Compensation (G) (Note1)						
		The company	All companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company		Companies in the consolidated financial statements		The company	Companies in the consolidated financial statements	
																Cash	Stock	Cash	Stock			
Director	Chen, Ching-jong	0	0	0	0	0	0	40	40	0	0	2,809	2,809	0	0	0	0	0	0	0	0	None
Director	Chiang, Tsang-An	0	0	0	0	0	0	40	40	0	0	0	0	0	0	0	0	0	0	0	0	None
Director	Hsiao, Wu-Hsing	0	0	0	0	0	0	30	30	0	0	2,777	2,777	205	205	0	0	0	0	0	0	None
Director	Trump Gain Investments Ltd Wu,Cheng-Teh	0	0	0	0	0	0	40	40	0	0	0	0	0	0	0	0	0	0	0	0	None
Independent Director	Chen, Chih-Ling	0	0	0	0	0	0	160	160	0	0	0	0	0	0	0	0	0	0	0	0	None
Independent Director	Lee, Wen-Chin	0	0	0	0	0	0	160	160	0	0	0	0	0	0	0	0	0	0	0	0	None
Independent Director	Yo, Chi-Thon	0	0	0	0	0	0	160	160	0	0	0	0	0	0	0	0	0	0	0	0	None

Note 1: Due to the loss of the company's 2022 final accounts, the calculation of the percentage of net profit after tax is not applicable.

Note 2: As the company suffered a loss in its final accounts for the year 2022, no compensation to directors and employees was distributed.

Note 3: In addition, one official vehicle for the chairman and general manager and one for the director and general manager of the business group will be provided by leasing. The rent for the year 2022 was NT$1,354 thousand.

Note 4: According to the regulations of the Taipei Exchange, reveal：The actual amount of retirement pension paid by the company in 2022 is NT$0, and the amount of withdrawal or withdrawal that is part of the retirement pension expense is NT$205 thousand.

Note 5: According to Article 14-4 of the Securities and Exchange Act, the audit committee composed of three independent directors, so the supervisor's remuneration information listed in this table is not applicable.

Note 6: Please state the policy, system, standard and structure of the remuneration payment for independent directors, and state the relevance of the remuneration amount based on the responsibilities, risks, and time invested：

The remuneration of independent directors of the company shall be handled in accordance with the provisions of the company's "Remuneration Management Measures for Directors and Managers" in accordance with general directors. Its remuneration payment policy includes (1) Salary remuneration should help to pursue the company's goals and strategic directions for the best overall benefit. (2) Salary and compensation should be flexible in response to the risks of industry changes. (3) Salary and remuneration should take into account the two principles of internal fairness and external competitiveness. (4) Salary remuneration should consider the items and proportions of fixed salary, variable salary and other benefits. (5) Salary and remuneration should consider both long-term and short-term performance evaluation as a balanced goal. In terms of salary structure and standards, the general directors and independent directors of the company, unless they hold other concurrent positions, and the board of directors agrees to pay according to the degree of participation of the directors in the operation of the company and the value of their contributions and the usual standards of the industry. in principle, no remuneration such as salary, job bonus, severance payment, various incentives, etc. are paid. Only fixed remunerations such as carriage fees or attendance fees are paid, and no other variable remunerations are paid. In addition, in accordance with the provisions of the company's articles of association for the distribution of surplus, no more than 2% is allocated for directors' remuneration, which is distributed based on the number of directors' performance appraisal and distribution rights. The same applies to independent directors. Therefore, there is no correlation between the compensation paid to independent directors and their responsibilities, risks, time commitment, and other factors.

Range of Remuneration	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements (I)
Less thanNT$ 1,000,000	Chen, Ching-jong Chiang,Tsang-An Hsiao,Wu-Hsing Chen, Chih-Ling Lee, Wen-Chin Yo, Chi-Thon Trump Gain Investments Ltd	Chen, Ching-jong Chiang,Tsang-An Hsiao,Wu-Hsing Chen, Chih-Ling Lee, Wen-Chin Yo, Chi-Thon Trump Gain Investments Ltd	Chiang,Tsang-An Chen, Chih-Ling Lee, Wen-Chin Yo, Chi-Thon Trump Gain Investments Ltd	Chiang,Tsang-An Chen, Chih-Ling Lee, Wen-Chin Yo, Chi-Thon Trump Gain Investments Ltd
NT$1,000,000 ~ NT$1,999,999	–	–	–	–
NT$2,000,000 ~ NT$3,499,999	–	–	Chen, Ching-jong Hsiao,Wu-Hsing	Chen, Ching-jong Hsiao,Wu-Hsing
NT$3,500,000 ~ NT$4,999,999	–	–	–	–
NT$5,000,000 ~ NT$9,999,999	–	–	–	–
NT$10,000,000 ~ NT$14,999,999	–	–	–	–
NT$15,000,000 ~ NT$29,999,999	–	–	–	–
NT$30,000,000 ~ NT$49,999,999	–	–	–	–
NT$50,000,000 ~ NT$99,999,999	–	–	–	–
Greater than or equal to NT$100,000,000	–	–	–	–
Total	7	7	7	7

3.3.2 Remuneration of Supervisors

According to Article 14-4 of the Securities and Exchange Act, the audit committee composed of three independent directors, so it is not applicable.

3.3.3 Remuneration of the President and Vice Presidents

Unit: NT$ thousands

Title	Name	Salary(A)		Severance Pay (B) (Note1)		Bonuses and Allowances (C) (Note2)		Employee Compensation (D) (Note3)				Ratio of total compensation (A+B+C+D) to net income (%) (Note4)		Remuneration from ventures other than subsidiaries or from the parent company (Note)
		The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company		Companies in the consolidated financial statements		The company	Companies in the consolidated financial statements	
								Cash	Stock	Cash	Stock			
General Manager and General Manager of Memory Business Group	Chen, Ching-jong	2,400	2,400	0	0	409	409	0	0	0	0	0	0	None
General Manager of Storage Business Group	Hsiao, Wu-Hsing	2,460	2,460	205	205	317	317	0	0	0	0	0	0	None

Note 1: According to the regulations of the Taipei Exchange, reveal：The actual amount of retirement pension paid by the company in 2022 is NT$0, and the amount of wi thdrawal or withdrawal that is part of the retirement pension expense is NT$205 thousand.

Note 2: In addition, one official vehicle for the chairman and general manager and one for the director and general manager of the business group will be provided by leasi ng. The rent for the year 2022 was NT$1,354 thousand.

Note 3: As the company suffered a loss in its final accounts for the year 2022, no compensation to directors and employees was distributed.

Note 4: Due to the loss of the company's 2022 final accounts, the calculation of the percentage of net profit after tax is not applicable.

Range of Remuneration	Name of President and Vice Presidents	
	The company	Companies in the consolidated financial statements (E)
Less than NT$ 1,000,000	—	—
NT$1,000,000 ~ NT$1,999,999	—	—
NT$2,000,000 ~ NT$3,499,999	Chen, Ching-jong Hsiao,Wu-Hsing	Chen, Ching-jong Hsiao,Wu-Hsing
NT$3,500,000 ~ NT$4,999,999	—	—
NT$5,000,000 ~ NT$9,999,999	—	—
NT$10,000,000 ~ NT$14,999,999	—	—
NT$15,000,000 ~ NT$29,999,999	—	—
NT$30,000,000 ~ NT$49,999,999	—	—
NT$50,000,000 ~ NT$99,999,999	—	—
Greater than or equal to NT$100,000,000	—	—
Total	2	2

3.3.4 The name of the manager who distributes employee compensation and the distribution situation

Unit: NT$ thousands

Title	Name	Total Share Bonus (Note 1)	Total Cash Bonus (Note 1)	Total	Ratio of the Aggregate Amount to the Net Income After Tax (%)
General Manager	Chen, Ching-jong	0	0	0	N/A
General Manager of Business Group	Hsiao, Wu-Hsing				
Deputy General manager	Johnson Wu				
Assistant Manager	Colt Yin				
Assistant Manager	Angel Lee				
Assistant Manager	Hsieh, Da-Wei				
Manager	Chen, Hsiu yu				

Note 1: Due to the loss of the company's 2022 final accounts, no compensation to directors and employees was distributed, the calculation of the percentage of net profit after tax is not applicable.

3.3.5 The name, position and total amount of the top ten employees who received compensation

Since the company suffered a loss in its final accounts for the year 2022, the disclosure of information related to the compensation of the top ten employees is not applicable.

3.3.6 Managerial officers with the top five highest remuneration amounts (disclose their names and remuneration method)

Unit: NT$ thousands

Title	Name	Salary(A) (Note 2)		Severance Pay (B)		Bonuses and Allowances (C) (Note 3)		Employee Compensation (D) (Note 4)				Ratio of total compensation (A+B+C+D) to net income (%) (Note 6)		Remuneration from ventures other than subsidiaries or from the parent company (Note 7)
		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			
General Manager	Chen, Ching-jong	2400	2400	0	0	409	409	0	0	0	0	0	0	None
General Manager of Business Group	Hsiao, Wu-Hsing	2460	2460	205	205	317	317	0	0	0	0	0	0	None
Assistant Manager	Angel Lee	1560	1560	95	95	334	334	0	0	0	0	0	0	None
Deputy General Manager	Johnson Wu	1320	1320	79	79	284	284	0	0	0	0	0	0	None
Assistant Manager	Colt Yin	1260	1260	76	76	272	272	0	0	0	0	0	0	None

Note 1: Managerial officers with the top five highest remuneration amounts refers to managers at the Company, in which the standard for determining managers is the applicable scope set forth in Order Tai-Cai-Zheng-San-Zi No. 0920001301 from the former Securities and Futures Commission, Ministry of Finance dated March 27, 2003. The top five highest remuneration amounts are determined based on the sum of salaries, severance pay, bonuses and allowances, and employee compensation received by a managerial officer from all companies in the consolidated financial statements (i.e., A+B+C+D).

Note 2: Refers to the salaries, duty allowances, and severance pay paid to the managerial officers with the top five remuneration amounts in the most recent year.

Note 3: Refers to the remuneration paid to the managerial officers with the top five remuneration amounts, including various bonuses, incentives, travel expenses, special disbursements, allowances, accommodation, company car, other physical items, other compensations, etc., in the most recent year. Where housing, cars, other means of transportation, or expenditures exclusively for individuals are offered, the nature and costs of the offered assets, the actual rent or fair market rent, fuel expenses, and other benefits shall be disclosed. In addition, where a driver is provided, please provide an explanation in the notes on the compensation paid to the driver by the Company, but not calculating as remuneration. The salaries recognized in accordance with IFRS 2 "Share-based Payment," including the share subscription warrants issued to employees, new restricted stock award shares issued to employees, and employee stock at cash capital increase, shall also be calculated as remuneration.

Note 4: Refers to the amount of employee compensation (including stock and cash) approved by the Board of Directors for managerial officers with the top five remuneration amounts in the most recent year. If the amount of employee compensation cannot be estimated this year, the proposed amount should be calculated based on the actual amount and ratio distributed last year. As the company suffered a loss in its final accounts for the year 2022, no compensation to employees was distributed, and the calculation of the proportion of net profit after tax is not applicable.

Note 5: The total remuneration paid by all companies in the consolidated statements (including the Company) to managerial officers with the top five highest remuneration amounts must be disclosed.

Note 6: As the company suffered a loss in its final accounts for the year 2022, the calculation of the proportion of net profit after tax is not applicable.

Note 7: a. Specify the amount of remuneration received by managerial officers with the top five remuneration amounts from ventures other than subsidiaries or from the parent company in this field (Please fill in "None" if none).

b. The remuneration means pay, compensation (including compensation of employees, directors and supervisors) and business expenses received by managerial officers with the top five remuneration amounts who are serving as a director, supervisor or manager of ventures other than subsidiaries or of the parent company.

3.2.7 Comparison of Remuneration for Directors, Supervisors, President and Vice Presidents in the Most Recent Two Fiscal Years and Remuneration Policy for Directors, Supervisors, President and Vice Presidents

(1) The ratio of total remuneration paid by the Company and by all companies included in the consolidated financial statements for the two most recent fiscal years to directors, supervisors, president and vice presidents of the Company, to the net income.

Unit: NT$ thousands

Item	Proportion of total remuneration to net profit after tax of individual financial report (Note 1)				Increase (decrease) ratio
	2022 (Note 2)		2021 (Note 2)		
	Cash	Ratio	Cash	Ratio	
Directors	630	-	428	-	47.20%
President and Vice Presidents	5,586	-	5,562	-	0.43%

Note 1：The remuneration paid to the company's directors (including independent directors of the audit committee), general manager and deputy general managers is not different between the company and the consolidated statement, so they are not shown separately.

Note 2：The company's 2021 and 2022 years are final accounts losses, so the calculation of the proportion of total remuneration to net profit after tax is not applicable.

(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’ s policy, standard and combination of remuneration for directors, supervisors (independent directors of the audit committee), general manager and deputy general managers, it is paid based on the scope of the position’ s powers and responsibilities within the company and the contribution to the company’ s operational goals, as well as the legal requirements and the structure of the company’ s salary system.

Among them, the remuneration of directors (including independent directors) is based on the provisions of Article 23 of the company's articles of association, authorizing the board of directors to negotiate and pay according to the level of directors’ participation in the company’ s operations and the value of their contributions and the usual standards of the industry, However, the company has not paid directors' remuneration based on this content; The part of the remuneration for surplus distribution is handled in accordance with the provisions of Article 29 of the company’ s articles of association for surplus distribution, the year of 2021 is a loss in the final accounts, so there is no surplus distribution; As for business execution expenses, the total amount paid to directors by the company in 2022 was NT$630,000, all of which belonged to the carriage fees of directors attending the board of directors and the remuneration payments of independent directors serving as members of the Salary and Compensation Committee. There is no other content.

In addition, the company has set up "Directors and Managers’ Compensation

Management Measures", There are clear and specific regulations on the policies, standards and combinations of remuneration for directors, supervisors (independent directors of the audit committee) and managers, the procedures for setting remuneration, and the relevance to business performance and future risks. In addition to the company’ s overall operating performance, the remuneration is determined with reference to the individual’ s contribution to the company’ s performance and the relevance of the degree of risk to the future, and reasonable remuneration is given. The procedures for determining the remuneration are based on relevant laws and regulations, the company’ s articles of association, and the internal control system, and the company’ s remuneration committee regularly evaluates the results of directors, supervisors (independent directors of the audit committee) and managers’ performance goals. After putting forward suggestions on the content and amount of individual personnel's remuneration, it is submitted to the board of directors for discussion and approval.

3.2.8 The link between directors and managers' performance evaluation and remuneration

(1) The company's directors' remuneration excluding the distribution of directors' remuneration, it is based on the provisions of Article 29 of the company’ s articles of association on surplus distribution, the allocation of no more than 2% is director’ s remuneration, in accordance with the company’ s "Directors and Managers’ Compensation Management Measures", in accordance with the "Board Performance Self-evaluation Measures", apart from the distribution of weights for the annual periodic assessment of directors’ performance appraisal results, only fixed remunerations such as carriage fees or attendance fees are issued, and no other variable remunerations are issued in 2022. Therefore, the director's remuneration of the company's directors has taken into consideration the relevant results of the directors' performance evaluation, and there is no other remuneration.

(2) The remuneration of the company’ s managers mainly includes fixed salary, year-end bonus and employee compensation, among them, employee remuneration is based on the provisions of Article 29 of the company’ s articles of association for the distribution of surplus, with 5 to 15% allocated as employee remuneration. Are regularly evaluated by the compensation committee, fixed salary is to determine the content and amount of individual salary and remuneration based on the manager’ s performance goal achievement situation and performance evaluation results. Year-end bonuses and employee remuneration are determined based on the company’ s operating performance achieved during the year, and the annual performance and contribution of each manager. After the foregoing content is evaluated and determined by the Salary and Compensation Committee, the recommended content of its resolution will be submitted to the board of directors for resolution and implementation. Therefore, the remuneration of the company's managers has taken into consideration the relevant results of the manager's performance evaluation.

3.4 Implementation of Corporate Governance

3.4.1 Operation of the Board of Directors

A total of 8 (A) meetings of the Board of Directors were held in the previous period. The attendance of director were as follows(Including independent directors of the audit committee)：

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%)【B/A】	Remarks
Chairman	Chen, Ching-jong	8	0	100%	Re-elected on June 10, 2022
Legal person director representative	Wu, Cheng-Teh	8	0	100%	Re-elected on June 10, 2022
Director	Chiang, Tsang-An	8	0	100%	Re-elected on June 10, 2022
Director	Hsiao, Wu-Hsing	8	0	100%	Re-elected on June 10, 2022
Independent Director	Chen, Chih-Ling	8	0	100%	Convener of Audit Committee Re-elected on June 10, 2022
Independent Director	Lee, Wen-Chin	8	0	100%	Member of the Audit Committee Re-elected on June 10, 2022
Independent Director	Yo, Chi-Thon	8	0	100%	Member of the Audit Committee Re-elected on June 10, 2022

Other mentionable items：

1. If the operation of the board of directors has one of the following circumstances, the dates of the meetings, sessions, contents of motion, all independent directors' opinions and the company's response should be specified：

(1) Matters referred to in Article 14-3 of the Securities and Exchange Act.

<table>
<tr><th>Date/Term</th><th>Proposal content and subsequent processing</th><th>Matters referred to in Article 14-3 of the Securities and Exchange Act.</th><th>Independent directors opposed or reserved opinions</th></tr>
<tr><td rowspan="4">2022.03.18
The 20th meeting of the 10th Session</td><td>1. It is proposed to revise the Company's "Procedure for the Acquisition and Disposal of Assets".</td><td>V</td><td>None</td></tr>
<tr><td colspan="3">Independent directors' opinions：None</td></tr>
<tr><td colspan="3">The company's handling of independent directors' opinions：None</td></tr>
<tr><td colspan="3">Resolution result：All present directors agreed to pass.</td></tr>
<tr><td>2022.12.23
The 5th meeting of the 11th Session</td><td>1. It is proposed to revise the Company's "Internal Control System" and "Implementation Rules for Internal Audit", as well as revise the "Internal Control System" using form.
2. It is proposed to agree to the appointment and</td><td>V</td><td>None</td></tr>
</table>

	remuneration of the company's 2023 certified accountant.		
	Independent directors' opinions：None		
	The company's handling of independent directors' opinions：None		
	Resolution result：All present directors agreed to pass.		

(2) Other matters involving objections or expressed reservations by independent directors that were recorded or stated in writing that require a resolution by theboard of directors.

In the year of 2022, there were no resolutions of the board of directors meeting resolutions that were opposed or reserved by independent directors and recorded or declared in writing. Therefore, do not apply.

2. If there are directors’ avoidance of motions in conflict of interest, the directors’ names, contents of motion, causes for avoidance and voting should be specified：

The company has clearly stipulated a system for avoiding the interests of directors in the "Rules of Procedure of the Board of Directors". And reiterate in the meeting reply note of the meeting notice of the board of directors that the directors have an interest in meeting matters with themselves or the legal person they represent, those who may be harmful to the interests of the company shall not participate in discussions and voting, and shall not act for other directors to exercise their voting rights. In 2022, the board of directors and directors have an interest that should be avoided as follows：

Date/Term	2022.01.19 /The 19th meeting of the 10th Session
Proposal content	1. Set the amount of the company's manager's 2021 year-end bonus 2. Evaluate and set the content and amount of the company's managers' monthly salary and remuneration
Directors who avoided the interest motion proposal	Chen, Ching-jong and Hsiao,Wu-Hsing
Reasons for avoiding interests and participation in voting	According to Article 206 of the Company Law, in this case, with the exception of Director Chen, Ching-jong and Director Hsiao,Wu-Hsing who were concurrently serving as managers of the company, they avoided interests according to law, after the acting chairman consulted all other directors present, the proposal was passed without objection.

3. The company are required to disclose the evaluation cycle and period, scope of evaluation, evaluation method, and evaluation items of the self (or peer) evaluations conducted by the Board of Directors, and to fill out “Implementation Status of Board Evaluations.”

Evaluation cycle	Evaluation period	Scope of evaluation	Evaluation method	Evaluation items
Once a year	2022.01.01~ 2022.12.31	Includes performance evaluation of the entire	Self-evaluation of performance by the board of directors and	Evaluation content such as "Questionnaire of Self-Evaluation of Performance of the Board

		board, individual board members and functional committees.	board members.	", "Questionnaire of Self-Evaluation of Performance of Board Members (for Themselves or Peers) ", "Questionnaire of Self-Evaluation of Performance of the Functional Committee" (detailed in Notes 1~3)

Note 1：Board performance evaluation: At least includes level of participation in company operations, the quality of Board decisions, Board composition and structure, appointment of directors and their continued development, and internal controls.

Note 2：Individual director performance evaluation: At least includes grasp of company targets and missions, understanding of the director's role and responsibilities, level of participation in company operations, internal relationship management and communication, director's specialty and continued development, and internal controls.

Note 3：Functional committee performance evaluation: Participation in company operations, understanding of the responsibilities of functional committees, improvement of the decision-making quality of functional committees, composition of functional committees, and member selection and internal control.

4. The objectives of strengthening the functions of the board of directors in the current year and the most recent year (such as establishing an audit committee, improving information transparency, etc.) and evaluation of implementation

(1) Strengthening the professional capacity of directors

In order to strengthen the professional capabilities of directors, in addition to continuing to promote further education for directors to enhance their professional capabilities, the academic experience and professional background of directors and supervisors will be considered. Measure the company’ s main business axis and main business development direction, to appropriately arrange the training period and content of each member, and encourage directors to increase the training hours according to actual needs.The Company will also periodically review the status of directors' continuing education, which will be helpful to enhance the company's operational strategic planning capability. In 2022, the directors of the company have completed relevant training courses, the number of training hours and compliance with the requirements of the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies".

(2) Improve information transparency

In order to improve the transparency of operating information and protect the rights and interests of shareholders, the company will announce the important resolutions of the board of directors on the public information observatory and in the corporate governance section of the company's website after each board meeting. Internal material information processing and disclosure mechanism to avoid improper disclosure of information, and to ensure the consistency and correctness of the information published by the company to the outside world. The "procedures for handling important internal information" have been approved by the board of directors, and are simultaneously included in the company's internal control and internal audit. The system is controlled and regularly included in the focus of annual important laws and regulations to promote the implementation of the fair principle of information symmetry.

(3) Implement board management functions

In order to strengthen the good governance system of the board of directors, improve the supervision function and strengthen the management function, the company deepens the control of the internal control system and internal audit method of the subsidiaries, in order to implement the management efficiency of the board of directors over the subsidiaries and continue to effectively implement them.

(4) Strengthen the promotion of corporate governance laws

In order to enhance directors and managers' familiarity with securities management laws, in 2023, we will continue to strengthen the promotion of corporate governance related laws and regulations. In addition to providing information on recent amendments to laws and regulations in the board of directors, the relevant laws and regulations on corporate governance are collected from time to time. Provide real-time information by e-mail, in order to improve the effectiveness of publicity, and further improve the goal of improving corporate governance.

(5) Improve the company's salary and remuneration system

In order to improve the salary and remuneration system of the company’s directors and managers, to ensure that the company’s remuneration complies with relevant laws and regulations and is sufficient to attract outstanding talents, and to prevent directors and managers from engaging in behaviors that exceed the company’s risk appetite in pursuit of remuneration, the company has formulated the "Administrative Measures for the Compensation of Directors, Supervisors and Managers", and continue to review the company’s directors and managers’ remuneration policies, systems, standards and structures to evaluate and set the content and amount of the company’s managers’ monthly remuneration; In addition, the company has formulated the "Remuneration Structure and Standards for Directors and Managers", "Director Performance Appraisal Form", and "Executive Performance Appraisal Form" to specify performance evaluation indicators for directors and managers to review , Evaluate the performance of the company’s directors and managers, and determine the remuneration of the directors and the amount of the manager’s year-end bonus according to them. In 2022, the company has implemented the above-mentioned related systems. In the future, the company will continue to review related performance evaluation indicators and other system improvements to improve the company's salary and remuneration system.

(6) Deepen the performance evaluation mechanism of the board of directors

In order to implement corporate governance and enhance the functions of the company’s board of directors, establish performance targets to enhance the operational efficiency of the board of directors. The board of directors of the company shall perform an internal board performance evaluation at least once a year. The scope of evaluation includes performance evaluation of the overall board of directors, individual directors and functional committees; Evaluation methods include internal self-evaluation of the board of directors, self-evaluation of directors or other appropriate methods for performance evaluation. The company's internal board of directors performance appraisal unit has completed the 2022 internal performance appraisal of the board of directors, including completing the "Questionnaire of Self-Evaluation of Performance of the Board", "Questionnaire of Self-Evaluation of Performance of Board Members (for Themselves or Peers) " and "Questionnaire of Self-Evaluation of Performance of the Functional Committee", and sending the evaluation results to the board of directors for report, and according to the results of the assessment, the company's 2022 board of directors and directors have performed well in operation, and there is no situation to be reviewed or improved. In 2023, the company will continue to deepen the performance evaluation mechanism of the board of directors to implement corporate governance and strengthen the operational efficiency of the board of directors.

5. The attendance of independent directors of the board of directors in 2022

☉：Attend in person ★：By Proxy ∗：Did not attend

Independent director	First time	Second time	Third time	Fourth time	Fifth time	Sixth time	Seventh time	Eighth time
Chen, Chih-Ling	☉	☉	☉	☉	☉	☉	☉	☉
Lee, Wen-Chin	☉	☉	☉	☉	☉	☉	☉	☉
Yo, Chi-Thon	☉	☉	☉	☉	☉	☉	☉	☉

3.4.2 Operation of the Audit Committee

A total of 7 (A) Audit Committee meetings were held in the previous period. The attendance of the independent directors was as follows：

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%)【B/A】	Remarks
Independent director	Chen, Chih-Ling	7	0	100%	Convener Re-elected on June 10, 2022
Independent director	Lee, Wen-Chin	7	0	100%	Re-elected on June 10, 2022
Independent director	Yo, Chi-Thon	7	0	100%	Re-elected on June 10, 2022

The audit committee of the company consists of three independent directors, the function of the audit committee is to assist the board of directors in supervising the company's implementation of relevant accounting, auditing, and financial reporting processes and risk control in financial control.

The audit committee of the company convened 7 meetings in 2022. Its annual work priorities and operating conditions include：

(1) Review financial reports and accounting policies.
(2) Review the formulation and implementation of the annual audit plan.
(3) Review and revise the content and procedures of the internal control system and internal audit implementation rules.
(4) Review the effectiveness of the internal control system.
(5) Review and assess the independence of certified accountants.
(6) Review the appointment and remuneration of visa accountants.
(7) Review reinvestment policies and procedures.
(8) Review the purpose and procedures of major asset transactions.

Other mentionable items：

1. If any of the following circumstances occur, the dates of meetings, sessions, contents of motion, resolutions of the Audit Committee and the Company’ s response to the Audit Committee’ s opinion should be specified：

(1) Matters referred to in Article 14-5 of the Securities and Exchange Act.

Date/Term	Proposal content and subsequent processing	Matters referred to in Article 14-5 of the Securities and Exchange Act.	Resolutions that have not been approved by the Audit Committee but were approved by two-thirds or more of all directors.
2022.03.18 The 20th meeting of	1. Review the company's "2022 audit plan implementation". 2. Review the Company's 2022 "Internal	V	None

<table>
<tr><td rowspan="5">the 6th
Session</td><td>Control System Effectiveness Assessment" and "Declaration of Internal Control System".
3. Review the Company's "2022Annual Financial Report".
4. Review the company's proposed amendments to the "Procedure for the Acquisition and Disposal of Assets".</td><td></td><td></td></tr>
<tr><td colspan="3">Dissenting opinion of independent directors：None.</td></tr>
<tr><td colspan="3">Contents of reserved comments or major proposals：None.</td></tr>
<tr><td colspan="3">Audit Committee Resolution Results：All audit committee members agreed to pass.</td></tr>
<tr><td colspan="3">The company's handling of the audit committee's opinions：All present directors agreed to pass.</td></tr>
<tr><td rowspan="5">2022.05.06
The 22th meeting of the 6th Session</td><td>1. Review the company's "Consolidated Financial Report for the First Quarter of 2022".</td><td>V</td><td>None</td></tr>
<tr><td colspan="3">Dissenting opinion of independent directors：None.</td></tr>
<tr><td colspan="3">Contents of reserved comments or major proposals：None.</td></tr>
<tr><td colspan="3">Audit Committee Resolution Results：All audit committee members agreed to pass.</td></tr>
<tr><td colspan="3">The company's handling of the audit committee's opinions：All present directors agreed to pass.</td></tr>
<tr><td rowspan="5">2022.08.05
The 2th meeting of the 7th Session</td><td>1. Review the company's "Consolidated Financial Report for the Second Quarter of 2022".</td><td>V</td><td>None</td></tr>
<tr><td colspan="3">Dissenting opinion of independent directors：None.</td></tr>
<tr><td colspan="3">Contents of reserved comments or major proposals：None.</td></tr>
<tr><td colspan="3">Audit Committee Resolution Results：All audit committee members agreed to pass.</td></tr>
<tr><td colspan="3">The company's handling of the audit committee's opinions：All present directors agreed to pass.</td></tr>
<tr><td rowspan="5">2022.11.04
The 3th meeting of the 7th Session</td><td>1. Review the company's "Consolidated Financial Report for the third Quarter of 2022".</td><td>V</td><td>None</td></tr>
<tr><td colspan="3">Dissenting opinion of independent directors：None.</td></tr>
<tr><td colspan="3">Contents of reserved comments or major proposals：None.</td></tr>
<tr><td colspan="3">Audit Committee Resolution Results：All audit committee members agreed to pass.</td></tr>
<tr><td colspan="3">The company's handling of the audit committee's opinions：All present directors agreed to pass.</td></tr>
<tr><td>2022.12.23
The 4th meeting of the 7th</td><td>1. Review of the Company's proposed amendments to the "Internal Control System" and "Implementation Rules for Internal Audits", and amendments</td><td>V</td><td>None</td></tr>
</table>

Session	to the "Internal Control System" usage form. 2. Review The company intends to agree to the appointment and remuneration of certified accountants in 2023.		
	Dissenting opinion of independent directors：None.		
	Contents of reserved comments or major proposals：None.		
	Audit Committee Resolution Results：All audit committee members agreed to pass.		
	The company's handling of the audit committee's opinions：All present directors agreed to pass.		

(2) Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors.

There is no case in 2022 which has not been approved by the Audit Committee and which has been approved by more than two-thirds of all directors, and therefore does not apply.

2. If there are independent directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified.

The company's 2022 and as of the printing period of the annual report, none of the proposals of the Audit Committee have an interest in the independent directors and therefore should not be applicable.

3. Communications between the independent directors, the Company's chief internal auditor and CPAs (e.g. the material items, methods and results of audits of corporate finance or operations, etc.)

3.1 Communications between the independent directors, the Company's chief internal auditor.

3.1.1 Communicate regularly

(1) The independent directors of the company receive monthly audit reports and follow-up reports from the Company's chief internal auditor, the Company's chief internal auditor are also present at the Board of Directors' meetings, regularly report quarterly on the execution status and audit results of the audit business of the company and its subsidiaries.

(2) The independent directors of the company review the company's annual and quarterly financial report proposals in each session, they will pass through the Audit Committee. Without the presence of the management, take the initiative to communicate with the Company's chief internal auditor on the company's finances, business conditions, internal control implementation and any issues that independent directors are concerned about. Including the review of the lack of internal control system, making records, tracking and implementing improvements, and submitting a report to the board of directors.

3.1.2 Irregular communication

(1) The independent directors of the company will ask the Company's chief internal auditor

from the audit committee or over the phone from time to time for issues they want to know about.

(2) If the Company's chief internal auditor discovers a major violation or the company is in danger of major damage, he will immediately prepare a report and notify the independent directors.

(3) The Company's chief internal auditor of the company may also directly contact independent directors from time to time as necessary to communicate with the implementation of the internal control system, the matters required by the competent authority, or the explanation and response of new laws and regulations, etc. The communication effect is good.

3.1.3 Communication matters and results between independent directors and internal audit supervisors in 2022.

Date	Communication matters	Independent Director's Recommendation	Company processing execution results
2022.03.18 Audit Committee	Implementation of the 2021 Audit Plan.	No opinion	No objection
	The Company's 2021 "Internal Control System Effectiveness Assessment" and "Declaration of Internal Control System".	No opinion	Submit to the board of directors for approval after deliberation
2022.12.23 Audit Committee	1. Review the company's proposed revision of the "Internal Control System" and the "Implementation Rules for Internal Audit", and revise the "Internal Control System" using form. 2. 2023 Internal Audit Plan.	No opinion	Submit to the board of directors for approval after deliberation

3.2 Communication between independent directors and CPAs.

3.2.1 When auditing financial reports on a quarterly basis, certified accountants all sit on the audit committee, explain the process of auditing or reviewing the company's financial statements, the scope of auditing and key auditing matters, and communicate on the company's financial and business conditions.

3.2.2 In addition, when necessary, he took the initiative to communicate directly with independent directors when the audit committee was convened, and the communication channel was very smooth.

3.2.3 Communication matters and results between independent directors and CPAs in 2022.

Date	Communication matters	Independent Director's Recommendation	result
2022.03.18 Audit Committee	1. The accountant will explain the financial position, analysis of operating performance and key audit items in the 2021 annual financial report. 2. The accountant shall explain according to the implementation of the internal control system. 3. The accountant explained the issues raised by the audit committee.	No opinion	No objection
2022.05.06 Audit Committee	1. The accountant will explain based on the analysis of the financial position and operating performance of the consolidated financial report for the first quarter of 2022. 2. The accountant explained the issues raised by the audit committee.	No opinion	No objection
2022.08.05 Audit Committee	1. The accountant will explain based on the analysis of the financial position and operating performance of the consolidated financial report for the second quarter of 2022. 2. The accountant explained the issues raised by the audit committee.	No opinion	No objection
2022.11.04 Audit Committee	1. The accountant will explain based on the financial position and analysis of operating performance in the consolidated financial report for the third quarter of 2022. 2. The accountant explained the issues raised by the audit committee.	No opinion	No objection
2022.12.23 Audit Committee	1. The accountant reported on "Matters communicated with management units during the audit planning stage in 2022".	No opinion	No objection

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

Evaluation Item	Implementation Status[1]			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Description of Summary	
1. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"?	V		The company has formulated the company's "Corporate Governance Best Practice Principles" in accordance with the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies", and disclosed relevant information on the Public Information Observatory and the website set up by the company.	It is in compliance with the "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies".
2. Shareholding structure & shareholders' rights				It is in compliance with the "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies".
(1) Does the company establish an internal operating procedure to deal with shareholders' suggestions, doubts, disputes and litigations, and implement based on the procedure?	V		(1) In addition to the "Shareholders' Rights and Interests Operations" defined in the company's internal operations and implemented in accordance with the procedures, the company has established a spokesperson system to handle external shareholders' suggestions, doubts, disputes and litigation matters.	
(2) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares?	V		(2) The company regularly obtains the latest register of shareholders from the stock agency, and keeps abreast of the list of major shareholders who hold a large proportion of shares and can actually control the company and the ultimate controllers of major shareholders.	
(3) Does the company establish and execute the risk management and firewall system within its conglomerate structure?	V		(3) The management rights and responsibilities of personnel, assets and finance between the company and its affiliated companies are clearly divided and independent, and relevant measures such as "Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises" have been formulated to standardize them to establish risk control. mechanism and firewall mechanism.	
(4) Does the company establish internal rules against insiders trading with	V		(4) In addition to the "Management Operations for Prevention of Insider Transactions" formulated in the internal control system, the company	

Evaluation Item	Implementation Status [1]			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Description of Summary	
undisclosed information?			has also formulated "Procedures for Handling Material Inside Information" to prohibit and prevent insiders from using unpublished information in the market to buy and sell securities.	
3. Composition and Responsibilities of the Board of Directors (1) Does the board of directors formulate diversity policies, specific management objectives and implement them?	V		(1) A. Board diversity policy The company has already complied with the provisions of Article 20 of the "Corporate Governance Best Practice Principles" regarding the "competence that the board of directors should have as a whole", members of the board of directors should generally have the knowledge, skills, and qualities necessary to perform their duties. In order to achieve the ideal goal of corporate governance, the board of directors as a whole should have the following capabilities to achieve the ideal goal of corporate governance： (1) Operational Judgment Ability (2) Accounting and financial analysis skills (3) Operation and management ability (4) Crisis handling ability (5) Industry knowledge (6) International market concept (7) Leadership (8) Decision-making ability In addition, the company has formulated a policy of "Diversity of Board Members", including but not limited to the following two standards： a. Basic conditions and values：Gender, age, nationality and culture, etc. b. Professional knowledge and skills：Professional background	It is in compliance with the "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies".

Evaluation Item	Implementation Status [1]			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Description of Summary	
			(such as law, accounting, industry, finance, marketing or technology), professional skills and industry experience, etc. B. Specific management goals In order to strengthen the effectiveness of corporate governance and promote the sound development of the composition and structure of the Board of Directors, the composition of the Board of Directors of the Company takes into consideration the various needs of the Company's operating structure, business development direction and future industrial development trends, and evaluates the industrial experience and professional ability of the Board members. We aim to diversify and complement each other's expertise in terms of basic composition (e.g. gender, nationality, age, etc.), professional background (e.g. electronics, information, communication, etc.) and professional knowledge and skills (e.g. technology, accounting, law, etc.). Based on the above, the composition of the company's board of directors has mostly achieved the goal of diversification, including 29% of the company's directors who are employees, and 43% of independent directors. the tenure of independent directors is less than 9 years, accounting for 33%. 14% of directors are over 70 years old, and 86% of directors are between 60 and 70 years old. Among them, because there are no female directors on the board of directors, in order to strengthen the policy of diversification of board members, the company will not only elect a female independent director at the 2023 general meeting of shareholders, so that the proportion of female directors will reach the initial target of 12.5%, but will also be independent The proportion of directors will be increased to 50%. In addition, the next goal is to set the proportion of female directors at 25% or more, and the consecutive term of independent	

Evaluation Item	Implementation Status [1]			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Description of Summary	
			directors shall not exceed three terms. C. Current board members' implementation of the diversity policy The eleventh board of directors of the company consists of seven directors, all of whom have different professional backgrounds, except that the directors are all male and of their own nationality. The respective departments are composed of majors from the Department of Electronic Engineering of Tamkang University, the Department of Electronic Physics, National Chiao Tung University, the Department of Information of Chung Yuan Christian University, the Department of Earth Sciences, Chinese Culture University, the Master of Accounting Department of National Chengchi University, and the Doctor of Laws from Tulane University. Among them, four general directors all have a background in actual industry operation, and the other three independent directors are composed of professionals with accounting, legal and industrial backgrounds. The overall board members have diverse and complementary industrial experience and financial and accounting professional capabilities, of which 71.4% have business experience, and they belong to different fields of semiconductor, IC design, storage and communication, and the proportion of marketing ability and technology professionals up to 57.1%, and those with legal profession and accounting profession each accounted for 14.3%, Its establishment and operation are in accordance with the relevant laws and regulations, so the company's board of directors diversification policy has been implemented. The detailed composition of the board of directors diversification of the Company is as follows：	

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status [1]</th><th rowspan="2">Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Description of Summary</th></tr>
<tr><td></td><td></td><td></td><td>
<table>
<tr><th colspan="2">Director's name / Diversified implementation</th><th>Chen Ching-jong</th><th>Chiang Tsang-An</th><th>Hsiao Wu-Hsing</th><th>Wu Cheng -Teh</th><th>Chen Chih-Ling</th><th>Lee Wen-Chin</th><th>Yo Chi-Thon</th></tr>
<tr><td colspan="2">Gender</td><td>Male</td><td>Male</td><td>Male</td><td>Male</td><td>Male</td><td>Male</td><td>Male</td></tr>
<tr><td colspan="2">Concurrent employee of the company</td><td>V</td><td></td><td>V</td><td></td><td></td><td></td><td></td></tr>
<tr><td rowspan="2">Age distribution</td><td>60~70</td><td>V</td><td>V</td><td>V</td><td></td><td>V</td><td>V</td><td>V</td></tr>
<tr><td>70~80</td><td></td><td></td><td></td><td>V</td><td></td><td></td><td></td></tr>
<tr><td rowspan="2">Independent director seniority</td><td>Less than 9 years</td><td></td><td></td><td></td><td></td><td>V</td><td></td><td></td></tr>
<tr><td>More than 9 years</td><td></td><td></td><td></td><td></td><td></td><td>V</td><td>V</td></tr>
<tr><td rowspan="5">Distribution of industry experience/expertise</td><td>Business experience</td><td>V</td><td>V</td><td>V</td><td>V</td><td></td><td>V</td><td></td></tr>
<tr><td>Marketing ability</td><td>V</td><td>V</td><td>V</td><td></td><td></td><td>V</td><td></td></tr>
<tr><td>Science and Technology</td><td>V</td><td>V</td><td>V</td><td></td><td></td><td>V</td><td></td></tr>
<tr><td>Law major</td><td></td><td></td><td></td><td></td><td></td><td></td><td>V</td></tr>
<tr><td>Accounting major</td><td></td><td></td><td></td><td></td><td>V</td><td></td><td></td></tr>
</table>
</td><td></td></tr>
<tr><td>(2) In addition to the Remuneration Committee and the Audit Committee set up in accordance with the law, does the company voluntarily set up other various functional committees?</td><td></td><td>V</td><td>(2) Except for the remuneration committee and audit committee that have been established in accordance with the law, the company has not established other functional committees.</td><td></td></tr>
<tr><td>(3) Does the company establish a standard to measure the performance of the Board and implement it annually, and are performance evaluation results submitted to the Board of Directors and referenced when determining the remuneration of individual directors and nominations for reelection?</td><td>V</td><td></td><td>(3) A. In order to implement corporate governance and enhance the functions of the board of directors, the company establishes performance targets to enhance the operational efficiency of the board of directors. In accordance with Article 37 of the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies", Formulate the company’s "Rules for Performance Evaluation of Board of Directors", specifying the performance evaluation methods and evaluation indicators of the board of</td><td></td></tr>
</table>

Evaluation Item	Implementation Status [1]			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Description of Summary	
			directors and individual directors, we will conduct regular assessments on the achievement of the board of directors and individual directors' performance goals at the end of Decembe of each year to evaluate the performance of the company's board of directors and individual directors and disclose it on the company's website. The company has completed the performance evaluation of the board of directors, director members and functional committees in 2022. The evaluation methods are divided into internal self-evaluation and member self-evaluation, including"Questionnaire of Self-Evaluation of Performance of the Board", "Questionnaire of Self-Evaluation of Performance of Board Members"(for Themselves or Peers) and "Questionnaire of Self-Evaluation of Performance of the Functional Committee ", and on January 13, 2023, the sixth meeting of the eleventh session of the board of directors submitted the results of the performance evaluation of the board of directors in 2022 to the report of the board of directors. The evaluation criteria (content and items) and results (comprehensive comments) are as follows： a. Board performance appraisal	

Assessment content items	Comprehensive comments
A. Participation in company operations	According to the results of the assessment, the performance of the company's board of directors in 2022was good, and there is no situation to be reviewed or improved.
B. Improve the quality of board decisions	
C. Board composition and structure	
D. Selection of directors and	

Evaluation Item	Implementation Status[1]			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Description of Summary	
			(table continued below)	

continuing education	
E. Internal Control	
F. Other projects	

b. Board member performance appraisal
Assessment Items：

A. Mastery of company goals and tasks.
B. Directors' responsibilities.
C. Participation in company operations.
D. Internal relationship management and communication.
E. Professional and continuing education for directors.
F. Internal Control.
G. Other projects.

Self-evaluated board members	Chairman's Evaluation
Chen, Ching-jong	A＋(Note)
Chiang,Tsang-An	A＋
Hsiao,Wu-Hsing	A＋
Wu,Cheng-Teh	A＋
Chen,Chih-Ling	A＋
Lee, Wen-Chin	A＋
Yo, Chi-Thon	A＋

Note：The performance appraisal of Chairman Chen, Ching-jong is assessed by Lee, Wen-Chin, the convener of the Salary and Compensation Committee.

c. Functional Committee Performance Appraisal

Assessment content items	Comprehensive comments
A. Participation in company	According to the results of

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status [1]</th><th rowspan="2">Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Description of Summary</th></tr>
<tr><td></td><td></td><td></td><td>
<table>
<tr><td>operations</td><td rowspan="6">the assessment, the company's functional committees performed well in 2022, and there is no need for review or improvement.</td></tr>
<tr><td>B. Functional committee responsibility awareness</td></tr>
<tr><td>C. Improve the decision-making quality of functional committees</td></tr>
<tr><td>D. Functional committee composition and member selection</td></tr>
<tr><td>E. Internal Control</td></tr>
<tr><td>F. Other projects</td></tr>
</table>

B. The link between director performance evaluation and salary
The remuneration of the directors of the company is in accordance with Article 29 of the company’s articles of association. If the company makes a profit during the year, no more than 2% shall be allocated as directors’ remuneration; In addition, in accordance with Article 23 of the company's articles of association, the remuneration of the directors of the company authorizes the board of directors to negotiate and pay according to the degree of participation of the directors in the operation of the company and the value of their contributions and the usual standards of the industry; In addition, in accordance with the provisions of Article 5 of the Company’s "Administrative Measures for Remuneration of Directors and Managers", the salary and remuneration of the directors and managers of the company shall consider the reasonableness of the personal performance evaluation, the company's operating performance and the relatedness of future risks in order to achieve the following performance evaluation
</td><td></td></tr>
</table>

Evaluation Item	Implementation Status [1]			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Description of Summary	
			goals： (a) Both short and long term performance evaluation should be considered. (b) The link between overall salary level planning and performance should balance job value and incentive effects. (c) Individual award performance appraisal should be aligned with the interests of the company and its shareholders. Based on the above, The company's procedures for determining remuneration are based on the company's "Directors and Managers' Salary and Remuneration Management Measures". In addition to referring to the company's overall operating performance, future business risks and development trends of the industry, it also refers to the individual's performance achievement and contribution to the company, and gives reasonable compensation. Relevant performance appraisal and remuneration reasonableness have been reviewed by the Salary and Compensation Committee and the Board of Directors, and used as a reference for individual directors' remuneration and nomination for renewal, in addition, review the remuneration system in a timely manner based on the actual operating conditions and relevant laws and regulations in order to balance the company's sustainable operation and risk control.	
(4) Does the company regularly evaluate the independence of CPAs?	V		(4) In order to ensure the independence of the certified accountants and strengthen the effectiveness of corporate governance, the company regularly evaluates the independence of the certified accountants every year. In addition to obtaining the "Declaration of Independence" issued by certified accountants and members of the audit service team, In addition, the General Manager Office of the company will first	

Evaluation Item	Implementation Status [1]			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Description of Summary	
			check the independent assessment criteria items of certified accountants and members of the audit service team one by one, and complete the "Accountant Independence Assessment Form" for individual members. After confirming that they meet the evaluation criteria of independence, they will be submitted to the Audit Committee for review, and then the review resolution of the Audit Committee will be forwarded to the Board of Directors for discussion. The operation of its evaluation should be able to implement the company's supervision and assurance of the independence of the certified accountant. The company has been discussed and approved at the 5th meeting of the 11th board of directors on December 23, 2022, assessing the currently appointed certified accountants Chang,Ya-Chuan and Lin, Chin-Feng accountants and audit service team members of Crowe Horwath United Certified Public Accountants, there is no violation of the "Professional Code of Ethics Bulletin No. 10" of the Republic of China Accountants that may affect the accountant's detached independence or be punished or impaired and independence, Therefore, we confirm the independence of the company's currently appointed certified public accountants and the financial reports issued by them should be trustworthy.	
4. 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	V		According to the provisions of Article 3-1 of the Company's "Corporate Governance Best Practice Principles", the company has set up a corporate governance working group with an appropriate number of corporate governance personnel. The general manager's office is responsible for corporate governance related affairs. As passed by the 11th seventh Board of Directors resolution on March 17, 2023, Hsieh, Da-Wei, assistant manager of the general manager's office who has more than 20 years of	It is in compliance with the "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies".

Evaluation Item	Implementation Status [1]			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Description of Summary	
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)?			experience in internal audit, compliance with laws, corporate governance, legal affairs and stock affairs of the public offering company, is appointed as the director of corporate governance. He is responsible for supervising related affairs of corporate governance mentioned above. The implementation priorities in 2022 are as follows： 1. To study and plan an appropriate company system and organizational structure to strengthen the company's management efficiency, and implement laws and regulations and system operations. 2. According to laws and regulations or practical needs to plan and draft the agenda of the Board agenda as required , and notify all directors and attendees of the information required for the meeting at least seven days before the meeting, so that the directors can fully understand the content of the relevant issues; If the content of the issue is related to the directors or personnel present in a situation that should be avoided, and first remind the relevant personnel to assist the company in complying with the relevant laws and regulations of the board of directors. 3. Handling matters related to convening shareholders' meetings according to law, prepare and submit relevant documents such as the notice of the meeting, the manual of proceedings, the annual report and the minutes of the meeting before the deadline, and after the revision of the Articles of Association or the re-election of directors and supervisors, the company's change registration will be handled. 4. Provide information required by directors and independent directors to perform their business and the latest developments in laws and regulations related to operating companies to assist directors and independent directors in complying with laws and regulations. 5. According to the company's industry characteristics and director's academic and experience background, assist all independent directors and general directors to handle annual training plans and arrange	

Evaluation Item	Implementation Status[1]			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Description of Summary	
			directors' training courses. 6. According to the needs of corporate governance, assist in arranging meetings between independent directors, chief internal auditors and certified accountants to discuss relevant issues or exchange opinions. 7. Handle the annual "board performance Evaluation", "director member performance Evaluation" and "functional committee performance Evaluation". 8. Responsible for collecting and responding to relevant issues of stakeholders. 9. Responsible for promoting the operation of corporate integrity management and corporate social responsibility related operations. 10. Handle other matters stipulated in the company's articles of association or contract.	
5. Does the company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?	V		The company has established communication channels with stakeholders, maintains smooth communication channels with banks and other creditors, shareholders, employees, customers, suppliers, communities or other stakeholders of the company, and respects and safeguards stakeholders due legitimate rights and interests. In addition to the above-mentioned communication channels for stakeholders, in order to improve the quality of communication with stakeholders, the company has set up an exclusive "Stakeholders Area" on the company's website, In addition to revealing the important concerns of each stakeholder, and set up a communication window between the government and the competent authority, customers, suppliers, and employees is set up to respond to important corporate social responsibility issues of concern to stakeholders in a timely manner. As a channel for maintaining smooth communication with stakeholders.	It is in compliance with the "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies".

Evaluation Item	Implementation Status [1]			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Description of Summary	
6. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	V		The company's shareholders' meeting affairs are all entrusted to professional stock affairs agency (CAPITAL SECURITIES CORP. Stock Affairs Agency Department) to handle.	It is in compliance with the "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies".
7. Information Disclosure (1) Does the company have a corporate website to disclose both financial standings and the status of corporate governance? (2) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)? (3) Does the company announce and report annual financial statements within two months after the end of each fiscal year, and announce and report Q1, Q2, and Q3 financial statements, as well as	 V V	 V	(1) In addition to the company's financial business and corporate governance information is uploaded to the Open Information Observatory as required, the company's financial, business and corporate governance information is also detailed in the company's proprietary corporate website "Investor Relations" and "corporate responsibility" section. (2) In addition to appointing a special person to be responsible for the collection and disclosure of company information, the company also has a spokesperson and an acting spokesperson who are responsible for explaining the company's financial and business conditions, and information related to financial, business and corporate governance conditions. In addition, the company has set up its own corporate website "Investor Relations" and "Corporate Responsibility" section to make detailed disclosure of the information concerned by shareholders (including the content of the legal person briefing), and continue to strengthen the content and quality of information disclosure. (3) In order to cooperate with the audit audit of the appointed accounting firm and to submit the schedule plan approved by the audit Committee and the board of directors, the announcement and filing of annual financial reports and Q1, Q2, and Q3 financial reports shall be handled in accordance with article 36 of the Securities and	It is in compliance with the "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies".

Evaluation Item	Implementation Status [1]			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Description of Summary	
monthly operation results, before the prescribed time limit?			Exchange Act concerning the announcement of financial reports and the reporting period. The operating situation of each month shall be announced and declared on the 8th of the following month, earlier than the prescribed deadline.	
8. Is there any other important information to facilitate a better understanding of the company's corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?	V		(1) Employee rights and employee care. Employees are the company's greatest asset and the source of the company's growth. Unifosa upholds the business philosophy of taking responsibility for the rights and interests of employees, providing employees with a good working environment and reasonable benefits, in addition to stabilizing the security of employees in work and life, creating a goal of joint efforts, and in the cautious and conscientious good management to create the company's business performance, and then the performance of the company in the virtuous circle of caring for employees, in order to pursue harmonious, progressive company development model. At the same time, under the concept of corporate ethics, the company establishes communication channels between management and employees through regular labor-management coordination meetings, and encourages employees to communicate directly. To enable employees to properly reflect their opinions on the company's operating and financial conditions or major decisions involving the interests of employees, and to implement the spirit of protecting employees' rights and promoting employee care. (2) Investor Relations. The company's when dealing with investor relations, in addition to abiding by laws and regulations, it has long been committed to improving "information transparency" and "information symmetry" to strengthen investor relations and maintain In line with the fairness	It is in compliance with the "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies".

Evaluation Item	Implementation Status[1]			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Description of Summary	
			of all shareholders' rights and interests. (3) Supplier relationships and rights of stakeholders. When the company faces any external stakeholders, whether it is a supplier or other stakeholders, it is based on respecting and safeguarding its legitimate rights and interests, in order to establish a long-term business relationship of mutual trust , And further expand the long-term common interests of both parties, and achieve the win-win goal of coexistence and common prosperity. (4) Directors and supervisors' training. The company's 2022 directors and independent directors' training status：please refer to page 85. (5) Implementation of risk management policies and risk measurement standards：Not applicable. (6) Implementation of the consumer or customer protection policy：Not applicable. (7) The situation where the company purchases liability insurance for directors and supervisors. The company continues to insure the directors and supervisors (independent directors of the audit committee) with liability insurance in accordance with the provisions of the company's articles of association, and will renew the relevant insurance period and insurance amount after completing the renewal of the directors' and managers' liability insurance every year. , coverage and premium rates and other important content are submitted to the report of the company's board of directors. The 2022 "Directors and Managers Liability Insurance Renewal Status" has been submitted to the fourth	

Evaluation Item	Implementation Status [1]			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Description of Summary	
			report of the 11th board of directors on November 4, 2022.	
9. Please explain the improvements which have been made in accordance with the results of the Corporate Governance Evaluation System released by the Corporate Governance Center, Taiwan Stock Exchange, and provide the priority enhancement measures. Recognized by the TWSE as a top 36% to top 50% company in the "9th Corporate Governance Evaluation". Regarding the evaluation of unimproved items, the company has completed improvements on items that can be improved under current conditions. The unscored index items are those that have not yet reached the improvement conditions. The company will continue to work hard to improve the company The effectiveness of governance.				

3.4.4 Composition, Responsibilities and Operations of the Remuneration Committee

(1) Composition of the Remuneration Committee

Criteria / Name	Professional qualifications and experience (Note1)	Independence Criteria (Note2)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Lee, Wen-Chin	Independent director Lee Wen-Chin has served as the president or chief operating officer of a number of major telecommunications companies, including Asia Pacific Telecom and VIBO Telecom, and has in-depth professional knowledge and practical management experience in the technology industry and telecommunications.	Lee Wen-Chin independent director meets the professional qualifications of independent directors regulated by the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies", restrictions on shareholding and part-time jobs and independence, including that he, his spouse, and relatives within the second degree have not served as directors, supervisors or employees of the company or its affiliated companies; and neither himself, his spouse, nor his relatives within the second degree (or in the name of others) hold the shares of the company; Nor act as a director, supervisor or employee of a company that has a specific relationship with the Company; In the last two years, it has not provided the company or its affiliates with business, legal, financial, accounting and other services and has not received any remuneration.	None
Chen, Chih-Ling	Independent director Chen Chih-Ling graduated from National Chengchi University Master of Accounting, and has passed the college entrance examination for accountants and the professional qualifications of Taiwan securities analysts. He is currently a partner accountant of NEXIA Sun Rise CPAs & Co., with profound professional quality and practical experience in financial accounting.	Chen Chih-Ling independent director meets the professional qualifications of independent directors regulated by the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies", restrictions on shareholding and part-time jobs and independence, including that he, his spouse, and relatives within the second degree have not served as directors, supervisors or employees of the company or its affiliated companies; and neither himself, his spouse, nor his relatives within the second degree (or in the name of others) hold the shares of the company; Nor act as a director, supervisor or employee of a company that has a specific relationship with the Company; In the last two years, it has not provided the company or its affiliates with business, legal, financial, accounting and other services and has not received any remuneration.	None

Criteria / Name	Professional qualifications and experience (Note1)	Independence Criteria (Note2)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Yo, Chi-Thon	Independent Director Yo Chi-Thon graduated from Tulane University with a Juris Doctor degree and has the professional qualification of passing the bar exam of the Republic of China. He is currently the leading lawyer of Dr Yo's international Litigation Law Firm. He has served as Washington attorney, attorney at the Federal Court of Northern California, lawyer of the International Trade Court of New York, and attorney at the U.S. Patent and Intellectual Circuit. He has profound legal expertise and practical experience.	Yo Chi-Thon independent director meets the professional qualifications of independent directors regulated by the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies", restrictions on shareholding and part-time jobs and independence, including that he, his spouse, and relatives within the second degree have not served as directors, supervisors or employees of the company or its affiliated companies; and neither himself, his spouse, nor his relatives within the second degree (or in the name of others) hold the shares of the company; Nor act as a director, supervisor or employee of a company that has a specific relationship with the Company; In the last two years, it has not provided the company or its affiliates with business, legal, financial, accounting and other services and has not received any remuneration.	None

(2) Attendance of Members at Remuneration Committee Meetings

1. There are 3 members in the Remuneration Committee.
2. The term of office of the current members：June 28, 2022 to June 9, 2025，A total of 4 (A) Remuneration Committee meetings were held in the previous period. The attendance record of the Remuneration Committee members was as follows：

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%)【B/A】	Remarks
Convener	Chen, Chih-Ling	4	0	100%	Re-elected on June 28, 2022
Committee Member	Lee, Wen-Chin	4	0	100%	Re-elected on June 28, 2022
Committee Member	Yo, Chi-Thon	4	0	100%	Re-elected on June 28, 2022
Other mentionable items： 1. If the board of directors declines to adopt or modifies a recommendation of the remuneration committee, it should specify the date of the meeting, session, content of the motion, resolution by the board of directors, and the Company's response to the remuneration committee's opinion (eg., the remuneration passed by the Board of Directors exceeds the recommendation of the remuneration committee, the circumstances and cause for the difference shall be specified)： In the company's 2022 year, there was no event that the board of directors did not adopt or amend the recommendations of the salary and compensation committee. 2. Resolutions of the remuneration committee objected to by members or expressed reservations and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified： None of the resolutions of the 2022 Salary and Compensation Committee of the company have objections or reservations from members and there are records or written statements..					

A. Meeting Information of the Compensation and Compensation Committee.

The latest (2022) annual meeting information of the Company's Remuneration Committee and as of the publication date of the annual report is as follows：

Date/Term	Contents of the motion	Resolution result	The company's handling of the opinions of the Compensation Committee
2022.01.19 The 7rd of the 4th session	1. Review the performance evaluation of the Company's directors for 2021. 2. Review the performance evaluation of the Company's managers for fiscal 2021. 3. Evaluate and determine the amount of year-end bonuses for the Company's managers for 2021. 4. Evaluate and determine the content and amount of monthly compensation	All present members passed without objection	The proposal was approved by all the directors present at the board of directors

	for the Company's managers.		
2022.03.18 The 8rd of the 4th session	1.Revision of the Company's "Remuneration Committee Charter". 2.Revision of the Company's "Regulations Governing Directors' Travel Subsidies".	All present members passed without objection	The proposal was approved by all the directors present at the board of directors
2022.06.28 The 1th of the 5th session	1. Elected the convener and chairman of the fifth session of the remuneration committee of the company.	With the consent of all the members present, Lee, Wen-Chin was elected as the convener and chairman of the meeting.	To be implemented in accordance with the resolution of the remuneration committee.
2022.12.23 The 2th of the 5th session	1. Review the company's "Compensation and Compensation Committee Organizational Regulations" proposal. 2. Review the "Administrative Measures for Remuneration of Directors and Managers" of the Company. 3. Review the company's management regulations related to salary and remuneration. 4. Review the company's "Director's Performance Appraisal Form" and "Supervisors' Performance Appraisal Form". 5. Reviewed the proposal of the Company's "Measures for the Performance Evaluation of the Board of Directors".	All present members passed without objection	The proposal was approved by all the directors present at the board of directors
2023.01.13 The 3th of the 5th session	1. Review the performance evaluation of the Company's directors for 2022. 2. Review the performance evaluation of the Company's managers for fiscal 2022. 3. Evaluate and determine the amount of year-end bonuses for the Company's managers for 2022. 4. Evaluate and determine the content and amount of monthly compensation for the Company's managers.	All present members passed without objection	The proposal was approved by all the directors present at the board of directors

Note：The company completed the annual performance evaluation and salary determination of the company's directors and managers (including audit supervisors) at the seventh meeting of the fourth session of the salary and compensation committee on January 19, 2022.

B. Terms of Reference of Salary and Compensation Committee

In accordance with the provisions of Article 7 of the scope of responsibility of the

"Remuneration Committee Charter" of the company, the salary and compensation committee of the company shall, with the attention of good managers, faithfully perform the following functions and powers, and submit its suggestions to the board of directors for discussion：

(1) Regularly review the company’s "Remuneration Committee Charter" and propose amendments.

(2) Formulate and regularly review the company's directors, supervisors and managers' annual and long-term performance targets and remuneration policies, systems, standards and structures.

(3) Regularly evaluate the achievement of the performance goals of the company's directors, supervisors and managers (chief internal auditors), and determine the content and amount of their individual remuneration.

3.4.5 The implementation of sustainable development promotion and the difference with the code of Practice for Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies

<table>
<tr><th rowspan="2">Promotional Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Explanation</th></tr>
<tr><td>1. Does the company established a governance structure to promote sustainable development, and set up a dedicated (part-time) unit to promote sustainable development and the board of directors authorizes the senior management to handle it, and the board of directors supervises the situation?</td><td>V</td><td></td><td>1. The company's governance structure to promote sustainable development
In order to fulfill the corporate social responsibility, the board of directors has established a sustainable development promotion team under the supervision of the general manager's office, which is responsible for promoting the operation of sustainable development, including formulating sustainable development policies, systems and management guidelines, as well as the promotion of sustainable development. and review the implementation effectiveness.
2. The implementation of each organization of the company
(1) The name, setting time and authorization of the board of directors of the professional (part-time) unit to promote sustainable development.
The company's sustainable development promotion team was formed due to the transformation of the corporate social responsibility promotion team established in 2019. The promotion of sustainable development is under the supervision of the general manager's office of the board of directors. The general manager's office is responsible for overall planning and management, and the board of directors authorizes the general manager's office and related departments. Deal with it by senior management and report to the board of directors on a regular basis before the end of each year.
(2) The composition, operation and current year performance of the promotion unit (e.g., work plan and execution).
The organizational structure of the company's sustainable development promotion team is coordinated by the general manager's office, and the management department is the co-organizer. And by the business, materials, personnel, quality assurance and information departments work together.
A. Coordinate corporate social responsibility and sustainable development</td><td>It is in compliance with the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies".</td></tr>
</table>

Promotional Item	Implementation Status			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
			policies and directions. B. Plan and supervise the operation and implementation of corporate social responsibility and sustainable development. C. Responsible for collecting and consolidating issues of interest to stakeholders, and assisting in responding to the needs of stakeholders. D. A consolidated report is reported to the board of directors at the end of each year, and the issues of concern to stakeholders collected during the year and corresponding measures are reported. (3) Frequency of reporting to the Board of Directors by the promotion unit (at least once a year) or the date of the current annual report to the Board of Directors. The company regularly reports the handling situation to the board of directors before the end of each year. The corporate social responsibility plan and implementation situation promoted in 2022 have been reported to the 5th board of directors of the eleventh board of directors on December 23, 2022. The company's 2022 Corporate Social Responsibility Promotion Team's main work is to identify the company's stakeholders, understand their reasonable expectations and needs through appropriate communication methods and stakeholder participation, and appropriately respond to stakeholders' concerns important corporate social responsibility issues, In addition, it actively protects the rights and interests of shareholders, treats shareholders equally, enhances information transparency and implements investor communication. 3. Supervision of sustainable development by the board of directors The promotion of the sustainable development of the company is handled by the board of directors authorized by the general manager office and the senior management of relevant departments, and the handling situation is reported to the board of directors on a regular basis before the end of each year. Relevant	

<table>
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<tr><th>Yes</th><th>No</th><th>Abstract Explanation</th></tr>
<tr><td></td><td></td><td></td><td>operations are planned and adjusted according to the needs of the actual situation to promote the development, in cooperation with the supervision of the board of directors, Including but not limited to management policy, strategy and target formulation, review measures, etc. for planning and adjustment.</td><td></td></tr>
<tr><td>2. Does the company assess ESG risks associated with its operations based on the principle of materiality, and establish related risk management policies or strategies?</td><td>V</td><td></td><td>1. Boundaries of Risk Assessment
The risk assessment boundary of the company's operation-related environmental, social and corporate governance issues is mainly based on the company, covering the company's business bases in Taipei and Xindian.
2. Identify risk assessment standards, processes, results and risk management policies or strategies for material issues related to environmental, social and corporate governance
During the operation planning, the company conducts risk assessments on environmental, social and corporate governance issues related to the company's operations under the consideration of cost-effectiveness and based on the principle of materiality of whether it will have a significant impact on the company's investors and other stakeholders. And formulate relevant risk management policies or strategies as follows :
<table>
<tr><th>Major issues</th><th>Risk assessment</th><th>Risk management policy or strategy</th></tr>
<tr><td>Environment</td><td>Environmental protection</td><td>In responding to the concept of environmental protection and caring for the earth, Unifosa feels that the company is responsible for the environment. the ISO14001 environmental management system was introduced and certified in 2005, which means to take practical actions to care for the environment in terms of saving energy, reducing environmental pollution, caring about employee health, and establishing good public relations.</td></tr>
<tr><td>Social</td><td>Harmless product</td><td>In order to ensure that the products do not contain substances that are harmful to the environment, Unifosa has been working hard on the project plans of the raw material procurement evaluation of green products and the adjustment of equipment manufacturing process in 2005, and obtained the certificate of the customer's green partner; In</td></tr>
</table></td><td>It is in compliance with the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies".</td></tr>
</table>

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<tr><th>Yes</th><th>No</th><th>Abstract Explanation</th></tr>
<tr><td></td><td></td><td></td><td><table><tr><td></td><td></td><td>addition, the company expects to be in line with international environmental protection and green product policies, and continues to promote IECQ QC080000 (electronic and electrical parts and product hazardous substance process management system) and has been certified to ensure that the company’ s products do not contain harmful environmental substances. In response to the concept of environmental protection and the action of caring for the earth, we will fulfill our corporate responsibility to the environment.</td></tr><tr><td>Corporate governance</td><td>Compliance</td><td>In order to ensure that all personnel and operations of the company can indeed comply with relevant laws and regulations and the company's operating specifications, the company implements the goals of corporate governance by establishing various governance organizations or implementing various audit procedures.</td></tr></table></td><td></td></tr>
<tr><td>3. Environmental issues
(1) Does the company establish proper environmental management systems based on the characteristics of their industries?

(2) Does the company committed to improving energy efficiency and use renewable materials which have low impact on the environment?

(3) Does the company</td><td>V

V

V</td><td></td><td>(1) All of the company's factories have established appropriate environmental management systems according to their industrial characteristics, and have obtained ISO 14001 environmental management system certification.

(2) The company's recyclable waste materials, such as Tray trays, cartons, PCB waste... etc., According to laws and regulations, qualified recycling and processing units will conduct recycling and reuse. In the use of materials, the company also uses recycled materials as much as possible to reduce the impact on the environment, such as packaging buffer materials.

(3) With the impact of the greenhouse effect, global temperature rise and extreme</td><td>It is in compliance with the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies".</td></tr>
</table>

Promotional Item	Implementation Status			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
evaluate the potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate action to counter climate change issues?			climate intensification, the company feels that climate change will have a significant impact on the company in the future. In recent years, it has begun to assess the potential risks that climate change may bring to the company now and in the future, and opportunities, and bring together response measures and solutions to climate-related issues, so as to prevent and avoid possible potential risks and seek relatively possible opportunities. In order to comply with the EU chemical registration, evaluation, authorization and restriction regulations, we will conduct an investigation of substances of high concern on the raw materials used in the current products, and continue to understand the increase in the list of substances of high concern. In addition, in order to meet the requirements and regulations of HSF products, in addition to the raw materials required for production that fully meet the halogen-free requirements, some customers have successively introduced halogen-free products in 2010. The company also continues to track customers' requirements for hazardous substances.	
(4) Does the company take inventory of its greenhouse gas emissions, water consumption, and total weight of waste in the last two years, and implement policies on energy efficiency and carbon dioxide reduction, greenhouse gas reduction, water reduction, or waste	V		(4) Since October 2009, the company has promoted the establishment of a greenhouse gas inventory report, and has conducted greenhouse gas inventory inspections at the organizational boundary since 2008, and formulated greenhouse gas inventory and voluntary reduction statements. The company is committed to reducing greenhouse gas emissions, reducing the impact on climate change, and supporting renewable energy policies with practical actions. Participated in the "Ministry of Economic Affairs Voluntary Green Electricity Price System Pilot Program", voluntarily purchased 74,960 degrees of green electricity, and obtained the "Green Power Purchase Certificate", which is 100% renewable energy electricity, mainly from wind, solar and biomass Yes, the carbon emission coefficient approaches zero during the production of green power, which will help reduce carbon dioxide emissions and pursue a low-carbon friendly environment.	

Promotional Item	Implementation Status			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
management?			In addition, following the implementation of my country's "Greenhouse Gas Reduction and Management Law", In the future, the company will conduct statistics and control on greenhouse gas emissions, water consumption, and total waste weight, and formulate policies for energy conservation and carbon reduction, greenhouse gas reduction, water reduction, or other waste management.	
4. Social issues (1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	V		(1) The company takes the responsibility of assuming the rights and interests of employees, and abides by relevant labor laws and regulations, and refers to the principles and spirits of the "United Nations Universal Declaration of Human Rights" and the International Labor Organization "Declaration of Fundamental Principles and Rights at Work" and other international human rights conventions. Treat and respect current employees and partner personnel with dignity, prevent any violations and violations of human rights, and incorporate the content of various management policies. Examples of specific policies and measures to protect human rights are as follows： a. Practice and implement the protection of employees' legal rights and employment policies without discrimination. b. Promote gender equality, reward childbirth, strengthen pregnancy and postpartum care, and formulate "Sexual Harassment Prevention Measures" to protect the dignity and rights of female colleagues. c. Recruit disabled and disadvantaged employees up to the legal number of employees, establish and implement a fair and perfect workplace environment in order to create a beautiful and harmonious social atmosphere. d. The establishment of employment relationship with employees is based on the agreement of both parties. All comply with relevant labor laws and regulations, and must not be forced to work. In addition, child laborers under the age of 16 shall not be employed, and young laborers over the age of 16	It is in compliance with the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies".

Promotional Item	Implementation Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
			and under 18 shall not engage in work that may harm their health, including night duty or overtime. e. Working hours must not exceed the legal limit, and at least one day off should be allowed seven days a week. f. The wages paid to employees are in compliance with relevant laws and regulations, including the calculation of minimum wages and overtime pay. g. Employees should be treated in a humane spirit and no inhumane behavior of any kind should be allowed. h. Any tangible or intangible discrimination is prohibited, including race, gender, age, marital status, political stance, or religious belief as considerations and standards for employee appointments, assessments, and promotions.	
(2) Does the company have reasonable employee benefit measures (including salaries, leave, and other benefits), and do business performance or results reflect on employee salaries?	V		(2) In order to provide favorable working conditions and meet the needs of employees' welfare, the company formulates and implements reasonable employee welfare measures, including providing a competitive salary system. The salary payment adopts multiple combinations, including basic salary, allowances, bonuses, employee compensation, etc. , Supplemented by welfare systems such as vacations, insurance, travel, parental leave and childbirth gifts related to the encouragement of childbirth, to construct a complete salary and reward structure. In addition, the company has a remuneration system that takes into account both business performance and risk management, and clearly stipulates that the calculation of employee bonuses should be determined according to the company's business performance achieved in the year; In addition, according to the provisions of the company's articles of association, if the company has a profit in the year, it should set aside 5% to 15% as employee compensation, In addition, in order to combine departmental work goals and personal performance with the sustainable development indicators of the	

Promotional Item	Implementation Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
			enterprise, to encourage employees to integrate a friendly environment and corporate social responsibility into the company's corporate culture, Incorporate sustainable development indicators (such as: environmental protection and carbon reduction, work and information security) in employee performance appraisal, so as to properly reflect the company's operating performance in employee compensation.	
(3) Does the company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	V		(3) In addition to providing employees with a safe and healthy working environment, the company also conducts regular safety and health education inspections and publicity for employees. For details, please refer to the "Labor-Management Relations" description of this annual report (pages 142~159) In addition, in 2022 and up to the date of publication of the annual report, the company did not have any occupational accidents.	
(4) Does the company provide its employees with career development and training sessions?	V		(4) The company has established "Employee Education and Training Procedures", and conducts various types of education and training according to functions. The training items include internal training and external training to help colleagues continue to learn and grow through multiple learning methods, so as to enhance employees' career ability and Cultivate the professional talents of the company. In addition, in response to individual differences and changes in the corporate environment, the company continues to explore organizational and personal needs in the process of talent development, and review and gradually carry out various necessary trainings at any time to enhance the knowledge and skills required for personal career development.	
(5)Do the company's	V		(5) The company abides by relevant laws and international standards regarding	

Promotional Item	Implementation Status			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
products and services comply with relevant laws and international standards in relation to customer health and safety, customer privacy, and marketing and labeling of products and services, and are relevant consumer protection and grievance procedure policies implemented?			customer health and safety, customer privacy, marketing and labeling of products and services, such as： Electronic product safety regulations, CE marking, international environmental protection regulations (RoHS, REACH)... etc. However, the company does not directly target consumers, so there is no application of relevant consumer protection policies and appeal procedures.	
(6) Does the company implement supplier management policies, requiring suppliers to observe relevant regulations on environmental protection, occupational health and safety, or labor and human rights? If so, describe the results?	V		(6) Before the company communicates with suppliers, suppliers are evaluated in accordance with the "Supplier Evaluation Procedures", and suppliers must meet the IECQ QC080000 (electronic and electrical parts and product hazardous substance process management system) standards and pass the comprehensive evaluation To cooperate later, In addition, the qualifications will continue to be reassessed regularly or irregularly in the course of dealings to meet supplier qualifications. In addition, although the company and major suppliers have not clearly stipulated that they need to comply with relevant regulations on issues such as environmental protection, occupational safety and health, or labor human rights, they may terminate or cancel at any time if they violate the above-mentioned related management policies and have a significant impact on the environment and society. Contracts, and will continue to reassess their qualifications regularly or irregularly in the course of communication, if the current qualifications are found to be inconsistent during the continuous evaluation process, delivery will be suspended and procurement will be stopped	

Promotional Item	Implementation Status			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
			in accordance with the provisions of the quality management system, so as to fulfill the company's responsibility for issues such as environmental protection, occupational safety and health or labor human rights, and the major suppliers can fully cooperate and follow, the implementation is good, and there is no violation of the above issues.	
5. Does the company reference internationally accepted reporting standards or guidelines, and prepare reports that disclose non-financial information of the company, such as ESG reports? Do the reports above obtain assurance from a third party verification unit?		V	The company has not prepared a ESG report, so it is not applicable.	The Company has not yet prepared a ESG report due to cost-benefit considerations.
6. Describe the difference, if any, between actual practice and the Sustainable Development Best Practice Principles, if the company has implemented such principles based on the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies： The Company has formulated its own "Sustainable Development Best Practice Principles" in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies", and its operation is not materially different from the established code.				
7. Other useful information for explaining the implementation of promoting sustainable development： (1) Caring for environmental protection. a. Passed ISO14001 certification. In responding to the concept of environmental protection and caring for the earth, Unifosa feels the company's responsibility to the environment, the ISO14001 environmental management system was introduced in early 2005, which means to take practical actions to care for the environment in terms of saving energy, reducing environmental pollution, caring about employee health, and establishing good public				

Promotional Item	Implementation Status			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	

relations.

b. Ensure products are free of harmful environmental substances.
The company expects to be in line with international environmental protection and green product policies, and continues to promote IECQ QC080000 (electronic and electrical parts and product hazardous substance process management system) and has been certified to ensure that the company's products do not contain harmful environmental substances.

c. Purchasing green power and working to reduce greenhouse gas.
The company is committed to reducing greenhouse gas emissions, reducing the impact on climate change, and supporting renewable energy policies with practical actions. Participated in the "Ministry of Economic Affairs Voluntary Green Electricity Price System Pilot Program", voluntarily purchased 74,960 degrees of green electricity, and obtained the "Green Power Purchase Certificate", which is 100% renewable energy electricity, mainly from wind, solar and biomass Yes, the carbon emission coefficient approaches zero during the production of green power, which will help reduce carbon dioxide emissions and pursue a low-carbon friendly environment.

(2) Human rights and safety and health.
In order to maintain the working environment and the personal safety of employees, various management such as "Safety and Health Work Code", "Environmental Management Program Procedures", "Emergency Response and Preparation Management Procedures" and "Occupational Disease Prevention and Control Management Measures" are established The procedures and methods are required to be thoroughly implemented by their colleagues. At the same time, under the concept of corporate ethics, the company establishes a communication channel between management and employees through regular "labor-management coordination meetings" to implement the social responsibility of respecting employees' human rights and protecting their rights.

3.4.6 Fulfillment of Ethical Corporate Management and Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"

Evaluation Item	Implementation Status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
1. Establishment of ethical corporate management policies and programs (1) Does the company have a Board-approved ethical corporate management policy and stated 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 management towards enforcement of such policy? (2) Does the company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of business	V V		(1) In addition to expressly expressing the policies and practices of integrity management in relevant regulations and external documents, the company has also formulated the "Ethical Corporate Management Best Practice Principles" by the Board of Directors. And in the regulations and external documents, the policy and practice of integrity management, as well as the commitment of the board of directors and senior management to actively implement the management policy, are clearly stated. (2) The company has established the "Ethical Corporate Management Best Practice Principles" as a guide for behavior, and a punishment and appeal system for violations of regulations. In order to establish an evaluation mechanism to prevent the risk of dishonest behavior, and regularly analyze and evaluate business activities with a higher risk of dishonest behavior in the business scope, Its connotation already has a plan to prevent dishonest behavior, and it covers at least the matters	It complies with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies".

Evaluation Item	Implementation Status			Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
activities with higher risk of unethical conduct within the scope of business? Does the company implement programs to prevent unethical conduct based on the above 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?			described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies. At the same time, through the establishment of relevant internal operating procedures, behavior guidelines (such as employee manuals, work rules), or through labor-management coordination meetings and new employee education and training and other two-way communication with employees, the specific norms for preventing dishonest behaviors are promoted.	
(3) Does the company provide clearly the operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the company enforce the programs above	V		(3) In preventing dishonest behavior, the company has established a punishment and complaint system for violation of regulations, etc., in order to establish a mechanism to prevent the risk of dishonest behavior, and continue to regularly review and amend the plan before revision, so as to gradually improve and enrich the standard content of the plan, and implement it.	

Evaluation Item	Implementation Status			Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
effectively and perform regular reviews and amendments?				
2. Fulfill operations integrity policy (1) Does the company evaluate business partners’ ethical records and include ethics-related clauses in business contracts? (2) Does the company have a unit responsible for ethical corporate management on a full-time basis under the Board of Directors which reports the ethical corporate management policy and programs against unethical conduct regularly (at least once a year) to the Board of Directors while	V V		(1) The company is based on the principle of honest management and conducts business activities in a fair and transparent manner. Before business dealings, we have considered and assessed the legality of relevant trading vendors, customers and other business partners and whether there are records of dishonest behaviors, so as to avoid dealing with persons with records of dishonest behaviors. In addition, the business contract has added provisions to comply with the integrity management policy and that the counterparty of the transaction may terminate or terminate the contract at any time if it is involved in dishonest behavior. 1. In order to improve the management of integrity management, the general manager's office is the special unit responsible for the formulation and supervision of integrity management policies and prevention plans. According to the work responsibilities and scope of each unit, responsible for implementing the board of directors and supervising senior management to formulate and implement various integrity management policies and programs to ensure the implementation of integrity management. The general manager’s office will regularly report to the board of directors the implementation of the company’s integrity management policy and the plan for preventing dishonest behavior before the end of each year. The most recent annual report on the implementation of integrity management The board of directors was the 5th meeting of the 11th session of the board of directors on December 23, 2022. The general manager’s office completed the supervision and implementation of the business activities undertaken in 2022, and confirmed the formulation of	It complies with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies".

Evaluation Item	Implementation Status			Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
overseeing such operations?			relevant business policies and business The activities are conducted in accordance with the company's "Ethical Corporate Management Best Practice Principles", and there has been no violation of integrity management. 2. The implementation of the important operations of the company's corporate integrity management policy in 2022 is as follows： A. Policy Advocacy In order to ensure the implementation of the policy of honest management, the company conducts education and publicity on "Procedures for Handling Material Inside Information" and related laws and regulations for directors, managers and employees at least once a year. For newly appointed directors and managerial officer, educational promotion will be arranged within one month after taking office. For newly appointed employees, the personnel unit shall provide education and publicity during the pre-employment training. This year, on March 3, 2022, the current directors, managerial officer and employees have conducted relevant education and publicity, content includes internal material information coverage, confidentiality operations, operation of confidential operations and handling of violations, and the publicity files will be sent to For reference of all directors, managerial officer and employees. B. Audit control The company has established an effective accounting system and internal control system for business activities with a high risk of dishonesty, and internal auditors regularly check their compliance to implement the practice of honest management. C. Encourage reporting of wrongdoing The company has formulated the "Law on conduct of violations of ethical conduct and integrity management" and "Employee Complaint Management Measures", and has an employee suggestion box to encourage employees,	

Evaluation Item	Implementation Status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			internal and external personnel to use the employee suggestion box and the e-mail address listed in the "Law on conduct of violations of ethical conduct and integrity management" reports any illegal activities, and specify the accepting unit and handling procedures, clearly stipulating that the informant must provide sufficient information to facilitate verification, and the staff of the unit accepting the report did not deal with it without justified reasons, or the supervisor of the reported person knew of illegal or immoral behavior before being reported. Those who fail to deal with the case of dishonesty or dishonest behavior shall be handled in accordance with the company's relevant disciplinary regulations. At the same time, the company will keep the whistleblower or the personnel involved in the investigation confidential and protected so that they will not be subjected to unfair treatment or retaliation. In addition, it stipulates that written documents or electronic files should be kept for the acceptance of reporting, investigation process and investigation results, and the responsibility for safekeeping should be kept. If the reporting incident is verified to be true, it will be handled in accordance with the relevant internal disciplinary regulations of the company. However, before making a punishment decision, the company should provide the accused person with an opportunity to state his or her opinion or appeal, and if proven evidence is found, severe punishment will be imposed. The Company did not have any complaints of dishonest conduct in 2022. D. Education Training Through labor-management coordination meetings and new employee education and training two-way communication occasions, the company regularly organizes internal education and training on honesty management to publicize specific norms for preventing dishonest behavior, including courses related to honesty management compliance and internal control, etc. In 2022, there will be a total of 39 person-times, and a total of 58 people, so that all employees can	

Evaluation Item	Implementation Status			Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			recognize that honest management is the mission and goal that the board of directors and management promise to actively implement, so as to implement honest management.	
(3) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	V		(3) The company has formulated a policy to prevent conflicts of interest in the "Ethical Corporate Management Best Practice Principles", and has related provisions in the "Work Rules", "Employee Handbook" and "Employee Reward and Punishment Measures".	
(4) Does the company have effective accounting and internal control systems in place to implement ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit the systems accordingly to prevent unethical conduct, or hire outside accountants to perform the audits?	V		(4) In order to implement the practice of honest operation, the company has established an effective accounting system and internal control system for business activities with high risk of dishonest behaviors, and internal auditors formulate relevant audit plans based on the assessment results of dishonest behavior risks , And use it to check compliance with the plan to prevent dishonest behavior.	

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Illustration</th></tr>
<tr><td>(5) Does the company regularly hold internal and external educational trainings on operational integrity?</td><td>V</td><td></td><td>(5) Through labor-management coordination meetings and two-way communication occasions for new employee education and training, the company regularly organizes internal education and training on integrity management to promote specific norms for preventing dishonest behavior. Including relevant courses such as compliance with laws and regulations of integrity management and internal control and expect to implement integrity management.</td><td></td></tr>
<tr><td>3. Operation of the integrity channel
(1) Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?

(2) 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?</td><td>

V

V</td><td></td><td>(1) The company has established the "Law on conduct of violations of ethical conduct and integrity management" and "Employee Complaint Management Measures", and has employee suggestion boxes to encourage employees and internal and external personnel to use the employee suggestion boxes and "Law on conduct of violations of ethical conduct and integrity management". The e-mail box listed in the reports any illegal matters.

(2) The "Law on conduct of violations of ethical conduct and integrity management" and "Measures for the Management of Employee Appeals" stipulated by the company have clear implementation rules for reporting, appeal methods, response methods, follow-up measures to be taken after the investigation is completed, and related confidentiality mechanisms.</td><td>It complies with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies".</td></tr>
</table>

Evaluation Item	Implementation Status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
(3) Does the company provide proper whistleblower protection?	V		(3) The "Law on conduct of violations of ethical conduct and integrity management" and "Administrative Measures for Employee Appeals" stipulated by the company stipulate that measures to protect whistleblowers should not be improperly handled due to whistleblowing.	
4. Strengthening information disclosure (1) Does the company disclose its ethical corporate management policies and the results of its implementation on the company's website and MOPS?	V		(1) The company has disclosed the content of the "Ethical Corporate Management Best Practice Principles" on the company website and MOPS, and disclosed the content and promotion of integrity management on the company website.	It complies with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies".
5. If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies, please describe any discrepancy between the policies and their implementation.：No major differences.				
6. Other important information to facilitate a better understanding of the company's ethical corporate management policies (e.g., review and amend its policies). (a) The company's business philosophy clearly sets out the corporate culture and policy of "integrity first, people-oriented management". (b) The company strictly requires that all decisions and behaviors of the company must be based on the basic principle of compliance with laws and regulations, and legal consultants are hired to provide necessary consultation and review basis. (c) Through two-way communication with employees, the company promotes ethics and ethics as the basic requirements of company operators for employees, so that employees understand the characteristics of the company's employment culture and the first priority is honesty and integrity, so as to establish a corporate culture that values ethics. (d) The company expressly stated that performance is not the only factor in the reward plan, so as to avoid the employees' efforts to be profit-oriented,				

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Illustration</th></tr>
<tr><td colspan="5">and to reduce the risk of employees’ violations of integrity and lawlessness in order to obtain or maintain benefits.
(e) The company encourages employees to participate in training courses related to integrity management in order to strengthen the effectiveness of the company's integrity management.</td></tr>
</table>

3.4.7 Inquiring methods of Corporate Governance Guideline and related regulations

The "Corporate Governance Best Practice Principles" and related regulations formulated by the company are not only disclosed in the MOPS. (https://mops.twse.com.tw/mops/web/index).It is also disclosed in the "Corporate Governance" section of "Corporate Responsibility" on the company's website (https://www.unifosa.com.tw).

3.4.8 Other Important Information Regarding Corporate Governance

1. To introduce training measures for directors
   The directors of the company and independent directors of the audit committee are in accordance with the requirements of the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies". Every year after being elected, at least cover corporate governance related finance, risk management, business, business, legal affairs, accounting, corporate social responsibility or internal control system, financial reporting responsibility and other courses; Among them, the new appointee should study at least twelve hours in the year of taking office, and at least six hours per year during the term of office from the next year after taking office. And immediately after obtaining the training certificates of the directors, the training status will be disclosed in the "MOPS", which is in line with the relevant requirements for the training of the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies".

2. The company’ s directors and independent directors’ training in the last (2022) year.

Title	Name	Course Title	Study date	Organizer	Training hours
Chairman	Chen, Ching-jong	【Discussion on Taiwanese Businessmen's Management and M&A Strategies from the Perspective of Global Political and Economic Situation】	2022/07/28	Corporate Operating and Sustainable development Association	3.0
		【TWSE/TPEx Listed Companies - Seminar on Derivative Commodity Trading Strategies and Market Outlook】	2022/11/11	Taiwan Stock Exchange Corporation (TWSE) and Securities and Futures Institute	3.0
Corporate director Representative	Wu, Cheng-Teh	【Company insider equity publicity briefing】	2022/08/25	Corporate Operating and Sustainable development Association	3.0
		【TWSE/TPEx Listed Companies - Seminar on Derivative Commodity Trading Strategies and Market Outlook】	2022/11/11	Taiwan Stock Exchange Corporation (TWSE) and Securities and Futures Institute	3.0
Director	Chiang, Tsang-An	【Discussion on Taiwanese Businessmen's Management and M&A Strategies from the Perspective of Global Political and Economic Situation】	2022/07/28	Corporate Operating and Sustainable development Association	3.0
		【Introduction of my country's Corporate Governance Blueprint 3.0 Newly Released】	2022/12/15	Corporate Operating and Sustainable development Association	3.0
Director	Hsiao, Wu-Hsing	【Company insider equity publicity briefing】	2022/08/26	Corporate Operating and Sustainable development Association	3.0
		【TWSE/TPEx Listed Companies - Seminar on Derivative Commodity Trading Strategies and Market Outlook】	2022/11/11	Taiwan Stock Exchange Corporation (TWSE) and Securities and Futures Institute	3.0
Independent Director	Chen, Chih-Ling	【Disputes over company management rights and introduction to the trial law of commercial courts】	2022/08/11	Securities and Futures Institute	3.0
		【Talking about corporate tax governance and tax technology solutions from the perspective of ESG trends and the epidemic environment】	2022/08/11	Securities and Futures Institute	3.0
Independent Director	Lee, Wen-Chin	【The Metaverse and the Future of Cryptocurrency Blockchains】	2022/07/07	Securities and Futures Institute	3.0
		【Technology Development and Business Opportunities of Electric Vehicles and Smart Vehicles】	2022/08/02	Securities and Futures Institute	3.0
Independent Director	Yo, Chi-Thon	【Using "Intellectual Property Management" to Improve Corporate Governance and Internal Control Compliance】	2022/11/08	Accounting Research and Development Foundation	6.0

3. Managers participate in the training and training related to corporate governance

The company uses the websites of "Taiwan Corporate Governance Association", "Republic of China Corporate Operation Association", " Accounting Research and Development Foundation" and "Securities and Futures Institute". Master courses and information related to corporate governance, in order to truly grasp the latest information on corporate governance and improve the quality of corporate governance of the company. The company' s managers and auditing units participated in the training and training related to corporate governance in 2022 as follows：

Title	Name	Course Title	Study date	Organizer	Training hours
General managers	Chen, Ching-jong	【Discussion on Taiwanese Businessmen's Management and M&A Strategies from the Perspective of Global Political and Economic Situation】	2022/07/28	Corporate Operating and Sustainable development Association	3 hrs
		【TWSE/TPEx Listed Companies - Seminar on Derivative Commodity Trading Strategies and Market Outlook】	2022/11/11	Taiwan Stock Exchange Corporation (TWSE) and Securities and Futures Institute	3 hrs
General Manager of Storage Business Group	Hsiao, Wu-Hsing	【Company insider equity publicity briefing】	2022/08/26	Corporate Operating and Sustainable development Association	3 hrs
		【TWSE/TPEx Listed Companies - Seminar on Derivative Commodity Trading Strategies and Market Outlook】	2022/11/11	Taiwan Stock Exchange Corporation (TWSE) and Securities and Futures Institute	3 hrs
General Manager's Office Associate	Hsieh, Da-Wei	『2022 Bond Market Promotion and Briefing Session』	2022/02/18	Taipei Exchange	3 hrs
		『"Road Map for Sustainable Development of TWSE/TPEx Listed Companies" Seminar』	2022/02/23	Taipei Exchange	2 hrs
		『2022 Corporate Governance Evaluation System Promotion』	2022/03/02	Taiwan Stock Exchange Corporation and Taipei Exchange	3 hrs
		『Sustainability Report Third Party Verification Online Seminar』	2022/03/24	Accounting Research and Development Foundation	3 hrs
		『2022 Greenhouse Gas Inventory and Disclosure Webinar』	2022/05/12	Accounting Research and Development Foundation	1.5 hrs
		『2022 ESG Sustainable Development Path Forum』	2022/05/26	Independent Director Association Taiwan	3 hrs
		『Greenhouse Gas Inventory and Verification Promotion Seminar』	2022/06/29	Taiwan Stock Exchange Corporation and Taipei Exchange	3 hrs
		『2022 Sustainability Link Bond Publicity Briefing』	2022/07/14	Taipei Exchange	1 hrs

Title	Name	Course Title	Study date	Organizer	Training hours
		『Greenhouse Gas Inventory and Verification Promotion Seminar』	2022/09/02	Taiwan Stock Exchange Corporation	3 hrs
Accounting Department Manager	Chen, Hsiu yu	『Deciphering the Problems of Enterprise Financial Statements and Practice of Enterprise Diagnosis』	2022/10/24	Accounting Research and Development Foundation	3 hrs
		『Prevention and resolution of withholding disputes derived from cross-border transactions』	2022/10/24	Accounting Research and Development Foundation	3 hrs
		『Analysis of legal liability cases of "whistleblowers" in economic crimes and financial reporting fraud cases』	2022/10/25	Accounting Research and Development Foundation	3 hrs
		『How the Board of Directors and Senior Executives Review the ESG Sustainability Report』	2022/10/25	Accounting Research and Development Foundation	3 hrs
Agent in Charge of Accounting Supervisor	Irene Fu	『Performance evaluation practices related to corporate ESG sustainability and risk management』	2022/10/27	Accounting Research and Development Foundation	3 hrs
		『Practical Cases of Breach of Trust and Analysis of Legal Responsibilities』	2022/10/27	Accounting Research and Development Foundation	3 hrs
		『Fiscal and tax issues and tax governance practices of Taiwanese businessmen investing abroad』	2022/10/28	Accounting Research and Development Foundation	3 hrs
		『Key Points of IFRS9 Financial Instruments and Fair Value Review』	2022/10/28	Accounting Research and Development Foundation	3 hrs
Audit Supervisor	Ariel Wang	『Enhance the sustainable value of the enterprise and improve the risk management system』	2022/11/08	The Institute of Internal Auditors – Chinese Taiwan	6 hrs
		『How to use digital technology to explore and improve operating procedures and fraud detection--Discussion on audit practice』	2022/12/07	The Institute of Internal Auditors – Chinese Taiwan	6 hrs
Audit supervisor agent	Davy Chen	『2022 Bond Market Promotion and Briefing Session』	2022/02/22	Taipei Exchange	3 hrs
		『2022 Corporate Governance Evaluation System Promotion』	2022/03/02	Taiwan Stock Exchange Corporation and Taipei Exchange	3 hrs
		『Greenhouse Gas Inventory and Verification Promotion Seminar』	2022/06/29	Taiwan Stock Exchange Corporation and Taipei Exchange	3 hrs
		『2022 Sustainability Link Bond Publicity Briefing』	2022/07/14	Taipei Exchange	1 hrs

Title	Name	Course Title	Study date	Organizer	Training hours
		『Greenhouse Gas Inventory and Verification Promotion Seminar』	2022/08/31	Taiwan Stock Exchange Corporation	3 hrs
		『Awareness Conference on What to Do in OTC Emerging Companies』	2022/10/04	Taipei Exchange	3 hrs
		『The development trend of Internet technology and the new thinking of internal auditors』	2022/10/06	Accounting Research and Development Foundation	6 hrs
		『The latest "Internal Control Management Guidelines Amendment" and "Information Security" legal compliance and fraud prevention practices』	2022/10/07	Accounting Research and Development Foundation	6 hrs

4. Whether the Procedures for Handling Material Inside Information are stipulated.

   The "Procedures for Handling Material Inside Information" was discussed and approved by the Board of Directors on August 24, 2009, and was then announced and implemented internally and incorporated into the Company's internal control and internal audit system for control purposes. In addition, during the announcement of important annual laws and regulations at least once a year, the directors, managers and all colleagues of the company shall be ordered to be familiar with the relevant provisions and to comply with them, so as to clearly regulate the processing procedures of the company’s important information. Avoid the situation of information leakage and misinformation of insider trading by directors, managers and employees who are exposed to important internal information in the business, and at the same time improve the quality of disclosure of important information, so as to provide investors with correct investment decision information.

5. The company formulates the succession plan and operating situation of board members and important management.

   The company’s board of directors and important management are still young and middle-aged. Although no succession plan has been formulated, in order to improve the sustainable development and growth of the group organization, they have actively cultivated mid-level and high-level managers with potential in their daily operations. Expand its participation in the various operating businesses of the group to strengthen the management team's future succession of professionalism and ability.

6. Does the company formulate an intellectual property management plan linked to its operational goals, disclose its implementation on the company’s website and annual report, and report to the board of directors at least once a year.

   The business operated by the company does not have applications or issues related to intellectual property, so there is no application for the development of an intellectual property management plan that is linked to operational goals.

3.4.9 Implementation status of internal control system

1. Internal Control Statement：See page 289.
2. Accountant review report：Not applicable.

3.4.10 In the most recent year and as of the publication date of the annual report, the company and its internal personnel have been punished in accordance with the law, or the company has imposed penalties on its internal personnel for violating the provisions of the internal control system, and the results of the penalties may have a significant impact on shareholder rights or securities prices. The punishment content, main deficiencies and improvement situation：No such incident.

3.4.11 Major Resolutions of Shareholders' Meeting and Board Meetings

Item	Date	Major resolutions
Board meeting	2022.01.19	1、The Company's 2021 Annual Board Performance Evaluation Result Report. 2、Approved the plan on the amount of year-end bonus payment for the company's managers in 2021. 3、By evaluating and formulating the content and amount of the monthly salary and remuneration of the company's managers. 4、Approved the case of applying for the credit line of Taiwan Cooperative Bank.
Board meeting	2022.03.18	1、The report on the communication between the audit committee and the internal audit supervisor and accountants of the company in 2021. 2、Report on "Implementation of the Specific Improvement Plan to Enhance the Company's Self-Preparation of Financial Reports" for the fourth quarter of fiscal 2021. 3、Through regular assessment of the independence of the company's certified accountants. 4、Passed the company's 2021 "Internal Control System Effectiveness Assessment" and "Internal Control System Statement". 5、Approved the company's "2021 Annual Financial Report" proposal. 6、Approved the company's "2021 Annual Business Report" proposal. 7、Adoption of the Proposal for 2021 Deficit Compensation. 8、Approved the revision of the Company's "Articles of Incorporation". 9、Approved the revision of the Company's "Procedure for the Acquisition and Disposal of Assets". 10、Approved the revision of the Company's "Corporate Governance Best Practice Principles". 11、Approved the revision of the Company's "Corporate Social Responsibility Best Practice Principles". 12、Approved the revision of the Company's "Compensation and Compensation Committee Organizational Regulations".

Item	Date	Major resolutions
		13、Approved the revision of the Company's "Administrative Measures for the Subsidy for Directors' Carriage Expenses". 14、Approved the re-election of directors of the Company. 15、Approved the nomination of candidates for the Board of Directors of the Company for the 2022 Annual General Meeting of Shareholders. 16、Approved the Release the Prohibition on New Directors from Participation in Competitive Business. 17、Approved the convening of the Company's 2022 Annual General Meeting of Shareholders and the acceptance of shareholder proposals and nominations of director candidates.
Board meeting	2022.05.06	1、There is no shareholder proposal report and nomination reports for director candidates at the company's 2022 general meeting of shareholders. 2、Report on "Implementation of the Specific Improvement Plan to Enhance the Company's Self-Preparation of Financial Reports" for the first quarter of fiscal 2022. 3、Approved the company's "Consolidated Financial Report for the First Quarter of 2022".
Shareholders' meeting	2022.06.10	1、2021 Business Report. 2、Audit Committee's Review Report on the 2021. 3、Adoption of the 2021 Business Report and Financial Statements. 4、Adoption of the Proposal for 2021 Deficit Compensation. 5、Approved the proposal to amend the "Articles of Incorporation" of the Company. 6、Approved the proposal to amend the "Procedure for the Acquisition and Disposal of Assets" of the Company. 7、Approved the overall re-election of the directors of the company. 8、Approved the proposal to lift the company's new directors' non-competition restrictions.
Board meeting	2022.06.10	1、Approved the election of the chairman of the company.
Board meeting	2022.06.28	1、Approved the appointment of members of the 5th Salary and Remuneration Committee of the company. 2、Approved the formulation of the company's "parent company's greenhouse gas inventory and verification schedule plan".
Board meeting	2022.08.05	1、Report on "Implementation of the Specific Improvement Plan to Enhance the Company's Self-Preparation of Financial Reports" for the second quarter of fiscal 2022. 2、Report on "the parent company's greenhouse gas inventory and verification schedule planning" for the second quarter of fiscal 2022. 3、Approved the company's "Consolidated Financial Report for the Second Quarter of 2022". 4、Approved the case of applying for the credit line of Mega International Commercial Bank.
Board meeting	2022.11.04	1、Report on "Implementation of the Specific Improvement Plan to

Item	Date	Major resolutions
		Enhance the Company's Self-Preparation of Financial Reports" for the third quarter of fiscal 2022. 2、Report on "the parent company's greenhouse gas inventory and verification schedule planning" for the third quarter of fiscal 2022. 3、Report on "Renewal of Directors' and Managers' Liability Insurance for the Year 2022" of the Company. 4、Approved the company's "Consolidated Financial Report for the Third Quarter of 2022". 5、Approved the revision of the Company's "Rules of Procedure for Board of Directors Meetings". 6、Approved the revision of the Company's " Code of Practice on Risk Management". 7、Participated in the case of investing in the first cash capital increase of Morelink Technology Corporation in 2022 and issuing new shares. 8、Approved the proposal to lift the restrictions on the company's managers' non-competition.
Board meeting	2022.12.23	1、Report on the "Honest Management Performance" of the Company. 2、The company's "Corporate Social Responsibility Promotion Plan and Implementation" report. 3、Approved the review of the "Organizational Rules of the Compensation Committee" of the Company. 4、Approved the review of the "Regulations Governing the Remuneration of Directors and Officers" of the Company. 5、Approved to review and revise the Company's salary and compensation related management practices. 6、Approved the review of the "Performance Evaluation Form for Directors" and "Performance Evaluation Form for Executives" of the Company. 7、Approved the review of the "Board of Directors' Performance Evaluation Method" of the Company. 8、Approved the review of the "Procedures for Handling Material Inside Information" of the Company. 9、Approved the amendment of the "Internal Control System" and "Internal Audit Implementation Rules" and the amendment of the "Internal Control System" usage form of the Company. 10、By cooperating with the internal organizational adjustment of Crowe Horwath United Accounting Firm, the visa accountant case was changed. 11、Approved the regular assessment of the independence of the company's certified accountants. 12、Approved the appointment and remuneration of the Company's certified public accountant for the year 2023. 13、Approved the "2023 Annual Audit Plan" of the Company. 14、Approved the "2023 Audit Plan" for the Company's subsidiary Phoenix Innovative Materials Co., Ltd. 15、Approved the "2023 Audit Plan" for the Company's subsidiary Morelink Technology Corporation.

Item	Date	Major resolutions
		16、Approved the Company's "2023 Business Plan".
Board meeting	2023.01.13	1、The Company's 2022 Annual Board Performance Evaluation Result Report. 2、Approved the proposal to set the amount of year-end bonuses for the Company's managers for 2022. 3、Approved the evaluation and establishment of the content and amount of monthly salary compensation for the Company's managers.
Board meeting	2023.03.17	1、The report on the communication between the audit committee and the internal audit supervisor and accountants of the company in 2022. 2、Report on "Implementation of the Specific Improvement Plan to Enhance the Company's Self-Preparation of Financial Reports" for the fourth quarter of fiscal 2022. 3、The company's fourth quarter of 2022 "parent company's greenhouse gas inventory and confirmation schedule implementation" report. 4、Approved the company's "Consolidated Statement Subsidiary Greenhouse Gas Inventory and Verification Schedule Planning" case. 5、Passed the company's 2022 "Internal Control System Effectiveness Assessment" and "Internal Control System Statement". 6、Approved the company's "2022 Annual Financial Report" proposal. 7、Approved the company's "2022 Annual Business Report" proposal. 8、Adoption of the Proposal for 2022 Deficit Compensation. 9、Approved the revision of the Company's " Rules and Procedures of Shareholders' Meeting ". 10、Approved the revision of the Company's " Corporate Governance Best Practice Principles ". 11、Approved the revision of the Company's " Sustainable Development Best Practice Principles ". 12、Approved the revision of the Company's " Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises". 13、Approved the revision of the Company's " Self-Regulatory Rules on Disclosure of Merger and Acquisition Information". 14、Approved the establishment of the company's "chief corporate governance officer". 15、Approved the revision of the Company's " Standard operating procedures for dealing with directors' requirements". 16、By adjusting the organizational structure of the company's reinvestment, handle the deregistration of the company's US branch. 17、Through the ratification of the company's participation in the investment in Morelink Technology Corporation for the 2023 cash capital increase and the issuance of new shares. 18、Approved the by-election of independent directors of the company. 19、Approved the nomination of candidates for independent directors

Item	Date	Major resolutions
		of the Company for the 2023 Annual General Meeting of Shareholders. 20、Approved the Release the Prohibition on new independent directors from Participation in Competitive Business. 21、Approved the convening of the Company's 2023 Annual General Meeting of Shareholders and the acceptance of shareholder proposals and nominations of independent director candidates. 22、Approved the case of applying for the credit line of Taiwan Cooperative Bank.

3.4.12 Major Issues of Record or Written Statements Made by Any Director or Supervisor Dissenting to Important Resolutions Passed by the Board of Directors：There is no such case, so it is not applicable.

3.4.13 Resignation or Dismissal of the Company’s Key Individuals, Including the Chairman, CEO, and Heads of Accounting, Finance, Internal Audit, Corporate Governance and R&D：There is no such case, so it is not applicable.

3.4.14 Review of the implementation of the resolutions of the shareholders meeting.

The resolutions of the company's 2022 general meeting of shareholders have been implemented in accordance with the results of the resolutions. The review of the implementation is as follows：

Item	Date	Resolutions of the shareholders meeting	Implementation review
Shareholders’ meeting	2022.06.10	1、Adoption of the 2021 Business Report and Financial Statements.	Effective upon the resolution of the shareholders' meeting.
		2、Adoption of the Proposal for 2021 Deficit Compensation.	Effective upon the resolution of the shareholders' meeting.
		3、Approved the proposal to amend the " Articles of Incorporation " of the Company.	After the resolution of the shareholders' meeting, it was announced on the Company's website and the Market Observation Post System on June 10, 2022, and the revised procedures were followed.
		4、Approved the proposal to amend the " Procedure for the Acquisition and Disposal of Assets " of the Company.	After the resolution of the shareholders' meeting, it was announced on the Company's website and the

Item	Date	Resolutions of the shareholders meeting	Implementation review
			Market Observation Post System on June 10, 2022, and the revised procedures were followed.
		5、Approved the overall re-election of the directors of the company.	After re-election by the shareholders' meeting, the Ministry of Economic Affairs approved the registration on June 22, 2022 and announced the new director on the company's website.
		6、Approved the proposal to lift the company's new directors' non-competition restrictions.	Effective after the resolution of the shareholders' meeting.

3.5 Certified Public Accountant Expenses Information

3.5.1 The amount of public audit fees and non-audit public fees and the content of non-audit services paid to the certified public accountants, their affiliated firms and affiliated enterprises should be disclosed.

In 2022, the non-audit public expenses paid by the company to the certified public accountants, their affiliated firms and their affiliated companies accounted for 25.95% of the audit public expenses. The public fee is related to the tax visa NT$520 thousand and the renewal of the business registration certificate of the Hong Kong branch and the annual declaration of NT$74 thousand. The relevant contents are as follows：

Unit：NT$ Dollars

Accounting Firm	Name of CPA	Period Covered by CPA's Audit	Audit Fee	Non-audit Fee	Total	Remarks
Crowe Horwath United Certified Public Accountants	Lin, Chun-Lhih	2022.01.01~2022.09.30	2,290,000	594,176	2,884,176	None
	Chang Ya-Chuan	2022.10.01~2022.12.31				
	Lin Chin- Feng	2022.01.01~2022.12.31				

3.5.2 If the accounting firm is replaced and the public audit fees paid during the replacement year are less than the public audit fees of the previous year, the amount and reasons for the public audit fees before and after the replacement shall be disclosed.

The company did not change its accounting firm in 2022, so it is not applicable.

3.5.3 If the public audit expenses are reduced by more than 10% from the previous year, the amount, proportion and reasons for the reduction in public audit expenses shall be disclosed.

The company's latest (2022) annual audit fee is consistent with the previous (2021) year's amount, and there is no intention to disclose that the audit fee has decreased by more than 10% compared with the previous year, so it is not applicable.

3.6 Information on replacement of CPA

The company's replacement of certified accountants on December 23, 2022 is to cooperate with the internal organizational adjustment of Crowe Horwath United Accounting Firm. No accountant voluntarily terminates the appointment or no longer accepts the appointment, or the company voluntarily terminates the appointment or refuses to accept the appointment. Except for the above circumstances, the company has not changed accountants in the most recent year and its subsequent period, so it is not applicable.

3.7 The company's chairman, general manager, manager in charge of financial or accounting affairs, who have worked in the firm of the certified public accountant or its affiliated company within the most recent year, shall disclose their name, title and work in the firm of the certified public accountant or the period of its affiliated company：The company has no such incident, so it is not applicable.

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

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

Unit：Shares

Title	Name	2022		As of Apr. 30, 2023	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman	Chen,Ching-jong	0	0	0	0
Directors	Trump Gain Investments Ltd (Note)	0	0	0	0
Directors	Chiang,Tsang-An	0	0	0	0
Directors	Hsiao,Wu-Hsing	0	0	0	0
Independent Director	Chen,Chih-Ling	0	0	0	0
Independent Director	Lee, Wen-Chin	0	0	0	0
Independent Director	Yo, Chi-Thon	0	0	0	0
General managers	Chen,Ching-jong	0	0	0	0
General Manager of Storage Business Group	Hsiao,Wu-Hsing	0	0	0	0
Associate of Storage Business Group Technology Department and System R&D Department	Colt Yin	0	0	0	0
Deputy General Managers of R&D Department and Information Department of Memory Business Group	Johnson Wu	0	0	0	0
Associate of Materials Department of Memory Business Group	Angel Lee	0	0	0	0
General Manager's Office Associate	Hhieh, Da-Wei	0	0	0	0
Manager of Accounting Department of Management Business Group	Chen, Hsiu yu	0	0	0	0

Note：Trump Gain Investments Ltd. is the major shareholder holding 10.94%.

3.8.2 Shares Trading with Related Parties：The company has no such incident, so it is not applicable.

3.8.3 Shares Pledge with Related Parties：The company has no such incident, so it is not applicable.

3.9 Relationship among the Top Ten Shareholders

As of 04/11/2022

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Trump Gain Investments Ltd	10,025,533	10.94%	0	—	0	—	None	—	None
Representative ：Wu,Cheng-Teh	0	—	0	—	0	—			
Cheng Yi Investment Co., Ltd.	2,565,662	3.18%	0	—	0	—	Chiang, Tsang-An	The chairman is the same person	None
Responsible person：Chiang,Tsang-An	577,290	0.63%	0	—	0	—			
Chiang, Wei-Huan	2,260,000	2.47%	0	—	0	—	Chiang, Tsang-An	first-degree relatives	None
							Weng, Wei-Chen	second-degree relatives	None
Weng, Wei-Chen	1,000,000	1.09%	0	—	0	—	Chiang, Tsang-An	first-degree relatives	None
							Chiang, Wei-Huan	second-degree relatives	None
Lin, Fu-Tai	950,000	1.04%	0	—	0	—	None	—	None
Hsiao, Wu-Hsing	826,453	0.90%	0	—	0	—	None	—	None
Hexin Venture Capital Co., Ltd.	724,760	0.79%	0	—	0	—	None	—	None
Kuo, Chung-Ping	670,000	0.73%	0	—	0	—	None	—	None
Chiang, Tsang-An	577,290	0.63%	0	—	0	—	Chiang, Wei-Huan Weng, Wei-Chen	first-degree relatives	None
Hsu, Su-Tsai	545,553	0.60%	0	—	0	—	None	—	None

3.10 The number of shares held by the company, the company's directors, supervisors, managers and enterprises directly or indirectly controlled by the company in the same reinvested enterprise, and combined to calculate the comprehensive shareholding ratio

Unit：shares/ %

Affiliated Enterprises	Ownership by the Company		Direct or Indirect Ownership by Directors/Supervisors /Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
Phoenix Innovative Materials Co., Ltd.	13,800,000	98.57%	—	—	13,800,000	98.57%
Morelink Technology Corporation	9,556,310	47.95%	3,624,464	18.19%	13,180,774	66.14%

IV. Capital Overview
4.1 Capital and Shares
4.1.1 Source of Capital

As of 04/30/2023
Unit：Thousand shares/NT$ thousands

Month/Year	Par Value (NT$)	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increased by Assets Other than Cash	Other
05/1994	10	560	5,600	560	5,600	cash capital increase 5,600	None	－
08/1996	10	1,060	10,600	1,060	10,600	cash capital increase 5,000	None	－
04/1998	10	2,800	28,000	2,800	28,000	cash capital increase 17,400	None	1998.04.04 Jianyizi No. 87278296
10/1998	10	4,600	46,000	4,600	46,000	cash capital increase 18,000	None	1998.11.11 Jianyizi No. 87346670
01/1999	10	8,000	80,000	8,000	80,000	cash capital increase 34,000	None	1999.02.20 Jianyizi No. 88260294
07/1999	10	12,000	120,000	12,000	120,000	cash capital increase 40,000	None	1999.07.30 Jing (088) Shang Zi No. 127936
04/2000	12	19,900	199,000	19,900	199,000	transfer of surplus to capital 31,946 cash capital increase 47,054	None	1999.04.18 Jing (089) Shang Zi No. 111814
07/2000	20	60,000	600,000	30,000	300,000	cash capital increase 101,000	None	2000.07.17(89) Taicai Securities (I) No. 60120
08/2002	10	60,000	600,000	36,000	360,000	cash capital increase 60,000	None	2002.08.14 Taicai Securities No. 0910145235
08/2004	10	60,000	600,000	41,100	411,000	transfer of surplus to capital 51,000	None	2004.08.27 Jinguanzheng Yizi No. 0930137858
06/2005	10	60,000	600,000	45,953	459,528	transfer of surplus to capital 48,528	None	2005.06.28 Jinguanzheng Yizi No. 0940125919
11/2005	10	86,500	865,000	48,534	485,340	corporate debt conversion 20,118 employee stock options 5,694	None	2005.11.01 Fu Jian Shang Zi No. 09423579610
01/2006	10	86,500	865,000	48,734	487,338	employee stock options 1,998	None	2006.01.20 Fu Jian Shang Zi No. 09571945600
04/2006	10	86,500	865,000	52,470	524,704	corporate debt conversion 37,366	None	2006.04.13 Fu Jian Shang Zi No. 09575633000
08/2006	10	86,500	865,000	52,560	525,597	corporate debt conversion 893	None	2006.08.11 Authorized Commercial No. 09501176700
09/2006	10	86,500	865,000	55,417	554,171	transfer of surplus to capital 28,574	None	2006.09.19 Authorized Commercial No. 09501212040
11/2006	10	86,500	865,000	56,732	567,321	employee stock options 13,150	None	2006.11.23 Authorized Commercial No. 09501262390
01/2007	10	86,500	865,000	59,190	591,899	employee stock options 4,060 corporate debt conversion 20,518	None	2007.01.11 Authorized Commercial No. 09601005650
04/2007	10	86,500	865,000	59,736	597,356	employee stock options 928 corporate debt conversion 4,528	None	2007.04.04 Authorized Commercial No. 09601069090
05/2007	10	86,500	865,000	59,839	598,393	corporate debt conversion 1,037	None	2007.05.14 Authorized Commercial No. 09601103270

Month/ Year	Par Value (NT$)	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increased by Assets Other than Cash	Other
07/ 2007	10	86,500	865,000	59,851	598,513	employee stock options 120	None	2007.07.04 Authorized Commercial No. 09601145270
08/ 2007	10	86,500	865,000	59,856	598,563	employee stock options 50	None	2007.08.31 Authorized Commercial No. 09601213380
09/ 2007	10	86,500	865,000	63,911	639,108	transfer of surplus to capital 40,545	None	2007.09.29 Authorized Commercial No. 09601235130
11/ 2007	10	86,500	865,000	64,123	641,228	employee stock options 2,120	None	2007.11.23 Authorized Commercial No. 09601287570
09/ 2008	10.2	150,000	1,500,000	84,126	841,258	cash capital increase 200,000	None	2008.09.05 Authorized Commercial No. 09701227710
	3.70					employee stock options 30	None	
12/ 2008	2.36	150,000	1,500,000	124,126	1,241,258	private equity capital increase 400,000	None	2008.12.03 Authorized Commercial No. 09701307160
08/ 2009	10	150,000	1,500,000	24,825	248,252	capital reduction 993,006	None	2009.08.25 Government Property Commercial No. 09887980200
09/ 2009	12.6	150,000	1,500,000	44,825	448,252	private equity capital increase 200,000	None	2009.09.24 Government Property Commercial No. 09888737600
01/ 2010	10	150,000	1,500,000	49,453	494,528	corporate debt conversion 46,278	None	2010.01.22 Government Property Commercial No. 09980179110
04/ 2010	42.2	150,000	1,500,000	50,047	500,469	corporate debt conversion 474	None	2010.04.21 Authorized Commercial No. 09901080070
	59.0					employee stock options 5,465	None	
07/ 2010	59.0	150,000	1,500,000	50,053	500,529	employee stock options 60	None	2010.07.05 Authorized Commercial No. 09901140650
08/ 2010	10	150,000	1,500,000	55,058	550,576	transfer of surplus to capital 50,047	None	2010.08.12 Authorized Commercial No. 09901182010
09/ 2010	52.88	150,000	1,500,000	65,058	650,576	cash capital increase 100,000	None	2010.09.09 Authorized Commercial No. 09901204760
01/ 2013	10	150,000	1,500,000	91,167	911,672	Consolidated capital increase 278,476	None	2013.01.22 Authorized Commercial No. 10201014580
						Merger elimination 17,380	None	
04/ 2013	12.3	150,000	1,500,000	91,346	913,464	employee stock options 1,792	None	2013.04.11 Authorized Commercial No. 10201063320
	14.1							
07/ 2013	12.3	150,000	1,500,000	91,350	913,503	employee stock options 3.8	None	2013.07.17 Authorized Commercial No. 10201121930
	14.1							
09/ 2013	12.3	150,000	1,500,000	91,458	914,577	employee stock options 1,074	None	2013.09.04 Authorized Commercial No. 10201180700
	14.1							
01/ 2014	12.3	150,000	1,500,000	91,629	916,288	employee stock options 1,711	None	2014.01.24 Authorized Commercial No. 10301015880
	14.1							

As of 04/30/2023；Unit：Shares

Share Type	Authorized Capital			Remarks
	Issued Shares	Un-issued Shares	Total Shares	
Common stock	91,628,833	58,371,167	150,000,000	—

4.1.2 Status of Shareholders

As of 04/11/2023

Item	Government Agencies	Financial Institution	Company legal person	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	0	0	228	1	29,972	20	30,221
Shareholding (shares)	0	0	13,533,332	262	78,020,814	74,425	91,628,833
Percentage (%)	0.00	0.00	14.77	0.00	85.15	0.08	100.00

4.1.3 Shareholding Distribution Status

A. Common Shares

Ten yuan per share As of 04/11/2023

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Percentage%
1 ～ 999	20,186	362,702	0.40
1,000 ～ 5,000	7,343	16,519,855	18.03
5,001 ～ 10,000	1,398	11,624,312	12.69
10,001 ～ 15,000	389	5,075,901	5.54
15,001 ～ 20,000	329	6,205,318	6.77
20,001 ～ 30,000	216	5,694,765	6.22
30,001 ～ 40,000	99	3,628,107	3.96
40,001 ～ 50,000	72	3,402,241	3.71
50,001 ～ 100,000	114	8,478,457	9.25
100,001 ～ 200,000	51	6,834,924	7.46
200,001 ～ 400,000	13	3,138,000	3.42
400,001 ～ 600,000	3	1,641,843	1.79
600,001 ～ 800,000	2	1,394,760	1.52
800,001 ～ 1,000,000	3	2,776,453	3.03
1,000,001 or over	3	14,851,195	16.21
Total	30,221	91,628,833	100.00

B. Preferred Shares：The company has not issued preferred shares.

4.1.4 List of Major Shareholders

As of 04/11/2023

Shareholder's Name	Shareholding	
	Shares	Percentage %
Trump Gain Investments Ltd.	10,025,533	10.94%
Cheng Yi Investment Co., Ltd.	2,565,662	2.80%
Chiang,Wei-Huan	2,260,000	2.47%
Weng,Wei-Chen	1,000,000	1.09%
Lin,Fu-Tai	950,000	1.04%
Hsiao,Wu-Hsing	826,453	0.90%
Hexin Venture Capital Co., Ltd.	724,760	0.79%
Kuo,Chung-Ping	670,000	0.73%
Chiang,Tsang-An	577,290	0.63%
Hsu,Su-Tsai	545,553	0.60%

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

Unit：NT$；Shares

Items	2021	2022	01/01/2023-03/31/2023
Market Price per Share			
Highest Market Price	22.60	14.15	11.50
Lowest Market Price	9.00	8.10	7.88
Average Market Price	14.35	10.88	9.08
Net Worth per Share			
Before Distribution	6.79	6.11	6.42
After Distribution	6.79	6.11	Not applicable
Earnings per Share			
Weighted Average Shares (thousand shares)	91,628	91,628	91,628
Diluted Earnings Per Share	(0.78)	(0.61)	(0.22)
Adjusted Diluted Earnings Per Share	(0.78)	(0.61)	Not applicable
Dividends per Share			
Cash Dividends	0	0	Not applicable
Stock Dividends			
• Dividends from Retained Earnings	0	0	Not applicable
• Dividends from Capital Surplus	0	0	Not applicable
Accumulated Undistributed Dividends	0	0	Not applicable
Return on Investment			
Price / Earnings Ratio	(18.40)	(17.84)	Not applicable
Price / Dividend Ratio	0	0	Not applicable
Cash Dividend Yield Rate	0	0	Not applicable

4.1.6 Dividend Policy and Implementation Status

A. Dividend Policy

The dividend policy stipulated in Article 29 and Article 29-1 of the Articles of Association of the Company, If the company makes a profit during the year, it shall allocate 5 to 15% for employee compensation and no more than 2% for directors' compensation; Employee remuneration to be issued to stocks or cash may include employees of affiliated companies who meet certain conditions, which are set by the chairman of the board.

However, when the company still has accumulated losses, it shall reserve the compensation amount in advance, and then allocate employee compensation and director compensation in proportion to the preceding paragraph.

In addition, if there is a surplus in the company’s annual final accounts, in addition to paying taxes in accordance with the law and making up for previous years’ losses, 10% of the statutory surplus reserve shall be allocated first. However, when the statutory surplus reserve has reached the company's paid-in capital, this limit is not applicable. If necessary, the special surplus reserve shall be withdrawn or converted in accordance with the law, If there is still a surplus and the accumulated undistributed surplus is added, the board of directors shall draw up a surplus distribution proposal in accordance with the company's dividend policy and submit it to the shareholders' meeting for distribution after resolution, except that a portion of the surplus may be retained for distribution by separate resolution in the following years.

The company considers the company's environment and growth stage, in response to future capital needs and long-term financial planning, and meets shareholders' demand for cash inflows, it can allocate more than 50% of the surplus and distribute shareholder dividends, of which cash dividends must not be low 20% of the total dividend.

B. Proposed Distribution of Dividend

Since the company suffered a loss in its final accounts in 2022, the company's board of directors resolved and approved on March 17, 2023 that no dividends will be distributed this year, which is in line with the company's dividend policy and is proposed to be approved by the 2023 shareholders meeting.

C. Note when significant changes in dividend policy are expected

To date, the Company does not anticipate any material changes in its dividend policy.

4.1.7 The impact of the free allotment proposed by the shareholders meeting on the company's operating performance and earnings per share

<table>
<tr><th colspan="2">Item</th><th>Before free allotment of shares</th><th>After free allotment of shares</th></tr>
<tr><td colspan="2">Paid-in capital (NT$ thousands)</td><td>916,288</td><td>916,288</td></tr>
<tr><td rowspan="3">Allotment shares and dividends this year</td><td>Cash dividend per share (NT$)</td><td colspan="2">0</td></tr>
<tr><td>Earnings transferred to capital increase dividend per share (NT$)</td><td colspan="2">0</td></tr>
<tr><td>Capital reserve transferred to increase capital stock dividend per share (NT$)</td><td colspan="2">0</td></tr>
<tr><td colspan="2">Employee bonus transfer to capital increase (NT$ thousands)</td><td colspan="2">0</td></tr>
<tr><td colspan="2">2022 net profit after tax (NT$ thousands)</td><td colspan="2">(69,799)</td></tr>
<tr><td colspan="2">EPS(NT$)</td><td>(0.61)</td><td>(0.61)</td></tr>
</table>

4.1.8 Compensation of Employees, Directors and Supervisors

A. Information Relating to Compensation of Employees, Directors and Supervisors in the Articles of Incorporation.

According to Article 29 of the Articles of Association of the Company, if the Company makes profits in the year, it shall allocate 5% to 15% for the remuneration of its employees and no more than 2% for the remuneration of its directors. Employee remuneration to be issued to stocks or cash may include employees of affiliated companies who meet certain conditions, which are set by the chairman of the board. However, when the company still has accumulated losses, it shall reserve the compensation amount in advance, and then allocate employee compensation and director compensation in proportion to the preceding paragraph.

B. 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.

Since the company has a final financial loss for 2022, there is no estimate of the amount of remuneration for employees, directors and supervisors. No dividends will be distributed this year, and there will be no distribution of remuneration for employees, directors and supervisors, so there is no relevant estimate difference The situation.

C. Remuneration distribution approved by the board

(1) The amount of employee compensation and directors and supervisors' compensation paid in cash or stocks. If there is a discrepancy from the annual estimated amount of recognized expenses, the number of discrepancies, reasons and handling circumstances should be disclosed.

Since the company has a final financial loss for 2022, it is not applicable.

(2) The amount of any employee compensation distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial reports for the current period and total employee compensation.

Since the company has a final financial loss for 2022, it is not applicable.

D. Information of 2021 Distribution of Compensation of Employees, Directors and Supervisors (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed) and, if there is any discrepancy between the actual distribution and the recognized employee, director, or supervisor compensation, additionally the discrepancy, cause, and how it is treated.

The company suffered a loss in its final accounts in 2021 and did not distribute compensation to employees, directors and supervisors, so it is not applicable.

4.1.9 Compensation of Employees, Directors and Supervisors：The company has no such case, so it is not applicable.

4.2 Corporate Bonds handling situation

4.2.1 Corporate bonds outstanding and in process：None

4.2.2 Convert corporate bonds：The company has no such case, so it is not applicable.

4.2.3 Exchange corporate bonds：The company has no such case, so it is not applicable.

4.2.4 Shelf Registration for Issuing Bonds：The company has no such case, so it is not applicable.

4.2.5 Corporate Bonds with Warrants：The company has no such case, so it is not applicable.

4.2.6 Private placement corporate bonds：The company has no such case, so it is not applicable.

4.3 Special shares handling situation：The company has no such case, so it is not applicable.

4.4 Status of overseas depository receipts：The company has no such case, so it is not applicable.

4.5 Employee Stock Options：The company has no such case, so it is not applicable.

4.6 Restriction of employee rights：The company has no such case, so it is not applicable.

4.7 M&A or transfer of shares of other companies to issue new shares：The company has no such case, so it is not applicable.

4.8 Implementation status of fund utilization plan：The company has no such case, so it is not applicable.

V. Operational Highlights

5.1 Business Activities

5.1.1 Business Scope

A、Main areas of business operations

(1) Affairs Machine Manufacturing
(2) Wired Communication Mechanical Equipment Manufacturing
(3) Wireless Communication Mechanical Equipment Manufacturing
(4) Electric Appliance and Audiovisual Electric Products Manufacturing
(5) Electronic Parts and Components Manufacturing
(6) Restrained Telecom Radio Frequency Equipments and Materials Manufacturing
(7) Computers and Computing Peripheral Equipments Manufacturing
(8) Photographic and Optical Equipment Manufacturing
(9) Computing Equipments Installation Construction
(10) Restrained Telecom Radio Frequency Equipments and Materials Construction
(11) Basic Telecommunications Equipment Construction
(12) Wholesale of Computing and Business Machinery Equipment
(13) Wholesale of Telecom Instruments
(14) Wholesale of Motor Vehicle Parts and Supplies
(15) Wholesale of Photographic Equipment
(16) Wholesale of Computer Software
(17) Wholesale of Electronic Materials
(18) Retail sale of Computing and Business Machinery Equipment
(19) Retail Sale of Telecom Instruments
(20) Retail Sale of Motor Vehicle Parts and Supplies
(21) Retail Sale of Photographic Equipment
(22) Retail Sale of Computer Software
(23) Retail Sale of Electronic Materials
(24) International Trade
(25) Restrained Telecom Radio Frequency Equipments and Materials Import
(26) Intellectual Property
(27) Other Consultancy
(28) Software Design Services
(29) Product Designing
(30) All business items that are not prohibited or restricted by law, except those that are subject to special approval

B、Operating proportion

Memory Business Group：

Unit；NT$ thousands

Year / Item	2022	
	Amount	Proportion
Dram module	69	0.07%
RAM	22,287	22.64%
Commodity	76,074	77.29%
Total	98,430	100.00%

Storage Business Group：

Unit；NT$ thousands

Item \ Year	2022	
	Amount	Proportion
RAID	34,403	16.89%
Commodity	108,897	53.47%
Raw materials, components	57,442	28.21%
Other	2,917	1.43%
Total	203,659	100.00%

Wireless Communication Business Group：

Unit；NT$ thousands

Item \ Year	2022	
	Amount	Proportion
Wireless communication and digital electronic products	34,491	69.31%
Raw materials, components	10,562	21.23%
Other	4,709	9.46%
Total	49,762	100.00%

Other business：

Unit；NT$ thousands

Item \ Year	2022	
	Amount	Proportion
Microporous breathable membrane	1,826	100.00%
Total	1,826	100.00%

C、The company's current product (service) projects

Memory Business Group：

(1) DRAM module

The DRAM module manufactured by our company is a dynamic random access memory that is adhered to a printed circuit board through surface mount technology, and is equipped with related passive components such as bypass capacitors for voltage regulation, It is composed of a resistance to suppress the amplitude and a removable read-only memory of the recording module specifications. The current product specifications are divided according to the characteristics of the memory, including the following：

① The third-generation double data rate synchronous dynamic random access memory (DDRIII SDRAM) module, with operating frequencies of 1066MHz, 1333MHz and 1600MHz, etc.

② The fourth-generation double data rate synchronous dynamic random access memory (DDR4 SDRAM) module, which includes PC4-1600/PC4-1866/PC4-2133/PC4-2400/PC4-2666/PC4-3200 series according to the transmission rate.

③ The fifth-generation double data rate synchronous dynamic random access memory (DDR5 SDRAM) module includes PC5-4000/PC5-4800/PC5-5200/PC5-5600/PC5-6000 series according to the transmission rate.

Its application areas include personal computers, notebook computers, industrial computers, workstations and servers and other computer products. It is also applied to routers in the communications field, printers and fax machines in the consumer electronics field.

(2) RAM and Flash Memory

The RAM sold by our company includes DRAM and flash memory. DRAM includes double data rate synchronous dynamic random access memory, third and fourth generation double data rate synchronous dynamic random access memory, and drawing synchronous dynamic random access memory And eMCP (eMMC+LPDDRSDRAM), etc. The main applications include graphics and display cards for computers, communication equipment and consumer electronic products; The flash memory is mainly NAND (inverse and gate) flash memory, and its application fields include industrial-grade storage media, personal portable storage media, and consumer electronics.

(3) Flash memory card

The flash memory cards produced by our company include consumer memory cards and industrial-standard storage devices. Consumer memory cards mainly include SD cards, micro SD cards and flash drives. The main components of the SD card are composed of a microcontroller and one to several NAND-type FLASH. The microcontroller and FLASH are combined with several passive components by surface-mounting technology, and they are adhered to the PCB. After initializing, loading the firmware, and testing, the PCB assembly is wrapped in a plastic case by means of ultrasonic waves. The capacities currently launched range from 64GB to 256GB. In addition, there are SDHC, SDXC, micro SDHC, micro SDXC cards, etc. The main difference is that HC refers to High Capacity, the capacity is defined to 32GB, and XC refers to eXtended Capacity. A flash drive is a personal storage medium commonly known as Big Thumbing. It also consists of a microcontroller and several NAND-type FLASH. The interface with the personal computer is through the USB port provided by the computer for data transmission.

Storage Business Group：

The main service of the company’s storage business group is the development, design, manufacturing and sales of software and hardware for network storage equipment.The main products include disk fault-tolerant array storage systems, cloud data center solutions, network-linked storage devices, digital multimedia editing, and digital security monitoring. And ODM/OEM industrial storage solutions and other products. In addition, it also provides solutions for a variety of information security software products.

Item	Products	Storage architecture	Storage interface	Application
(1)	Ultra High Density 4U/64bays SAS 12Gb Dual JBOD enclosure	DAS	SAS	For the high demand for fast backup and data protection, it can efficiently protect important data and execute disaster recovery plans to meet diverse applications and needs.
(2)	4U/64bays 16Gb/32Gb Fibre SAS 12Gb to 12Gb SAS Single/Dual RAID sub-system	SAN DAS	Fibre SAS	
(3)	2U12/2U24/3U16 bays 16Gb/32Gb Fibre/SAS 12Gb to 12Gb SAS Single/Dual RAID sub-system	SAN DAS	Fibre SAS	
(4)	2U12 bays USB/eSATA/1Gb iSCSI to 6Gb SATA RAID sub-system	DAS	iSCSI/USB /eSATA	
(5)	2U12/3U16/4U24 bays 6G/12G SAS/SATA proNAS subsystem	NAS	Ethernet	
(6)	Ultra high density 4U/96bays Ethernet JBOD enclosure design	SDS	Ethernet	
(7)	2U24/3U16/4U24 bay 12Gb SAS JBOD	DAS	SAS	
(8)	OEM/ODM NVR and DVR Server	NAS / DAS	SAS / SATA	

D、New products development

<u>Memory Business Group</u>：

Joint Electron Device Engineering Council（JEDEC）, The memory module specifications for DDR5 desktop computers have been released in the fourth quarter of 2022. According to the specifications released by JEDEC, DDR5 can provide 1.87 times higher bandwidth than DDR4, and provide higher channel efficiency. At 4800MT/s data transfer rate, it is 1.5 times higher than DDR4's 3200MT/s times. In the future, the data transmission rate will reach a maximum of 6400MT/s, twice as much as that of DDR4. Since the motherboards supporting DDR5 have not yet entered mass production in the fourth quarter of 2022, the company's products in 2022 will still be based on DDR4 modules. The development of new products in 2023 will depend on DDR5 memory and related applications. The listing schedule of the main board depends.

Storage Business Group：

In terms of storage-related products, the company has developed a new generation of 2U rack-mounted 8bay server chassis for 2022 NAS/iSCSI network storage, and the NAS motherboard that introduces Intel's new generation H610 series chipsets can be installed with Intel® Alder Lake & Raptor Lake Platform Series Gen. 12th & Gen. 13th LGA1700 processors. This newly developed proNAS model is not only used as a mid and low-end NAS file server, but also can be used as a network storage device for NVR surveillance video equipment, providing stable and secure network storage devices for enterprises. In 2023, the company will evaluate according to the degree of customer demand, focusing on the new generation of integrated storage device interface NVMe solid state drive or SAS/SATA/NVMe Tri-mode RAID storage device interface to provide higher storage data transmission Speed and PCIe Gen 4/5 new generation motherboard bus high-speed storage interface storage and development of NAS and other related products.

5.1.2 Industry Overview

A、Industry status and development

Memory Business Group：

According to media reports, as the semiconductor market has returned to normal growth mode due to the overheating caused by the previous COVID-19 epidemic, the research firm Objective Analysis predicts that the global semiconductor market will decrease by 20% annually in 2023, falling to US$460 billion; by 2024 Years are expected to return to a healthy growth state.

With the popularization of vaccination and the slowdown of the epidemic, the lives of people around the world are gradually returning to normal, and the sales of PCs and mobile devices have also begun to decline. Coupled with the fact that the Chinese authorities still insisted on continuing to adopt a strict lockdown policy, consumer spending in the local market, which accounts for an important part of the global economy, has been severely restrained. Both of these developments lead to a slowdown in the growth of the global semiconductor market in 2022 and a decline in 2023.

In terms of the average monthly sales of the global semiconductor market (the moving average of sales for three consecutive months as of the end of the current month), the sales will fall to the extension line based on the "normal" trend at the end of 2022, and the monthly average for the whole year of 2023 will be Sales will also remain on the trend extension line. It should be noted that although the average monthly sales in 2023 will remain on the trend extension line, compared with the overall sales in 2022, it will still show a downward revision.

If the model developed by Objective Analysis based on memory bit consumption growth and standard pricing (standard pricing) model is used to estimate, the current memory market demand has returned to normal growth from overheating during the pandemic. But recently, major DRAM and NAND Flash manufacturers are still increasing production capacity to meet the previous surge in demand, resulting in the current overcapacity. In this case, unless the market demand can match the production capacity, the oversupply of memory is likely to continue for a period of time, forcing memory prices to continue to slide.

Although memory manufacturers have tended to cut capex in 2023, it often takes two years for the capex cuts to translate into undercapacity. That means there won't be a memory supply shortage until 2025. However, it is still possible for the memory industry to return to profitability in mid-2024.

A recovery in the semiconductor market is unlikely in the short term, and a sharp decline in 2023 is almost certain. Objective Analysis predicts that the global semiconductor market will decline from US$570 billion in 2022 to US$460 billion in 2023.

Storage Business Group：

According to the StorageNewsletter research report analysis Reporterlinker report, the global economy is at a critical crossroads, where many challenges and crises are intertwined and coexist. Uncertainty over how Russia's war on Ukraine will play out this year and its role in creating global instability means the troubles with inflation are not over yet. As the government fights inflation by raising interest rates, new job creation will slow and affect economic activity and growth. Capital spending is set to fall as inflation concerns and weak demand hold back slowing business investment. With slowing growth and high inflation, developed markets appear primed for a recession. This year the world experiences more severe supply chain pain and a real risk of manufacturing disruption. Volatile financial markets, rising trade tensions, a tougher regulatory environment and pressure to mainstream climate change into economic decision-making will compound the challenge. 2023 is expected to be a difficult year for most markets, investors and consumers. Still, there is always an opportunity for businesses and their leaders to forge a path forward with resilience and adaptability.

In a changed business landscape, the global market for NAS is estimated to reach USD 26 billion by 2022 and is expected to reach a revised size of USD 82.9 billion by 2030, growing at a CAGR of 15.6% during 2022-2030 rate growth. The global market for Video Surveillance Storage (VSS) is estimated at USD 7.4 billion in 2020 and is projected to reach a revised size of USD 10.6 billion by 2027, growing at a CAGR of 5.4% during the analysis period 2020-2027 rate growth. SAN, one of the market segments analyzed in the report, is expected to grow at a CAGR of 4.7% to reach $3.7 billion by the end of the analysis period. Taking into account the continued post-pandemic recovery, the growth of the DAS segment is set to realign to a revised 5% CAGR over the next 7-year period.

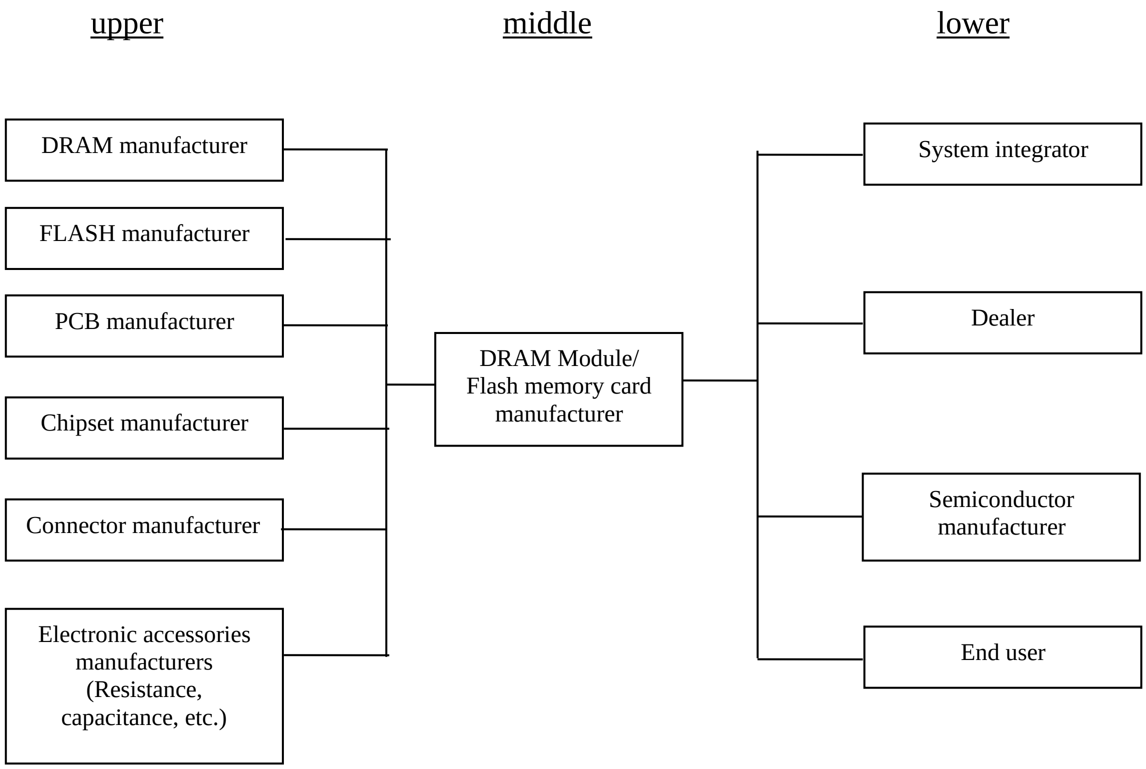
Mid-market NAS, one of the markets analyzed in the report, is projected to grow at a CAGR of 16.4% to reach $61 billion by the end of the analysis period. Taking into account the continued post-pandemic recovery, the growth of the enterprise NAS segment will readjust to a CAGR of 13.5% over the next 8-year period. The U.S. market is estimated at $7.6 billion, while China is projected to grow at a CAGR of 14.5%.

The U.S. NAS market is estimated at $7.6 billion in 2022. China, the world's second largest economy, is expected to have a market size of USD 13.8 billion by 2030, growing at a CAGR of 14.5% during the analysis period 2022-2030. Other notable geographic markets include Japan and Canada, which are expected to grow at rates of 14.1% and 13.3%, respectively, between 2022 and 2030. In Europe, Germany is projected to grow at a CAGR of 11.1%.

B、Relevance of the industry's upper, middle and lower reaches

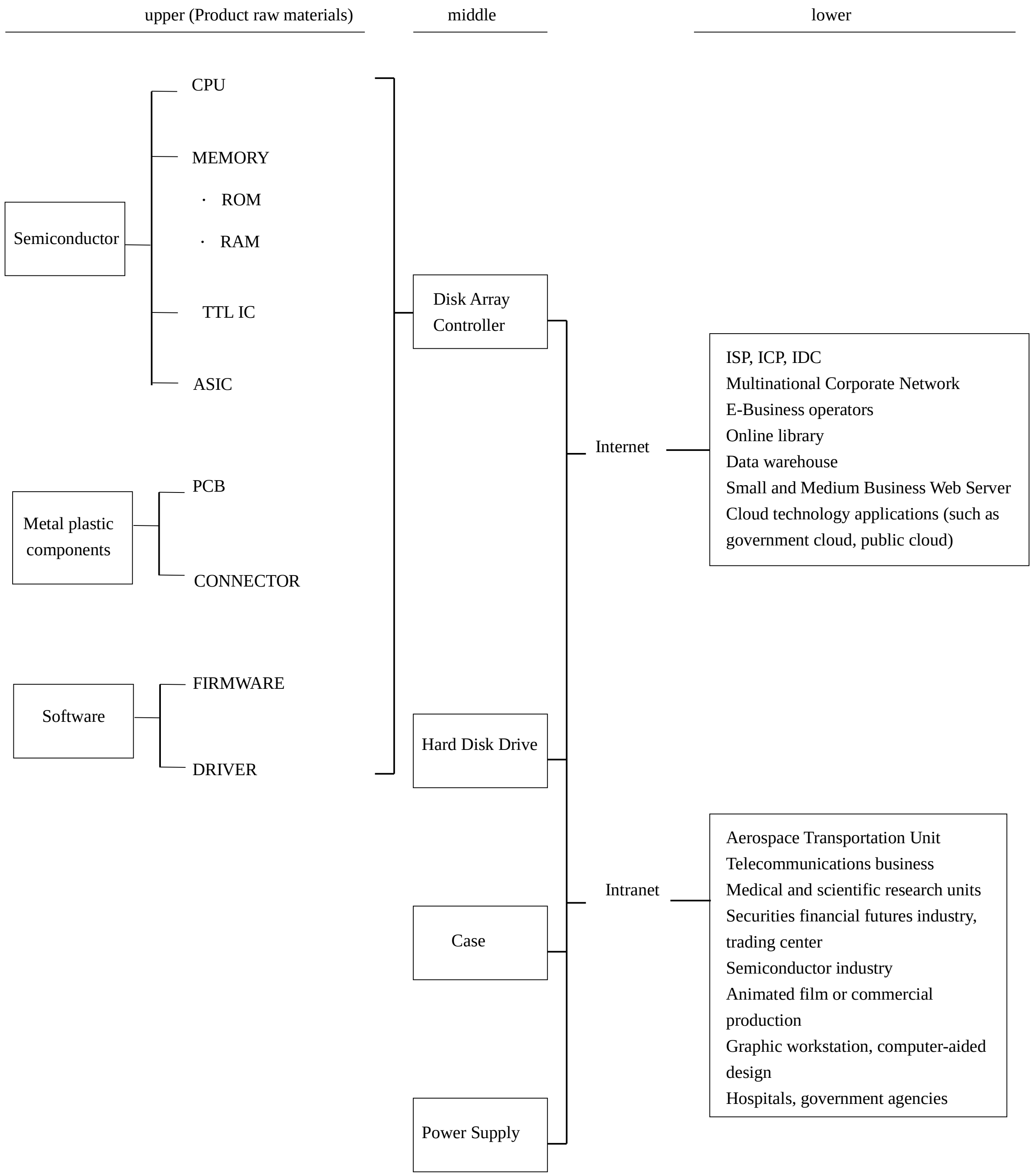
Memory Business Group：

The company's products span the two major memory fields of DRAM and FLASH. The main products include memory modules and flash memory-related products. Here are the following diagrams of the upper, middle and downstream relevance of its industry：



<u>Storage Business Group</u>：

As my country has been working hard in the global IT industry for a long time, For example, upstream, midstream, and downstream related industries have constructed a very complete professional division of labor system. Through the complete collocation from development to mass production, the mutual technology has been continuously improved and the development has become more mature. Here are the diagrams of the upper, middle, and downstream relevance of the company's disk array products in the industry：



C、Product Trends and Competition

Memory Business Group：

(1) Product Trends

According to reports from TechRadar and The Register, non-binary memory has greater flexibility and cost-effectiveness than standard DDR5 RAM. Unlike existing memory doubling formats from 16GB, 32GB to 64GB, the density of non-binary memory can be reduced by half Increase, providing 24GB, 48GB, 96GB or larger dual-inline memory modules (DIMMs).

Doubling the capacity of DRAM results in a substantial increase in cost. According to analysts at research firm CCS Insights, the ratio of memory to data center costs is very high, even higher than computing costs. The Next Platform once reported that memory accounts for 14% of server costs, and some industry insiders believe that cloud accounts for as much as 50%.

Non-binary memory offers greater flexibility in balancing cost, capacity, and bandwidth. For example, assuming that each execution thread of the workload requires 3GB of memory, using AMD Epyc 4 architecture 96-core system, if each channel is configured with 1 DIMM, at least 576GB of memory is required. If you use 32GB DIMMs, you will be short by 192GB, and if you use 64GB DIMMs, you will have an excess of 192GB. The above problems can be approached by reducing channels, but at the expense of memory bandwidth, and the problem gets worse as memory expands. In contrast, 48GB DIMMs are more cost-effective and can achieve ideal memory-to-core ratios without sacrificing bandwidth.

Non-binary memory differs from standard DDR5 in the chips used to make the DIMMs. Non-binary DIMMs use 24Gb DRAM chips instead of the 16Gb chips found on most DDR5 memories. To date, all major memory suppliers, including Samsung Electronics, SK Hynix and Micron, have released 24Gb chips for non-binary DIMMs. DRAM memory suppliers achieve higher memory density through through-silicon via (TSV) or dual-die packaging technology. For example, Samsung's 8-layer TSV process can achieve a density of 24Gb per DRAM chip, and the capacity of each DIMM can be as high as 768GB.

Of course, non-binary memory is not the only way to solve the memory core ratio problem, CXL memory and on-chip high-bandwidth memory (HBM) can also do it. With the launch of AMD's Epyc 4 processor and Intel's upcoming Sapphire Rapids processor, users will soon have another option for adding memory capacity and bandwidth to their systems.

(2) Product Competition

Affected by freezing demand, high inventory pressure, and inflation, the memory industry continues to fall into a slump, and the supply chain inventory remains high, resulting in slow growth in DDR5 penetration in 2022, but the price gap continues to narrow, and there is an opportunity to accelerate PC and servo in 2023. It is expected to move towards mainstream status in 2024.

DDR5 memory products will be launched in early 2021, but the high price positioning has not been able to stimulate market buying. Although DDR5 and LPDDR5 will continue to enter PC terminal applications in 2022, there will still be a big price gap with mainstream DDR4. The existing DDR4 inventory is full. Under the current situation, it is expected that the deregulation will continue until the first half of 2023. Although some new models are expected to be equipped with DDR5 specifications to test the water temperature, OEM customers' pursuit of cost performance will intensify the pressure of DDR5 price decline and delay the growth rate of the average DRAM capacity installed in the whole machine.

As the mass production scale of original memory manufacturers increases, the price of DDR5 will drop more than that of DDR4 in 2022. Judging from the contract price in the fourth quarter of 2022, the average price of DDR5 8GB modules is about 24.6 US dollars, compared with DDR4 products of the same specification About US$19.70, the price difference between the two has narrowed to 24~25%. In terms of contract price trends, the average price of DDR4 modules has dropped by about 20%, but DDR5 has dropped by about 23%. , help the supply chain to start warming up one after another, and accelerate the layout of the high-end application market.

The industry generally believes that it will take 2 to 3 years for DDR5 memory to become popular. According to market estimates, the market share of DDR5 memory will be about 10% in 2022. In AMD’s Ryzen 7000 series and Intel’s 13th generation The two major platforms of the Core processor have successively put in place support for DDR5 memory, and the penetration rate will climb to 20-25% in 2023, and is expected to reach 40-50% in 2024.

At present, the three major international DRAM manufacturers are optimistic about the growth potential of DDR5 imported into the data center. As the two major server CPU giants AMD and Intel have planned to launch new CPUs, both AMD Genoa and Intel Sapphire Rapids support DDR5. It has been delayed again and again, but the two CPU giants are rushing to upgrade the specifications of the data center. The introduction of DDR5 can increase bandwidth, improve reliability and scalability.

In particular, Samsung Electronics, the leading memory maker, has been expanding frequently. When other competitors are weakening and reducing production, they are actively launching the industry's most advanced 12nm process, developing 16Gb DDR5 DRAM, and completing compatibility testing with AMD , to take advantage of ultra-high transmission frequency and power saving, in 2023, the 12nm process DDR5 will be mass-produced in data centers, artificial intelligence (AI) and other fields.

Although Micron (Micron) is facing a downturn in revenue, it is still optimistic about the demand for DDR5 application data centers in 2023. DDR5 memory made with 1 α nm process has entered customer verification and will support AMD EPYC 9004 series processor data central application.

SK Hynix (SK Hynix) took another approach to develop the fastest DRAM for servers. The new generation of "DDR5 MCR DIMM" improves the transmission speed through module design technology, which is more than 80% faster than the existing DDR5. Due to the SK Group (SK Group) and Intel' s SSD department formally merged. The industry expects that the benefits of the merger will appear in 2023, which will help SK Hynix win orders from North American cloud providers, and the new generation of MCR DIMM is also a combination of Intel and Renesas Electronics (Renesas). Technology, the synergistic effect of the cooperation between the two parties continues to expand the level of cooperation.

In the channel market, high-end DDR5 application new products still have a certain basic market, but the price of entry-level DDR5 will continue to decline in the second half of 2022. Although the price difference with DDR4 particles is about 1 times, the price difference of terminal products has narrowed rapidly. , the downstream module industry is optimistic that 2023 will enter the sweet spot of price difference. The new DDR5 gaming products launched by each company have successively obtained certification from major motherboard manufacturers such as Asustek, Gigabyte, and MSI to ensure compatibility with major motherboard manufacturers. Capacitance.

The industry believes that DDR5 will be able to exert its specification advantages in high-speed computing architectures and applications, and it is optimistic that the competition for DDR5 to enter the mainstream specifications of new-generation memory will officially start in 2023.

Storage Business Group：

(1) Product Trends

The product development trend of disk array (Disk Array) has been evolving rapidly in recent years, and the factors driving its development include the adoption of solid-state drives (SSD), software-defined storage (SDS) and cloud-based storage solutions. According to a MarketsandMarkets report, the global disk array market size is expected to reach US$28.5 billion in 2025, with a compound annual growth rate of 6.3% from 2020 to 2025.

Some of the key trends driving the growth of the disk array market include the need for high-performance and scalable storage solutions in enterprise and data center environments, the adoption of hybrid storage solutions combining SSD and HDD, and the popularity of cloud storage solutions. Additionally, the need for efficient and cost-effective data management solutions is expected to drive the demand for SDS solutions that enable organizations to deploy storage on commodity hardware and simplify storage management. The disk array market mainly includes companies such as Dell Technologies, Hewlett Packard Enterprise (HPE), IBM, NetApp, Hitachi, WD Western Digital, Pure Storage, Fujitsu, Toshiba and NEC. Overall, the disk array market is expected to continue to grow in the coming years, mainly driven by the demand for scalable and efficient storage solutions in enterprise and data center environments, and the adoption of SSD, SDS and cloud-based storage solutions .

According to Seagate Technology' s five technology trend predictions and five data storage trend observations, it will promote the innovation and development of technology and storage in 2023.

Trend 1：Data democratization will be the primary competitive advantage in 2023. In response to the economic slowdown, business leaders have relied more on their teams. However, most of these teams have been downsized. When companies open their teams to access various data without restrictions, employees will naturally gain rich insights from in-depth customer data analysis. Enterprises can use the data to grasp demand, and then better overcome customer pain points, improve customer satisfaction and retention rate.

Trend 2 : As the industry cloud grows, legal compliance will liberate innovation. In order to meet the legal compliance requirements of highly regulated industries, cloud service providers will launch more clouds and services required by individual industries. Legal compliance can not only reduce information security risks, but also promote efficiency, help share knowledge, and implement common systems and control within the organization. As enterprises expect cloud service providers to take into account both legal compliance and innovation, the future industry cloud will be more prosperous .

Trend 3 : In order to increase data analysis capacity and accelerate innovation, multi-cloud will become localized this year. More enterprises will choose the data storage method located at the edge of the city. Since a large amount of data is generated and consumed in the metropolitan area, if the data storage location can be closer to the place where it is generated, the extremely low latency required for large-scale data analysis workloads will be achieved. Accelerated analysis of large data collections will also enable the creation of better machine learning models, which in turn will accelerate innovation and make better decisions at the right time.

Trend 4: Cloud service providers will face more demands on improving the transparency of technology stacking and alleviating information security concerns. In response to the increasing government software security regulations and customers' concerns about software vulnerabilities, software vendors must increase the transparency of technology stacks. As pressure on customers continues to mount, cloud providers will also be required to be more open and offer new ways to evaluate IT purchasing decisions.

Trend 5 : Automation will fill security skills gaps, but it will also create new ones. Due to the shortage of information security talents, organizations have adopted automated information security tools in order to be cost-effective. However, managing these tools requires professional skills. Automation may fill the existing information security skills gap, but it may also create new vulnerabilities. Automation requires The level of professionalism may exceed the current majors of many information security personnel. If organizations can carefully select new technologies and invest in improving the skills of IT personnel, they will be able to effectively prevent information security threats and at the same time strengthen the loyalty of employees to the organization.

(2) Product Competition

According to IDC analysis report, the global enterprise external OEM storage system market spending is expected to cool in 2023 and grow by 3.3% in 5 years. Despite concerns about the macroeconomic and geopolitical environment, the enterprise storage market continues to experience strong growth in the third quarter of 2022, with external storage growing by 8.8% year-over-year and internal OEM and ODM direct segments growing around 20% year-over-year. The external OEM value forecast for 2023 has been revised down to -1.4% from 2.5% published in September.

While most regions continue to recover from the COVID-19 pandemic, easing restrictions and opening borders, recent developments in some countries easing some restrictions could lead to another wave of the pandemic in the region, leading to further lockdowns or due to the natural disruption resulting in reduced business operations. This puts additional pressure on the supply chain. Most immediately, system sales in Russia and Ukraine continued to shrink in the third quarter of 2022 and will continue to decline, driving the decline across Central and Eastern Europe. Indirectly, the war increased already rising energy prices and transportation costs, which had a knock-on effect on the IT industry. Cuts to energy supplies add to already falling consumer and business confidence and recessionary pressures.

According to StorageNewsletter, which asks storage supplier companies every year for their views on the next year, the first forecast is related to all forms of cloud and edge, and the second topic is data management accounting for 29 %, ransomware and cybersecurity received 25%, energy and ESG-related over 16%, and finally data access and sharing with just over 10%. Ransomware is on the rise, and the ransomware threat landscape continues to expand and evolve as attackers become more sophisticated. While there is a trend towards more data breaches, major players continue to professionalize their operations. Also, in addition to expanding into MacOS and Linux, most large enterprises are focusing on cloud environments. Data breaches, growing data volumes, and the complexity of interconnected cloud services make tracking data even more challenging for organizations. Object storage contains primary data, and object storage will play the primary data role in 2023, both in the cloud and on-premises. Most data analytics/lakehouse providers now support object storage, including Teradata, Snowflake, Microsoft SQL Server, Vertica, and Greenplum. By 2023, users will increasingly realize cost and time savings by moving analytics applications to the data rather than the other way around. At present, there are nearly 20 important object storage suppliers in the market. Among the current first-line storage manufacturers, such as Dell, IBM, NetApp, Hitachi Vantara, Pure Storage, and Huawei, all have their own object storage product lines , and even develop or extend multiple series, among which Dell has 2 product lines, and IBM not only provides ESS product lines for building applications in the local environment, but also provides public cloud object storage service IBM Cloud Object Storage. The only exception is HPE, which currently provides OEM products with Qumulo, Scality, and Cohesity platforms, but does not have its own object storage products.

5.1.3 Research and Development

A、Technical level

<u>Memory Business Group</u>：

Although the process of memory chip miniaturization smoothly pushes up the operating clock of memory, the circuit design of the module PCB, which is used to assemble memory chips, is also a very important part. With our long-standing R&D capability and process experience, we are able to design modules that not only meet the technical requirements of high volume, high frequency and high speed, but also effectively match the speed and characteristics of memory to achieve the required specifications. From the perspective of mass production, our modules are produced under the control of a complete quality assurance system in addition to strict process control, resulting in high quality and reliable products. This is an important factor for our company to be certified by system majors and become their production partner.

<u>Storage Business Group</u>：

The company mainly focuses on the research and development of disk array storage system integration and network storage technology, and invests in independent research and development of institutions/electronics/software to improve the rate of technological independence, and invests in product design, with the goal of establishing its own brand and getting rid of other Vicious competition among self-assembled competitors.

According to iThome's analysis report, in order to meet the needs of unstructured data storage, object storage (Object Storage) has moved from large-scale cloud operators to general enterprises, and has become an indispensable storage infrastructure. Product types and functions continue to evolve, not only providing For large-capacity storage, there are also new-generation platforms that can meet the needs of high I/O loads and cross-protocol applications. In 2023, object storage products will break new ground.

After more than ten years of development, object storage has become a major type of the current storage equipment market. In addition to demanding high scalability and low cost, it has also begun to develop towards high performance and multi-purpose. With the increasing demand for unstructured data storage Continuously rising, object storage systems dedicated to object storage applications have also grown rapidly in the past ten years, and are now able to compete with SAN and DAS devices for block storage and NAS devices for file storage applications. And stand, become the mainstream type of enterprise storage equipment. Not only are almost all first-tier storage companies have object storage product lines, but new object storage platforms are also continuously emerging in the market, which is the most dynamic field in the current storage market. The current object storage products on the market do not simply provide object storage services, but also have dual storage service capabilities for objects and files. They are not only object storage systems, but also file storage systems with a decentralized architecture.

In addition, according to iThome analysis reports, the threat of ransomware continues to rise. In order to prevent data from being encrypted and deleted maliciously, the long-established Write Once Read Many (WORM) technology has also received attention from the IT industry again, and new application directions have emerged. , so that enterprises can use this to prevent data from being maliciously tampered with, and thus constitute an important means of protecting data security. In today’ s increasingly dangerous data extortion, write once read many (Write Once Read Many, WORM), immutable storage (Immutable storage)) and other data anti-tampering technologies have also stepped out of the application environment that focused on compliance in the past and become a key link in creating a secure storage environment for enterprises. In the past, the WORM function supported by a few storage products has gradually spread, including NAS, backup storage Products such as servers and virtual tape lockers can provide WORM applications for local application environments. At present, the local general-purpose storage devices that provide WORM functions are mainly three types: NAS, backup/archive storage devices, and object storage systems.

B、R&D expenses invested in the most recent year and as of the date of publication of the annual report

Unit；NT$ thousands

Year / Item	2022	2023 (As of March 31)
R&D expenses	45,053	11,469
Net revenue	353,677	66,129
Proportion	12.74%	17.34%

C、Successfully developed technologies or products in the most recent year and as of the date of publication of the annual report

Memory Business Group：

2022	PC4 SO-DIMM 260PIN DDR4-3200 x16bit serials
The first quarter of 2023	N/A

Storage Business Group：

In terms of storage-related products, the company has developed a new generation of 2U rack-mounted 8bay server chassis for 2022 NAS/iSCSI network storage, and the NAS motherboard that introduces Intel's new generation H610 series chipsets can be installed with Intel® Alder Lake & Raptor Lake Platform Series Gen. 12th & Gen. 13th LGA1700 processors. This newly developed proNAS model is not only used as a mid and low-end NAS file server, but also can be used as a network storage device for NVR surveillance video equipment, providing stable and secure network storage devices for enterprises. In 2023, the company will evaluate according to the degree of customer demand, focusing on the new generation of integrated storage device interface NVMe solid state drive or SAS/SATA/NVMe Tri-mode RAID storage device interface to provide higher storage data transmission Speed and PCIe Gen 4/5 new generation motherboard bus high-speed storage interface storage and development of NAS and other related products.

5.1.4 Long-term and Short-term Development

A、Short-term Development

(1) Marketing strategy

① Taking the development of niche-type high-end products as a strategy, we are committed to flexible and flexible operation planning, creating a marketing strategy that emphasizes both stable growth and profitability to improve operational performance.

② Integrate channel markets, expand business development areas, increase business diversification and extension, and enhance product market competitiveness.

③ Strengthen the provision of complete technical support for customers, implement the marketing strategy of deepening customer service, and build mutual trust and loyal customer relationships to ensure the advantage of business competition.

(2) Production and purchasing strategy

① With excellent manufacturing process and quality improvement system, we will continue to pursue the improvement of quality and efficiency, and strengthen the coordination of production and sales, so as to maximize the efficiency of available production capacity.

② Robust and accurate production capacity scale, and prioritize profitability, plan the production capacity demand of the sales product mix.

③ In response to market price trends, we will enhance our dominant position in the process of market reorganization, strengthen the company's core value differences, so as to consolidate close customer relationships and expand opportunities for strategic partner cooperation and development.

(3) R & D strategy

① Continue to invest in research and development funds, actively recruit and train outstanding research and development talents, and continue to actively cooperate with world-class manufacturers to develop new products to ensure market operating advantages.

② Grasp the market trend and product segmentation positioning, continue to develop niche and highly segmented module products, and expand the research and development scale of FLASH-related industrial products.

③ With the R&D strategy of software and hardware integration, actively adopting core storage technologies that meet the needs of enterprises and the market, standing on the mainstream industry trend, developing and integrating niche products with competitive advantages and future applications, and striving to provide customized products with various technical applications The software/hardware equipment for cloud storage is optimized, and the industrial application-oriented storage solution cuts into potential companies and markets that require a large number of storage applications.

(4) Operation management and financial planning

① Continue to strive for a stable business model and a rigorous internal control mechanism to strengthen the efficiency of the rapid response decision-making system to achieve the goal of pursuing stable growth.

② Actively strengthen the scale of working capital, improve the financial structure, implement the stable operation goal of low debt ratio, and increase the company's reputation and attract outstanding professionals to improve operating performance.

③ In-depth operation details, formulate high-quality operation management plans, and further strengthen the company's operating fitness and industrial competitiveness, with a view to welcoming the growth and robustness of the industry after adjustment, and creating better results for future operations and profits.

B、Long-term Development

(1) Marketing strategy

① Develop potential foreign markets and strengthen global operations management capabilities to consolidate long-term competitive advantages and prepare for the company's diversification and internationalization.

② Expand the breadth and depth of the vertical integration strategic alliance, and carry out closer cooperation with world-class famous manufacturers, further expand the market share and enhance the company's structure, and move towards an international company.

(2) Production and purchasing strategy

① Continue to improve the professional level of production technology and automation equipment to develop innovative production technology and ensure the competitive advantage of product technology and quality.

② Cooperate with the planning of marketing strategy, and further enhance the strategic cooperation with domestic and foreign upstream manufacturers in order to exert vertical integration and improve procurement efficiency.

(3) R & D strategy

① In addition to continuously recruiting talents and expanding technical cooperation with clients, it will further cooperate with international manufacturers to develop innovative products to fully grasp market trends and cost advantages.

② Grasp the latest technology of product innovation, and be guided by market demand, select product design priorities, shorten development time, improve product standardization and flexibility, to reduce costs, and continue to invest in the research and development of new generation products to pursue technological leadership.

③ Integrate the product application of memory and network storage devices, grasp the application trend of future products, and gain market-leading advantages and business opportunities.

(4) Operation Management and Planning

① Establish a forward-looking human resource management system and train professionals in various fields to strengthen the company's international competitiveness and implement the concept of sustainable business.

② Grasp the trend of industry changes, devote to the depth and breadth of diversified operations, to diversify the risk of business fluctuations in the company's industry, and to expand the business development field, create a new prospect for the company's long-term development, and improve the company's operating performance And industrial competitiveness.

③ Through flexible and diversified fund-raising channels in the capital market, construct the most suitable capital portfolio plan to strengthen the financial structure and the company's physical fitness; and cooperate with the growth of the company's operating scale to create the maximum benefit of the company, shareholders and employees, and stabilize towards large enterprises development of.

5.2 Market and Sales Overview

5.2.1 Market Analysis

A、Sales (Service) Region

Unit；NT$ thousands

Year / Area	2021		2022	
	Sales Amount	%	Sales Amount	%
China(Including Hong Kong)	63,893	19.42%	17,452	4.94%
Taiwan	232,358	70.63%	307,670	86.99%
Asia - Other	18,274	5.55%	15,605	4.41%
Americas	9,108	2.77%	9,600	2.71%
Europe	5,292	1.61%	3,350	0.95%
Other Area	65	0.02%	-	-
Total	328,990	100.00%	353,677	100.00%

B、Market Share

Memory Business Group：

On the whole, memory module related products are key components of personal computers, multimedia and 3C electronics. There are many domestic producers and sales of this product, and the product type, market positioning and production scale of the industry Both show considerable differences, and there is currently no professional and complete statistical data for analysis and reference in Taiwan. Therefore, only the net operating income of TWSE/TPEx Listed Companies with similar domestic products and businesses is calculated in the following table.

Unit；NT$ thousands

Company name	Stock code	2022 Net revenue	Market Share (%)
Unifosa	8277	98,430	0.20%
ADATA	3260	28,644,980	57.16%
Transcend	2451	11,386,995	22.72%
Apacer	8271	8,224,555	16.41%
Panram	8088	1,756,206	3.51%
Total		50,111,166	100.00%

Source：MOPS；Financial statements verified by an CPA.

Storage Business Group：

Since there is currently no professional and complete statistical data for analysis and reference in Taiwan, only the net operating income of TWSE/TPEx Listed Companies with similar products and businesses in China is calculated in the following table. As the domestic disk array controller technology is becoming more and more mature, such as Infortrend, Atelier Energy, etc., have gradually been able to compete with foreign manufacturers, and the overall storage equipment due to the market potential, the investment in manufacturers is increasing, driving the overall market activity. One development will give domestic storage equipment manufacturers unlimited business opportunities whether they are expanding their market channels or accepting OEM orders.

Unit；NT$ thousands

Company name	Stock code	2022 Net revenue	Market Share (%)
Unifosa	8277	203,659	4.06%
Infortrend	2495	1,314,480	26.20%
Promise	3057	799,779	15.94%
ATE Energy	6179	2,699,606	53.80%
Total		5,017,524	100.00%

Source：MOPS；Financial statements verified by an CPA.

C、The future supply and demand situation and growth of the market

Memory Business Group：

Under the haze of inflation in the global environment, the memory supply chain is facing the pressure of a large amount of inventory adjustment. The upstream memory manufacturers announced their financial reports for the fourth quarter of 2022. The operating loss fell into an industry low, and the inventory level continued to rise. The supply chain points out that end customers continue to be conservative in ordering goods, leading to an increase in inventory that will continue until the first quarter of 2023 before peaking. Although subsequent inventory is expected to be gradually reduced, the apparent recovery in purchasing momentum may be delayed By the end of the third quarter, it may be difficult to hold optimistic expectations for the recovery of the industry throughout the year.

The price of DRAM and NAND Flash will drop sharply in 2022, and each memory factory will face the price drop below the cost line. The industry estimates that DRAM and NAND will still have 15% and 20% price pressure in the first quarter of 2023. As prices fall further increase In the fourth quarter of 2022, it is not the worst situation for memory manufacturers to turn from profit to loss. It is expected that the overall loss in the first quarter of 2023 will continue to worsen.

Although Micron, SK Hynix, Kioxia, Macronix, and Nanya Branch have successively announced production cuts from the second half of 2022, the impact of this wave of price drops has directly consumed part of the memory. Operating cash of sports operators. Originally, the industry expected that Samsung Electronics would follow up the industry's production reduction measures after the release of its financial report for the fourth quarter of 2022. However, Samsung only said that it would take measures such as equipment optimization to reduce the overall supply and output from the first quarter. No mention was made of the magnitude of the supply bit reduction.

Judging from the recent inventory data released by various original memory manufacturers, Micron's inventory turnover days in the first quarter of fiscal year 2023 have risen sharply to 214 days. Although a significant reduction in production by 20% will prevent the decrease in bit shipments, upstream wafer production will be reduced to at least one quarter of bit output, so the inventory turnover days in early 2023 will continue to rise. The effect of production cuts can only be gradually reflected after February at the earliest.

Weiteng Electronics (WD)'s inventory turnover days have also increased for the fifth consecutive quarter. In the second quarter of fiscal year 2023 (October-December), the inventory turnover days climbed from the original 128 days to 133 days, and the average unit price of NAND has decreased by 20% quarterly. Facing the urgent market pressure, Weiteng announced that it will reduce wafer production by 30% from January, and lower the total capital expenditure in fiscal year 2023 to 2.3 billion US dollars.

SK Hynix will turn from profit to loss in the fourth quarter of 2022, the first operating loss in the past 10 years. Although the growth of DRAM and NAND bits will slow down from the first quarter, SK Hynix believes that the overall industry inventory level is expected to continue to rise, and will be at a high level by the first half of 2023.

Although the inventory pressure of the original memory factory is heavy, and the NAND inventory level of each company is generally higher than that of DRAM for about 1~2 weeks, but the inventory adjustment of terminal applications has begun to bottom out. The supply chain pointed out that PC OEMs have had 2~3 consecutive months Quarterly reduce the volume of goods pulled, and the first half of 2023 will continue the measure of priority inventory reduction.

Although the total PC and NB markets are declining, they will successfully control the stability of the inventory in the short term, waiting for new product shipments to stimulate market demand to pick up. As for the inventory adjustment of mobile phones, it has been going on for a year, and the inventory of brand customers has been reduced to 2 Within a month, in 2023, there will be a demand for replenishment and preparation of materials. The supply chain believes that although the inventory level of the original memory factory will drop from the second quarter, and the inventory adjustment actions of customers are gradually coming to an end, there is still a period of time before the recovery of end-customer purchases. Certainty, the momentum of pulling goods will continue to be cautious and conservative. Some industries estimate that the recovery of procurement momentum may be delayed until the end of the third quarter, and the industry’s rejuvenation in 2023 may only be expected for one quarter. Both upstream and downstream operators must be mentally prepared for the long winter of the industry.

Storage Business Group：

According to reports, as the storage industry landscape continues to change, it's time to start thinking about what trends will dominate in 2023. The data center market is on the rise and will grow by 10% between 2021-2030. Advanced storage technologies such as DNA storage and immutable backup are on the rise, some of which are further from mainstream adoption than others. The storage industry continues to be a focus for organizations due to the storage, management and processing of massive amounts of data.

Just as it has for the past 70+ years, the "bigger, faster, better, cheaper" drive will continue to shape the future of enterprise storage. Businesses will deploy systems with greater storage capacity. If they haven't already transitioned to petabyte scale, they will in 2023 and beyond. Performance will continue to be a differentiator, and business users will expect faster speeds and lower latency. Advances in automation will continue to make storage better, smarter, and easier to use. Businesses will move away from more expensive storage to more cost-effective storage and move to flexible consumption models. A big strategy for redefining the future is storage consolidation. The evolution of enterprise infrastructure is the addition of different arrays at different times over the years, adding complexity and cost—manpower, energy, floor space, rack space, and more. However, consolidating storage is a compelling way to reduce storage costs, free up resources and save money. Market trends suggest that storage consolidation will be massive in 2023. This will create opportunities for businesses to upgrade to bigger, faster, better and cheaper storage for applications and workloads. Consolidation will also go hand in hand with green IT initiatives affecting enterprise storage. Organizations will reduce their carbon footprint, power usage and space inefficiencies through storage consolidation. Looking ahead, IT leaders can expect to increase green IT initiatives in data centers around the world. Additionally, we will see hybrid cloud continue to be the preferred approach for most enterprises. When it comes to local storage, buyers will look for more options, with the flexibility to choose the media that best suits different workloads. Flash (or solid state) might be the best choice for a particular enterprise for the most demanding workloads, but the same organization might use HDD for less demanding workloads, offering better TCO and tape for Extremely low-cost archival storage.

In the market for storage hardware, the data storage market was estimated to be valued at USD 54.03 billion in 2018, growing at a compound annual growth rate (CAGR) of 12.2% during the analysis period 2021 to 2025 to reach USD 120.94 billion by the end of the year. Regionally, the U.S. and China are expected to drive the market, followed by Asia Pacific, led by Australia, South Korea, and India. Other prominent regional markets driving the demand in the global market include the United Kingdom, Japan, France, and Germany.

D、Competitive niche

(1) Across the memory and network storage industries, it has a competitive advantage in

the market

In addition to the long-term focus on notebook computer memory modules and niche products, the company has also merged with Proware Technology, and its products span the memory and network storage industries, and not only have the expertise in notebook computer memory modules Differentiate, and after entering the field of magnetic material storage, we can grasp the application trend of NAND Flash products that will be widely used in network storage products in the future. Especially in the demand for SSD with cloud business opportunities, we will be able to differentiate in the competition The competitive advantage of the market, to achieve a niche for stable operation, improved operating performance and industrial competitiveness.

(2) Innovative technology research and development strategy to enhance the integration and compatibility of product innovation

In order to grasp the market pulsation, the company develops mainstream products in a timely manner, and continues to invest in the research and development of a new generation of memory module products. At the same time, it is committed to expanding the depth and breadth of the product line and has successively developed flash memory-related industrial products. Especially after merging with Proware Technology, it can also integrate the complementarity of the R&D technology of semiconductor storage devices for both products, and enhance the integration and compatibility of product innovation.

(3) Superior production and quality management, backing up business development

In order to be able to stand out from many peers, the company obtained the ISO 9001 international quality assurance certification as early as 1999, and passed the ISO 9001 2000 certification in 2003, and also passed the ISO 9001 2000 version of the certification successfully in 2009. And obtain the ISO 9001 2008 edition certification, continue and actively promote the work policy of process improvement, quality improvement and comprehensive service, and with the replacement of products , The work of various improvements and enhancements is never interrupted, and the pursuit of perfection is the goal, which is the best backing for business development.

E、Advantages and disadvantages of development prospects and countermeasures

(1) Favorable factors

① Prudent and active diversified business strategy to enhance the company’s industrial competitiveness

In view of the severe fluctuations in the industry risk of a single DRAM, under consideration of risk diversification and stable operation, the company merged with Proware Technology through a prudent and proactive diversified business strategy, and successfully expanded its product line into the field of magnetic material storage devices. In addition to effectively diversifying industrial risks and expanding business development areas, it can reduce operating costs through the integration and complementation of overall corporate resources, and strengthen the company’s competitive niche. Since then, the company has continued to grasp the trend of industrial changes and is committed to diversification And the depth and breadth of cross-industry operations, in order to diversify the risk of business fluctuations in the industry to which the company belongs, and to expand the scope of business development, to create a new prospect for the company's long-term development, thereby enhancing the company's operating performance and industrial competitiveness.

② A stable and innovative management team maintains the best combat capability to meet challenges

The main cadres and employees of the company have rich and complete professional experience, and are brave in innovation and strong centripetal force. The personnel turnover rate has been very low for many years. Therefore, the stable professional management team has become the backing of the company's long-term stable operation; After merging with Proware Technology, under the new team integration, the company can further stimulate the innovation of organizational thinking, bring out the benefits of resource integration, and maintain the best combat capability to meet various challenges.

③ Sound financial structure to ensure stable operation

After experiencing the global financial tsunami in 2008, Unifosa is committed to improving the company's financial structure, establishing a low-debt operation strategy, and striving to ensure a stable operation with a sound financial structure. Among them, the gearing ratio by the end of 2022 has reached only 14.67%, and the results are concrete and significant, which is of substantial help to ensure stable operation.

(2) Disadvantageous factors and corresponding countermeasures

① DRAM price fluctuations will affect the stability of profit

The cost of DRAM particles accounts for a high proportion of the cost of memory modules. When faced with a market downturn, DRAM prices fall sharply and fluctuate rapidly, which often erode profits and even cause huge losses.

<u>Coping strategies</u>：

A. Fast and rigorous inventory management and decision-making mode

DRAM is the key raw material of the company’s products. The purchasing decision-making authority is based on market price trends, product dynamics and the timing of order demand as the basis for decision-making in order to avoid the risk of falling prices and sluggishness caused by improper inventory, and adopt Weekly control the total inventory and structure, increase the turnover rate of inventory, and adjust the structure of inventory materials and finished products in time.

B. High-end product differentiation and effective cost control

Standardized products with general specifications have lower gross profit after deducting the cost of particles. Only by strengthening the product structure to create differentiation can the profit be effectively increased. This is also the direction that the company has been working hard in recent years to strengthen the flash memory industry standard products. In addition, throttling is also very important to the industry. How to effectively reduce fixed costs is more important than generating surplus. Therefore, the company has always adopted lean policies and diligence in the industry, adopting various cost-saving solutions to effectively reduce Personnel costs and various management and sales expenses help the company face various unfavorable challenges.

C. Diversified operations to effectively diversify industry fluctuation risks

Since memory module manufacturers cannot completely avoid the industrial structural risk of DRAM price fluctuations, in consideration of risk diversification and stable operation, the company has been committed to various possible transformation plans in recent years and intends to use diversified operations, The cross-industry business model is used to effectively diversify the risk of industrial fluctuations. In 2012, it successfully merged with Proware Technology and entered the field of magnetic material storage devices. In addition to effectively diversifying industrial risks and expanding business development areas, it can also Diversified operations strengthen the company's competitive niche, thereby enhancing the company's operational performance and industrial competitiveness.

② The generation of memory products changes rapidly, and the product life cycle is shortened

With the vigorous development of the global technology industry, the generation of memory products is changing rapidly, and the product life cycle is shortening day by day, especially the rapid growth of the personal computer market and 3C products. The relative DRAM industry also faces the same problem. It is another disadvantage.

<u>Coping strategies</u>：

A. Flexible adjustment of product portfolio strategy to grasp profitable business opportunities

In the DRAM industry, due to the ever-shortening product life cycle, profitable business opportunities can only be grasped by flexibly adjusting the product portfolio strategy. Therefore, under the adverse factors of generations, the company's differentiated product strategy has also hidden considerable business opportunities.

B. Cross-industry R&D technology integration, creating profit with innovative products

After merging with Proware Technology, we will grasp the application trend of Nand Flash in a large number of storage devices in the future. Through the integration of cross-industry R&D technology between the two parties, we are committed to the development of new products and create profits with innovative product price advantages.

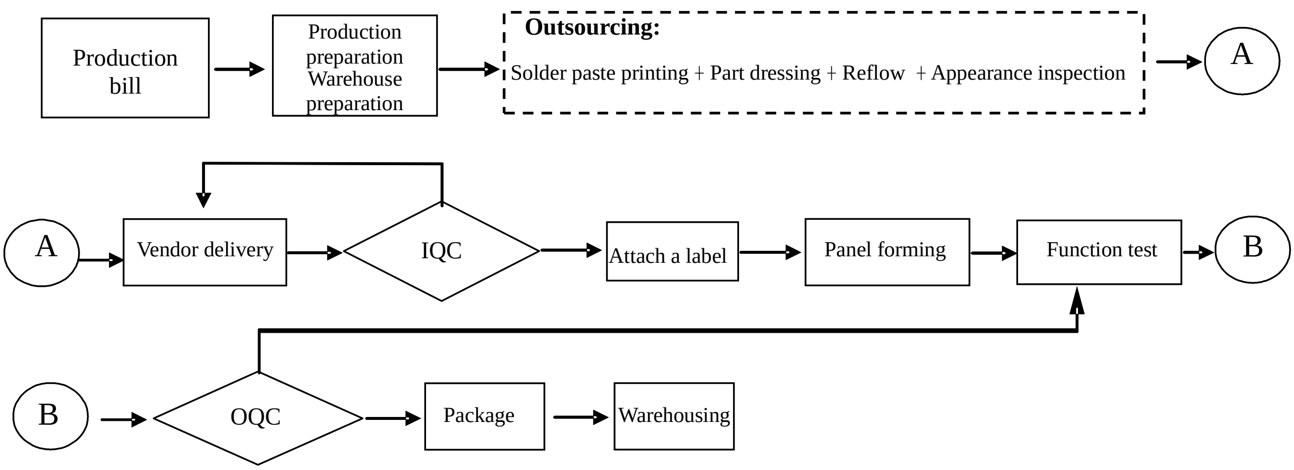
5.2.2 Important use and production process of main products

Memory Business Group：

A、Major Products and Their Main Uses

Main products	Important use
Memory module	Used in information products such as desktop computers, notebook computers, servers, printers, etc., to expand the computer data processing capacity and speed up its processing speed.
RAM	Used in information hardware and peripheral products such as memory modules, VGA cards, motherboards, etc., as access memory.
Flash card	Commercial cards are used in digital cameras, PDAs, NB, MP3, GPS and other products for access to mobile devices. Industrial cards are used in industrial computers, communication equipment, industrial control devices, medical instruments and transportation products. As a storage medium for operating systems, applications or firmware.

B、Major Products and Their Production Processes



Storage Business Group：

A、Major Products and Their Main Uses

At present, various storage devices on the market require different storage devices in different application environments. Higher-level storage devices are usually suitable for environments with higher data security requirements. In addition, users must consider other factors such as price, Requirements for space, distance, efficiency, scalability, backup methods, etc. The following are the applicable environments for high-end and low-end storage devices：

(1) High-level

① Mission-Critical Non-Stop Applications

a. Aerospace transportation units, telecommunications and communications, medical, scientific research units

b. Large Internet Operator (ISP、ICP),Multinational corporate network, e-Business operators

c. Securities financial futures industry, trading center

d. Semiconductor industry

② Ultra High Capacity、Ultra High Speed

a. Animated film or commercial production

b. Online library

c. OpenStack, Ceph, Hardoop, etc. SDS software-defined storage architecture

d. Scale-Out cloud storage, cloud backup

e. Backup, archiving, data analysis, development and file sharing

(2) Mid-level, low-level

① Graphics workstation, (CAD/CAM/CAE)

② Email server, web server

③ Audio and video data reading (Video-On-Demand、Audio-On-Demand)

④ Data warehousing industry, small and medium-sized enterprise network server

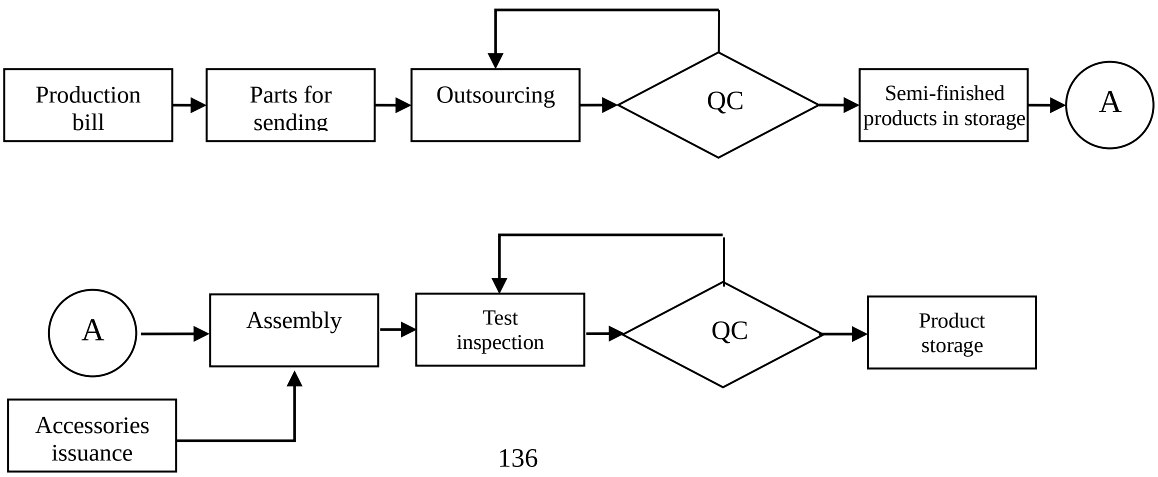
⑤ Hospitals, government agencies

⑥ Small company server, department server

⑦ Small Office Home Office (SOHO)

⑧ Audio-visual monitoring system

B. Major Products and Their Production Processes



5.2.3 Supply Status of Main Materials

The company has a very good relationship with major domestic and foreign suppliers in the acquisition of major raw material sources, and adopts a strategy of diversifying purchase sources in terms of procurement risk dispersion, hoping to ensure the stability of the source of supply, especially in the company After merging with Proware Technology, the sources and manufacturers have been adjusted and dispersed to reduce the concentration of purchases. Therefore, the supply of the company's main raw materials is stable and good.

5.2.4 The names of customers who have accounted for more than 10% of total purchases (sales) in any of the last two years, their purchases (sales) amount and proportion, and the reasons for the increase or decrease.

A、Purchase：In 2022, the purchase amount of the company's supplier V-83 is NT$58,584 thousand, which is a substantial increase compared with 2021. The main reason is that the price of the IC and memory modules sold by the company meets customer needs, so the supplier's purchase amount accounts for 2022. The total purchases accounted for 21.26%, making it the company's largest purchaser.

Major Suppliers in the Last Two Calendar Years

Unit: NT$ thousands

Year	2021				2022				2023 (As of March 31)			
Item	Name	Amount	Percentage of total annual net purchases (%)	Relation with Issuer	Name	Amount	Percentage of total annual net purchases (%)	Relation with Issuer	Name	Amount	Percentage of total annual net purchases (%)	Relation with Issuer
1	V-72	20,474	8.55	None	V-83	58,584	21.26	None	V-89	11,362	17.96	None
2	V-49	17,152	7.16	None	V-88	25,171	9.13	None	V-83	9,533	15.07	None
3	V-79	16,231	6.77	None	V-87	14,886	5.40	None	V-87	6,127	9.68	None
4	Others	185,725	77.52	-	Others	176,955	64.21	-	Others	36,242	57.29	-
	Net Total Supplies	239,582	100.00	-	Net Total Supplies	275,596	100.00	-	Net Total Supplies	63,264	100.00	-

B、Sales：Since the company mainly sells IC and memory modules in 2022, C-47 is the company's largest sales customer, accounting for 10.21% of the annual net sales ratio.

Major Clients in the Last Two Calendar Years

Unit: NT$ thousands

Year	2021				2022				2023 (As of March 31)			
Item	Name	Amount	Percentage of total annual net purchases (%)	Relation with Issuer	Name	Amount	Percentage of total annual net purchases (%)	Relation with Issuer	Name	Amount	Percentage of total annual net purchases (%)	Relation with Issuer
1	C-73	39,268	11.94	None	C-47	36,108	10.21	None	C-105	11,200	16.94	None
2	C-101	26,050	7.92	None	C-74	34,894	9.87	None	C-74	9,563	14.46	None
3	C-47	24,216	7.36	None	C-95	23,830	6.74	None	C-73	9,311	14.08	None
7	Others	239,456	72.78	-	Others	258,845	73.18	-	Others	36,055	54.52	-
	Net Total Supplies	328,990	100.00	-	Net Total Supplies	353,677	100.00	-	Net Total Supplies	66,129	100.00	-

5.2.5 Production in the Last Two Years

Memory Business Group：

Unit: NT$ thousands；Strip/piece

Year	2021			2022		
Output / Major Products	Capacity	Quantity	Amount	Capacity	Quantity	Amount
Memory module	38,016	3,568	9,480	38,016	1946	4,785
Total	38,016	3,568	9,480	38,016	1946	4,785

Storage Business Group：

Unit: NT$ thousands；Station/group

Year	2021			2022		
Output / Major Products	Capacity	Quantity	Amount	Capacity	Quantity	Amount
Disk array	1,550	1,167	71,200	1,732	1,114	65,914
Total	1,550	1,167	71,200	1,732	1,114	65,914

The output of memory modules in 2022 was significantly reduced by 45.46% compared with that in 2021, mainly because the overall revenue in 2022 was affected by the epidemic and global inflation factors and the demand was slowing down, which was the main reason for the output value significantly decreased by 49.53% compared with that in 2021.

As for the storage business group, the production capacity and output of disk arrays in 2022 will be 1,732 units and 1,114 units respectively, with an output value of NT$65,914 thousand, an increase of 11.74%, 4.54%, and 7.42% from 2021, respectively. The main reason is that the company's storage business group business in 2022 was affected by the epidemic and competition in the same industry. The average sales unit price in 2022 has dropped by 18.26% compared with the same period in 2021, so the overall output value has decreased by 7.42% compared with the same period in 2021.

In general, the company's 2022 annual production value changes are adjusted with changes in market supply and demand, and the changes are still reasonable.

5.2.6 Shipments and Sales in the Last Two Years

Memory Business Group：

Unit: NT$ thousands；Strip/piece

Year	2021				2022			
Output / Major Products	Local		Export		Local		Export	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Memory module	3,265	359	-	-	606	69	-	-
RAM	31,900	3,711	513,574	23,860	268,515	18,690	36,169	3,597
Flash card	-	-	-	-	-	-	-	-
Commodity	30,164	26,971	71,300	19,338	97,012	76,074	-	-
Total	65,329	31,041	584,874	43,198	366,133	94,833	36,169	3,597

In the last two years (2021 and 2022), the proportion of export sales amount was 58.19% and 3.65%, respectively. The significant decrease of 54.54% in 2022 compared to 2021 was mainly due to the fact that the Company continued to focus on the sales of random access memory and merchandise (memory modules) in 2022. Although most of the countries in Europe and the United States have been released from the epidemic, the global economy is still affected by the shortage of food in the Russian-Ukrainian war, causing inflation to stay high. The global economy is obviously slowing down, consumer confidence is shrinking, and the off-season effect of the electronics industry has reduced the export sales amount by NT$39,601 thousand in 2022 compared to the same period last year.

Storage Business Group：

Unit: NT$ thousands；Station/pices

Year	2021				2022			
Output / Major Products	Local		Export		Local		Export	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Disk array	188	14,562	264	24,374	272	15,698	212	18,705
Commodity	4,132	105,057	31	1,009	5,621	108,693	25	204
Raw materials, semi-finished products	20,232	51,901	287	919	22,629	54,236	861	3,206
Others	-	4,115	-	-	-	2,850	-	67
Total	24,552	175,635	582	26,302	28,522	181,477	1,098	22,182

In the last two years (2021 and 2022), the proportion of external sales amount was 13.02% and 10.89%, respectively, with a slight decrease of 2.13% in 2022 compared to 2021. This is mainly due to the fact that our storage business group is focused on selling disk arrays. Although we have been developing and selling mid- and high-end disk array products in FY2022, the overall business was still affected by the epidemic and the downturn of the electronics industry. In 2022, the proportion of external sales amount decreased by NT$4,120 thousand compared to the same period last year. However, the proportion of domestic sales amount increased by NT$5,842 thousand compared to the same period last year, so the overall turnover increased by NT$1,722 thousand, or 0.85%, compared to 2021.

5.3 Human Resources

Year		2021	2022	April 30, 2023
Number of Employees	Direct employees	7	7	7
	Indirect employees	53	52	53
	Total	60	59	60
Average Age		49	50	50
Average Years of Service		17 years 5 months	18 years 1 months	18 years 1 months
Education	Ph.D.	0.00%	0.00%	0.00%
	Masters	8.33%	6.78%	6.67%
	Bachelor’s Degree	75.01%	76.27%	76.67%
	Senior High School	13.33%	13.56%	13.33%
	Below Senior High School	3.33%	3.39%	3.33%

5.4 Environmental Protection Expenditure

The company is a technology-intensive professional memory module manufacturing and disk array system integration company. The production process of the memory business is mainly based on computer motherboard testing, and the production process of the storage business is mainly based on hardware assembly. Therefore, it will not cause waste gas, waste water and other pollution. For general waste, qualified cleaning and transportation companies are also entrusted to carry out cleaning and transportation. Therefore, there is no environmental pollution. In the most recent year of 2022 and as of the publication date of the annual report, the company There is also no loss, punishment or compensation due to environmental pollution.

(1) According to laws and regulations, those who should apply for a pollution facility installation permit or a pollution discharge permit, or should pay pollution prevention and control fees, or should set up a special unit for environmental protection, their application, payment or establishment status：Not applicable.

(2) The company's investment in the main equipment for the prevention and control of environmental pollution and its use and possible benefits：Not applicable.

(3) In the most recent year and as of the publication date of the annual report, the company's process of improving environmental pollution, if there is a pollution dispute, should explain its handling process：No such incident.

(4) In the most recent year and up to the publication date of the annual report, the company

suffered losses due to environmental pollution (including compensation and environmental protection audit results that violated environmental protection laws and regulations. The date of punishment, the font size, the violation of laws and regulations, the content of violations, and the content of punishment should be listed), and disclose the estimated amount and corresponding measures that may occur at present and in the future：No such incident.

(5) The impact of the current pollution situation and its improvement on the company's earnings, competitive position and capital expenditures and the major environmental protection capital expenditures expected in the next two years：No such incident.

5.5 Labor Relations

5.5.1 The company's various employee welfare measures, further education, training, and retirement systems and their implementation, as well as the agreements between labor and management and various employee rights protection measures.

1、Employee Welfare

(1) Insurance：labor insurance, national health insurance, employment insurance , Labor Occupational Accident Insurance , group insurance.

(2) Employee welfare：set up an employee welfare committee

① Weddings and funerals, hospitalization for injuries and illnesses, parental leave, maternity subsidies.

② Year-end dine together.

③ Recreational tourism subsidy activities.

④ Three festival gifts.

⑤ Birthday gifts.

⑥ Subsidies to employee society activities.

2、Further education, training

In order to respond to the rapid changes in industrial technology and ensure the development of employees, the company achieves the company's common goals, education and training are one of the company's human resources management priorities. The company has set up "employee education and training procedures" and "professional appraisal method" to provide employees with opportunities and funds to participate in training, hoping that each employee can contribute what they have learned, improve the quality and level of work, and create overall company profits. And through work and training, personal career planning and the company's overall interests can grow at the same time. The company's personnel unit is responsible for the implementation of employee education and training. It coordinates the preparation of annual education and training plans for all departments. It is divided into internal training and external training to be responsible for the implementation of training plans. According to the functional needs of employees, the scope includes new recruits. Pre-training, on-the-job education and training, professional training and management communication courses to enhance the knowledge and skills required by employees.The company's recent training and training for external training in 2022 are summarized as follows：

Course name content	Training hours	Training cost (NT$)
Auditor Continuing Education Course	12 hours	6,000
Auditor Continuing Education Course	12 hours	7,000
Continuing Education Course for Accounting Supervisors of Issuing Issuers and Stock Exchanges	12 hours	8,000
Continuing Education Course for Accounting Supervisors of Issuing Issuers and Stock Exchanges	12 hours	8,000

3、Retirement system

In accordance with the Labor Standards Act, in order to continue to select employees who are subject to the old pension system, and to retain the part of the old system for the old employees who choose the new pension system, the company has established a labor retirement reserve supervision committee to provide employees according to the law every month 4% "retirement reserve" of the total taxable salary and deposited in the special account of the Trust Department of the Bank of Taiwan, The accumulated amount of the labor retirement reserve as of December 2022 is NT$22,581,015, and starting from July 1, 2005, according to the Labor Retirement Ordinance (New Labor Retirement System), a monthly payment of 6% of the salary of the "Labor Retirement" The funds will be transferred to the employee personal account of the Bureau of Labor Insurance. In 2022, a total of NT$2,586,788 will be allocated. When employees meet the retirement conditions stipulated by laws and the company, they can retire in accordance with the company's "Retirement Management Regulations".

The company's employee retirement system

A. Self-retire

Workers of our company who have one of the following circumstances can request their retirement：

(1) Those who have worked for more than 15 years and are over 55 years old.

(2) Those who have worked for more than 25 years.

(3) Those who have worked for more than 10 years and are over 60 years old.

B. Mandatory retirement

The company may force employees to retire if they have one of the following situations：

(1) Those who are over 65 years old.

(2) Loss of mind or physical disability is incapable of being a qualified worker.

C. Standards for pensions

(1) For years of service before 1 July 2005, the pension is calculated as follows.

a. Two base figures are given for each full year according to their working years. However, for working years of more than 15 years (30 bases), one base is given for every full year, and the maximum total is limited to 45 bases. Those who are less than half a year will be counted as half a year; those who have completed half a year will be counted as one year. The standard of the pension base refers to the average salary of one month at the time of approved retirement, and the pension calculated in accordance with the regulations, the maximum total is limited to 45 bases.

b. For workers who are forced to retire in accordance with the provisions of Article 40, if their loss of mind or physical disability is caused by the performance of their duties, 20% shall be added in accordance with the provisions of the preceding paragraph.

c. The average wage referred to in the preceding paragraph (a.): refers to the total wages earned in the six months prior to the day when the cause of calculation occurs divided by the total number of days in the period. For those who have worked for less than six months, it is the total wages earned during the working period divided by the total number of days in the working period.

d. Pension benefits shall be paid from the Company's Labor Retirement Reserve Account within one month from the date of retirement. If the Company's retirement reserve cannot be paid, the Company shall raise additional funds to pay for it.

e. When the company’s legally appropriated retirement reserve fund is insufficient to pay and the business’s operation and finances are indeed in difficulties, the company may report to the competent authority for approval of the installment payment.

(2) Since July 1, 2005, in accordance with the Labor Pension Regulations, the "Labor Standards Act" has been selected to continue to apply the pension provisions of the "Labor Standards Law". The working years and the working years of the preceding paragraph 1 are combined and the pension is calculated according to the preceding paragraph 1.

(3) Since July 1, 2005 (inclusive), for those who are employed or who choose the Labor Pension Regulations, the method of receiving and calculating the pension is as follows：

a. For employees who are subject to the pension provisions of the Labor Pension Regulations, the company pays 6% of their insured salary monthly to the individual pension account of the employee according to the standard of the monthly wage grading table.

b. The insured salary referred to in the preceding paragraph (a.) refers to the salary declared by the company to the Labor Insurance Bureau based on the total monthly salary of the insured and in accordance with the insured salary grading table.

(4) The right of workers to claim pensions will be extinguished due to failure to exercise them for 5 years from the month following their retirement.

(5) For other relevant regulations on retirement, please refer to the Company’s Retirement Management Measures.

4、Agreements between labor and management and various employee rights protection measures

(1) In order to let all employees understand the ethical concepts, rights, obligations and codes of conduct, the company has formulated relevant methods and regulations so that all employees can follow.

(2) In order to strengthen internal communication channels, the company has established an "internal communication system", an "employee grievance system", a labor suggestion mailbox, and regular labor coordination meetings to provide labor suggestions and exchange opinions between labor and management to strengthen labor-employment relations coordination.

(3) Labor safety and hygiene follow the regulations of the competent authority and formulate safety and hygiene work rules for employees to comply with safety and hygiene work matters.

5、Persons related to financial information transparency, who have obtained relevant licenses specified by the competent authority

In order to improve the professional quality of accounting supervisors, and to strengthen the quality of financial report information and protect the rights and interests of investors, the accounting supervisors have more than 20 years of experience in accounting or accounting supervisors in public offering companies in addition to accounting college degrees. Continue to participate in professional training in accounting, auditing, legal responsibility or financial laws and regulations during the tenure. In addition, in order to cooperate with the implementation of the company's international accounting standards (IFRSs) conversion plan, strengthen the ability to use IFRSs in practice, and select IFRSs. The courses are intensively studied. Therefore, although the company's personnel related to financial information transparency have not obtained the relevant licenses specified by the competent authority, their qualifications are in compliance with the regulations of the competent authority, and there is no discrepancy.

6、Work environment and protection measures for employees' personal safety

In order to maintain the working environment and the personal safety of employees, the company formulates relevant protective measures according to their importance. For major environmental risk control, the ISO 14001 management system is adopted, and the objectives and program management are used to prioritize improvements; and lower risks

It uses operational control methods to control, including various management procedures and methods such as "Safety and Health Work Code", "Environmental Management Program Procedures", "Emergency Response and Preparation Management Procedures" and "Occupational Disease Prevention and Control Management Measures" , Require all colleagues to perform thoroughly. The ISO 14001 management system and related operations control are described as follows：

（1）The major goals and management plan of the ISO 14001 management system

Item	Target	Program	Status description	Implementation status
1	Compliance with EU chemical registration, evaluation, authorization and restriction regulations	Products comply with REACH regulations	In order to meet the requirements of EU chemical registration, evaluation, authorization and restriction laws and regulations, the current raw materials used in products have been investigated for substances of high concern, and the status of the list of substances of high concern has been continuously understood.	1. Continue to collect the increase in the list of substances of high concern. 2.In January 2022, ECHA, the Directorate General of Chemicals of the European Union, announced the addition of 4 new candidate lists of substances of very high concern (SVHC) under the REACH Directive that require authorization, and announced the addition of 5 new candidate lists of formally authorized substances in April. In June, another new candidate list of substances requiring authorization was announced. By the end of 2022, the official list of substances requiring authorization has a total of 59 items; the candidate list of substances requiring authorization has a total of 224 items.
2	Continue to collect customer HSF product requirements	Product harmless introduction plan	1. Some customers will gradually introduce halogen-free products in 2010. 2. The raw materials	1. Started production of halogen-free products at the end of May 2010. 2. Currently, we

	and regulations		required for production have fully met the halogen-free requirements. 3. Continue to track customer requirements for hazardous substances.	continue to collect information on the client's requirements for HSF products.

（2）Other environmental promotion activities

① Promotion of halogen-free products

In the past ten years, many experts have reminded that some chemical substances with similar biological hormone effects may cause harm to human health and ecology. These substances are collectively referred to as environmental hormones or endocrine disruptors. Among them, halogen compounds account for a lot. Internationally, non-governmental organizations also attach great importance to non-halogen issues. For example, the greening policy promoted by Green peace at this stage requires all manufacturers to completely eliminate polyvinyl chloride and brominated flame retardants in their electronic products in order to comply with both lead-free and halogen-free green electronics. Therefore, under the requirements of regulations and the promotion of international environmental protection organizations, the introduction of halogen-free materials has become an important environmental goal of major international companies. The company also actively promotes green production and procurement, and has fully introduced the production of halogen-free products in 2011.

② Promote waste reduction production technology

The company actively makes full and effective use of resources to reduce waste and reduce production costs, in addition to improving manufacturing processes and operation management to increase recycling and reuse, and reduce waste production. On the other hand, the development and selection of pollution-free and low-polluting processes to reduce waste.

③ Field operating environment measurement

When the company implements the work environment measurement, all contain the determination of the working environment of sampling strategy plan, from the basic data collection, raw materials, process flow, hazards inventory to begin, and through observation, interview, survey, planning of similar exposure group, and then, for the greatest possible exposure to implement project of sampling, measurement, emissions, noise, organic solvents, lead (Pb)... etc.

（3）Related operation and control

① Insured labor insurance, health insurance and group insurance for employees.

② It has formulated the"Occupational Disease Prevention and Control Management

Measures". All employees are arranged for general health inspections every two years, and employees engaged in lead operations and ionizing radiation inspections are arranged to conduct health inspections for special operations once a year to ensure employees The personal safety.

③ It has formulated the "Safety and Hygiene Work Code", which regulates and teaches employees how to safely and correctly operate machinery and equipment (including tools) to protect their work safety.

④ According to the ISO 9001 quality management system, regular maintenance and testing of machines and instruments are carried out to maintain their normal operation and avoid machine equipment failures and industrial safety incidents.

⑤ According to the ISO 14001 environmental management system, the quality of the environment, air, and water quality is monitored and managed to maintain a good working environment.

⑥ According to IECQ QC-080000 Hazardous Substances Process Management System, the international hazardous substance laws and customer requirements are controlled to comply with the regulations of green products.

⑦ The quality of drinking water is inspected every three months to ensure healthy drinking water for employees.

⑧ In response to emergency events such as earthquakes, floods, chemical tank rupture and leakage, exhaust gas treatment equipment failure, X-ray radiation leakage, etc., an emergency response team was established to conduct regular training and drills every year to avoid or reduce the damage to employees during disasters.

⑨ Set up a self-defense fire brigade formation, set up command classes, notification classes, fire fighting classes, evacuation guidance classes, safety protection classes and ambulance classes, and organize fire safety seminars and escape drills regularly once a year or in cooperation with the building management committee to ensure the working environment And the personal safety of employees.

5.5.2 Any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to labor disputes (including labor inspection results found in violation of the Labor Standards Act, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions), And disclose the estimated amount and corresponding measures that may occur currently and in the future.

Since its establishment, the company has been adhering to the management philosophy of "labor-management harmony". In recent years, it has established a good and stable corporate culture and working environment. It has not suffered losses due to labor disputes in the most recent year and as of the publication date of the annual report. , The labor-management relationship is harmonious. In the future, the company will continue to work hard to expand various management regulations, benefits, systems, etc., to seek more and better rights and obligations for all colleagues, and to create better performance and profits for the company.

5.6 Information communication security management

5.6.1 Describe the information communication security risk management framework, the information security policy, the specific management plan and the resources invested in the information security management, etc.

1. Information communication security Risk Management Framework

In view of the fact that the possible losses caused by the information communication risks may be difficult to estimate, in order to effectively implement the information communication security policies and related management plans, the general manager convened and established an inter-departmental "information security management team". The information department is responsible for leading and planning, and other Relevant units cooperate with the implementation, through the division of responsibilities and task grouping of the organization, systematic and organized implementation and operation of the information security management system, in order to respond to and establish the policies and preventive measures required for information security. The organizational structure and division of responsibilities of the group are as follows：

(1) convener：Is the top manager of the team, the President is responsible for it is responsible for approving information security policies, providing resources and reviewing critical information security measures.

(2) Head of Information Security：Headed by the Deputy General Managers of the Information Department, responsible for developing information security policies, planning, coordinating, implementing, reviewing and improving information security management systems.

(3) Information Asset Manager：By the information asset managers of each business group, responsible for planning and implementing various information security control measures to protect the security of information assets, including risk assessment, risk processing and implementation of information security control measures.

2. Information communication Security Policy

In order to ensure the goal of information communication security, and to implement the awareness and action principles of information communication security, the company can establish and maintain its information security management system. The policy objectives for establishing information communication security are as follows：

(1) Provide a safe and stable information environment to ensure the continuous operation of the company's business operations.

(2) Improve the confidentiality and security of the company's operating assets and information to control and prevent information communication security risks.

3. Specific management plan

(1) Regularly review the company's information hardware and environment to ensure the prevention of possible information communication security management risks.

(2) Regularly assess the risks of internal man-made and external environment changes that may endanger the security of the company's information and communication to ensure the stable operation of the company's operations.

(3) Establish and enhance the information communication security risk awareness of the company's employees, so as to ensure that all colleagues actually follow information security-related regulations and prevent possible information communication security risks.

(4) Strengthen the legal protection of information security through the perennial legal counsel appointed by the company.

4. Invest resources in information communication security management

In order to ensure the security of the company's information system, there are relevant security measures for the company's information system and network and other information equipment, and the information security director and the information asset manager are responsible for paying attention to changes in the information environment. Formulate relevant information security and security management plans, and implement education and publicity to enhance the company's colleagues' awareness and resilience of information security risks.

5.6.2 List the losses, possible impacts and countermeasures suffered due to major information communication security incidents in the most recent year and as of the publication date of the annual report. If it is impossible to estimate reasonably, the fact that it cannot be reasonably estimated shall be stated.

In the most recent (2021) year and as of the date of publication of the annual report, the Company has not experienced any major information communication security incidents, and therefore has not suffered any related losses.

5.7 Important Contracts

Agreement	Counterparty	Period	Major Contents	Restrictions
short-term loan contract	Mega International Commercial Bank Neihu Branch	2022/07/01 ｜ 2023/06/30	The short-term loan amount is NT$70 million, but when using this amount, 30% of the pledged time deposit under NT$30,000 thousand and 50% of the pledged time deposit of NT$30,000 thousand to 50,000 thousand, more than NT$50,000 thousand is pledged 100%.	None
short-term loan contract	Taiwan Cooperative Bank Baoqiao Branch	2023/02/24 ｜ 2024/02/24	The building on the 6F., No. 2, Aly. 1, Ln. 235, Baoqiao Rd., Xindian Dist., is mortgaged with a short-term loan amount of NT$60 million.	None

VI. Financial Information

6.1 Five-Year Financial Summary

A. Consolidated Condensed Balance Sheet – Based on IFRS

Condensed Balance Sheet（Consolidated)

Unit: NT$ thousands

Item \ Year		Financial Summary for The Last Five Years（Note:1）					As of 03/31/2023（Note:3）
		2018	2019	2020	2021	2022	
Current assets		490,849	416,681	481,229	398,714	365,628	333,554
Property, Plant and Equipment（Note:2）		311,593	302,237	300,942	293,837	283,682	280,998
Intangible assets		-	-	8,664	7,701	6,737	6,499
Other assets（Note:2）		101,050	95,160	75,382	56,573	51,343	85,449
Total assets		903,492	814,078	866,217	756,825	707,390	706,500
Current liabilities	Before distribution	45,167	47,080	76,293	59,008	54,890	63,896
	After distribution	45,167	47,080	76,293	59,008	(Note 4)	(Note 4)
Non-current liabilities		589	7,576	42,540	32,809	48,865	54,590
Total liabilities	Before distribution	45,756	54,656	118,833	91,817	103,755	118,486
	After distribution	45,756	54,656	118,833	91,817	(Note 4)	(Note 4)
Equity attributable to owners of the parent company		855,971	758,009	686,088	622,532	559,588	551,618
Capital		916,288	916,288	916,288	916,288	916,288	916,288
Additional paid-in capital		-	-	-	6,998	6,998	19,414
Retained earnings	Before distribution	(59,316)	(154,873)	(219,865)	(291,184)	(353,273)	(373,524)
	After distribution	(59,316)	(154,873)	(219,865)	(291,184)	(Note 4)	(Note 4)
Other equity		(1,001)	(3,406)	(10,335)	(9,570)	(10,425)	(10,560)
Treasury stock		-	-	-	-	-	-
Non-controlling equity		1,765	1,413	61,296	42,476	44,047	36,396
Total equity	Before distribution	857,736	759,422	747,384	665,008	603,635	588,014
	After distribution	857,736	759,422	747,384	665,008	(Note 4)	(Note 4)

Note 1：The consolidated financial statements of the company from 2018 to 2022 are prepared in accordance with International Financial Reporting Standards and all have been verified by accountants.

Note 2： The company did not perform asset revaluation in the current year.

Note 3：The company's consolidated financial statements as of March 31, 2023 were prepared in accordance with International Financial Reporting Standards and reviewed by accountants.

Note 4： The 2022 earnings distribution proposal has not yet been resolved by the shareholders meeting.

Note 5： The company has no financial information for the current year that has been notified by the competent authority and should be corrected or rewritten by itself.

Consolidated Condensed Statement of Comprehensive Income (Consolidated)

Unit: NT$ thousands

Item \ Year	Financial Summary for The Last Five Years (Note:1)					As of 03/31/2023 (Note:2)
	2018	2019	2020	2021	2022	
Operating revenue	585,740	999,137	438,846	328,990	353,677	66,129
Gross profit	8,659	12,072	51,167	61,273	62,657	10,336
Operating profit and loss	(65,794)	(88,971)	(67,045)	(69,144)	(71,402)	(22,008)
Non-Operating Income and Expenses	1,261	4,608	1,742	(7,606)	1,508	(5,709)
Income before tax	(64,533)	(84,363)	(65,303)	(76,750)	(69,894)	(27,717)
continuing operating income	(64,533)	(84,363)	(65,303)	(76,750)	(69,894)	(27,717)
discontinued operation income	-	-	-		-	-
Net Income (Loss)	(76,490)	(95,521)	(76,692)	(90,004)	(69,799)	(27,902)
Other comprehensive income (income after tax)	6,222	(1,738)	(4,478)	630	4,239	(135)
Total comprehensive income	(70,268)	(97,259)	(81,170)	(89,374)	(65,560)	(28,037)
Net income attributable to shareholders of the parent	(76,202)	(95,169)	(63,620)	(71,184)	(56,055)	(20,251)
Net income attributable to non-controlling interest	(288)	(352)	(13,072)	(18,820)	(13,744)	(7,651)
Comprehensive income attributable to Shareholders of the parent	(69,980)	(96,907)	(68,098)	(70,554)	(51,816)	(20,386)
Comprehensive income attributable to non-controlling interest	(288)	(352)	(13,072)	(18,820)	(13,744)	(7,651)
Earning Per Share(NT$)	(0.83)	(1.04)	(0.69)	(0.78)	(0.61)	(0.22)

Note 1：The consolidated financial statements of the company from 2018 to 2022 are prepared in accordance with International Financial Reporting Standards and all have been verified by accountants.

Note 2：The company's consolidated financial statements as of March 31, 2023 were prepared in accordance with International Financial Reporting Standards and reviewed by accountants.

Condensed Balance Sheet (Individual)

Unit: NT$ thousands

Item \ Year		Financial Summary for The Last Five Years (Note:1)					As of 03/31/2023 (Note:3)
		2018	2019	2020	2021	2022	
Current assets		393,647	324,860	284,885	262,461	218,097	-
Property, Plant and Equipment (Note:2)		275,790	272,602	269,968	267,860	265,054	-
Intangible assets		-	-	-	-	-	-
Other assets (Note:2)		230,767	204,249	184,269	137,777	125,152	-
Total assets		900,204	801,711	739,122	668,098	608,303	-
Current liabilities	Before distribution	43,718	42,782	52,179	43,092	41,344	-
	After distribution	43,718	42,782	52,179	43,092	(Note 4)	-
Non-current liabilities		515	920	855	2,474	7,371	-
Total liabilities	Before distribution	44,233	43,702	53,034	45,566	48,715	-
	After distribution	44,233	43,702	53,034	45,566	(Note 4)	-
Equity attributable to owners of the parent company		855,971	758,009	686,088	622,532	559,588	-
Capital		916,288	916,288	916,288	916,288	916,288	-
Additional paid-in capital		-	-	-	6,998	6,998	-
Retained earnings	Before distribution	(59,316)	(154,873)	(219,865)	(291,184)	(353,273)	-
	After distribution	(59,316)	(154,873)	(219,865)	(291,184)	(Note 4)	-
Other equity		(1,001)	(3,406)	(10,335)	(9,570)	(10,425)	-
Treasury stock		-	-	-	-	-	-
Non-controlling equity		-	-	-	-	-	-
Total equity	Before distribution	855,971	758,009	686,088	622,532	559,588	-
	After distribution	855,971	758,009	686,088	622,532	(Note 4)	-

Note 1: The consolidated financial statements of the company from 2018 to 2022 are prepared in accordance with International Financial Reporting Standards and all have been verified by accountants.

Note 2: The company did not perform asset revaluation in the current year.

Note 3: The company's consolidated financial statements as of March 31, 2023 were prepared in accordance with International Financial Reporting Standards and reviewed by accountants.

Note 4: The 2022 earnings distribution proposal has not yet been resolved by the shareholders meeting.

Note 5: The company has no financial information for the current year that has been notified by the competent authority and should be corrected or rewritten by itself.

Consolidated Condensed Statement of Comprehensive Income (Individual)

Unit: NT$ thousands

Year / Item	Financial Summary for The Last Five Years (Note:1)					As of 03/31/2023 (Note:2)
	2018	2019	2020	2021	2022	
Operating revenue	584,627	999,137	423,402	277,308	302,089	-
Gross profit	6,798	12,033	43,172	43,943	39,413	-
Operating profit and loss	(46,713)	(67,469)	(26,710)	(25,528)	(33,485)	-
Non-Operating Income and Expenses	(17,532)	(16,542)	(25,494)	(32,448)	(22,669)	-
Income before tax	(64,245)	(84,011)	(52,204)	(57,976)	(56,154)	-
continuing operating income	(64,245)	(84,011)	(52,204)	(57,976)	(56,154)	-
discontinued operation income	-	-	-	-	-	-
Net Income (Loss)	(76,202)	(95,169)	(63,620)	(71,184)	(56,055)	-
Other comprehensive income (income after tax)	6,222	(1,738)	(4,478)	630	4,239	-
Total comprehensive income	(69,980)	(96,907)	(68,098)	(70,554)	(51,816)	-
Net income attributable to shareholders of the parent	-	-	-	-	-	-
Net income attributable to non-controlling interest	-	-	-	-	-	-
Comprehensive income attributable to Shareholders of the parent	-	-	-	-	-	-
Comprehensive income attributable to non-controlling interest	-	-	-	-	-	-
Earning Per Share(NT$)	(0.83)	(1.04)	(0.69)	(0.78)	(0.61)	-

Note 1: The consolidated financial statements of the company from 2018 to 2022 are prepared in accordance with International Financial Reporting Standards and all have been verified by accountants.

Note 2: The company's consolidated financial statements as of March 31, 2023 were prepared in accordance with International Financial Reporting Standards and reviewed by accountants.

B. Consolidated Condensed Statement of Income – Based on ROC GAAP

Since 2013, the company's financial statements have been prepared in accordance with the International Financial Reporting Standards, and all have been verified by accountants. There are no financial statements prepared in accordance with my country's Financial Accounting Standards.

C. The name of the certified accountant in the last five years and their review opinions

Year	Accounting Firm	CPA	Audit Opinion
2018	Crowe Horwath	Lin, Chun-Lhih、Chang,Ya-Chuan	Unqualified opinion
2019	Crowe Horwath	Lin, Chun-Lhih、Chang,Ya-Chuan	Unqualified opinion
2020	Crowe Horwath	Lin, Chun-Lhih、Lin, Chin- Feng	Unqualified opinion
2021	Crowe Horwath	Lin, Chun-Lhih、Lin, Chin- Feng	Unqualified opinion
2022	Crowe Horwath	Chang,Ya-Chuan、Lin, Chin- Feng	Unqualified opinion

6.2 Five-Year Financial Analysis

A. Consolidated Financial Analysis(Consolidated) – Based on IFRS

Item（Note:3） \ Year（Note:1）		Financial Analysis for the Last Five Years					As of 03/31/2023（Note:2）
		2018	2019	2020	2021	2022	
Financial structure (%)	Debt Ratio	5.06	6.71	13.72	12.13	14.67	16.77
	Ratio of long-term capital to property, plant and equipment	275.46	253.77	262.48	237.48	230.01	228.69
Solvency (%)	Current ratio	1086.76	885.06	630.76	675.69	666.11	522.02
	Quick ratio	904.14	821.15	488.61	500.56	465.17	324.49
	Interest earned ratio (times)	(1210659.49)	(22594.98)	(8621.00)	(8078.06)	(7083.03)	(8484.17)
Operating performance	Accounts receivable turnover (times)	10.81	23.69	9.49	6.61	8.64	8.05
	Average collection period	33.76	15.40	38.46	55.21	42.24	45.34
	Inventory turnover (times)	4.76	18.10	5.95	2.66	2.84	1.98
	Accounts payable turnover (times)	12.11	39.87	12.07	8.34	12.34	6.75
	Average days in sales	76.68	20.16	61.34	137.21	128.52	184.34
	Property, plant and equipment turnover (times)	1.96	3.26	1.46	1.11	1.22	0.94
	Total assets turnover (times)	0.61	1.16	0.52	0.41	0.48	0.37
Profitability	Return on total assets (%)	(7.96)	(11.09)	(9.06)	(11.00)	(9.43)	(15.64)
	Return on stockholders' equity (%)	(8.59)	(11.81)	(10.18)	(12.74)	(11.00)	(18.73)
	Pre-tax income to paid-in capital (%)	(7.04)	(9.21)	(7.13)	(8.38)	(7.63)	(12.10)
	Profit ratio (%)	(13.06)	(9.56)	(17.48)	(27.36)	(19.74)	(42.19)
	Earnings per share (NT$)	(0.83)	(1.04)	(0.69)	(0.78)	(0.61)	(0.22)
Cash flow	Cash flow ratio (%)	161.38	-	-	-	-	-
	Cash flow adequacy ratio (%)	785.45	163.27	74.98	72.68	55.66	-
	Cash reinvestment ratio (%)	8.83	-	-	-	-	-
Leverage	Operating leverage	0.66	0.66	0.53	0.50	0.62	0.69
	Financial leverage	1.00	1.00	0.99	0.99	0.99	0.99

Note 1：The consolidated financial statements of the company from 2018 to 2022 are prepared in accordance with International Financial Reporting Standards and all have been verified by accountants.

Note 2：The company's consolidated financial statements as of March 31, 2023 were prepared in accordance with International Financial Reporting Standards and reviewed by accountants.

Note 3：Analysis project calculation formula：

1. Financial structure

(1) Debt Ratio＝Total liabilities／Total assets

(2) Ratio of long-term capital to property, plant and equipment＝（Total equity＋Non-current liabilities）／ Property, Plant and Equipment

2. Solvency

(1) Current ratio＝Current assets／Current liabilities

(2) Quick ratio＝（Current assets－inventories－prepaid expenses）／Current liabilities

(3) Interest earned ratio＝Earnings Before Interest／Interest Expense

3. Operating performance

(1) Accounts receivable turnover＝ Net sales／Average balance of accounts receivable in each period

(2) Average collection period＝365／Accounts receivable turnover

(3) Inventory turnover＝Cost of goods sold／Average inventory

(4) Accounts payable turnover＝ Cost of goods sold／Average balance of accounts payable in each period

(5) Average days in sales＝365／Inventory turnover

(6) Property, plant and equipment turnover＝Net sales／Average net real property, plant and equipment

(7) Total assets turnover＝Net sales／Average total assets

4. Profitability

(1) Return on total assets＝〔After-tax profit and loss＋Interest expense×（１－tax rate）〕／ Average total assets

(2) Return on stockholders' equity＝After-tax profit and loss／Average total equity

(3) Profit ratio＝After-tax profit and loss／Net sales

(4) Earnings per share＝（Profit and loss, attributable to owners of the Company－Preferred stock dividend）／Weighted average number of outstanding shares

5. Cash flow

(1) Cash flow ratio＝Net cash flow from operating activities／Current liabilities

(2) Cash flow adequacy ratio＝Net cash flow from operating activities in the last five years／ The last five years (Capital expenditures＋Increase in inventory＋Cash dividend)

(3) Cash reinvestment ratio＝(Net cash flow from operating activities－Cash dividend)／ (gross book value,Property, Plant and Equipment ＋ Long-term investment ＋ other non-current assets＋operating income)

6. Leverage

(1) Operating leverage＝(Net operating income－Variable operating costs and expenses) ／ Operating interest

(2) Financial leverage＝Operating interest ／ (Operating interest－Interest expense)

B. Consolidated Financial Analysis(Individual) – Based on IFRS

Item (Note:3)	Year (Note:1)	2018	2019	2020	2021	2022	As of 03/31/2023 (Note:2)
		Financial Analysis for the Last Five Years					
Financial structure (%)	Debt Ratio	4.91	5.45	7.18	6.82	8.01	-
	Ratio of long-term capital to property, plant and equipment	310.56	278.40	254.45	233.33	213.90	-
Solvency (%)	Current ratio	900.43	759.34	545.98	609.06	527.52	-
	Quick ratio	712.85	691.51	498.41	542.74	430.80	-
	Interest earned ratio (times)	(1205253.62)	(155239.06)	(185636.84)	(162480.51)	(166548.03)	-
Operating performance	Accounts receivable turnover (times)	10.79	23.69	10.50	6.86	9.94	-
	Average collection period	33.82	15.40	34.76	53.20	36.72	-
	Inventory turnover (times)	4.79	18.10	14.66	9.01	7.82	-
	Accounts payable turnover (times)	12.13	39.87	12.63	7.86	11.59	-
	Average days in sales	76.20	20.16	24.89	40.51	46.67	-
	Property, plant and equipment turnover (times)	2.11	3.64	1.56	1.03	1.13	-
	Total assets turnover (times)	0.61	1.17	0.55	0.39	0.47	-
Profitability	Return on total assets (%)	(7.94)	(11.18)	(8.25)	(10.11)	(8.78)	-
	Return on stockholders' equity (%)	(8.56)	(11.79)	(8.81)	(10.88)	(9.48)	-
	Pre-tax income to paid-in capital (%)	(7.01)	(9.17)	(5.70)	(6.33)	(6.13)	-
	Profit ratio (%)	(13.03)	(9.53)	(15.03)	(25.67)	(18.56)	-
	Earnings per share (NT$)	(0.83)	(1.04)	(0.69)	(0.78)	(0.61)	-
Cash flow	Cash flow ratio (%)	199.89	20.61	-	-	-	-
	Cash flow adequacy ratio (%)	815.57	530.87	6219.69	1798.16	494.38	-
	Cash reinvestment ratio (%)	10.72	1.21	-	-	-	-
Leverage	Operating leverage	0.78	0.84	0.62	0.61	0.69	-
	Financial leverage	1.00	1.00	1.00	1.00	1.00	-

Note 1：The Individual financial statements of the company from 2018 to 2022 are prepared in accordance with International Financial Reporting Standards and all have been verified by accountants.

Note 2：The company did not prepare individual financial statements on March 31, 2023, so it is not applicable.

Note 3：Analysis project calculation formula：

1. Financial structure

(1) Debt Ratio＝Total liabilities／Total assets

(2) Ratio of long-term capital to property, plant and equipment＝（Total equity＋Non-current liabilities）／ Property, Plant and Equipment

2. Solvency

(1) Current ratio＝Current assets／Current liabilities

(2) Quick ratio＝（Current assets－inventories－prepaid expenses）／Current liabilities

(3) Interest earned ratio＝Earnings Before Interest／Interest Expense

3. Operating performance

(1) Accounts receivable turnover＝ Net sales／Average balance of accounts receivable in each period

(2) Average collection period＝365／Accounts receivable turnover

(3) Inventory turnover＝Cost of goods sold／Average inventory

(4)Accounts payable turnover＝ Cost of goods sold／Average balance of accounts payable in each period

(5) Average days in sales＝365／Inventory turnover

(6) Property, plant and equipment turnover＝Net sales／Average net real property, plant and equipment

(7) Total assets turnover＝Net sales／Average total assets

4. Profitability

(1) Return on total assets＝〔After-tax profit and loss＋Interest expense×（１－tax rate）〕／Average total assets

(2) Return on stockholders' equity＝After-tax profit and loss／Average total equity

(3) Profit ratio＝After-tax profit and loss／Net sales

(4) Earnings per share＝（Profit and loss, attributable to owners of the Company－Preferred stock dividend）／Weighted average number of outstanding shares

5. Cash flow

(1) Cash flow ratio＝Net cash flow from operating activities／Current liabilities

(2) Cash flow adequacy ratio＝Net cash flow from operating activities in the last five years／The last five years (Capital expenditures＋Increase in inventory＋Cash dividend)

(3) Cash reinvestment ratio＝(Net cash flow from operating activities－Cash dividend)／(gross book value,Property, Plant and Equipment＋Long-term investment＋other non-current assets＋operating income)

6. Leverage

(1) Operating leverage＝(Net operating income－Variable operating costs and expenses)／ Operating interest

(2) Financial leverage＝Operating interest ／ (Operating interest－Interest expense)

C. Consolidated Financial Analysis – Based on ROC GAAP

The company did not have financial statements prepared in accordance with my country's financial accounting standards from 2018 to 2022, so it is not applicable.

Analysis of financial ratio differences for the last two years.~ (Consolidated) – Based on IFRS

Item	Analysis Project \Year	2022	2021	Ratio difference %	Description
Financial structure	Debt Ratio (%)	14.67	12.13	20.94	The ratio of liabilities to assets in 2022 will increase by 20.94% compared to 2021, mainly because the total assets in 2022 will decrease by NT$59,795 thousand compared to 2021, while the total liabilities will increase by NT$3,149 thousand compared to 2021.
	Ratio of long-term capital to property, plant and equipment (%)	230.01	237.48	(3.15)	The increase or decrease did not reach 20%.
Solvency	Current ratio (%)	666.11	675.69	(1.42)	The increase or decrease did not reach 20%.
	Quick ratio (%)	465.17	500.56	(7.07)	
	Interest earned ratio (times)	(7083.03)	(8078.06)	(12.32)	
Operating performance	Accounts receivable turnover (times)	8.64	6.61	30.71	The accounts receivable turnover (times) in 2022 will increase by 30.71% compared to 2021, mainly because the net sales in 2022 will increase by NT$24,687 thousand compared to 2021, and the average receivables will decrease by NT$8,860 thousand compared to 2021.
	Average collection period	42.24	55.21	(23.49)	The average collection period in 2022 will decrease by 23.49% compared with 2021, mainly due to the 30.71% increase in the accounts receivable turnover (times) in 2022 compared with 2021.
	Inventory turnover (times)	2.84	2.66	6.77	The increase or decrease did not reach 20%.
	Accounts payable turnover (times)	12.34	8.34	47.96	The accounts payable turnover (times) in 2022 increased by 47.96% compared with 2021, mainly due to the increase of NT$23,303 thousand in cost of goods sold in 2022 compared with 2021, and the average payables decreased by NT$8,506 thousand compared with 2021.
	Average days in sales	128.52	137.21	(6.33)	The increase or decrease did not reach 20%.
	Turnover rate of fixed assets (times)	1.22	1.11	9.91	The increase or decrease did not reach 20%.
	Total assets turnover (times)	0.48	0.41	17.07	The increase or decrease did not reach 20%.
Profitability	Return on total assets (%)	(9.43)	(11.00)	(14.27)	The increase or decrease did not reach 20%.
	Return on stockholders' equity (%)	(11.00)	(12.74)	(13.66)	The increase or decrease did not reach 20%.

Item	Analysis Project \Year	2022	2021	Ratio difference %	Description
	Ratio of operating profit to paid-up capital (%)	(7.79)	(7.55)	3.18	The increase or decrease did not reach 20%.
	Pre-tax income to paid-in capital (%)	(7.63)	(8.38)	(8.95)	The increase or decrease did not reach 20%.
	Profit ratio (%)	(19.74)	(27.36)	(27.85)	The profit ratio in 2022 will decrease by 27.85% compared with 2021, mainly due to the decrease of NT$20,205 thousand in net loss after tax in 2022 compared with 2021.
	Earnings per share (NT$)	(0.61)	(0.78)	(21.79)	The earnings per share in 2022 will decrease by 21.79% compared with 2021, mainly because the after-tax net loss in 2022 will decrease by NT$20,205 thousand compared with 2021.
Cash flow	Cash flow ratio (%)	-	-	-	The cash flow adequacy ratio in 2022 decreased by 23.42% compared with 2021, mainly due to the decrease of NT$15,666 thousand in net cash flow from operating activities in the last five years in 2022 compared with 2021.
	Cash flow adequacy ratio (%)	55.66	72.68	(23.42)	
	Cash reinvestment ratio (%)	-	-	-	
Leverage	Operating leverage	0.62	0.50	24.00	The operating leverage in 2022 will increase by 24.00% compared with 2021, mainly because the numerator (operating income - variable operating costs and expenses) and the denominator operating profit (loss) in 2022 will increase by NT$ (9,926,000) and (2,258,000) respectively compared with 2021.
	Financial leverage	0.99	0.99	-	

6.3 Audit Committee's Report for the Most Recent Year

Audit Committee's Review Report

It is hereby approved that the board of directors sends the company's 2022 annual business report, financial report (including consolidated and individual financial reports), and loss appropriation proposals and other forms, of which the financial report has been audited by CPA Chang Ya Chuan and Lin Chin Feng of Crowe Horwath United Certified Public Accountants. completed and an audit report was issued. All forms submitted by the board of directors shall, upon examination by the Audit Committee, be found not to be inconsistent, and should be submitted for review in accordance with the provisions of Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Unifosa Corp.

Chairman of the Audit Committee：Chen, Chih-Ling

March 17, 2023

6.4 The most recent annual financial report

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The entities that are required to be included in the consolidated financial statements of affiliates in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" for the year ended December 31, 2022 (starting from 1 January till 31 December, 2022) are all the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, "Consolidated Financial Statements." In addition, the information required to be disclosed in the consolidated financial statements is included in the consolidated financial statements. Consequently, Unifosa Corp. and its subsidiaries do not prepare a separate set of consolidated financial statements.

Very truly yours,

Unifosa Corp.

By

Ching-Jong, Chen

Chairman

March 17, 2023

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Unifosa Corp.

Opinion

We have audited the accompanying consolidated financial statements of Unifosa Corp. and subsidiaries (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 the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as 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 the 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 generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements 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.

Key audit matters for the Group's consolidated financial statements for the year ended December 31, 2022 are stated as follows:

Recognition of Sales Revenue

Taiwan’s Standards on Auditing (TWSA) presupposes that there is a higher innate risk of fraud that revenue recognition carries, and there may be pressure on management to achieve expected financial goals, resulting in a higher risk of congenital fraud in revenue recognition. In 2022, the sales revenue of the top ten sales customers of the Group accounted for 48.74% of the annual net operating income, which has a relatively significant impact on the consolidated financial statements, therefore, we consider it a key audit matter.

We address the above mentioned matter by taking main audit procedures as follows:

1. Understand the internal control systems related to such sales transactions, and evaluate the effectiveness of its design and implementation.

2. Understand the customer's background and obtain basic information to assess whether the transaction amount and credit limit are reasonable with the size of the Group.

3. Conduct audit tests on customers' purchasing orders and shipping orders, at the same time, check and verify with external shipping documents, receivables write-off records and certificates of receipts and other relevant information to assess whether they meet the conditions for revenue recognition.

The Evaluation of Impairment for Intangible Assets (including goodwill)

The Group acquired the control of MORELINK TECHNOLOGY CORPORATION in 2020. As of December 31, 2022, the balance of the goodwill and other intangible assets of this merger and acquisition the Group has is NT$19,800 thousand and 6,737 thousand.

When the management assesses whether these assets are impaired, they must comprehensively consider the assessment of the recoverable amount apportioned to the cash-generating units to which these assets belong. The important assumptions and values involve the subjective judgment of the management and may be affected by the future industry and economic outlooks, and are highly uncertain, the impairment assessment of intangible assets (including goodwill) is hence listed as a key audit matter. For details of investments using the equity method, please refer to Notes 4, 5 and 6 (9) to the Consolidated Financial Statements.

We address the above mentioned matter by taking main audit procedures as follows:

1. Understand and assess management's procedures for identifying signs of impairment of such assets.

2. Assess the professional competence, competency and objectivity of external evaluation experts commissioned by management. Discuss with management the terms of reference of the evaluation expert and review the terms of his appointment to confirm that there are no matters affecting his objectivity or limiting his scope of work, and that the methodology used by the evaluation expert is consistent with International Accounting Standards and its industry norms.

3. Understand the process and basis for management's estimation of the financial data forecast of the cash generating units belonging to such assets from the future operating outlook.

Assessment for Allowance for Inventory Valuation and Obsolescence Losses

The inventory business content of the Group is divided into memory business group, storage business group, wireless communication business group, etc. Their inventories are mainly integrated circuits, memory modules, Redundant Array of Independent Disks (RAID) and wireless communication machinery and equipment etc. Due to fluctuations in market demands and rapid technological changes, management's estimation of net realization value and judgment of inventory obsolescence may be affected, this is hence listed as a key audit matter. For the valuation of inventory allowances against price declines and obsolete losses, please refer to notes 4, 5 and 6 (5) to the consolidated financial statements.

We address the above mentioned matter by taking main audit procedures as follows:

1. Assess whether the provision policy adopted by management to provide for the allowance for the loss for market price decline and obsolete and slow-moving inventories is reasonable and appropriate.
2. Obtain the breakdown of inventory price declines prepared by management, verify whether it is measured by cost and net realizable value whichever is lower, through sampling, and assess the reasonableness of the net realizable value basis used.
3. Obtain inventory aging analysis reports, evaluate inventory status through sample selection, testing of relevant certificates and by participating in and observing year-end inventory takes, so as to assess the adequacy of the allowance for inventory obsolesce loss.

Other Matter

We have also audited the parent company only financial statements of Unifosa Corp. as of and for the years ended December 31, 2022 and 2021 on which we have issued an unmodified 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 for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. ;Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. ;Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. ;Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. ;Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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.

The engagement partners on the audit resulting in this independent auditors' report are Ya-Chuan Chang and Gin-Fong Lin.
FSC approval number: Financial Management Certificate Examination No.1050001113

Crowe (TW) CPAs

Taipei, Taiwan
Republic of China

March 17, 2023

UNIFOSA CORP.

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

ASSETS		December 31, 2022 Amount	%	December 31, 2021 Amount	%
CURRENT ASSETS					
Cash and cash equivalents	Note 6(1)	$ 201,022	28	$ 223,980	30
Financial assets measured at amortized cost	Note 6(3)	12,912	2	30,852	4
Notes receivable from unrelated parties, net	Note 6(4)	797	-	344	-
Accounts receivable from unrelated parties, net	Note 6(4)	40,581	6	40,121	5
Other accounts receivable	Note 6(4)	-	-	25	-
Current tax assets	Note 6(17)	16	-	38	-
Inventories, net	Note 6(5)	106,327	16	98,929	13
Prepayments		3,971	-	4,409	1
Other current assets		2	-	16	-
Total current assets		365,628	52	398,714	53
NON-CURRENT ASSETS					
Financial assets at fair value through other comprehensive income	Note 6(2)	4,575	1	5,430	1
Investments accounted for using the equity method	Note 6(6)	-	-	5,311	1
Property, plant, and equipment	Note 6(7) and 8	283,682	40	293,837	38
Right-of-use assets	Note 6(8)	6,207	1	5,740	1
Goodwill	Note 6(9)	19,800	3	19,800	2
Other intangible assets	Note 6(9)	6,737	1	7,701	1
Net defined benefit assets	Note 6(12)	11,730	1	8,733	1
Other non-current assets		9,031	1	11,559	2
Total non-current assets		341,762	48	358,111	47
TOTAL ASSETS		$ 707,390	100	$ 756,825	100

LIABILITIES AND EQUITY		December 31, 2022 Amount	%	December 31, 2021 Amount	%
CURRENT LIABILITIES					
Contract liabilities	Note 6(14)	$ 3,225	-	$ 1,806	-
Notes payable to unrelated parties		315	-	-	-
Accounts payable to unrelated parties		22,380	4	24,459	3
Other payables	Note 6(11)	26,271	4	27,611	4
Lease liabilities	Note 6(8)	2,157	-	4,607	1
Other current liabilities		542	-	525	-
Total current liabilities		54,890	8	59,008	8
NON-CURRENT LIABILITIES					
Deferred income tax liabilities	Note 6(17)	2,530	-	1,352	-
Lease liabilities	Note 6(8)	4,097	1	1,271	-
Deposits received		238	-	186	-
Stockholders' current account	Note 7	42,000	6	30,000	4
Total non-current liabilities		48,865	7	32,809	4
Total liabilities		103,755	15	91,817	12
EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT COMPANY					
Share capital	Note 6(13)	916,288	129	916,288	121
Capital surplus	Note 6(13)	6,998	1	6,998	1
Retained earnings	Note 6(13)				
Legal reserve		7,306	1	7,306	1
Accumulated deficit		(360,579)	(51)	(298,490)	(39)
Total retained earnings		(353,273)	(50)	(291,184)	(38)
Other equity interest	Note 6(13)	(10,425)	(1)	(9,570)	(2)
Total equity attributable to the owners of the parent company		559,588	79	622,532	82
NON-CONTROLLING INTERESTS	Note 6(13)	44,047	6	42,476	6
Total equity		603,635	85	665,008	88
TOTAL LIABILITIES AND EQUITY		$ 707,390	100	$ 756,825	100

UNIFOSA CORP.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

		2022		2021	
		Amount	%	Amount	%
OPERATING REVENUE	Note 6(14)	$ 353,677	100	$ 328,990	100
OPERATING COSTS	Note 6(5 and 15)	(291,020)	(82)	(267,717)	(81)
Gross profit from operations		62,657	18	61,273	19
OPERATING EXPENSES	Note 6(15) and 7				
Selling and marketing expenses		(26,428)	(7)	(25,464)	(8)
General and administrative expenses		(62,578)	(18)	(59,087)	(18)
Research and development expenses		(45,053)	(13)	(45,866)	(14)
Total operating expenses		(134,059)	(38)	(130,417)	(40)
LOSS FROM OPERATIONS		(71,402)	(20)	(69,144)	(21)
NON-OPERATING INCOME AND EXPENSES					
Interest income		790	-	487	-
Other gains and losses	Note 6(16)	7,002	1	1,830	1
Finance costs	Note 7	(973)	-	(938)	-
Share of loss (profit) of associates and joint ventures accounted for using the equity method	Note 6(6)	(5,311)	(1)	(8,985)	(3)
Total non-operating income and expenses		1,508	-	(7,606)	(2)
LOSS BEFORE INCOME TAX		(69,894)	(20)	(76,750)	(23)
INCOME TAX (EXPENSE) BENEFIT	Note 6(17)	95	-	(13,254)	(4)
NET LOSS		(69,799)	(20)	(90,004)	(27)
OTHER COMPREHENSIVE INCOME (LOSS)					
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit plans	Note 6(12)	6,367	1	(168)	-
Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	Note 6(13)	(855)	-	765	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	Note 6(17)	(1,273)	-	33	-
		4,239	1	630	-
Other comprehensive income for the year, net of income tax		4,239	1	630	-
TOTAL COMPREHENSIVE INCOME		$ (65,560)	(19)	$ (89,374)	(27)
Net loss attributable to:					
Owners of the parent company		$ (56,055)	(16)	$ (71,184)	(22)
Non-controlling interests		(13,744)	(4)	(18,820)	(5)
		$ (69,799)	(20)	$ (90,004)	(27)
Total comprehensive income attributable to:					
Owners of the parent company		$ (51,816)	(15)	$ (70,554)	(21)
Non-controlling interests		(13,744)	(4)	(18,820)	(6)
		$ (65,560)	(19)	$ (89,374)	(27)
EARNINGS PER SHARE	Note 6(18)				
Basic earnings per share		$ (0.61)		$ (0.78)	

UNIFOSA TECHNOLOGY CO., LTD.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

	Equity Attributable to the Owners of the Parent Company							
			Retained Earnings		Other Equity Items			
	Share Capital	Additional Paid-In Capital	Legal Reserve	Accumulated Deficit	Unrealized Losses on Financial Assets Measured at Fair Value Through Other Comprehensive Income	Total Equity Attributable to the Owners of the Parent Company	Non-Controlling Interests	Total Equity
BALANCE, JANUARY 1, 2021	$ 916,288	$ -	$ 7,306	$ (227,171)	$ (10,335)	$ 686,088	$ 61,296	$ 747,384
Changes in equity of associates and joint ventures accounted for using the equity method	-	6,998	-	-	-	6,998	-	6,998
Net loss for the year ended December 31, 2021	-	-	-	(71,184)	-	(71,184)	(18,820)	(90,004)
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	(135)	765	630	-	630
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	(71,319)	765	(70,554)	(18,820)	(89,374)
BALANCE, DECEMBER 31, 2021	916,288	6,998	7,306	(298,490)	(9,570)	622,532	42,476	665,008
Net loss for the year ended December 31, 2022	-	-	-	(56,055)	-	(56,055)	(13,744)	(69,799)
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	5,094	(855)	4,239	-	4,239
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	(50,961)	(855)	(51,816)	(13,744)	(65,560)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	-	(11,128)	-	(11,128)	-	(11,128)
Increase or decrease in non-controlling interests	-	-	-		-	-	15,315	15,315
BALANCE, DECEMBER 31, 2022	$ 916,288	$ 6,998	$ 7,306	$ (360,579)	$ (10,425)	$ 559,588	$ 44,047	$ 603,635

UNIFOSA TECHNOLOGY CO., LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	$ (69,894)	$ (76,750)
Adjustments for:		
Depreciation expenses	16,650	15,884
Amortization expenses	964	963
Interest expenses	973	938
Interest income	(790)	(487)
Share of loss of associates and joint ventures accounted for using the equity method	5,311	8,985
Changes in operating assets		
Decrease (increase) in notes receivable from unrelated parties, net	(453)	915
Decrease (increase) in accounts receivable from unrelated parties, net	(460)	17,718
Decrease in other accounts receivable	25	405
Decrease (increase) in inventories, net	(7,398)	3,502
Decrease in prepayments	438	1,612
Decrease (increase) in other current assets	14	(6)
Decrease (increase) in other operating assets	3,370	(55)
Changes in operating liabilities		
Increase (decrease) in contract liabilities	1,419	(4,706)
Increase (decrease) in notes payable to unrelated parties	315	(24)
Decrease in accounts payable to unrelated parties	(2,079)	(15,224)
Increase (decrease) in other payable	(1,463)	1,865
Increase in other current liabilities	17	56
Cash flows used in operations	(53,041)	(44,409)
Interest received	790	498
Interest paid	(850)	(758)
Income tax refund	22	165
Net cash flows used in operating activities	(53,079)	(44,504)
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposal of financial assets measured at amortized cost	17,940	13,998
Payments for property, plant and equipment	(1,975)	(4,890)
Decrease in other non-current assets	2,528	4,233
Net cash flows used in investing activities	18,493	13,341
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in deposits received	52	-
Repayment of principal portion of lease liabilities	(4,611)	(4,532)
Changes in non-controlling interests	4,187	-
Other financing activities	12,000	(8,500)
Net cash flows generated from (used in) financing activities	11,628	(13,032)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(22,958)	(44,195)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	223,980	268,175
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 201,022	$ 223,980

UNIFOSA CORP.

NOTES TO CONSOLIDATEDFINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 and 2021

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. GENERAL

Unifosa Corp. (the “Company”) was incorporated as a company limited by shares under the provisions of the Group Law of the Republic of China on May 16, 1994, which engages mainly in the manufacture of office machinery, data storage and processing equipment, electronic components, etc. and the wholesale, retail and international trade of office machinery and equipment. On December 27, 2004, Unifosa Corp.’s shares were listed in the over-the-counter market on Taipei Exchange (TPEX) for trading.

The Group merged with Proware Technology Co., Ltd. (hereinafter referred to as Proware Technology) on January 1, 2013, which is the reference date specified for the merger/consolidation; and the Group became the surviving company after the merger.

2. THE DATE AND PROCEDURES OF AUTHORIZATION OF FINANCIAL STATEMENTS

The accompanying consolidated financial statements were approved by the Board of Directors and issued on March 17, 2023.

3. APPLICATION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

(1) Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC).

The new/revised/amended IFRSs endorsed by the Financial Supervisory Commission (FSC) for application starting from 2022 :

New / Revised / Amended Standards and Interpretations	Effective Date Announced by IASB (Note 1)
“Annual Improvements to IFRS Standards 2018–2020”	January 1, 2022 (Note 2)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 3)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 4)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 5)

Note 1: Unless stated otherwise, the above new/revised/amended standards and interpretations are applied for the period of the reporting year.

Note 2: The amendments to IFRS 9 are applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” are applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” are applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 3: The amendments are applicable to business mergers for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2022.

Note 4: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 5: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

Application of the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the Group’s accounting policies.

(2) The IFRSs endorsed by the Financial Supervisory Commission (FSC) for application starting from 2023

New / Revised / Amended Standards and Interpretations	Effective Date Announced by IASB
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023

Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occur on or after January 1, 2022.

As of the date the accompanying consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of aforementioned standards and interpretations will have on the Group’s financial position and financial performance, and will disclose the relevant impact when the assessment is completed.

(3) New IFRSs in issue by the IASB but not yet endorsed and issued into effect by the FSC

New / Revised / Amended Standards and Interpretations	Effective Date Announced by the IASB
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024

As of the date the consolidated financial statements were authorized for issue, the Group is continuously evaluating the possible impact that the application of above standards and interpretations will have on the Group’s financial position and financial performance, and will disclose the relevant impact when the evaluation is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of the Group’s significant accounting policies are as follows:

(1) Statement of compliance

These consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and issued IFRSs.

(2) Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair values, and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

(3) Basis of Consolidation

1. Principles for the Preparation of Consolidated Statements

The consolidated financial statements incorporate the financial statements of the Group and the entities controlled by the Group (i.e., its subsidiaries including structural-type entities). The consolidated comprehensive income statement has included the operating profit and loss of the acquired or disposed subsidiary in the current year from the date of acquisition or to the date of disposal. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When the changes in the Group's ownership interests in subsidiaries do not result in the Group's losing control over the subsidiaries, those changes are accounted for equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in the relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Group.

When the merging company loses control over the subsidiary, the profit or loss on disposal is the difference between: (1) the fair value of the consideration received and the total fair value of the remaining investment in the former subsidiary at the date of loss of control, and (2) The assets (including goodwill) and liabilities and non-controlling interests of the former subsidiary are calculated based on the total book value on the date of loss of control. The accounting treatment of the consolidated company for all amounts recognized in other comprehensive income related to the subsidiary is the same as the basis that the consolidated company must follow for directly disposing of related assets or liabilities.

The remaining investment in the former subsidiary is based on the fair value on the day when control is lost, and is used as the cost of the original recognized investment in associates.

2. Entities Included in the Consolidated Statements

			Ownership Percentage	
Investor Company	Subsidiary	Main Businesses	December 31, 2022	December 31, 2021
Unifosa Corp.	Phoenix Innovative Materials Inc.	Plastic film and other high-tech chemical materials manufacturing	98.57%	98.57%
Unifosa Corp.	Morelink Technology Corporation	Wireless communication machinery and equipment manufacturing, electronic components manufacturing, telecommunications equipment wholesale and retail, electronic materials wholesale and retail, telecommunications control radio frequency equipment input and international trade, etc.	47.95% (Note 1)	38.28%

Note 1: equity acquired through participation in cash capital increase in this period.

3. Subsidiaries that are not included in the consolidated statements : None.

4. Different adjustments and treatment used by subsidiaries for the accounting period : None.

5. Subsidiaries holding securities issued by the parent company : None.

6. Significant Restrictions : None.

7. Information on subsidiaries with material non-controlling interests :

The significant non-controlling interests of subsidiaries in the consolidated company are as follows:

Subsidiary	Main Location	Percentage of Ownership And Voting Rights of Non-Controlling Interests	
		December 31, 2022	December 31, 2021
Morelink Technology Corporation	Taiwan	52.05%	61.72%

Subsidiary	Profit or Loss Attributable to Non-Controlling Interests		Non-Controlling Interests	
	2022	2021	December 31, 2022	December 31, 2021
Morelink Technology Corporation	$ (13,401)	$ (18,505)	$ 43,613	$ 41,699
Others	(343)	(315)	434	777
	$ (13,744)	$ (18,820)	$ 44,047	$ 42,476

Financial information for subsidiary companies is compiled based on amounts before elimination of intercompany transactions:

Balance Sheet

	December 31, 2022	December 31, 2021
Current Assets	$ 130,387	$ 102,090
Non-current Assets	11,010	9,538
Current Liabilities	(13,954)	(14,066)
Non-current Liabilities	(43,651)	(30,000)
Equity	$ 83,792	$ 67,562
Equity Attributable to:		
Parent Company	$ 40,179	$ 25,863
Non-controlling Interests	43,613	41,699
	$ 83,792	$ 67,562

Income Statement

	2022	2021
Operating Revenue	$ 49,762	$ 51,047
Net loss for the period	$ (21,770)	$ (29,982)
Other comprehensive income	—	—
Total comprehensive income for the period	$ (21,770)	$ (29,982)
Net loss attributable to:		

	2022	2021
Parent Company	$ (8,369)	$ (11,477)
Non-controlling Interests	(13,401)	(18,505)
	$ (21,770)	$ (29,982)
Total comprehensive income attributable to:		
Parent Company	$ (8,369)	$ (11,477)
Non-controlling Interests	(13,401)	(18,505)
	$ (21,770)	$ (29,982)
Dividends paid to non-controlling interests	$ –	$ –

Cash Flow Statement

	2022	2021
Net cash outflow from operating activities	$ (17,390)	$ (17,607)
Net cash outflow from investing activities	(1,908)	(3,056)
Net cash inflow (outflow) from financing activities	47,215	(11,272)
Net increase (decrease) in cash and cash equivalents	$ 27,917	$ (31,935)

(4) Business Combinations

Business combinations are handled by the acquisition method. Acquisition-related costs are listed as expenses in the period in which the costs are incurred and the services are obtained.

Goodwill refers to and is measured by the total amount of the fair value of the transfer consideration, the amount of non-controlling interests in the acquiree, and the fair value of the acquiree's equity previously held by the acquirer on the date of acquisition , in excess to the net identifiable assets and assumed liabilities on the date of acquisition.

For a business combination achieved in stages, the fair value on the date of acquisition is used to measure the equity of the acquiree previously held by the merging company, and any profit or loss arising therefrom shall be recognized as profit or loss. Amounts recognized in other comprehensive profit or loss prior to the acquisition date as a result of a previously held interest in the acquiree are recognized on the same basis as if the merging company had directly disposed of its previously held interest.

(5) Foreign currencies

The financial statements of each consolidated entity are prepared in the currency (functional currency) of the primary economic environment in which the entity operates. The functional currency of the consolidated company and the expression currency of the consolidated statements are New Taiwan Dollars.

In preparing each entity's financial statements, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the re-translation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

When preparing consolidated financial statements, the assets and liabilities of the Group's foreign operating institutions are converted into NT dollars at the exchange rate at the end of each reporting period; income and expense items are converted at the current average exchange rate, the resulting in exchange differences are recognized in other comprehensive profit or loss and properly attributed to the owners and non-controlling interests of the Group.

(6) Classification of Current and Non-Current Assets and Liabilities

Current assets include cash and cash equivalents, and are held primarily for the purpose of trading, and due to be settled within twelve months after the reporting period, excluding those restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. Current liabilities are held primarily for the purpose of trading, including those due to be settled within twelve months after the reporting period, and those which do have an unconditional right to defer settlement for at least twelve months after the reporting period.

Assets and liabilities that are not classified as current are non-current assents and liabilities, respectively.

(7) Cash Equivalents

Cash and cash equivalents include cash on hand, bank deposits and short-term and highly liquid investments (including time deposits with an original maturity date of three months) that can be converted into fixed cash at any time with little risk of change in value.

(8) Financial Instruments

Financial assets and financial liabilities are recognized on parent company only balance sheets when a group entity becomes a party to the contractual provisions of the instruments.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss and included in the original recognized amount of financial assets and financial liabilities.

(9) Financial Assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date or settlement date basis.

1.Measurement category

The Group’s financial assets are classified into the following categories:

(1)Financial assets at FVTPL

For certain financial assets which include debt instrument that do not meet the criteria of amortized cost or FVTOCI, it is mandatorily required to measure them at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss (including the dividends, interest earned and net gain or loss recognized in profit or loss on the financial asset).

(2)Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable designate investments in equity instruments that is not held for trading as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments at FVTOCI are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

(3)Financial assets at amortized cost

Financial assets that meet the following two conditions are subsequently measured at amortized cost:

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

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, . notes and trade receivables and other financial assets are measured at amortized cost, which equals to gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

2.Impairment of financial and contractual assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivables), investment on debt instrument measured through other comprehensive profit or loss at fair value, lease and receivables and contractual assets.

The Group always recognizes the loss allowance by lifetime Expected Credit Loss (i.e. ECL) for notes and accounts receivable. For all other financial instruments, the Group recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance at an amount equal to 12-month ECL.

Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account. However, the allowance loss on investments in debt instruments measured at fair value through other comprehensive gains and losses is recognized in other comprehensive gains and losses and does not reduce their carrying amount.

3.De-recognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss that had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

(10) Financial Liability and Equity Instruments

The obligations and equity instruments issued by the Group are classified as financial liabilities based on the substance of the joint agreement and the definition of financial liabilities and equity instruments.

1. Equity Instruments

An equity instrument is any contract that recognizes the Group's residual interest in assets less all liabilities. The equity instruments issued by the Group are recognized at the proceeds obtained after deducting the direct issuance costs.

The reacquired equity instruments of the Group are recognized and deducted under equity items. The purchase, sale, issuance or write-down of the Group's own equity instruments are not recognized in profit or loss.

2. Financial Liabilities

Financial liabilities are measured subsequently at amortized cost using the effective interest method or at fair value through profit or loss.

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

Financial liabilities at fair value through profit or loss are measured at fair value and any gain or loss arising from the remeasurement is recognized in profit or loss.

Financial liabilities other than held-for-trading and designated at fair value through profit or loss are measured at amortized cost using the effective interest method.

3. Derecognition of Financial Liabilities

The Group derecognizes financial liabilities only when the obligation is released, canceled or expires. When derecognizing a financial liability, the difference between its carrying amount and the consideration paid is recognized in profit or loss.

(11) Inventories

The Group's inventory includes raw materials, work-in-progress, semi-finished products, finished products and commodities, etc., which are recorded on the basis of actual purchase costs, and the weighted average method is used for cost calculation.

Inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriated to group similar or related items. The net realizable value is the estimated selling price of inventories less the estimated costs necessary to make the sale under normal situations.

(12) Investment in Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The Group uses the equity method to account for its investments in associates. Under the equity method, investments in an associate are initially recognized in the parent company only balance sheet at cost and adjusted thereafter to recognize the Group’s share of the profit or loss and other comprehensive income of the associate and the distribution received. The Group also recognizes the changes in the equity of associates attributable to the Group.

When the Group’s share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for by the equity method and long-term interests that, in substance, form part of the Group’s net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

Any excess of the cost of acquisition over the Group’s share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group’s share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the associate issues new shares, and the Group subscribes at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group’s proportionate interest in the net assets of the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to additional paid-in capital. If the Group’s ownership interest is reduced due to the additional subscription to the shares of associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate shall be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities. When the adjustment should be debited to additional paid-in capital, but the additional paid-in capital recognized from investments accounted for by the equity method is insufficient, the shortage is debited to retained earnings.

The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. If the investment of associates becomes the investment of joint ventures, or vice versa, the Group will continue to evaluate investment accounted for by the equity method, other than remeasuring retained equities. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

Profits and losses, resulting from upstream, downstream, and side stream transactions between the Group and associates, are recognized on the consolidated financial statements in the scope of the Group's equities that are not relevant to its associates.

(13) Property, Plant and Equipment

Property, plant and equipment are stated at cost, less recognized accumulated depreciation and accumulated impairment loss. The cost includes incremental costs that are directly attributable to the acquisition or construction of assets.

Real estate, plant and equipment under construction are recognized at cost less accumulated impairment losses. Upon completion and in their intended state of use, the assets are classified into the appropriate categories of real estate, plant and equipment and depreciation commences.

There is no mention of depreciation on owned land.

Depreciation is recognized using the straight-line method. Each significant part is depreciated separately. 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.

Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

(14) Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

For contracts consisting of leased and non-leased components, the Group apportioned the consideration in the contract on a relative price basis and treated it separately.

A. The Group as lessee

Except for payments for low-value asset leases and short-term leases which are recognized as expenses on a straight-line basis, the Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of the lease.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, and less any lease incentives received, any initial direct costs incurred and an estimate of costs needed to restore the underlying assets. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rates.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

B. The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

(15) Goodwill

The goodwill acquired in a business combination is the cost of the goodwill recognized on the date of acquisition, and subsequently measured by the amount after deducting accumulated impairment losses from the cost.

For the purposes of impairment testing, goodwill is allocated to each cash-generating unit or group of cash-generating units of the Group that is expected to benefit from the synergies of the merger (referred to as "cash-generating units").

A cash-generating unit subject to goodwill is tested annually for impairment (and whenever there is an indication that the unit may be impaired) by comparing the carrying amount of the unit containing the goodwill with its recoverable amount. If the goodwill apportioned to a cash-generating unit is obtained from a business combination in the current year, the unit shall undergo an impairment test before the end of the current year. If the recoverable amount of the cash-generating unit apportioned to goodwill is lower than its book value, the impairment loss is to first reduce the book amount of the cash-generating unit's apportioned goodwill, and then reduce the book value of other assets in the unit in proportion to each carrying amount of the asset. Any impairment losses are recognized directly as current losses. Goodwill impairment losses are not reversed in subsequent periods.

(16) Intangible Assets

A. Acquired Separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis with the useful life. The estimated useful life, residual value, and amortization method are reviewed at least at the end of each reporting period by the Group, with the effect of any changes in estimate accounted for on a prospective basis. Intangible assets with indefinite useful lives are carried at cost less accumulated impairment losses.

B. Incurred Internally – R & D Expense

The Group's expenditures in the research stage are recognized as expenses when incurred, and only when meeting the specified conditions will the expenses be recognized as intangible assets in the stage of the internal plan development.

The cost of internally incurred intangible assets is recognized as the sum of expenditures incurred since the date when the specified conditions are met and is subsequently measured by the amount after deducting accumulated amortization and accumulated impairment losses from the cost.

C. Acquired through Business Combination

Intangible assets acquired through business combination are recognized at fair value on the date of acquisition and recognized separately from goodwill, and the subsequent measurement method is the same as that of intangible assets acquired separately.

D. Derecognition

When derecognizing intangible assets, the difference between the net disposal proceeds and the carrying amount of such asset is recognized in profit or loss for the current period.

(17) Impairment of tangible and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right of use assets 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. Corporate assets are also allocated to individual cash-generating units or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When the impairment loss is subsequently reversed, the carrying amount of the asset or cash generating unit is adjusted to the revised recoverable amount provided that the increased carrying amount does not exceed the carrying amount determined if the asset or cash generating unit had not recognized the impairment loss in the previous year. The reversal of impairment losses is recognized in profit or loss.

(18) Liability Provision

The Group recognizes a liability provision when it has present obligations due to past events and is likely to have to discharge such obligations and the amount of such obligations can be reliably estimated..

The amount recognized as a liability provision is a best estimate of the expenditure required to liquidate the obligation at the end of the reporting period, taking into account the risk and uncertainty of the obligation. If the provision for liabilities is measured by the estimated cash flows to meet the present obligation, the carrying amount is the present value of such cash flows.

(19) Employee benefit

A. 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 service rendered by employees.

B. Retirement benefits

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

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the Projected Unit Credit Method. Service cost (including current service cost as well as previous service cost, and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period they occur, or when the plan amendment or curtailment occurs/when the settlement occurs. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Group’s defined benefit plan. Net defined benefit assets may not exceed the present value of contributions refunded from the scheme or reduced in future contributions.

The cost of retirement benefits for the interim period is calculated on an actuarial basis from the beginning of the year to the end of the current period, using the actuarial cost rate determined by the end of the previous year, and adjusted for major market fluctuations in the current period, major plan amendments, liquidations or other major one-off events.

C. Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as for determining a benefit retirement plan, except that the relevant remeasures are recognized in profit and loss.

D. Termination benefits

The Group recognizes the liability for separation benefits when it is no longer able to withdraw the offer of separation benefits or recognize the related restructuring costs, whichever is earlier.

(20) Revenue recognition

The Group identifies the contract with the customers, allocates the transaction price to the performance obligations, and recognizes revenue when performance obligations are satisfied.

The transaction price shall not be adjusted for the material financial component of a contract for which the time interval between the transfer of goods or services and the receipt of consideration is less than 1 year.

A. Revenue from sale of goods

The Group outsourced the manufacture and sale of goods and recognizes revenue when the promised goods are delivered to the client and the customer obtains its control (i.e., the customer's ability to control the use of the goods and obtain almost all of the residual benefits of the goods). The main products are memory modules, flash memory cards, random access memory and RAID products, and revenue is recognized on the basis of the price stated in the contract.

At the time of dematerialization, the control of the ownership of the processed products is not transferred, and the income is not recognized at the time of dematerialization.

The warranty provided by the Group is based on the guarantee that the goods provided will operate as expected by the customer and are handled in accordance with the provisions of IAS37.

The credit period of the Group's sales commodity transaction is 30~90 days, and most contracts recognize accounts receivable when the commodity transfer control and the right to receive consideration unconditionally, such accounts receivable are usually short in period and do not have a material financial component; However, in some contracts, part of the consideration is charged to the customer before the transfer of the goods, and the Group is required to bear the obligation to transfer the commodities subsequently, it is hence recognized as a contractual liability.

B. Service Revenue

The services provided by the Group are mainly recognized as income according to the progress of the completion of the contract.

The Group's contractual agreement price is received in accordance with the payment period specified in the contract, and when it has the right to transfer the services to the customer but has not yet unconditionally received the consideration, the contract assets are recognized, and the contract assets are also subject to allowance impairment measured by the amount of expected credit loss during the existence period in accordance with IFRS9. However, in some contracts, part of the consideration is charged to the customer at the time of signing, and the Group assumes the obligation to provide services in the future, it is hence recognized as a contractual liability.

The period for which the Group's aforesaid contractual liabilities are converted to revenue normally does not exceed one year and does not result in the creation of material financial components.

(21) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

A. Current tax

Current income tax is calculated based on the country in which the Group operates and generates its chargeable income, using the rate that has been legislated or substantially legislated at the end of the reporting period.

Income tax for the interim period is assessed on an annual basis, and the income tax expense for the interim period is calculated on the pre-tax benefit of the interim period at the tax rate applicable to the expected total annual earnings.

Income tax on unappropriated earnings is expensed in the year the shareholders approved the appropriation of earnings which is the year subsequent to the year the earnings are generated according to Taiwan's Income Tax Act.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

B. Deferred 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 tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, net operating loss carryforwards and tax credits for research and development expenses to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group 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 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 deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered. The deferred tax assets which originally not recognized is also reviewed at the end of each reporting period and recognized to the extent that it is probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset is realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. 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.

C. Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION AND UNCERTAINTY

In the application of the Group's accounting policies, the Group is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Group has taken into account the economic impact of the Covid epidemic into its material accounting estimates, and the estimates and underlying assumptions are reviewed on an ongoing basis by the management. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

The Group's critical accounting judgments and key sources of estimation and uncertainty are as follows:

(1) Impairment Assessment of tangible and intangible assets (excluding goodwill)
In the process of assessing asset impairment, the Group needs to rely on subjective judgments and determine the independent cash flow of specific asset groups, the useful life of the asset, and the possible future income and expenses based on asset usage patterns and industry characteristics. Changes in estimates brought about by changes or corporate strategies may result in material impairments or reversals of recognized impairment losses in the future.

(2) Valuation of Inventory
As inventories must be valued at the lower of cost and net realizable value, the Group must use judgment and estimation to determine the net realizable value of inventories at the end of the financial reporting period.

Due to the rapid changes in technology, the Group evaluates the amount of inventory due to normal wear and tear, obsolescence, or no market sales value at the end of the financial reporting period, and writes down the inventory cost to the net realizable value. This inventory valuation is mainly based on the estimated demand for products in a specific period in the future, therefore, there may be material changes.

(3) Impairment Assessment for Goodwill
When determining whether goodwill is impaired, the value in use of the cash-generating units to which goodwill is allocated must be estimated. To calculate value in use, management should estimate the future cash flows expected to be generated from the cash-generating unit and determine the appropriate discount rate to use in calculating the present value. If the actual cash flow is less than expected, a material impairment loss may arise.

6. Explanation of Significant Accounts

1. Cash and Cash Equivalents

	December 31, 2022	December 31, 2021
Cash on hand and revolving funds	$ 160	$ 160
Demand deposits	150,862	153,820
Time deposits	50,000	70,000
	$ 201,022	$ 223,980

As of December 31, 2022 and 2021, the above mentioned bank deposits were not used as pledged assets and/or under any other circumstances of restricted uses.

2. Financial Assets at Fair Value Through Other Comprehensive Income

	December 31, 2022	December 31, 2021
Investments in equity instruments, non-current		
Domestic unlisted shares	$ 4,575	$ 5,430

A. The Group invests in the ordinary shares of the companies listed above for medium and long-term strategic purposes and expects to make profits through long-term investment. The Group's management believes that if the short-term fair value fluctuations of these investments are included in profit or loss, it is not consistent with the aforementioned long-term investment plan, therefore, these investments are designated to be measured at fair value through other comprehensive income by choice.

B. As of December 31, 2022 and 2021, the above-mentioned financial assets measured at fair value through other comprehensive profit and loss were not used as pledged assets and/or under any other circumstances of restricted uses.

3. Financial Assets Measured at Amortized Cost, Current

	December 31, 2022	December 31, 2021
Time deposit with an original maturity of more than three months	$ 12,912	$ 30,852
Interest rate range	0.935%～1.21%	0.52%～0.59%

As of December 31, 2022 and 2021, the above-mentioned financial assets measured at amortized cost, current, were not used as pledged assets and/or under any other circumstances of restricted uses.

4. Notes Receivable, Accounts Receivable and Other Receivables

	December 31, 2022	December 31, 2021
Notes receivable		
Notes receivable from operating activities	$ 797	$ 344
Notes receivable not from operating activities	－	－
Less: Allowance for bad debts	－	－
	$ 797	$ 344
Accounts receivable		
Accounts receivable	$ 40,581	$ 40,121
Less: Allowance for bad debts	－	－
	$ 40,581	$ 40,121
Other receivable, current		
Tax refund receivable, etc.	$ －	$ 25
Less: Allowance for bad debts	－	－
	$ －	$ 25

A. The Group adopts the simplified method of IFRS 9 to recognize the allowance loss of trade receivable based on the expected credit loss during the duration. The expected credit loss during the duration is calculated using a provision matrix, which takes into account the customer's past default history, current financial situation and industry economic situation. As the Group's credit loss historical experience shows that there is no significant difference in the loss patterns of different customer groups, the provision matrix does not further distinguish customer groups, and only determines the expected credit loss rate based on the number of days that trade receivables are overdue.

B. The Group’s loss allowance for trade and other receivables based on provision matrix.

	December 31, 2022					
	Not overdue	Overdue 1~90 days	Overdue 91~180	Overdue 181~270	Overdue more than	Total

			days	days	270 days	
Total book value	$ 40,499	$ 82	$ –	$ –	$ –	$ 40,581
Expected credit loss rate	0%	0%	0%	0%	100%	
Allowance for expected credit losses	–	–	–	–	–	–
Amortized cost	$ 40,499	$ 82	$ –	$ –	$ –	$ 40,581

	December 31, 2021					
Total book value	Not overdue	Overdue 1~90 days	Overdue 91~180 days	Overdue 181~270 days	Overdue more than 270 days	Total
Expected credit loss rate	$ 38,263	$ 1,883	$ –	$ –	$ –	$ 40,146
Allowance for expected credit losses	0%	0%	0%	0%	100%	
Amortized cost	–	–	–	–	–	–
Total book value	$ 38,263	$ 1,883	$ –	$ –	$ –	$ 40,146

C. As of December 31, 2022 and 2021, the above-mentioned notes and accounts receivables were not used as pledged assets and/or under any other circumstances of restricted uses.

5. Inventory

	December 31, 2022	December 31, 2021
Merchandise	$ 16,564	$ 11,070
Finished goods	5,832	7,295
Semi-finished goods	23,443	20,874
Work-in-process	2,732	5,712
Raw Material	57,756	53,978
	$ 106,327	$ 98,929

A. Inventory-related profits and losses recognized as cost of sales in the current period are as follows:

	2022	2021
Cost of inventory sales	$ 283,324	$ 260,929
Inventory write-down and impairment loss	2,436	275
Others	5,260	6,513

	$ 291,020	$ 267,717

B. As of December 31, 2022 and 2021, the above-mentioned inventory net value were not used as pledged assets and/or under any other circumstances of restricted uses.

6. Investments using Equity Method

	December 31, 2022	December 31, 2021
Investments in Associates	$ –	$ 5,311

Associates of the Group are listed as follows:

	December 31, 2022		December 31, 2021	
Investee	Amount	Ownership Stake	Amount	Ownership Stake
Foresight Energy Technology Co., Ltd.	$ –	16.39%	$ 5,311	16.39%

a. As of December 31, 2022, the Group's shareholding ratio in Foresight Energy Technology Co., Ltd. (hereinafter referred to as Foresight Energy) was 16.39%. Although the Group's shareholding ratio in Foresight Energy did not reach 20%, the Group, however, has significant influence on Foresight Energy, hence the equity method is adopted for evaluation.

b. The associate–Foresight Energy which the Group uses the equity method to evaluate has suffered long-term losses, resulting the net value of shareholders' equity to become negative and has exceeded the book value of its investment in Foresight Energy under the equity method, the Group stopped using the recognition of further losses by the equity method in the third quarter of 2022.

c. The cumulated unrecognized losses from Foresight Energy extracted from audited financial statements of the current years are as follows:

	Jan, to Dec. 2022	Jan, to Dec. 2021
Unrecognized losses from associates		
Amount for the current year	$ 3,101	$ –
Cumulative amount	$ 3,101	$ –

d. The consolidated financial information of the associates of the Group is as follows:

	Jan, to Dec. 2022	Jan, to Dec. 2021
Total assets	$ 95,065	$ 108,958
Total liabilities	$ 113,981	$ 76,559

	2022	2021
Operating revenue	$ 84,816	$ 26,092
Net loss	$ (51,314)	$ (50,166)
Other comprehensive income	$ –	$ –

e. The associates' profit and loss and other comprehensive profit and loss shares recognized using the equity method in 2022 and 2021 were recognized based on the financial statements of each associate that had been audited by accountants for the same period.

f. As of 31 December 2022 and 2021, the above mentioned investments using equity method were not used as pledged assets and/or under any other circumstances of restricted uses.

7. Property, Plant and Equipment

	December 31, 2022	December 31, 2021
Self-use	$ 269,573	$ 279,651
Operating lease	14,109	14,186
	$ 283,682	$ 293,837

1. Self-use

	Land	Building	Machinery and equipment	Leasehold improvement costs	Office equipment	Other equipment	Total
Costs and revaluation reserve							
Jan. 1, 2022 balance	$ 201,602	$ 9,973	$ 23,390	$ 14,275	$ 2,831	$ 11,008	$ 343,079
Increase	—	—	—	—	—	1,975	1,975
Disposal	—	(185)	—	—	—	—	(185)
Dec. 31, 2022 balance	$ 201,602	$ 89,788	$ 23,390	$ 14,275	$ 2,831	$ 12,983	$ 344,86
Jan. 1, 2021 balance	$ 202,142	$ 90,151	$ 25,310	$ 13,990	$ 2,251	$ 8,556	$ 342,400
Increase	—	—	—	285	720	3,302	4,307
Disposal	—	—	(1,920)	—	(140)	(850)	(2,910)
Transferred to assets for operating lease	(540)	(178)	—	—	—	—	(718)
Dec. 31, 2021 balance	$ 201,602	$ 89,973	$ 23,390	$ 14,275	$ 2,831	$ 11,008	$ 343,079

	Land	Building	Machinery and equipment	Leasehold improvement costs	Office equipment	Other equipment	Total
Accumulated depreciation / impairment							
Jan. 1, 2022 balance	$ —	$ 39,025	$ 8,689	$ 8,998	$ 1,707	$ 5,009	$ 63,428
Depreciation	—	2,369	2,904	2,791	360	3,629	12,053
Disposal	—	(185)	—	—	—	—	(185)
Dec. 31, 2022 balance	$ —	$ 41,209	$ 11,593	$ 11,789	$ 2,067	$ 8,638	$ 75,296
Jan. 1, 2021 balance	$ —	$ 36,626	$ 7,588	$ 6,221	$ 1,496	$ 3,073	$ 55,004

Depreciation	—	2,399	3,021	2,777	351	2,786	11,334
Disposal	—	—	(1,920)	—	(140)	(850)	(2,910)
Dec. 31, 2021 balance	$ —	$ 39,025	$ 8,689	$ 8,998	$ 1,707	$ 5,009	$ 63,428

2. Operating Lease

	Land	Building	Total
Costs and Revaluation reserve			
Jan. 1, 2022 balance	$ 11,940	$ 3,931	$ 15,871
Increase & disposal	—	—	—
Dec. 31, 2022 balance	$ 11,940	$ 3,931	$ 15,871
Jan. 1, 2021 balance	$ 11,400	$ 3,753	$ 15,153
Increase & disposal	—	—	—
From self-use assets	540	178	718
Dec. 31, 2021 balance	$ 11,940	$ 3,931	$ 15,871
Accumulated depreciation / impairment			
Jan. 1, 2022 balance	$ —	$ 1,685	$ 1,685
Depreciation	—	77	77
Disposal	—	—	—
Dec. 31, 2022 balance	$ —	$ 1,762	$ 1,762
Jan. 1, 2021 balance	$ —	$ 1,607	$ 1,607
Depreciation	—	78	78
Disposal	—	—	—
Dec. 31, 2021 balance	$ —	$ 1,685	$ 1,685

The Group leases land and buildings under operating leases, and the lease period is 2 to 3 years. At the end of the lease period, the lessee has no preferential purchase of such assets.

The total amount of lease payments to be received in the future for leasing out self-owned real estate, plant and equipment under operating leases is as follows:

	December 31, 2022	December 31, 2021
1st year	$ 1,150	$ 614
2nd year	674	—
	$ 1,824	$ 614

3. The Group's property, plant and equipment are depreciated on a straight-line basis over the following useful years:

Buildings	35～50 years
Machinery and equipment	5～10 years
Leasehold improvement costs	5 years

Office equipment	2～10 years
Other equipment	2～5 years

4. Please refer to Notes 6 (10) and 8 for details of the Group's provision of land and buildings as collateral for loans as of December 31, 2022 and 2021.

8. Right-of-Use Assets

1. Right-of-Use Assets

	December 31, 2022	December 31, 2021
Book value of right-of-use-assets		
Buildings	$ 708	$ 3,543
Transportation equipment	5,499	2,197
	$ 6,207	$ 5,740

	Buildings	Transportation equipment	Total
Costs and Revaluation reserve			
Jan. 1, 2022 balance	$ 12,048	$ 6,347	$ 18,395
Increase	－	5,284	5,284
Disposal	－	(2,148)	(2,148)
Dec. 31, 2022 balance	$ 12,048	$ 9,483	$ 21,531
Jan. 1, 2021 balance	$ 12,048	$ 3,855	$ 15,903
Increase	－	2,963	2,963
Disposal	－	(471)	(471)
Dec. 31, 2021 balance	$ 12,048	$ 6,347	$ 18,395
Accumulated depreciation / impairment			
Jan. 1, 2022 balance	$ 5 8,505	$ 4,150	$ 12,655
Depreciation	2,835	1,685	4,520
Disposal	－	(1,851)	(1,851)
Dec. 31, 2022 balance	$ 11,340	$ 3,984	$ 15,324
Jan. 1, 2021 balance	$ 5,670	$ 2,984	$ 8,654
Depreciation	2,835	1,637	4,472

Disposal	–	(471)	(471)
Dec. 31, 2021 balance	$ 8,505	$ 4,150	$ 12,655

2.Lease obligations

	December 31, 2022	December 31, 2021
Book value of lease obligation		
Current	$ 2,157	$ 4,607
Non-current	4,097	1,271
	$ 6,254	$ 5,878

Range of discount rate for lease obligation

	December 31, 2022	December 31, 2021
Buildings	2.62%	2.62%
Transportation equipment	1.62%～2.37%	1.62%～2.62%

3.Important Leasing Activities and Terms

The Group leases some buildings and transportation equipment for plant and office use, and the lease period is 2 to 5 years. At the end of the lease period, the Group has no preferential right to purchase the leased transportation equipment.

4.Information on other leases

	2022	2021
Rental expenses for low-value assets	$ 545	$ 490
Cash outflow for lease payments	$ (5,156)	$ (5,022)

The Group chooses to apply the recognition exemption for leases that match short-term leases and low-value asset leases, and does not recognize the relevant right-of-use assets and lease liabilities for these leases.

9. Intangible Assets

	Goodwill	Customer Relationship	Total
Cost			
Jan. 1, 2022 balance	$ 19,800	$ 9,106	$ 28,906
Increase	–	–	–
Disposal and reclassification	–	–	–
Dec. 31, 2022 balance	$ 19,800	$ 9,106	$ 28,906

Jan. 1, 2021 balance	$	19,800	$	9,106	$	28,906
Increase		–		–		–
Disposal and reclassification		–		–		–
Dec. 31, 2021 balance	$	19,800	$	9,106	$	28,906

	Goodwill		Customer Relationship		Total	
Accumulated amortization and impairment						
Jan. 1, 2022 balance	$	–	$	1,405	$	1,405
Amortization		–		964		964
Disposal and reclassification		–		–		–
Dec. 31, 2022 balance	$	–	$	2,369	$	2,369
Jan. 1, 2021 balance	$	–	$	442	$	442
Amortization		–		963		963
Disposal and reclassification		–		–		–
Dec. 31, 2021 balance	$	–	$	1,405	$	1,405

1. The amortization period of intangible assets of the Group is as follows: customer relationship is 9.45 years.

2. The Group evaluates the recoverable amount of goodwill on the closing date of the annual financial report, and uses the value in use as the basis for calculating the recoverable amount. The calculation of the value in use is that the management level measures the recoverable amount based on the future cash flow and uses an appropriate discount rate as the basis for assessing whether the impairment is valid, and regularly conducts an impairment test on the cash-generating unit to which the goodwill belongs every year.

10. Short-term Debt

A. Please refer to Note 6(7) and 8 for details of the Group's provision of assets as collateral for loans as of December 31, 2022 and 2021.

B. As of December 31, 2022 and 2021, the undrawn loan facilities granted to the Group by financial institutions were 130,000 thousand and 150,000 thousand respectively.

11. Other Payables

	Dec. 31, 2022		Dec. 31, 2021	
Accrued payroll & bonus	$	16,717	$	17,390
Accrued professional service fees		3,894		5,088
Accrued Interest Payable		437		314

Others	5,223	4,819
	$ 26,271	$ 27,611

12. Retirement Benefits Plans

(1) Defined contribution plans

The plan under the R.O.C. Labor Pension Act (the "Act") is deemed a defined contribution plan. Pursuant to the Act, the Group has made monthly contributions equal to 6% of each employee's monthly salary to employees' pension accounts.

The amount that should be allocated in accordance with the specified proportion in the defined contribution plan has been recognized in the profit and loss statement of the Group in 2022 and 2021.

The total recognized expenses are 3,998 thousand and 4,071 thousand respectively. As of December 31, 2022 and 2021, the due appropriations that have not yet been paid to the contribution plan are 975 thousand and 1,000 thousand respectively, and these amounts have been paid after the balance sheet date.

(2) Defined benefits plans

The Group has defined benefit plans under the R.O.C. Labor Standards Act that provide benefits based on an employee's length of service and average monthly salary for the six-month period prior to retirement. The Group contributes an amount equal to 4% of salaries paid each month to their respective pension funds (the Funds), which are administered by the Labor Pension Fund Supervisory Committee (the Committee) and deposited in the Committee's name in the Bank of Taiwan. Before the end of each year, the Group assesses the balance in the Funds. If the amount of the balance in the Funds is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The Funds are operated and managed by designated government bureau, the Group does not have any right to intervene in the investments of the Funds.

Amounts recognized in respect of these defined benefit plans in the consolidated balance sheets were as follows:

	December 31, 2022	December 31, 2021
Present value of defined benefit obligation	$ 11,058	$ 37,381
Fair value of plan assets	(22,788)	(46,114)
Defined benefit assets, net	$ (11,730)	$ (8,733)

Changes in the present value of defined benefit obligation are as follows：

	2022		
	Present value of defined benefit obligation	Fair value of plan assets	Defined benefit assets, net
Jan. 1, 2022 balance	$ 37,381	$ (46,114)	$ (8,733)
Service costs			
Service costs for current year	—	—	—
Interest expenses (income)	211	(266)	(55)
Settlement loss (income)	(23,667)	27,092	3,425
Recognized in profit or loss	(23,456)	26,826	3,370
Remeasurements			
Return on plan assets	—	(3,500)	(3,500)
Actuarial loss (gain)			
Changes in demographic assumptions	—	—	—

Changes in financial assumptions	(2,808)	–	(2,808)
Experience adjustments	(59)	–	(59)
Recognized in other comprehensive income	(2,867)	(3,500)	(6,367)
Participant contributions to the plan	–	–	–
Benefit payments	–	–	–
Dec. 31, 2022 balance	$ 11,058	$ (22,788)	$ (11,730)

	2021		
	Present value of defined benefit obligation	Fair value of plan assets	Defined benefit assets, net
Jan. 1, 2021 balance	$ 36,461	$ (45,307)	$ (8,846)
Service costs			
Service costs for current year	–	–	–
Interest expenses (income)	206	(261)	(55)
Recognized in profit or loss	206	(261)	(55)
Remeasurements			
Return on plan assets	–	(546)	(546)
Actuarial loss (gain)			
Changes in demographic assumptions	–	–	–
Changes in financial assumptions	686	–	686
Experience adjustments	28	–	28
Recognized in other comprehensive income	714	(546)	168
Participant contributions to the plan	–	–	–
Benefit payments	–	–	–
Dec. 31, 2021 balance	$ 37,381	$ (46,114)	$ (8,733)

The above defined benefit plans recognized in the gain or loss of pension are listed in the individual items below:

	2022	2021
Operating costs	$ 549	$ (9)
Selling and marketing expenses	526	(8)
General and administrative expenses	1,391	(23)

Research & development expenses	904	(15)
Total	$ 3,370	$ (55)

Through the defined benefit plans under the R.O.C. Labor Standards Act, the Group is exposed to the following risks:

A. Investment risk: The pension funds are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the government's designated authorities or under the mandated management. However, under the R.O.C. Labor Standards Act, the rate of return on the Group's assets shall not be less than the average interest rate on a two-year time deposit published by the local banks and the government is responsible for any shortfall in the event that the rate of return is less than the required rate of return.

B. Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the debt investments of the plan assets.

C. Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The principal assumptions at the measurement date were as follows:

	Measurement date	
	December 31, 2022	December 31, 2021
Discount rate	1.75%	0.625%
Rate of salary increase	1.00%	1.00%
Expected duration of defined benefit obligation	1 year	12.01 years

If main actuarial assumptions vary within a reasonable extent, as for other assumption remaining unchanged, the present value of defined benefit obligation increases/decreases shall be as follows:

	Measurement date	
	December 31, 2022	December 31, 2021
Discount rate		
Increase 0.25%	$ −	$ (729)
Decrease 0.25%	$ −	$ 755
Rate of salary increase		
Increase 0.25%	$ −	$ 736
Decrease 0.25%	$ −	$ (714)

As actuarial assumptions may be correlative with one another, it is less likely that only one single assumption will be changed, the above sensitive analysis cannot indicate actual changes of the present value of defined benefit obligation.

In addition, in the aforementioned sensitivity analysis, the present value of the determined benefit obligation at the end of the reporting period was calculated using the estimated unit benefit method and measured on the same basis as the determination of benefit liability.

The Group expects to allocate 0 thousand to the determined benefit plan within one year after December 31, 2022.

13. Equity

1. Capital-common stock

	December 31, 2022	December 31, 2021
Shares (in thousands)	150,000	150,000
Share capital	$ 1,500,000	$ 1,500,000
Issued and fully paid-in shares (in thousands)	91,628.8	91,628.8
Issued capital	$ 916,288	$ 916,288

The issued ordinary shares are with a par value of $10 per share, and each share is entitled to one voting right and the right to receive dividends

2. Additional paid-in capital

	December 31, 2022	December 31, 2021
Changes in equity in associates and joint ventures accounted for using the equity method	$ 6,998	$ 6,998

The excess of the additional paid-in capital reserve from the issuance of shares exceeding the par value (including the issuance of ordinary shares exceeding the par value and the conversion premium of corporate bonds, etc.) can be used to compensate for losses, and can also be used to distribute cash or allocate share capital when the Group has no losses , but it is limited to a certain percentage of the paid-in share capital every year when appropriating share capital. In addition, changes in the net equity value of associates recognized using the equity method may be used to compensate for losses.

3. Retained earnings and dividend policy

In accordance with the Group's Articles of Incorporation, when allocating the net profits for each fiscal year, the Group shall first pay taxes and offset its losses in previous years and then set aside the legal capital reserve at 10% of the profits left over, and allocate or reverse special reserves when necessary. However, if the legal reserves have reached the Group's paid-in capital, then the abovementioned does not apply. Any balance left over shall be added with the accumulated undistributed earnings of the previous year and be allocated according to the resolution provided from the board meeting based on the proposal of the dividends policy and the allocation of retained earnings. If the planned execution is to be carried out in the form of issuing new shares, the proposal should be submitted and approved by the Shareholders' meeting before execution.

If the Group distributes dividends and bonuses or all or part of legal reserves and paid-in capital reserve by issuing cash, it shall be reported to the shareholders meeting after authorizing the Board of which the quorum reaches two-third of the directors and obtaining the approvals from more than half of the attending directors.

Considering the environment and the growth period the Group is in, and in response to future capital needs and long-term financial planning, as well as to satisfy the needs of the shareholders' expectations of cash inflows, the Group appropriates more than 50% of the retained earnings to stockholders' dividends, of which the cash dividends should not be lower than twenty (20) percent of the sum of total dividends.

Since June 13, 2007, the Group no longer has supervisors, and the original supervisor's duties were performed by the Audit Committee.

The appropriation for legal reserve shall be made until the reserve equals to the paid-in capital. The legal reserve may be used to offset a deficit, or be distributed as dividends in cash for the portion in excess of 25% of the paid-in capital if the Group incurs no loss.

When distributing earnings, the Group must deduct the net amount of other equity items in accordance with laws and regulations (such as exchange differences in the translation of financial statements of foreign operating institutions, unrealized gains and losses of financial assets available for sale, and the cumulated balance of effective hedging tool benefits and losses in cash flow hedging) is set aside as a special reserve. If there is a subsequent reduction in the deduction amount of other equity items, the reduction amount can be transferred back to the undistributed earnings from special reserve.

The Group was in a state of accumulated losses in 2022 and 2021, hence there is no need to disclose dividend information per share.

With regards to the allocation of earnings approved by the Group's board of directors and resolved at the shareholders' meeting, please visit the websites such as the Market Observation Post System (MOPS) for further details.

4. Other Equity Items

a. Unrealized gain (loss) from financial assets at fair value through other comprehensive income

	2022	2021
Beginning balance	$ (9,570)	$ (10,335)
Unrealized gain (loss) from financial assets at fair value through other comprehensive income	(855)	765
Ending balance	$ (10,425)	$ (9,570)

Investments in equity instruments measured at fair value through other comprehensive gains and losses are measured at fair value, and subsequent changes in fair value are reported in other comprehensive gains and losses and accumulated in other equity. At the time of investment disposal, the accumulated profit and loss is directly transferred to the retained earnings and is not reclassified as profit or loss.

5. Non-controlling interests

	2022	2021
Beginning balance	$ 42,476	$ 61,296
Increase in non-controlling interests	15,315	−
Share attributed to non-controlling		

interests :		
Net loss for the current year	(13,744)	(18,820)
Ending balance	$ 44,047	$ 42,476

14. Operating Revenue

	2022	2021
Revenue from contracts with customers		
Revenue from sale of goods	$ 346,051	$ 323,377
Revenue from rendering services	7,626	5,613
	$ 353,677	$ 328,990

The relevant information on customers' contractual revenue in 2022 and 2021 are as follows:

A. Further definition of revenue :

The Group's revenue is further defined based on the categories of main products and regions, please refer to Note 14 for relevant information. The details of the revenue recognition timing are further defined as follows:

	2022	2021
Revenue recognition timing		
At a point in time	$ 46,051	$ 23,377
Over time as progress is made	7,626	5,613
	$ 53,677	$ 28,990

B. Contract balance

Contract liability, current	December 31, 2022	December 31, 2021
Sales of goods	$ 3,225	$ 1,806

Changes in contractual liabilities are mainly due to differences between the time of satisfaction of the performance obligation and the point of payment by the customer.

The amount of contract liabilities recognized as income from the beginning of the year was 1,468 thousand and 5,408 thousand in 2022 and 2021 respectively.

C. Transaction price allocated to unfulfilled obligations:

As of December 31, 2022 and 2021, the Group's customer contracts for sales of goods and provision of services are all shorter than one year, hence there is no need to provide information about unfulfilled contractual obligations.

D. Assets recognized from the cost of self-acquiring or fulfilling customer contracts: None

15. Additional information for Expenses

The number of employees of the Group in 2022 and 2021 was 99 and 100 respectively, of which the number of directors who were not concurrently employees was 5.

The Group's current net loss includes the following items

	2022			2021		
Nature	Classified as Operating Cost	Classified as Operating Expenses	Total	Classified as Operating Cost	Classified as Operating Expenses	Total
Employee benefit expenses						
Salary	$ 9,317	$ 70,524	$ 79,841	$ 10,309	$ 71,241	$ 81,550
Labor and health insurance	1,143	6,358	7,501	1,142	6,309	7,451
Post-Retirement Benefits						
Defined contribution plans	527	3,471	3,998	535	3,536	4,071
Defined benefit plans	549	2,821	3,370	(9)	(46)	(55)
Directors' compensation	—	630	630	—	428	428
Other personnel expenses	502	2,243	2,745	504	2,243	2,747
	$ 12,038	$ 86,047	$ 98,085	$ 12,481	$ 83,711	$ 96,192
Depreciation	$ 1,200	$ 15,450	$ 16,650	$ 1,063	$ 14,821	$ 15,884
Amortization	$ —	$ 12964	$ 13,964	$ —	$ 1 2 963	$ 963

According to the Company Act and the Group's Articles of Association, if the Group makes a profit in the year, it should allocate 5% to 15% for employee compensation and not more than 2% for directors' compensation; employee compensation may be paid to employees of controlled or affiliated companies who meet certain conditions, which are determined by the Board of Directors. However, if the Group still has accumulated losses, it should retain the amount of compensation in advance, and then allocate employee compensation and directors' compensation according to the proportion of the aforementioned item.

The Group was in a deficit state in 2022 and 2021 and has yet to rectify, so the compensation of employees and directors is not assessed.

If there is a significant change in the amount approved ed by the board of directors before the date of the adoption of the parent company only financial statements, the change will be adjusted to the expenses of the original financial period, and if the amount remains changed after the date of the adoption of the annual parent company only financial statements, it will be treated according to the changes in accounting estimates and adjusted and recorded in the following year.

Information on employee and directors' compensation approved by the Board of Directors of the Group and resolved by the shareholders' meeting can be found on websites such as the Market Observation Post System (MOPS).

16. Other Gains and Losses

	2022	2021
Other gains		
Rental income	$ 1,409	$ 1,185
Foreign exchange gain, net	5,311	—
Other income	282	2,548
	7,002	3,733
Other income		
Foreign exchange loss, net	—	(1,903)
	—	(1,903)
	$ 7,002	$ 1,830

In 2021, the Group applied to the Ministry of Economic Affairs for a subsidy of 2,119 thousand in the "Salary and Working Capital Subsidy Program". As of December 31, 2021, all amounts of the subsidy had been received and listed under "Other Income."

17. Income Tax

A. Income tax expense (benefit) recognized in profit or loss

a. Main components of income tax expense (benefit) are as follows:

	2022	2021
Deferred income tax		
Generation and reversal of temporary differences	$ (95)	$ 108
Income tax offset and loss carryforward	—	13,146
Income tax expense (benefit) recognized in profit or loss	$ (95)	$ 13,254

b. Income tax recognized in other comprehensive income:

	2022	2021
Deferred income tax		
Remittance of defined benefit plans	$ 1,273	$ (33)

B.The adjustment of loss before tax and income tax expense (benefit) Recognized in profit or loss:

	2022	2021
Income tax expense based on pre-tax income	$ (20,383)	$ (21,985)
Permanent differences in income tax effect	—	(424)
Loss carryforward	12,109	26,993
Investment loss recognized through equity method	7,692	8,616
Inventory write-down and impairment loss	487	54
Income tax expense (benefit) recognized in profit or loss	$ (95)	$ 13,254

C.Income tax assets and liabilities：

	December 31, 2022	December 31, 2021
Income tax assets		
Tax refund receivable	$ 16	$ 38

D.Deferred income tax：

The Group offsets certain deferred income tax assets and liabilities that meet the offsetting conditions. The analysis of deferred income tax assets and liabilities in the consolidated balance sheet is as follows:

January to December of the year 2022	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Deferred income tax asset				
Unrealized exchange losses	$ 52	$ 1	$ —	$ 53
Unrealized sales returns	—	$ (94	—	$ (94
subtotal	52	95	—	147
Deferred income tax liability				
Defined benefit actuarial gains and losses	(1,404)	—	(1,273)	(2,677)
Subtotal	(1,404)	—	(1,273)	(2,677)
Net	$ (1,352)	$ 95	$ (1,273)	$ (2,530)

January to December of the year 2021	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Deferred income tax asset				
Operating loss carryforward	$ 13,146	$ (13,146)	$ —	$ —

Unrealized exchange losses	160	(108)	－	52
subtotal	13,306	(13,254)	－	52
Deferred income tax liability				
Defined benefit actuarial gains and losses	(1,437)	－	33	(1,404)
subtotal	(1,437)	－	33	(1,404)
Net	$ 11,869	$ (13,254)	$ 33	$ (1,352)

E. Relevant Information for investment tax credits, deficits offset and tax exemption:

As of December 31, 2022, the Company has no usable tax investment credits.
Relevant information for deficit offsets:

	Remaining balance of carryforwards	Last year for which carryforwards can be utilized
Parent company	$ 579,546	2032
Subsidiary, Phoenix Innovative Materials Inc.	108,749	2032
Subsidiary, MoreLink Technology Corporation	149,752	2032
	$ 838,047	

F.Income Tax Assessment

As of December 31, 2022, tax returns of the Company, subsidiary-Phoenix Materials and Morelink Tech. through 2020 had been approved by the tax authorities.

18. Earnings per Share

	2022	2021
Basic Earnings Per Share	$ (0.61)	$ (0.78)

Earnings and weighted average number of ordinary shares (in thousands) used to calculate basic earnings per share:

	2022	2021
Net loss attributable to the owners of the parent company	$ (56,055)	$ (71,184)
Weighted average number of ordinary shares (in thousands) used to calculate basic earnings per share.	91,629	91,629

19. Cash Flows Information

A. Non-cash transactions:

	2022	2021
Increase in property, plant, and equipment	$ 1,975	$ 4,307
Change in advance payments for equipment	–	137
Changes in accounts payable for equipment	–	446
Cash paid for acquisition of property, plant, and equipment	$ 1,975	$ 4,890

B. Liability adjustments from financing activities：

			Non-cash changes	
January to December of the year 2022	Beginning balance	Cash flow	Others	Ending balance
Lease obligation (current and non-current)	$ 5,878	$ (4,611)	$ 4,987	$ 6,254
Deposits received	186	52	–	238
Stockholders' current account	30,000	12,000	–	42,000
Total liability from financing activities	$ 36,064	$ 7,441	$ 4,987	$ 48,492

			Non-cash changes	
January to December of the year 2021	Beginning balance	Cash flow	Others	Ending balance
Lease obligation (current and non-current)	$ 7,447	$ (4,532)	$ 2,963	$ 5,878
Deposits received	186	–	–	186
Stockholders' current account	38,500	(8,500)	–	30,000
Total liability from financing activities	$ 46,133	$ (13,032)	$ 2,963	$ 36,064

7. RELATED PARTY TRANSACTION

The balance and transaction amount between Unifosa and its subsidiaries (related parties of the Unifosa) have been eliminated when preparing the consolidated financial statements and are not disclosed in this note. The details of transactions between the Group and other related parties are disclosed as follows.

(1) Name and relationship of the related parties

Name of the related parties	Relationship with the Company

Yao-Li Investment Co. Ltd.	The director of the company
Foresight Energy Technology Co.,Ltd	Associates
Board of directors, supervisors, general manager, deputy general manager	Management team

(2) Loans from related parties

Related party types	December 31, 2022	December 31, 2021
The directors of the company	$ 42,000	$ 30,000

Related party types	Accounting item	2022	2021
The directors of the company	Finance costs	$ 750	$ 760

The borrowing interest rate of the Group's borrowing from related parties is equivalent to the market interest rate, and it is an unsecured loan.

(3) Compensation for main management team

The sum of compensation for directors and other members of the management team are as follows:

	2022	2021
Short-term benefits	$ 11,447	$ 11,845
post-employment benefits	205	205
	$ 11,652	$ 12,050

Please refer to the content of the Annual Report of the Shareholders' Meeting for the detailed information related to the above payroll and compensation for directors and management team.

8. PLEDGED ASSETS

As of December 31, 2022 and 2021, the details of the book value for the Company's assets used as collateral for loans to financial institutions are as follows:

Item	December 31, 2022	December 31, 2021
Land	$ 62,862	$ 62,862
Buildings	15,174	16,076
	$ 78,036	$ 78,938

9. MATERIAL CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACTUAL COMMITMENTS : None.

10. SINGIFICANT DISASTER LOSS : None.

11. SINGIFICANT EVENTS after the Balance Sheet Date : None.

12. Other Matters

(1) Capital Risk Management

The Group conducts capital management to ensure that the companies within the Group are able to maximize shareholder returns by optimizing debt and equity balances before going forward.

The Group's key management reviews the Group's capital structure on a quarterly basis, including consideration of the costs and associated risks of each type of capital. Based on the recommendations of key management, the Group will balance its overall capital structure by paying dividends, issuing new shares, buying back shares and issuing new bonds or repaying old debts.

(2) Financial Instruments

1. Categories of financial instruments

	December 31, 2022		December 31, 2021	
Financial Assets				
Financial assets at fair value through other comprehensive income				
Equity investments	$	4,575	$	5,430
Financial assets measured at amortized cost (Note 1)		264,343		306,554
Total	$	268,918	$	311,984
Financial Liabilities				
Financial liabilities measured at amortized cost (Note 2)	$	91,204	$	82,256

Note 1: Cash and cash equivalents, financial assets measured at amortized cost, net accounts and notes receivable, other receivables, and deposits.

Note 2: Accounts and notes payable, other payables, long-term borrowings, and deposits received measured at amortized cost.

2. Fair Value Information

(1)The definition of the three levels of fair value measurements:

a. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities, which can be acquired during measurement date;

b. 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., derived from prices); and

c. Level 3 inputs are unobservable inputs for the asset or liability.

(2) Financial instruments that are not measured at fair value

The Group's management considers that the carrying amount of financial assets and financial liabilities not measured at fair value in the consolidated financial statements is approaching their fair value.

(3) Financial instruments that are measured at fair value

The following table provides relevant analysis of financial instruments measured at fair value after original recognition:

	2022			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income				
Unlisted shares	$ －	$ －	$ 4,575	$ 4,575

	2021			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income				
Unlisted shares	$ －	$ －	$ 5,430	$ 5,430

There are no transfers of fair value measurements between Level 1 and Level 2 in 2022 and 2021 respectively.

(4) Valuation techniques and assumptions used to measure fair value

The fair value of the Group's financial assets and financial liabilities is determined using the following methods and assumptions:

The fair value of financial assets and financial liabilities with standard terms and conditions and traded in the active market is determined by reference to market quotations (including listed corporate bonds, government agency bonds, stocks of listed (OTC) companies and government bonds).

The fair value of unlisted (over-the-counter) stocks without active markets is estimated using the market method and asset method, and its judgment is based on recent fundraising activities, evaluation of companies of the same type, technological development of the Group, market conditions and other economic indicators.

(5) Repetitive Changes in Level 3 of the Fair Value Hierarchy

The repetitive changes in the assets and liabilities of the company's repetitive fair value measurement that fall into Level 3 of the fair value hierarchy are listed below:

2022	2021

Equity investments at fair value through other comprehensive income:		
Beginning balance	$ 5,430	$ 4,665
Recognized in other comprehensive income (unrealized gains or losses on financial assets at fair value through other comprehensive income)	(855)	765
Ending balance	$ 4,575	$ 5,430

(6) Information for Significant Fair Value Level 3 Unobservable Inputs

The assets of the company's fair value level 3 repetitive fair value measurement, and the significant unobservable input values used for fair value measurement are listed as follows:

December 31, 2022：

Financial assets

Financial assets at fair value through other comprehensive income

	Valuation Techniques	Significant Unobservable Input Value	Quantitative Information	Relationship between Input Value and Fair Value	The value and relationship of the sensitivity analysis between input values and fair values
Stocks	Asset-based approach	Lack of market liquidity and similar company stock P/B ratio	0.55-39.06	The higher the degree of illiquidity, the lower the fair value estimates	When the net value ratio of illiquid stocks increases (decreases) by 10%, the equity of the company will increase/decrease by 458 thousand dollars.

December 31, 2021：

Financial assets

Financial assets at fair value through other comprehensive income

	Valuation Techniques	Significant Unobservable Input Value	Quantitative Information	Relationship between Input Value and Fair Value	The value and relationship of the sensitivity analysis between input values and fair values
Stocks	Asset-based approach	Lack of market liquidity and similar company stock P/B ratio	1.37-68.98	The higher the degree of illiquidity, the lower the fair value estimates	When the net value ratio of illiquid stocks increases (decreases) by 10%, the equity of the company will increase/decrease by

543 thousand dollars.

(7) The valuation process of Fair Value Level 3

The Group's finance department is responsible for conducting fair value verification, keeping evaluation results close to market conditions through independent source data, confirming that the sources are independent, reliable and consistent with other sources and representing executable prices, and analyzing changes in the value of assets and liabilities that are subject to remeasurement or revaluation at the end of each reporting period in accordance with the Group's accounting policies to ensure that the results are reasonable.

3. Financial risk management objectives and policies

The Group is committed to ensuring that the Group has sufficient and cost-effective working capital when necessary. The Group actively manages foreign currency exchange rate risk, interest rate risk, equity instrument price risk, credit risk and liquidity risk related to its operating activities to reduce the potential adverse impact of market uncertainty on the Group's financial performance.

The Group's significant financial plans have been reviewed by the Audit Committee and the Board of Directors in accordance with relevant norms and internal control systems. In implementing the financial plan, the financial department of the Group adheres to the relevant financial operating procedures regarding overall financial risk management and the division of rights and responsibilities.

4. Market Risk

The Group's market risk is the risk of fluctuations in the fair value or cash flow of financial instruments due to changes in market prices, and market risks mainly include exchange rate risk and interest rate risk.

(1) Foreign Exchange Rates Risk

The Group's operating activities and net investments in foreign operating institutions are mainly traded in foreign currencies, so foreign currency exchange rate risk arises. The foreign currency receivables of the Group are in the same currency as some of the foreign currency payments payable, and certain parts will have a natural hedging effect; In addition, the net investment of foreign operating institutions is a strategic investment, so the Group has not hedged the foreign exchange rate risk.

The information of foreign currency assets and liabilities which have significant influence to the Group is as follows:

In thousands

	2022		2021	
	Foreign currency	Exchange rate	Foreign currency	Exchange rate
(Foreign currency: functional currency)				
Financial Assets				
Monetary items				
US dollars: New Taiwan dollars	$ 2,057	30.71	$ 2,162	27.68
Euro: New Taiwan dollars	−	−	7	31.32
Financial Liabilities				
Monetary items				
US dollars: New Taiwan	$ 156	30.71	$ 102	27.68

dollars

Note: The exchange rate is the amount per unit of foreign currency converted into New Taiwan Dollars

The sensitivity analysis of foreign currency exchange rate risk is mainly calculated based on the assets and liabilities of foreign currency risk management at the end of the reporting period. When NTD appreciates/depreciates against foreign currencies by 1%, the net loss of the Group in the 2022 and 2021 will increase/decrease by 584 thousand and 572 thousand respectively.

(2) Interest Rate Risk

The Group's short-term borrowings are volatile rate debts, and changes in market interest rates will cause changes in the effective interest rate of short-term borrowings, which in turn will cause future cash flows to fluctuate. As of December 31, 2022 and 2021, the Group had no short-term borrowings in its accounts.

5. Credit Risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The credit risk of the Group is mainly derived from receivables arising from operating activities, bank deposits, fixed income investments and other financial instruments arising from investment activities. Operational-related credit risk and financial credit risk are managed separately.

(1) Operational related credit risk

In order to maintain the quality of accounts receivable, the Group has established procedures for credit risk management related to operations.

The risk assessment of individual customers takes into account a number of factors that may affect the customer's ability to pay, including the customer's financial status, credit rating of credit rating agencies, the Group's internal credit rating, historical transaction records and current economic conditions. The Group may also use certain credit enhancement tools, such as prepayment and credit insurance, at appropriate times to reduce the credit risk of specific customers.

The Group's customer base is large and unrelated, so the concentration of credit risk is limited. As of December 31, 2022 and 2021, the total accounts receivable of the top ten customers accounted for 71% and 67% of the total accounts receivable of the Group, respectively.

(2) Financial credit risk

The credit risk of bank deposits, fixed income investments and other financial instruments is measured and monitored by the Group's finance department. Since the Group's transaction partners and performing parties are banks with good credit and financial institutions with investment grade and above, there are no major performance doubts, so there is no material credit risk.

6. Liquidity Risk

The Group's objective in managing liquidity risk is to maintain cash and cash equivalents, highly liquid marketable securities and sufficient bank financing facilities to ensure that the Group has sufficient financial flexibility.

The following table summarizes the analysis of the Group's financial liabilities for the agreed repayment period by maturity date and undiscounted maturity amount:

	December 31, 2022

	1 year or less	2-3 years	4-5 years	Over 5 years	Total
Non-derivative financial liabilities					
Accounts payable	$ 22,380	$ －	$ －	$ －	$ 22,380
Other payables	26,271	－	－	－	26,271
Lease obligation	2,157	2,236	1,861	－	6,254
Stockholders' current account	－	42,000	－	－	42,000
	$ 50,808	$ 44,236	$ 1,861	$ －	$ 96,905

	December 31, 2021				
	1 year or less	2-3 years	4-5 years	Over 5 years	Total
Non-derivative financial liabilities					
Accounts payable	$ 24,459	$ －	$ －	$ －	$ 24,459
Other payables	27,611	－	－	－	27,611
Lease obligation	4,607	1,271	－	－	5,878
Stockholders' current account	－	30,000	－	－	30,000
	$ 56,677	$ 31,271	$ －	$ －	$ 87,948

(3) Reclassification

Certain accounts of the Group's financial statements as at December 31, 2021 have been appropriately reclassified in conjunction with the financial statements of December 31, 2022, and the results have no material impact on the presentation of the financial statements.

13. SEPARATELY DISCLOSED ITEMS

(1) Significant Transactional Items

A. Financing provided to others: None.

B. Endorsements/guarantees provided: None.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Table 1.

D. Marketable securities acquired and disposed at costs or prices at least NT$300 million or 20% of the paid-in capital: None.

E. Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital: None.

F. Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: None.

G. Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: None.

H. Trade receivable from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None.
I. Trading in derivative instruments: None.
J. Other Matters: Intercompany relationships and significant intercompany transactions : Table 2.

(2) Information on investees: Table 3.

(3) Information on investment in Mainland China：None.

(4) Information on major shareholder：List of all shareholders with ownership of 5 percent or greater showing the names and the number of shares and percentage of ownership held by each shareholder: Table 4.

14. SEGMENT INFORMATION

The information provided by the Group's main decision maker for allocating resources and evaluating segmental performance focuses on categories of each type of product or service delivered or provided.

The reportable segments of the Group in 2022 are as follows:

Memory business group: mainly engaged in the manufacturing and trading of memory modules, flash memory cards and random access memory.

Storage business group: mainly engaged in the research, development, manufacture and sale of RAIDs.

Wireless communication business group: mainly engaged in the manufacture and sale of wireless communication machinery and electronic components.

Other business groups: mainly engaged in the research, development, manufacture and trading of plastic films and high-tech chemical materials.

(1) Segment Revenue and Result

The analysis of the Group's segment revenue and operational results based on reportable segments are as follows:

	Memory Biz. Group	Storage Biz. Group	Wireless Com.. Biz. Group	Other Biz. Groups	Reconciliation & Elimination	Total
Revenue from external customers	$ 98,430	$ 203,659	$ 49,762	$ 1,826	$ －	$ 353,677
Interest income	458	153	70	109	－	790
Depreciation and amortization	3,161	2,127	3,208	9,117	－	17,613
Equity in net loss of affiliated companies accounted for under the equity method	(5,311)	－	－	－	－	(5,311)
Reportable segment net loss	(21,097)	2,278	(21,767)	(23,994)	(3)	(64,583)
Investment accounted for under equity method	－	－	－	－	－	－
Reportable segment assets	264,496	273,707	136,992	32,793	(614)	707,374
Reportable segment liabilities	13,122	33,057	53,182	2,469	(605)	101,225

The above-mentioned amount measurement information is based on the purpose of supervising segmental performance and resources allocation resources to each segment, as explained below:

1. The net loss of a segment refers to the profit earned by each segment, excluding the profit and loss share

of associates using the equity method and income tax expenses that should be apportioned.

2. All assets and liabilities other than investments using the equity method, current income tax assets, and deferred income tax assets are apportioned to reportable segments

(2) Main products and Service Information

Information related to the main merchandise and service revenue of the Group in 2022 and 2021 is listed as follows:

Item	2022	2021
Memory Modules	$ 69	$ 359
ICs	22,287	27,572
Merchandise	76,074	46,308
Total sales revenue for memory biz. group	98,430	74,239
RAID	34,403	38,936
Merchandise	108,897	106,066
Raw materials, Components	57,442	52,820
Others	2,917	4,115
Total sales revenue for storage biz. group	203,659	201,937
Wireless Com. & digital electronic products	34,491	30,295
Raw materials, Components	10,562	19,756
Others	4,709	996
Total sales revenue for Wireless Com.biz. group	49,762	51,047
Microporous PE Film	1,826	1,767
Total sales revenue for other biz. groups	1,826	1,767
Net operating revenue	$ 53,677	$ 328,990

(3) Financial information by region: Financial information of the Group by region in 2022 and 2021 are as follows:

Region	2022 Revenue	2022 Non-current assets	2021 Revenue	2021 Non-current assets
Mainland China (including Hong Kong)	$ 17,452	$ –	$ 63,893	$ –
Taiwan	307,670	325,457	232,358	343,948
Americas	9,600	–	9,108	–
Asia, others	15,605	–	18,274	–
Europe	3,350	–	5,292	–
Others	–	–	65	–

$ 353,677	$ 325,457	$ 328,990	$ 343,948

(4) Financial information of major clients: The list of details of the Group's sales to a single customer which accounted for more than 10% of the total sales revenue in 2022 and 2021 are as follows:

	2022		2021	
Customer name	Amount	Revenue percentage	Amount	Revenue percentage
C－47	$ 36,108	10.20	$ 24,216	7.34
C－73	22,324	6.30	39,268	11.91
	$ 58,432	16.50	$ 63,484	19.25

UNIFOSA CORP. AND SUBSIDIARIES
MARKETABLE SECURITIES HELD
FOR THE YEAR ENDED DECEMBER 31, 2022

Table 1

Unit : Thousand Shares /In Thousands of New Taiwan Dollars

Security type	Security name	Relationship between the issuer of the securities and the Company	Accounting item	End of period			
				Shares	Book value	Percentage	Fair value
Stock	Innorich Venture Capital Corp.	—	Financial assets at fair value through other comprehensive income	1,500	4,575	2.80%	4,575

UNIFOSA CORP. AND SUBSIDIARIES
INTERCOMPANY RELATIONSHIPS AND
SIGNIFICANT INTERCOMPANY TRANSACTIONS

Table 2

Unit : In Thousands of New Taiwan Dollars

Transaction party name	Counterparty name	Relationship with counterparty	Transaction Details			
			Item	Amount	Transaction terms	Percentage of total consolidated revenue or total assets
Unifosa Corp.	Phoenix Innovative Materials Inc.	1	Rental income	34	No material difference	0.01%
Unifosa Corp.	Phoenix Innovative Materials Inc.	1	Other income	4,690	No material difference	1.33%
Unifosa Corp.	Morelink Technology Corporation	1	Rental income	2,928	No material difference	0.83%
Unifosa Corp.	Morelink Technology Corporation	1	Other income	1,250	No material difference	0.35%
Unifosa Corp.	Morelink Technology Corporation	1	Other receivables	105	No material difference	0.01%
Unifosa Corp.	Morelink Technology Corporation	1	Deposits received	500	No material difference	0.07%

Note 1 : 2 types of relationship between parties is numbered as follows:

1. Parent to subsidiary.
2. Between subsidiaries

Note 2 : For calculation of the percentage of transaction amounts to consolidated operating revenues or consolidated total assets, if the account is a balance sheet account, it shall be calculated by dividing the ending balance into consolidated total assets; if the account is an income statement account, it shall be calculated by dividing the yearly cumulative balance into consolidated operating revenues.

UNIFOSA CORP. AND SUBSIDIARIES

INFORMATION ON INVESTEES

FOR THE YEAR ENDED DECEMBER 31, 2022

Table 3

Investor Company	Investee Company	Location	Main Businesses	Investment Amount		As of December 31, 2022			Net Income (Loss) of the Investee	Investment Income/(Loss) Recognized in Current Period
				December 31, 2022	December 31, 2021	Number of Ownership (thousand shares)	Percentage	Carrying Values		
Unifosa Corp.	Foresight Energy Technology Co.,Ltd	Taiwan	Electronic components manufacturing, battery manufacturing, electrical appliance wholesale, electronic materials wholesale and retail	40,986	40,986	4,099	16.39%	—	(51,314)	(5,311)
Unifosa Corp.	Phoenix Innovative Materials Inc.	Taiwan	Plastic film and other high-tech chemical materials manufacturing	138,000	138,000	13,800	98.57%	29,890	(23,995)	(23,652)
Unifosa Corp.	Morelink Technology Corporation	Taiwan	Wireless communication machinery and equipment manufacturing, electronic components manufacturing, telecommunications equipment wholesale and retail, electronic materials wholesale and retail, telecommunications control radio frequency equipment input and international trade, etc.	105,643	71,830	9,556	47.95%	66,730	(21,770)	(9,336)

UNIFOSA CORP. AND SUBSIDIARIES
INFORMATION ON MAJOR SHAREHOLDERS
FOR THE YEAR ENDED DECEMBER 31, 2022

Table 4

Unit : Thousand Shares

Name of the major shareholder \ Number of shares	Number of Shares Holding	Shareholding Ratio
Yao-Li Investment Co. Ltd.	10,026	10.94%

Note 1: The information on major shareholders in this table is calculated by CHEP on the last business day at the end of the quarter as the total number of ordinary shares and special shares held by shareholders who have completed the non-physical registration delivery (including treasury shares) of the Group with a total of more than 5%. The share capital recorded in the Group's consolidated financial reports and the actual number of shares delivered without physical registration may differ depending on the basis of preparation and calculation.

6.5 The company's individual financial report that has been audited and certified by an accountant in the most recent year

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Unifosa Corp.

Opinion

We have audited the accompanying parent company only financial statements of Unifosa Corp. (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 the notes to the parent company only financial statements, including a summary of significant accounting policies.

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

Key audit matters for the Company's parent company only financial statements for the year ended December 31, 2022 are stated as follows:

The Recognition of Sales Revenue

Taiwan’s Standards on Auditing (TWSA) presupposes that there is a higher innate risk of fraud that revenue recognition carries, and there may be pressure on management to achieve expected financial goals, resulting in a higher risk of congenital fraud in revenue recognition. In 2022, the sales revenue of the top ten sales customers of Unifosa Corp. accounted for 55.34% of the annual net operating income, which has a relatively significant impact on the parent company only financial statements, therefore, we consider it a key audit matter.

We address the above-mentioned matter by taking main audit procedures as follows:

1. Understand the internal control systems related to such sales transactions, and evaluate the effectiveness of its design and implementation.

2. Understand the customer’s background and obtain basic information to assess whether the transaction amount and credit limit are reasonable with the size of the company.

3. Conduct audit tests on customers’ purchasing orders and shipping orders, at the same time, check and verify with external shipping documents, receivables write-off records and certificates of receipts and other relevant information to assess whether they meet the conditions for revenue recognition.

The Evaluation of Impairment for Investment Using Equity Method (including goodwill and intangible assets)

Unifosa Corp. acquired the control of MORELINK TECHNOLOGY CORPORATION in 2020. As of December 31, 2022, the balance of the investment using equity method of this merger and acquisition the Company has is NT$66,730 thousand (including goodwill at $19,800 thousand and intangible assets of 6,737 thousand).

For Unifosa Corp., Morelink Technology Corporation is an independent cash generating unit, and the recoverable amount of investments (including goodwill and intangible assets) using the equity method is measured according to its future operating cash flows. As these assumptions involve management's subjective judgment and may be affected by future industrial and economic outlooks, and are highly uncertain, the Evaluation of impairment of investments using the equity method is listed as a key audit matter. For details of investments using the equity method, please refer to Notes 4, 5 and 6 (5) to the Parent Company Only Financial Statements.

We address the above-mentioned matter by taking main audit procedures as follows:

1. Understand and assess management's procedures for identifying signs of impairment of such assets.

2. Assess the professional competence, competency and objectivity of external evaluation experts commissioned by management. Discuss with management the terms of reference of the evaluation expert and review the terms of his appointment to confirm that there are no matters affecting his objectivity or limiting his scope of work, and that the methodology used by the evaluation expert is consistent with International Accounting Standards and its industry norms.

3. Understand the process and basis for management's estimation of the financial data forecast of the cash generating units belonging to such assets from the future operating outlook.

Evaluation for Allowance for Inventory Valuation and Obsolescence Losses

The inventory business content of Unifosa Corp. is divided into memory business group and storage business group, which may affect management's estimation of net realization value and judgment of inventory obsolescence due to fluctuations in market demands and rapid technological changes, so it is listed as a key audit matter. For the valuation of inventory allowances against price declines and obsolete losses, please refer to notes 4, 5 and 6 (4) to the Parent Company Only Financial Statements.

We address the above-mentioned matter by taking main audit procedures as follows:

4. Assess whether the provision policy adopted by management to provide for the allowance for the loss for market price decline and obsolete and slow-moving inventories is reasonable and appropriate.
5. Obtain the breakdown of inventory price declines prepared by management, verify whether it is measured by cost and net realizable value whichever is lower, through sampling, and assess the reasonableness of the net realizable value basis used.

6. Obtain inventory aging analysis reports, evaluate inventory status through sample selection, testing of relevant certificates and by participating in and observing year-end inventory takes, so as to assess the adequacy of the allowance for inventory obsolesce loss.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

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

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

1. ;Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. ;Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. ;Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, (including the disclosures) and whether the parent company only financial statements represent the

underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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 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.

The engagement partners on the audit resulting in this independent auditors' report are Ya-Chuan Chang and Chin-Feng Lin. FSC approval number: Financial Management Certificate Examination No.1050001113

Crowe (TW) CPAs

Taipei, Taiwan
Republic of China

March 17, 2023

UNIFOSA CORP.

PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

		December 31, 2022		December 31, 2021	
ASSETS		Amount	%	Amount	%
CURRENT ASSETS					
Cash and cash equivalents	Note 6(1)	$ 150,797	25	$ 200,118	30
Notes receivable from unrelated parties, net	Note 6(3)	772	-	344	-
Accounts receivable from unrelated parties, net	Note 6(3)	26,417	4	32,311	5
Accounts receivable from related parties, net	Note 6(3) and 7	-	-	920	-
Other accounts receivable	Note 6(3) and 7	105	-	131	-
Current tax assets	Note 6(15)	16	-	38	-
Inventories, net	Note 6(4)	39,247	7	27,868	4
Prepayments		741	-	715	-
Other current assets		2	-	16	-
Total current assets		218,097	36	262,461	39
NON-CURRENT ASSETS					
Financial assets at fair value through other comprehensive income	Note 6(2)	4,575	1	5,430	-
Investments accounted for using the equity method	Note 6(5)	96,620	16	112,393	17
Property, plant and equipment	Note 6(6) and 8	265,054	43	267,860	40
Right-of-use assets	Note 6(7)	5,402	1	1,934	-
Net defined benefit assets	Note 6(10)	11,730	2	8,733	2
Other non-current assets		6,825	1	9,287	2
Total non-current assets		390,206	64	405,637	61
TOTAL ASSETS		$ 608,303	100	$ 668,098	100
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Contract liabilities	Note 6(12)	$ 2,047	-	$ 200	-
Accounts payable to unrelated parties		21,629	4	23,686	4
Other payables	Note 6(9)	15,982	3	17,378	3
Lease liabilities	Note 6(7)	1,312	-	1,504	-
Other current liabilities		374	-	324	-
Total current liabilities		41,344	7	43,092	7
NON-CURRENT LIABILITIES					
Deferred tax liabilities	Note 6(15)	2,536	-	1,362	-
Lease liabilities	Note 6(7)	4,097	1	426	-
Deposits received		738	-	686	-
Total non-current liabilities		7,371	1	2,474	-
Total liabilities		48,715	8	45,566	7
EQUITY					
Share capital	Note 6(11)	916,288	151	916,288	137
Additional paid-in capital	Note 6(11)	6,998	1	6,998	1
Retained earnings	Note 6(11)				
Legal reserve		7,306	1	7,306	1
Accumulated deficit		(360,579)	(59)	(298,490)	(45)
Total retained earnings		(353,272)	(58)	(291,184)	(44)
Other equity interest	Note 6(11)	(10,425)	(2)	(9,570)	(1)
Total equity		559,588	92	622,532	93
TOTAL LIABILITIES AND EQUITY		$ 608,303	100	$ 668,098	100

UNIFOSA CORP.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

		2022		2021	
		Amount	%	Amount	%
OPERATING REVENUE	Note 6(12) and 7	$ 302,089	100	$ 277,308	100
OPERATING COSTS	Note 6(4 and 13)	(262,517)	(87)	(233,365)	(84)
Gross profit from operations		39,572	13	43,943	16
Unrealized gain (loss) from sale	Note 6(5)	(9)	-	150	-
Realized loss from sale	Note 6(5)	(150)	-	(118)	-
GROSS PROFIT, NET		39,413	13	43,975	16
OPERATING EXPENSES	Note 6(13) and 7				
Selling and marketing expenses		(20,113)	(7)	(19,892)	(7)
General and administrative expenses		(38,272)	(12)	(34,637)	(13)
Research and development expenses		(14,513)	(5)	(14,974)	(5)
Total operating expenses		(72,898)	(24)	(69,503)	(25)
LOSS FROM OPERATIONS		(33,485)	(11)	(25,528)	(9)
NON-OPERATING INCOME AND EXPENSES					
Interest income		611	-	285	-
Other gains and losses	Note 6(14) and 7	15,053	5	10,413	4
Finance costs		(34)	-	(36)	-
Share of loss (profit) of subsidiaries, associates and joint ventures accounted for using the equity method	Note 6(5)	(38,299)	(13)	(43,110)	(15)
Total non-operating income and expenses		(22,669)	(8)	(32,448)	(11)

(Continued)

		2022		2021	
		Amount	%	Amount	%
LOSS BEFORE INCOME TAX		(56,154)	(19)	(57,976)	(20)
INCOME TAX EXPENSE	Note 6(15)	99	-	(13,208)	(5)
NET LOSS		(56,055)	(19)	(71,184)	(25)
OTHER COMPREHENSIVE INCOME (LOSS)					
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit plans	Note 6(10)	6,367	2	(168)	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	Note 6(11)	(855)	-	765	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	Note 6(15)	(1,273)	-	33	-
Other comprehensive income for the year, net of income tax		4,239	2	630	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		$ (51,816)	(17)	$ (70,554)	(25)
EARNINGS PER SHARE	Note 6(16)				
Basic earnings per share		$ (0.61)		$ (0.78)	

UNIFOSA CORP.

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

			Retained Earnings		Other Equity Items	
	Share Capital	Additional paid-in capital	Legal Reserve	Accumulated deficit	Unrealized losses on financial assets measured at fair value through other comprehensive income	Total Equity
BALANCE, JANUARY 1, 2021	$ 916,288	$ -	$ 7,306	$ (227,171)	$ (10,335)	$ 686,088
Changes in equity of associates and joint ventures accounted for using the equity method		6,998				6,998
Net loss for the year ended December 31, 2021	-	-	-	(71,184)	-	(71,184)
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	(135)	765	630
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	(71,319)	765	(70,554)
BALANCE, DECEMBER 31, 2021	916,288	6,998	7,306	(298,490)	(9,570)	622,532
Net loss for the year ended December 31, 2022	-	-	-	(56,055)	-	(56,055)
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	5,094	(855)	4,239
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	(50,961)	(855)	(51,816)
Difference between consideration and carrying amount of subsidiaries acquired or disposed				(11,128)		(11,128)
BALANCE, DECEMBER 31, 2022	$ 916,288	$ 6,998	$ 7,306	$ (360,579)	$ (10,425)	$ 559,588

UNIFOSA CORP.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	$ (56,154)	$ (57,976)
Adjustments for:		
Depreciation expenses	4,325	4,290
Interest expenses	34	36
Interest income	(611)	(285)
Share of loss (profit) of subsidiaries, associates and joint ventures accounted for using equity method	38,299	43,110
Unrealized gain (loss) from sale	9	(150)
Realized loss from sale	150	118
Changes in operating assets		
Decrease (increase) in notes receivable from unrelated parties, net	(428)	915
Decrease (increase) in accounts receivable from unrelated parties, net	5,894	13,659
Decrease (increase) in accounts receivable from related parties, net	920	(869)
Decrease (increase) in other accounts receivable	26	(129)
Decrease (increase) in inventories, net	(11,379)	(3,955)
Decrease (increase) in prepayments	(26)	193
Decrease (increase) in other current assets	14	(6)
Decrease (increase) in other operating assets	3,370	(55)
Changes in operating liabilities		
Increase (decrease) in contract liabilities	1,847	(4)
Increase (decrease) in notes payable to unrelated parties	-	(24)
Increase (decrease) in accounts payable to unrelated parties	(2,057)	(11,980)
Increase (decrease) in other payable	(1,396)	2,011
Increase (decrease) in other current liabilities	50	29
Cash generated from operations	(17,113)	(11,072)
Interest received	611	285
Interest paid	(34)	(36)
Income tax refund	22	165
Net cash flows used in operating activities	(16,514)	(10,658)

(Continued)

	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investments accounted for using equity method	(33,813)	-
Payments for property, plant and equipment	-	(1,047)
Decrease in other non-current assets	2,462	748
Net cash flows used in investing activities	(31,351)	(299)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in deposits received	52	-
Repayment of principal portion of lease liabilities	(1,508)	(1,494)
Net cash flows used in financing activities	(1,456)	(1,494)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(49,321)	(12,451)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	200,118	212,569
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 150,797	$ 200,118

UNIFOSA CORP.
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 and 2021
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. GENERAL

Unifosa Corp. (the "Company") was incorporated as a company limited by shares under the provisions of the Company Law of the Republic of China on May 16, 1994, which engages mainly in the manufacture of office machinery, data storage and processing equipment, electronic components, etc. and the wholesale, retail and international trade of office machinery and equipment. On December 27, 2004, Unifosa Corp.'s shares were listed in the over-the-counter market on Taipei Exchange (TPEX) for trading.

The Company merged with Proware Technology Co., Ltd. (hereinafter referred to as Proware Technology) on January 1, 2013, which is the reference date specified for the merger/consolidation; and the Company became the surviving company after the merger.

2. THE DATE AND PROCEDURES OF AUTHORIZATION OF FINANCIAL STATEMENTS

The accompanying parent company only financial statements were approved by the Board of Directors and issued on March 17, 2023.

3. APPLICATION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

(1) Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC).

The new/revised/amended IFRSs endorsed by the Financial Supervisory Commission (FSC) for application starting from 2022 :

New / Revised / Amended Standards and Interpretations	Effective Date Announced by IASB (Note 1)
"Annual Improvements to IFRS Standards 2018–2020"	January 1, 2022 (Note 2)
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 3)
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 4)
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022 (Note 5)

Note 1: Unless stated otherwise, the above new/revised/amended standards and interpretations are applied for the period of the reporting year.

Note 2: The amendments to IFRS 9 are applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 "Agriculture" are applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January, 2022. The amendments to IFRS 1 "First-time Adoptions of IFRSs" are applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 3: The amendments are applicable to business mergers for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2022.

Note 4: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 5: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

Application of the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the Company's accounting policies.

(2) The IFRSs announced by IASB and endorsed by the Financial Supervisory Commission (FSC) for application starting from 2023

New / Revised / Amended Standards and Interpretations	Effective Date Announced by IASB
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 2)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023

Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occur on or after January 1, 2022.

As of the date the accompanying parent company only financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of aforementioned standards and interpretations will have on the Company's financial position and financial performance, and will disclose the relevant impact when the Evaluation is completed.

(3) New IFRSs in issue by the IASB but not yet endorsed and issued into effect by the FSC

New / Revised / Amended Standards and Interpretations	Effective Date Announced by the IASB
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

As of the date the parent company only financial statements were authorized for issue, the Company is continuously evaluating the possible impact that the application of above standards and interpretations will have on the Company's financial position and financial performance, and will disclose the relevant impact when the evaluation is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of the Company's significant accounting policies are as follows:

(1) Statement of compliance

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

(2) Basis of preparation

The parent company only financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair values, and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

When preparing the parent company only financial statements, the Company account for subsidiaries and associates by using the equity method. The current profit and loss, other comprehensive profit and loss and equity in the parent company only report are the same as the current profit and loss, other comprehensive profit and loss and equity attributable to the owner of the company in the company's consolidated financial report. There is no difference in the basis of accounting treatment between the parent company only and the consolidated reports.

(3) Foreign Currencies

In preparing the Company’s financial statements, transactions in currencies other than the Company’s functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which the arise.

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

When preparing parent company only financial statements, the assets and liabilities of the Company's foreign operating institutions are converted into NT dollars at the exchange rate at the end of each reporting period; income and expense items are converted at the current average exchange rate, the resulting in exchange differences are recognized in other comprehensive profit or loss and properly attributed to the owners and non-controlling interests of the Company.

When disposing of a foreign operating institution constitutes a loss of control, joint control or significant influence on the foreign operating institution, all interests attributable to the owner of the Company related to the foreign operating institution will be reclassified as profit or loss.

When part of the disposal of a subsidiary included in a foreign operating institution does not constitute a loss of control over the subsidiary, the accumulated exchange difference recognized in other comprehensive profit or loss is re-attributed to the non-controlling interest of the subsidiary in proportion and is not recognized as profit or loss. In the case of any other partial disposal of foreign operating institutions, the Company's ownership interests in associates or jointly controlled entities have decreased but no significant influence or joint control has been lost. Accumulated exchange differences recognized in other comprehensive profit or loss are reclassified to profit or loss in proportion to the disposal.

(4) Classification of Current and Non-Current Assets and Liabilities

Current assets include cash and cash equivalents, and are held primarily for the purpose of trading, and due to be settled within twelve months after the reporting period, excluding those restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. Current liabilities are held primarily for the purpose of trading, including those due to be settled within twelve months after the reporting period, and those which do have an unconditional right to defer settlement for at least twelve months after the reporting period.

Assets and liabilities that are not classified as current are non-current assents and liabilities, respectively.

(5) Cash Equivalents

Cash and cash equivalents include cash on hand, bank deposits and short-term and highly liquid investments (including time deposits with an original maturity date of three months) that can be converted into fixed cash at any time with little risk of change in value.

(6) Financial Instruments

Financial assets and financial liabilities are recognized on parent company only balance sheets when a group entity becomes a party to the contractual provisions of the instruments.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss and included in the original recognized amount of financial assets and financial liabilities.

(7) Financial Assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date or settlement date basis.

a. Measurement category

The Company's financial assets are classified into the following categories:

(a) Financial assets at FVTPL

For certain financial assets which include debt instrument that do not meet the criteria of amortized cost or FVTOCI, it is mandatorily required to measure them at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The dividends, interest earned and net gain or loss recognized in profit or loss on the financial asset.

(b) Investments in equity instruments at FVTOCI

On initial recognition, the Company may make an irrevocable designate investment in equity instruments that is not held for trading as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments at FVTOCI are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

(c) Financial assets at amortized cost

Financial assets that meet the following two conditions are subsequently measured at amortized cost:

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

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, notes and trade receivables and other financial assets are measured at amortized cost, which equals to gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

b. Impairment of financial and contractual assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivables), investment on debt instrument measured through other comprehensive profit or loss at fair value, lease and receivables and contractual assets.

The Company always recognizes the loss allowance by lifetime Expected Credit Loss (i.e. ECL) for notes and accounts receivable. For all other financial instruments, the Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance at an amount equal to 12-month ECL.

Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Company recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

c. De-recognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss that had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

(8) Financial Liability and Equity Instruments

The obligations and equity instruments issued by the company are classified as financial liabilities based on the substance of the joint agreement and the definition of financial liabilities and equity instruments.

1. Equity Instruments

An equity instrument is any contract that recognizes the Company's residual interest in assets less all liabilities. The equity instruments issued by the Company are recognized at the proceeds obtained after deducting the direct issuance costs.

The reacquired equity instruments of the Company are recognized and deducted under equity items. The purchase, sale, issuance or write-down of the Company's own equity instruments are not recognized in profit or loss.

2. Financial Liabilities

Financial liabilities are measured subsequently at amortized cost using the effective interest method or at fair value through profit or loss.

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

Financial liabilities at fair value through profit or loss are measured at fair value and any gain or loss arising from the remeasurement is recognized in profit or loss.

Financial liabilities other than held-for-trading and designated at fair value through profit or loss are measured at amortized cost using the effective interest method.

3. Derecognition of Financial Liabilities

The Company derecognizes financial liabilities only when the obligation is released, canceled or expires. When derecognizing a financial liability, the difference between its carrying amount and the consideration paid is recognized in profit or loss.

(9) Inventories

The Company's inventory includes raw materials, work-in-progress, semi-finished products, finished products and commodities, etc., which are recorded on the basis of actual purchase costs, and the weighted average method is used for cost calculation.

Inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriated to group similar or related items. The net realizable value is the estimated selling price of inventories less the estimated costs necessary to make the sale under normal situations.

(10) Investment accounted for using the Equity Method

The Company uses the equity method to account for its investments in subsidiaries and associates.

Investments in Subsidiaries

Subsidiaries are the entities controlled by the Company.

Under the equity method, the investment is initially recognized at cost and the carrying amount is increased or decreased to recognize the Company’s share of the profit or loss and other comprehensive income of the subsidiary after the date of acquisition. Besides, the Company also recognizes the Company’s share of the change in other equity of the subsidiary.

When the Company's share of losses to a subsidiary equals or exceeds its interest in the subsidiary (including the carrying amount of the subsidiary under the equity method and other long-term interests that are substantially part of the Company's net investment in the subsidiary), losses continue to be recognized on a pro rata basis.

Changes in the Company’s ownership interests in subsidiaries that do not result in the Company’s loss of control over the subsidiaries are accounted for as equity transactions. Any difference between the carrying amounts of the investment and the fair value of the consideration paid or received is recognized directly in equity.

When the control of a subsidiary is lost, the Company measures its remaining investments in the former subsidiary at the fair value of the date of loss of control, and the difference between the fair value of the remaining investments and the price of any disposition and the carrying amount of the investments at the date of loss of control is included in profit or loss for the year. In addition, all amounts recognized in other comprehensive gains and losses relating to the subsidiary are accounted for on the same basis as the Company must follow for the direct disposition of the relevant assets or liabilities.

The remaining investment in the former subsidiary is the cost of the original recognized investment in the associate at the fair value at the date of loss of control.

Unrealized gains and losses on downstream transactions between the Company and its subsidiaries are eliminated in the parent company only financial statements. Profits and losses arising from countercurrent and sidestream transactions between the Company and its subsidiaries are recognized in the parent company only financial statements to the extent unrelated to the Company's interests in subsidiaries.

Investments in Associates

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The Company uses the equity method to account for its investments in associates. Under the equity method, investments in an associate are initially recognized in the parent company only balance sheet at cost and adjusted thereafter to recognize the company's share of the profit or loss and other comprehensive income of the associate and the distribution received. The Company also recognizes the changes in the equity of associates attributable to the Company.

When the Company's share of losses of an associate equals or exceeds its interest in that associate (which includes 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 associate), the Company discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Company has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after re-evaluation, is recognized immediately in profit or loss.

When the associate issues new shares, and the Company subscribes at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company's proportionate interest in the net assets of the associate. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to additional paid-in capital. If the Company's ownership interest is reduced due to the additional subscription to the shares of associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate shall be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities. When the adjustment should be debited to additional paid-in capital, but the additional paid-in capital recognized from investments accounted for by the equity method is insufficient, the shortage is debited to retained earnings.

The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Company discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. If the investment of associates becomes the investment of joint ventures, or vice versa, the Company will continue to evaluate investment accounted for by the equity method, other than remeasuring retained equities. The Company accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

Profits and losses, resulting from upstream, downstream, and side stream transactions between the Company and associates, are recognized on parent company only financial statements in the scope of the Company's equities that are not relevant to its associates.

(11) Property, Plant and Equipment

Property, plant and equipment are stated at cost, less recognized accumulated depreciation and accumulated impairment loss. The cost includes incremental costs that are directly attributable to the acquisition or construction of assets.

Real estate, plant and equipment under construction are recognized at cost less accumulated impairment losses. Upon completion and in their intended state of use, the assets are classified into the appropriate categories of real estate, plant and equipment and depreciation commences.

There is no mention of depreciation on owned land.
Depreciation is recognized using the straight-line method. Each significant part is depreciated separately. 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.

Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

(12) Leases

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

For contracts consisting of leased and non-leased components, the Company apportioned the consideration in the contract on a relative price basis and treated it separately.

A. The Company as lessee

Except for payments for low-value asset leases and short-term leases which are recognized as expenses on a straight-line basis, the Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of the lease.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, and less any lease incentives received, any initial direct costs incurred, and an estimate of costs needed to restore the underlying assets. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms. If ownership of the underlying asset will be acquired at the end of the lease term, or if the cost of the right-of-use asset reflects the exercise of a purchase option, depreciation is provided from the lease commencement date to the end of the useful life of the underlying asset.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee's incremental borrowing rates.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the parent company only balance sheets.

B. The Company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

(13) Intangible Assets

A. Acquired Separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis with the useful life. The estimated useful life, residual value, and amortization method are reviewed at least at the end of each reporting period by the company, with the effect of any changes in estimate accounted for on a prospective basis. Intangible assets with indefinite useful lives are carried at cost less accumulated impairment losses.

B. Incurred Internally – R & D Expense

The company's expenditures in the research stage are recognized as expenses when incurred, and only when meeting the specified conditions will the expenses be recognized as intangible assets in the stage of the internal plan development:

The cost of internally incurred intangible assets is recognized as the sum of expenditures incurred since the date when the specified conditions are met and is subsequently measured by the amount after deducting accumulated amortization and accumulated impairment losses from the cost.

C. Derecognition

When derecognizing intangible assets, the difference between the net disposal proceeds and the carrying amount of such asset is recognized in profit or loss for the current period.

(14) Impairment of tangible and Intangible Assets

A. Other tangible and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right of use assets 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 Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are also allocated to individual cash-generating units or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When the impairment loss is subsequently reversed, the carrying amount of the asset or cash generating unit is adjusted to the revised recoverable amount provided that the increased carrying amount does not exceed the carrying amount determined if the asset or cash generating unit had not recognized the impairment loss in the previous year. The reversal of impairment losses is recognized in profit or loss.

B. Goodwill

Goodwill is not amortized but is subject to periodic impairment testing each year. When the cash generating unit shows signs of impairment, impairment testing is required more frequently. In the context of impairment testing, goodwill should be apportioned to each cash-generating unit that the Company expects to benefit from the consolidated synergies. If the recoverable amount of a cash generating unit is less than its carrying amount, the impairment loss is first apportioned to the goodwill of the cash generating unit, reduced its carrying amount, and then allocated to each asset in equal proportions to the carrying amount of each asset in the unit. Any impairment loss shall be recognized immediately as a loss for the current year and shall not be reversed in subsequent periods.

(15) Provision

The Company recognizes a liability provision when it has present obligations due to past events and is likely to have to discharge such obligations and the amount of such obligations can be reliably estimated.

The amount recognized as a liability provision is a best estimate of the expenditure required to liquidate the obligation at the end of the reporting period, taking into account the risk and uncertainty of the obligation. If the provision for liabilities is measured by the estimated cash flows to meet the present obligation, the carrying amount is the present value of such cash flows.

(16) Employee Benefit

A. 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 service rendered by employees.

B. Retirement benefits

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

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the Projected Unit Credit Method. Service cost (including current service cost as well as previous service cost, and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period they occur, or when the plan amendment or curtailment occurs/when the settlement occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Company's defined benefit plan. Net defined benefit assets may not exceed the present value of contributions refunded from the scheme or reduced in future contributions.

The cost of retirement benefits for the interim period is calculated on an actuarial basis from the beginning of the year to the end of the current period, using the actuarial cost rate determined by the end of the previous year, and adjusted for major market fluctuations in the current period, major plan amendments, liquidations or other major one-off events.

C. Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as for determining a benefit retirement plan, except that the relevant remeasures are recognized in profit and loss.

D. Termination benefits

The Company recognizes the liability for separation benefits when it is no longer able to withdraw the offer of separation benefits or recognize the related restructuring costs, whichever occurs first.

(17) Revenue Recognition

The Company identifies the contract with the customers, allocates the transaction price to the performance obligations, and recognizes revenue when performance obligations are satisfied.

The transaction price shall not be adjusted for the material financial component of a contract for which the time interval between the transfer of goods or services and the receipt of consideration is less than 1 year.

A. Revenue from sale of goods

The Company outsourced the manufacture and sale of goods and recognizes revenue when the promised goods are delivered to the client and the customer obtains its control (i.e., the customer's ability to control the use of the goods and obtain almost all of the residual benefits of the goods). The main products are memory modules, flash memory cards, random access memory and RAID products, and revenue is recognized on the basis of the price stated in the contract.

At the time of dematerialization, the control of the ownership of the processed products is not transferred, and the income is not recognized at the time of dematerialization.

The warranty provided by the company is based on the guarantee that the goods provided will operate as expected by the customer and are handled in accordance with the provisions of IAS37.

The credit period of the company's sales commodity transaction is 30~90 days, and most contracts recognize accounts receivable when the commodity transfer control and the right to receive consideration unconditionally, such accounts receivable are usually short in period and do not have a material financial component; However, in some contracts, part of the consideration is charged to the customer before the transfer of the goods, and the Company is required to bear the obligation to transfer the commodities subsequently, it is hence recognized as a contractual liability.

B. Service Revenue

The services provided by the Company are mainly recognized as income according to the progress of the completion of the contract.

The Company's contractual agreement price is received in accordance with the payment period specified in the contract, and when it has the right to transfer the services to the customer but has not yet unconditionally received the consideration, the contract assets are recognized, and the contract assets are also subject to allowance impairment measured by the amount of expected credit loss during the existence period in accordance with IFRS9. However, in some contracts, part of the consideration is charged to the customer at the time of signing, and the Company assumes the obligation to provide services in the future, it is hence recognized as a contractual liability.

The period for which the Company's aforesaid contractual liabilities are converted to revenue normally does not exceed one year and does not result in the creation of material financial components.

(18) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

A. Current tax

Current income tax is calculated based on the country in which the Company operates and generates its chargeable income, using the rate that has been legislated or substantially legislated at the end of the reporting period.

Income tax on unappropriated earnings is expensed in the year the shareholders approved the appropriation of earnings which is the year subsequent to the year the earnings are generated according to Taiwan's Income Tax Act.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

B. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the parent company only financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, net operating loss carryforwards and tax credits for research and development expenses to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, 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 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 deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered. The deferred tax assets which originally not recognized is also reviewed at the end of each reporting period and recognized to the extent that it is probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset is realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. 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 end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

C. Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION AND UNCERTAINTY

In the application of the Company's accounting policies, the Company is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Company has taken into account the economic impact of the Covid epidemic into its material accounting estimates, and the estimates and underlying assumptions are reviewed on an ongoing basis by the management. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

The critical accounting judgments and key sources of estimation and uncertainty are as follows:

(1) Impairment Evaluation of tangible and intangible assets (excluding goodwill)

In the process of assessing asset impairment, the Company needs to rely on subjective judgments and determine the independent cash flow of specific asset groups, the useful life of the asset, and the possible future income and expenses based on asset usage patterns and industry characteristics. Changes in estimates brought about by changes or corporate strategies may result in material impairments or reversals of recognized impairment losses in the future.

(2) Valuation of Inventory

As inventories must be valued at the lower of cost and net realizable value, the Company must use judgment and estimation to determine the net realizable value of inventories at the end of the financial reporting period.

Due to the rapid changes in technology, the Company evaluates the amount of inventory due to normal wear and tear, obsolescence, or no market sales value at the end of the financial reporting period, and writes down the inventory cost to the net realizable value. This inventory valuation is mainly based on the estimated demand for products in a specific period in the future, therefore, there may be material changes.

(3) Impairment Evaluation for Investments Using Equity Method (including goodwill and other intangible assets)

The management of the Company evaluates the impairment based on the future cash flow forecast of the investee company, including the operating cash flow estimated by the internal management team of the investee company that may be generated in the future, and determines the appropriate discount rate used to calculate the present value. The Company also considers the current conditions of relevant markets and industries to determine the rationality of its relevant assumptions.

6. Explanation of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand and revolving funds	$ 100	$ 100
Demand deposits	100,697	130,018
Time deposits	50,000	70,000
	$ 150,797	$ 200,118

As of December 31, 2022 and 2021, the above mentioned bank deposits were not used as pledged assets and/or under any other circumstances of restricted uses.

(2) Financial Assets at Fair value through other comprehensive income

	31 December, 2022	31 December, 2021
Investments in equity instruments - non-current		
Domestic unlisted shares	$ 4,575	$ 5,430

A. The Company invests in the ordinary shares of the companies listed above for medium and long-term strategic purposes, and expects to make profits through long-term investment. The Company's management believes that if the short-term fair value fluctuations of these investments are included in profit or loss, it is not consistent with the aforementioned long-term investment plan, therefore, these investments are designated to be measured at fair value through other comprehensive income by choice.

B. As of December 31, 2022 and 2021, the above-mentioned financial assets measured at fair value through other comprehensive profit and loss were not used as pledged assets and/or under any other circumstances of restricted uses.

(3) Notes Receivable, Trade Receivable and Other Receivables

	December 31, 2022	December 31, 2021
Notes receivable		
Notes receivable from operating activities	$ 772	$ 344
Notes receivable not from operating activities	—	—
Less: Allowance for bad debts	—	—
	$ 772	$ 344
Trade receivable		
Trade receivable	$ 26,417	$ 33,231
Less: Allowance for bad debts	—	—
	$ 26,417	$ 33,231
Other receivable, current		
Service Fee receivable	$ 105	$ 131
Less: Allowance for bad debts	—	—
	$ 105	$ 131

A. The Company adopts the simplified method of IFRS 9 to recognize the allowance loss of trade receivable based on the expected credit loss during the duration. The expected credit loss during the duration is calculated using a provision matrix, which takes into account the customer's past default history, current financial situation and industry economic situation. As the company's credit loss historical experience shows that there is no significant difference in the loss patterns of different customer groups, the provision matrix does not further distinguish customer groups, and only determines the expected credit loss rate based on the number of days that trade receivables are overdue.

B. The Company's loss allowance for trade and other receivables based on provision matrix.

	31 December, 2022					
	Not overdue	Overdue 1~90 days	Overdue 91~180 days	Overdue 181~270 days	Overdue more than 270 days	Total
Total book value	$ 26,440	$ 82	$ —	$ —	$ —	$ 26,522
Expected credit loss rate	0%	0%	0%	0%	100%	
Allowance for expected credit losses	—	—	—	—	—	—
Amortized cost	$ 26,440	$ 82	$ —	$ —	$ —	$ 26,522

	31 December, 2021					
	Not overdue	Overdue 1~90 days	Overdue 91~180 days	Overdue 181~270 days	Overdue more than 270 days	Total
Total book value	$ 31,735	$ 1,627	$ —	$ —	$ —	$ 33,362
Expected credit loss rate	0%	0%	0%	0%	100%	
Allowance for expected credit losses	—	—	—	—	—	—
Amortized cost	$ 31,735	$ 1,627	$ —	$ —	$ —	$ 33,362

C. As of December 31, 2022 and 2021, the above-mentioned notes and accounts receivables were not used as pledged assets and/or under any other circumstances of restricted uses.

(4) Inventory

	31 December, 2022	31 December, 2021
Merchandise	$ 16,564	$ 11,070
Finished goods	3,917	2,182
Semi-finished goods	10,360	6,132
Work-in-process	1,886	2,713
Raw Material	6,520	5,771
	$ 39,247	$ 27,868

A. Inventory-related profits and losses recognized as cost of sales in the current period are as follows:

	2022	2021
Cost of inventory sales	$ 257,500	$ 231,294
Gain from price recovery of inventory	(243)	(4,297)
Others	5,260	6,368
	$ 262,517	$ 233,365

B. As of December 31, 2022 and 2021, the above-mentioned inventory net value were not used as pledged assets and/or under any other circumstances of restricted uses.

(5) Investments using Equity Method

	31 December, 2022	31 December, 2021
Subsidiaries	$ 96,620	$ 107,082
Associates	–	5,311
	$ 96,620	$ 112,393

A. Subsidiary

a. The subsidiaries of the Company are as follows:

	December 31, 2022		December 31, 2021	
Investee	Amount	Ownership Stake	Amount	Ownership Stake
Phoenix Innovative Materials Inc. (hereinafter as Phoenix Materials)	$ 29,890	98.57%	$ 53,542	98.57%
Morelink Technology Corporation (hereinafter as Morelink Tech.)	66,730	47.95%	53,540	38.28%
	$ 96,620		$ 107,082	

In November, 2022, the Company participated in the capital injection of Morelink Technology with 33,813 thousands. As of December 31, 2022, the Company's shareholding ratio was 47.95%.

b. For relevant information about the Company’s subsidiaries, please refer to the 2022 consolidated financial report.

B. Associates

a. The associates of the Company are listed as follows:

	December 31, 2022		December 31, 2021	
Investee	Amount	Ownership Stake	Amount	Ownership Stake
Foresight Energy Technology Co., Ltd.	$ –	16.39%	$ 5,311	16.39%

As of December 31, 2022, the Company's shareholding ratio in Foresight Energy Technology Co., Ltd. (hereinafter referred to as Foresight Energy) was 16.39%. Although the

Company's shareholding ratio in Foresight Energy did not reach 20%, the Company, however, has significant influence on Foresight Energy, hence the equity method is adopted for evaluation.

b. The associate－Foresight Energy which the Company uses the equity method to evaluate has suffered long-term losses, resulting the net value of shareholders' equity to become negative and has exceeded the book value of its investment in Foresight Energy under the equity method, the Company stopped using the recognition of further losses by the equity method in the third quarter of 2022.

c. The cumulated unrecognized losses from Foresight Energy extracted from audited financial statements of the current years are as follows:

	Jan. to Dec. 2022	Jan. to Dec. 2021
Unrecognized losses from associates		
Amount for the current year	$ 3,101	$ －
Cumulative amount	$ 3,101	$ －

d. The consolidated financial information of the associates of the Company is as follows:

	December 31, 2022	December 31, 2021
Total assets	$ 95,065	$ 108,958
Total liabilities	$ 113,981	$ 76,559
	2022	2021
Operating revenue	$ 84,816	$ 26,092
Net loss	$ (51,314)	$ (50,166)
other comprehensive income	$ －	$ －

e. The associates' profit and loss and other comprehensive profit and loss shares recognized using the equity method in 2022 and 2021 were recognized based on the financial statements of each associate that had been audited by accountants for the same period.

C. As of 31 December 2022 and 2021, the above mentioned investments using equity method were not used as pledged assets and/or under any other circumstances of restricted uses.

(6) Property, Plant and Equipment

	December 31, 2022	December 31, 2021
Self-use	$ 208,180	$ 210,698
Operating lease	56,874	57,162
	$ 265,054	$ 267,860

A. Self-use

Land	Building	Office	Total

			Equipment	
Costs and Revaluation reserve				
2021 balance	$ 168,990	$ 79,237	$ 2,831	$ 251,058
Increase	–	–	–	–
Disposal	–	(185)	–	(185)
2022 balance	$ 168,990	$ 79,052	$ 2,831	$ 250,873
2020 balance	$ 169,530	$ 79,415	$ 2,251	$ 251,196
Increase	–	–	720	720
Disposal	–	–	(140)	(140)
Transferred to assets for operating lease	(540)	(178)	–	(718)
2021 balance	$ 168,990	$ 79,237	$ 2,831	$ 251,058
Accumulated depreciation / impairment				
2021 balance	$ –	$ 38,653	$ 1,707	$ 40,360
Depreciation	–	2,158	360	2,518
Disposal	–	(185)	–	(185)
2022 balance	$ –	$ 40,626	$ 2,067	$ 42,693
2020 balance	$ –	$ 36,464	$ 1,496	$ 37,960
Depreciation	–	2,189	351	2,540
Disposal	–	–	(140)	(140)
2021 balance	$ –	$ 38,653	$ 1,707	$ 40,360

B. Operating lease

	Land	Building	Total
Costs and Revaluation reserve			
2021 balance	$ 44,552	$ 14,667	$ 59,219
Increase & disposal	—	—	—
2022 balance	$ 44,552	$ 14,667	$ 59,219
2020 balance	$ 44,012	$ 14,489	$ 58,501
Increase & disposal	—	—	—
From self-use assets	540	178	718
2021 balance	$ 44,552	$ 14,667	$ 59,219
Accumulated depreciation / impairment			
2021 balance	$ —	$ 2,057	$ 2,057
Depreciation	—	288	288
Disposal	—	—	—
2022 balance	$ —	$ 2,345	$ 2,345
2020 balance	$ —	$ 1,769	$ 1,769
Depreciation	—	288	288
Disposal	—	—	—
2021 balance	$ —	$ 2,057	$ 2,057

The company leases land and buildings under operating leases, and the lease period is 2 to 3 years. At the end of the lease period, the lessee has no preferential purchase of such assets.

The total amount of lease payments to be received in the future for leasing out self-owned real estate, plant and equipment under operating leases is as follows:

	December 31, 2022	December 31, 2021
1st year	$ 4,040	$ 2,340
2nd year	2,374	—
3rd year	34	—
	$ 6,448	$ 2,340

C. The company's property, plant and equipment are depreciated on a straight-line basis over the following useful years：

Buildings	35～50 years

Office equipment	2～10 years

D. Please refer to Notes 6 (8) and 8 for details of the company's provision of land and buildings as collateral for loans as of December 31, 2022 and 2021.

(7) Right-of-Use Assets

A. Right-of-Use Assets

	December 31, 2022	December 31, 2021
Book value of right-of-use-assets		
Transportation equipment	$ 5,402	$ 1,934

	Transportation equipment
Costs and Revaluation reserve	
2021 balance	$ 2,998
Increase	5,284
Disposal	(2,148)
2022 balance	$ 6,134
2020 balance	$ 3,384
Increase	2,632
Disposal	(3,018)
2021 balance	$ 2,998
Accumulated depreciation / impairment	
2021 balance	$ 1,064
Depreciation	1,519
Disposal	(1,851)
2022 balance	$ 732
2020 balance	$ 2,620
Depreciation	1,462
Disposal	(3,018)
2021 balance	$ 1,064

B. Lease Liabilities

	December 31, 2022	December 31, 2021
Book value of lease liabilities		
current	$ 1,312	$ 1,504

Non-current	4,097	426
	$ 5,409	$ 1,930

Range of discount rate for book value of lease liabilities are as follows:

	December 31, 2022	December 31, 2021
Transportation equipment	1.62%	1.62%～1.84%

C. Important Leasing Activities and Terms

The Company leases some transportation equipment for office use, and the lease period is 2 to 5 years. At the end of the lease period, the Company has no preferential right to purchase the leased transportation equipment.

D. Information on other leases

	2022	2021
Rental expenses for low-value assets	$ 228	$ 230
Cash outflow for lease payments	$ (1,736)	$ (1,724)

The Company chooses to apply the recognition exemption for leases that match short-term leases and low-value asset leases, and does not recognize the relevant right-of-use assets and lease liabilities for these leases.

(8) Short-term Debt

A. Please refer to Note 6(6) and 8 for details of the Company's provision of assets as collateral for loans as of December 31, 2022 and 2021

B. As of December 31, 2022 and 2021, the undrawn loan facilities granted to the Company by financial institutions were 130,000 thousand and 150,000 thousand respectively.

(9) Other Payables

	December 31, 2022	December 31, 2021
Accrued payroll & bonus	$ 9,891	$ 10,002
Accrued professional service fees	3,372	4,466
Others	2,719	2,910
	$ 15,982	$ 17,378

(10)Retirement Benefits Plans

A. Defined contribution plans

The plan under the R.O.C. Labor Pension Act (the "Act") is deemed a defined contribution plan. Pursuant to the Act, the Company has made monthly contributions equal to 6% of each employee's monthly payroll to employees' pension accounts.

The amount that should be allocated in accordance with the specified proportion in the defined contribution plan has been recognized in the profit and loss statement of the parent company only report in 2022 and 2021. The total recognized expenses are 2,587 thousand and 2,591 thousand respectively. As of December 31, 2022 and 2021, the due appropriations that have not yet been paid to the contribution plan are 628 thousand and 644 thousand respectively, and these amounts have been paid after the balance sheet date.

B. Defined benefits plans

Unifosa Corp. has defined benefit plans under the R.O.C. Labor Standards Act that provide benefits based on an employee’s length of service and average monthly payroll for the six-month period prior to retirement. The Company contributes an amount equal to 4% of salaries paid each month to their respective pension funds (the Funds), which are administered by the Labor Pension Fund Supervisory Committee (the Committee) and deposited in the Committee’s name in the Bank of Taiwan. Before the end of each year, the Company assesses the balance in the Funds. If the amount of the balance in the Funds is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The Funds are operated and managed by designated government bureau, the Company does not have any right to intervene in the investments of the Funds.

Amounts recognized in respect of these defined benefit plans in the parent company only balance sheets were as follows:

	December 31, 2022	December 31, 2021
Present value of defined benefit obligation	$ 11,058	$ 37,381
Fair value of plan assets	(22,788)	(46,114)
Defined benefit assets, net	$ (11,730)	$ (8,733)

Changes in the present value of defined benefit obligation are as follows:

	2022		
	Present value of defined benefit obligation	Fair value of plan assets	Defined benefit assets, net
2021 balance	$ 37,381	$ (46,114)	$ (8,733)
Service costs			
Service costs for current year	–	–	–
Interest expenses (income)	211	(266)	(55)
Settlement loss (income)	(23,667)	27,092	3,425
Recognized in income statement	(23,456)	26,826	3,370
Remeasurements			
Return on plan assets	–	(3,500)	(3,500)
Actuarial loss (gain)			
changes in demographic assumptions	–	–	–
changes in financial assumptions	(2,808)	–	(2,808)
experience adjustments	(59)	–	(59)

Recognized in other comprehensive income	(2,867)	(3,500)	(6,367)
Participant contributions to the plan	—	—	—
Benefit payments	—	—	—
Dec. 31, 2022 balance	$ 11,058	$ (22,788)	$ (11,730)

	2021		
	Present value of defined benefit obligation	Fair value of plan assets	Defined benefit assets, net
2020 balance	$ 36,461	$ (45,307)	$ (8,846)
Service costs			
Service costs for current year	—	—	—
Interest expenses (income)	206	(261)	(55)
Recognized in income statement	206	(261)	(55)
Remeasurements			
Return on plan assets	—	(546)	(546)
Actuarial loss (gain)			
changes in demographic assumptions	—	—	—
changes in financial assumptions	686	—	686
experience adjustments	28	—	28
Recognized in other comprehensive income	714	(546)	168
Participant contributions to the plan	—	—	—
Benefit payments	—	—	—
Dec. 31, 2021 balance	$ 37,381	$ (46,114)	$ (8,733)

The above defined benefit plans recognized in the gain or loss of pension are listed in the individual items below:

	2022	2021
Operating costs	$ 549	$ (9)
Selling and marketing expenses	526	(8)
General and administrative expenses	1,391	(23)
Research & development expenses	904	(15)
Total	$ 3,370	$ (55)

Through the pension system under the R.O.C. Labor Standards Act, the Company is exposed to the following risks:

a. Investment risk: The pension funds are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the government's designated authorities or under the mandated management. However, under the R.O.C. Labor Standards Act, the rate of return on the Company's assets shall not be less than the average interest rate on a two-year time deposit published by the local banks and the government is responsible for any shortfall in the event that the rate of return is less than the required rate of return.
b. Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the debt investments of the plan assets.
c. Payroll risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the payroll of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The principal assumptions at the measurement date were as follows:

	Measurement date	
	December 31, 2022	December 31, 2021
Discount rate	1.75%	0.625%
Rate of payroll increase	1.00%	1.00%
Expected duration of defined benefit obligation	1 year	12.01 years

If main actuarial assumptions vary within a reasonable extent, as for other assumption remaining unchanged, the present value of defined benefit obligation increases/decreases shall be as follows:

	Measurement date	
	December 31, 2022	December 31, 2021
Discount rate		
Increase 0.25%	$ –	$ (729)
Decrease 0.25%	$ –	$ 755
Rate of payroll increase		
Increase 0.25%	$ –	$ 736
Decrease 0.25%	$ –	$ (714)

As actuarial assumptions may be correlative with one another, it is less likely that only one single assumption will be changed, the above sensitive analysis cannot indicate actual changes of the present value of defined benefit obligation.

In addition, in the aforementioned sensitivity analysis, the present value of the determined benefit obligation at the end of the reporting period was calculated using the estimated unit benefit method and measured on the same basis as the determination of benefit liability.

The Company expects to allocate 0 thousand to the defined benefit plan within one year after December 31, 2022.

(11) Equity

A. Capital- ordinary shares

	December 31, 2022	December 31, 2021
Shares (in thousands)	150,000	150,000
Share capital	$ 1,500,000	$ 1,500,000
Issued and fully paid-in shares (in thousands)	91,628.8	91,628.8
Issued capital	$ 916,288	$ 916,288

The issued ordinary shares are with a par value of $10 per share, and each share is entitled to one voting right and the right to receive dividends.

B. Additional paid-in capital

	December 31, 2022	December 31, 2021
Changes in equity in associates and joint ventures accounted for using the equity method	$ 6,998	$ 6,998

The excess of the additional paid-in capital reserve from the issuance of shares exceeding the par value (including the issuance of ordinary shares exceeding the par value and the conversion premium of corporate bonds, etc.) can be used to compensate for losses, and can also be used to distribute cash or allocate share capital when the Company has no losses , but it is limited to a certain percentage of the paid-in share capital every year when appropriating share capital. In addition, changes in the net equity value of associates recognized using the equity method may be used to compensate for losses.

C. Retained earnings and dividend policy

In accordance with Unifosa's Articles of Incorporation, when allocating the net profits for each fiscal year, Unifosa shall first pay taxes and offset its losses in previous years and then set aside the legal capital reserve at 10% of the profits left over and allocate or reverse special reserves when necessary. However, if the legal reserves have reached the Company's paid-in capital, then the abovementioned does not apply. Any balance left over shall be added with the accumulated undistributed earnings of the previous year and be allocated according to the resolution provided from the board meeting based on the proposal of the dividends policy and the allocation of retained earnings. If the planned execution is to be carried out in the form of issuing new shares, the proposal should be submitted and approved by the Shareholders' meeting before execution.

If the company distributes dividends and bonuses or all or part of legal reserves and paid-in capital reserve by issuing cash, it shall be reported to the shareholders meeting after authorizing the Board of which the quorum reaches two-third of the directors and obtaining the approvals from more than half of the attending directors.

Considering the environment and the growth period the Company is in, and in response to future capital needs and long-term financial planning, as well as to satisfy the needs of the shareholders' expectations of cash inflows, the Company appropriates more than 50% of the retained earnings to stockholders' dividends, of which the cash dividends should not be lower than twenty (20) percent of the sum of total dividends.

Since June 13, 2007, the Company no longer has supervisors, and the original supervisor's duties were performed by the Audit Committee.

The appropriation for legal reserve shall be made until the reserve equals to Unifosa's paid-in capital. The legal reserve may be used to offset a deficit or be distributed as dividends in cash for the portion in excess of 25% of the paid-in capital if Unifosa incurs no loss.

When distributing earnings, the Company must deduct the net amount of other equity items in accordance with laws and regulations (such as exchange differences in the translation of financial statements of foreign operating institutions, unrealized gains and losses of financial assets available for sale, and the cumulated balance of effective hedging tool benefits and losses in cash flow hedging) is set aside as a special reserve. If there is a subsequent reduction in the deduction amount of other equity items, the reduction amount can be transferred back to the undistributed earnings from special reserve.

The Company was in a state of accumulated losses in 2022 and 2021, hence there is no need to disclose dividend information per share.

With regards to the allocation of earnings approved by the Company's board of directors and resolved at the shareholders' meeting, please visit the websites such as the Market Observation Post System (MOPS) for further details.

D. Other Equity Items

a. Unrealized gain (loss) from financial assets at fair value through other comprehensive income

	2022	2021
Beginning balance	$ (9,570)	$ (10,335)
Unrealized gain (loss) from financial assets at fair value through other comprehensive income	(855)	765
Ending balance	$ (10,425)	$ (9,570)

Investments in equity instruments measured at fair value through other comprehensive gains and losses are measured at fair value, and subsequent changes in fair value are reported in other comprehensive gains and losses and accumulated in other equity. At the time of investment disposal, the accumulated profit and loss is directly transferred to the retained earnings and is not reclassified as profit or loss.

(12) Operating Revenue

	2022	2021
Customer contractual revenue		
Revenue from goods sold	$ 299,172	$ 272,691
Revenue from service provided	2,917	4,617
	$ 302,089	$ 277,308

The relevant information on customers' contractual revenue in 2022 and 2021 are as follows:

A. Further definition of revenue :

The Company's revenue is further defined based on the categories of main products and regions, please refer to Note 14 for relevant information. The details of the revenue recognition timing are further defined as follows:

	2022	2021
Revenue recognition timing		
At a point in time	$ 299,172	$ 272,691
Over time as progress is made	2,917	4,617
	$ 302,089	$ 277,308

B. Contract balance：

	December 31, 2022	December 31, 2021
Contract liability, current		
Sales of goods	$ 2,047	$ 200

Changes in contractual liabilities are mainly due to differences between the time of satisfaction of the performance obligation and the point of payment by the customer.

The amount of contract liabilities recognized as income from the beginning of the year was 71 thousand and 82 thousand in 2022 and 2021 respectively.

C. Transaction price allocated to unfulfilled obligations：

As of December 31, 2022 and 2021, the Company's customer contracts for sales of goods and provision of services are all shorter than one year, hence there is no need to provide information about unfulfilled contractual obligations.

D. Assets recognized from the cost of self-acquiring or fulfilling customer contracts: None

(13) Additional information for Expenses

The number of employees of the Company in 2022 and 2021 was 65 and 66 respectively, of which the number of directors who were not concurrently employees was 5.

The company's current net loss includes the following items：

	2022			2021		
Nature	Classified as Operating Cost	Classified as Operating Expenses	Total	Classified as Operating Cost	Classified as Operating Expenses	Total
Employee benefit expenses						
Payroll and bonus	$ 7,398	$ 41,855	$ 49,253	$ 8,212	$41,346	$ 49,558
Labor and health insurance	902	3,775	4,677	891	3,691	4,582
Pension						
Defined contribution plans	420	2,167	2,587	421	2170	2,591
Defined benefit plans	549	2,821	3,370	(9)	46	(55)
Directors' compensation	—	630	630	—	428	428
Others	371	1,277	1,648	371	1264	1,635
	$ 9,640	$ 52,525	$ 62,165	$ 9,886	$ 48,853	$ 58,739
Depreciation	$ 782	$ 3,543	$ 4,325	$ 782	$ 3,508	$ 4,290

According to the provisions of the Company Law and the Articles of Association, if the company makes a profit in the year, it should allocate 5% to 15% for employee compensation and not more than 2% for directors' compensation; employee compensation may be paid to employees of controlled or affiliated companies who meet certain conditions, which are determined by the Board of Directors. However, if the Company still has accumulated losses, it should retain the amount of compensation in advance, and then allocate employee compensation and directors' compensation according to the proportion of the aforementioned item.

The Company was in a deficit state in 2022 and 2021 and has yet to rectify, so the compensation of employees and directors is not assessed.

If there is a significant change in the amount approved ed by the board of directors before the date of the adoption of the parent company only financial statements, the change will be adjusted to the expenses of the original financial period, and if the amount remains changed after the date of the adoption of the annual parent company only financial statements, it will be treated according to the changes in accounting estimates and adjusted and recorded in the following year.

Information on employee and directors' compensation approved by the Board of Directors of the Company and resolved by the shareholders' meeting can be found on websites such as the Market Observation Post System (MOPS).

(14) Other Gains and Losses

	2022	2021
Other gains		
Rental income	$ 4,371	$ 4,147
Foreign exchange gain, net	4,554	—
Other income	6,128	7,742
	15,053	11,889
Other losses		

Foreign exchange loss, net	－	(1,476)
	－	(1,476)
	$ 15,053	$ 10,413

(15) Income Tax

A. Main components of income tax expense (benefit)

a. Income tax recognized in profit or loss:

	2022	2021
Deferred income tax		
Generation and reversal of temporary differences	$ (99)	$ 62
Income tax offset and loss carryforward	－	13,146
Income tax expense (benefit) recognized in profit or loss	$ (99)	$ 13,208

b. Income tax recognized in other comprehensive income:

	2022	2021
Deferred income tax		
Remittance of defined benefit plans	$ 1,273	$ (33)

B. The adjustment of loss before tax and income tax expense (benefit) recognized in profit or loss:

	2022	2021
Income tax expense based on pre-tax income	$ (11,231)	$ (11,595)
Permanent differences in income tax effect	－	(424)
Loss carryforward	3,489	17,471
Investment loss recognized through equity method	7,692	8,616
Gain from price recovery of inventory	(49)	(860)
Income tax expense (benefit) recognized in profit or loss	$ (99)	$ 13,208

C. Income tax assets and liabilities：

	December 31, 2022	December 31, 2021

Income tax assets		
Tax refund receivable	$ 16	$ 38

D. Deferred income tax：

The Company offsets certain deferred income tax assets and liabilities that meet the offsetting conditions. The analysis of deferred income tax assets and liabilities in the parent company only balance sheet is as follows:

Jan. to Dec. 2022	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Deferred income tax asset				
Unrealized exchange losses	$ 42	$ 5	$ —	$ 47
Unrealized sales returns	—	94	—	94
subtotal	42	99	—	141
Deferred income tax liability				
Defined benefit actuarial gains and losses	(1,404)	—	(1,273)	(2,677)
subtotal	(1,404)	—	(1,273)	(2,677)
Net	$ (1,362)	$ 99	$ (1,273)	$ (2,536)

Jan. to Dec. 2021	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Deferred income tax asset				
Operating loss carryforward	$ 13,146	$ (13,146)	$ —	$ —
Unrealized exchange losses	104	(62)	—	42
subtotal	13,250	(13,208)	—	42
Deferred income tax liability				
Defined benefit actuarial gains and losses	(1,437)	—	33	(1,404)
subtotal	(1,437)	—	33	(1,404)
Net	$ 11,813	$ (13,208)	$ 33	$ (1,362)

E. Relevant Information for investment tax credits, deficits offset and tax exemption:

As of December 31, 2022, the Company has no usable tax investment credits.

As of December 31, 2022, the amount of the Company’s usable deficits offset was 579,546 thousand, and the last applicable year of offset period is in 2032.

F. Income Tax Evaluation

As of December 31, 2022, the Company's tax returns through 2020 had been approved by the tax authorities.

(16) Earnings per share

	2022	2021
Basic Earnings Per Share	$ (0.61)	$ (0.78)

Earnings and weighted average number of ordinary shares used to calculate basic earnings per share:

	2022	2021
Net loss attributable to the owners of the parent company	$ (56,055)	$ (71,184)
Weighted average number of ordinary shares (in thousands) used to calculate basic earnings per share.	91,629	91,629

(17) Cash Flows Information

A. Non-cash transactions:

	2022	2021
Increase in property, plant, and equipment	$ –	$ 720
Change in advance payments for equipment	–	327
Cash paid for acquisition of property, plant, and equipment	$ –	$ 1,047

B. Liability adjustments from financing activities：

			Non-cash changes	
Jan. to Dec. 2022	Beginning balance	Cash flow	Other	Ending balance
Book value of lease obligation (current and non-current)	$ 1,930	$ (1,508)	$ 4,987	$ 5,409
Deposits received	686	52	–	738
Total liability from financing activities	$ 2,616	$ (1,456)	$ 4,987	$ 6,147

Jan. to Dec. 2021	Beginning balance	Cash flow	Non-cash changes Other	Ending balance
Book value of lease obligation (current and non-current)	$ 792	$ (1,494)	$ 2,632	$ 1,930
Deposits received	686	—	—	686
Total liability adjustments from financing activities	$ 1,478	$ (1,494)	$ 2,632	$ 2,616

7. RELATED PARTY TRANSACTION

Details of transactions between the Company and related parties are disclosed as follows:

(1) The names and relationships of the related parties

Name of the related parties	Relationship with the Company
Phoenix Innovative Materials Inc. (hereinafter called as Phoenix Materials)	Subsidiaries
Morelink Technology Corporation (hereinafter called as Morelink Tech.)	Subsidiaries
Foresight Energy Technologies Co., Ltd (hereinafter called as Foresight Energy)	Associates
Board of Directors, Supervisors, General Manager, Deputy general manager	Management team

(2) Sales revenue

	2022	2021
Subsidiaries		
Morelink Tech.	$ —	$ 1,132

There is no material difference between the sale price of general customers and related parties, and the term for collecting payment from sales is on average between thirty to ninety days for general customers and related parties, which shows no significant difference, either.

(3) Others

	Item	2022	2021
Subsidiaries			
Phoenix Materials	Rental income	$ 34	$ 34
Morelink Tech.	Rental income	$ 2,928	$ 2,928
Phoenix Materials	Other income	$ 4,690	$ 3,599
Morelink Tech.	Other income	$ 1,250	$ 1,650

(4) Accounts Receivable and Accounts Payable

	December 31, 2022	December 31, 2021
Accounts receivable:		
Subsidiaries		
Morelink Tech.	$ –	$ 920
Other receivables :		
Subsidiaries		
Phoenix Materials	–	4
Morelink Tech.	$ 105	$ 105
	$ 105	$ 109

(5) Increase in Equity

The Company's participation in the capital injection and increase in investments of the related parties is as follows: (2021 : none)

	2022			
	Investment Increase		Ownership Stake	
Name of the related parties	Number of Shares (in thousands)	Amount	Before Capital Increase	After Capital Increase
Morelink Tech.	3,381	$ 33,813	38.28%	47.95%

(6) Compensation for main management team

The sum of the payroll and compensation for directors and other main management team are as follows:

	2022	2021
Short-term benefits	$ 7,570	$ 7,338
post-employment benefits	205	205
	$ 7,775	$ 7,543

Please refer to the content of the Annual Report of the Shareholders' Meeting for the detailed information related to the above payroll and compensation for directors and management team.

8. PLEDGED ASSETS

As of December 31, 2022 and 2021, the details of the book value for the Company's assets used as collateral for loans to financial institutions are as follows:

Item	December 31, 2022	December 31, 2021
Land	$ 62,862	$ 62,862
Buildings	15,174	16,076

	$ 78,036	$ 78,938

9. MATERIAL CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACTUAL COMMITMENTS : None.

10. SINGIFICANT DISASTER LOSS : None.

11. SINGIFICANT EVENTS after the Balance Sheet Date : None.

12. Other Matters

(1) Capital Risk Management

The Company conducts capital management to ensure that the companies within the Group are able to maximize shareholder returns by optimizing debt and equity balances before going forward.

The Company's key management reviews the Group's capital structure on a quarterly basis, including consideration of the costs and associated risks of each type of capital. Based on the recommendations of key management, the Company will balance its overall capital structure by paying dividends, issuing new shares, buying back shares and issuing new bonds or repaying old debts.

(2) Financial Instruments

A. Categories of financial instruments

	December 31, 2022	December 31, 2021
Financial Assets		
Financial assets at fair value through other comprehensive income		
Equity investments	$ 4,575	$ 5,430
Financial assets measured at amortized cost (Note 1)	184,916	242,784
Total	$ 189,491	$ 248,214
Financial Liabilities		
Financial liabilities measured at amortized cost (Note 2)	$ 38,349	$ 41,750

Note 1: Cash and cash equivalents, financial assets measured at amortized cost, net accounts and notes receivable, other receivables, and deposits.

Note 2: Accounts and notes payable, other payables, long-term borrowings, and deposits received measured at amortized cost.

B. Fair Value Information

a. The definition of the three levels of fair value measurements:

(a) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities, which can be acquired during measurement date;

(b) 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., derived from prices); and

(c) Level 3 inputs are unobservable inputs for the asset or liability.

b. Financial instruments that are not measured at fair value

The Company's management considers that the carrying amount of financial assets and financial liabilities not measured at fair value in the parent company only financial statements is approaching their fair value.

c. Financial instruments that are measured at fair value

The following table provides relevant analysis of financial instruments measured at fair value after original recognition:

	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income				
Unlisted shares	$ −	$ −	$ 4,575	$ 4,575

	December 31, 2021			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income				
Unlisted shares	$ −	$ −	$ 5,430	$ 5,430

There are no transfers of fair value measurements between Level 1 and Level 2 in 2022 and 2021 respectively.

d. Valuation Techniques and Assumptions Used to Measure Fair Values

The fair value of the Company's financial assets and financial liabilities is determined using the following methods and assumptions:

The fair value of financial assets and financial liabilities with standard terms and conditions and traded in the active market is determined by reference to market quotations (including listed corporate bonds, government agency bonds, stocks of listed (OTC) companies and government bonds).

The fair value of unlisted (over-the-counter) stocks without active markets is estimated using the market method and asset-based method, and its judgment is based on recent fundraising activities, evaluation of companies of the same type, technological development of the company, market conditions and other economic indicators.

e. Repetitive Changes in Level 3 of the Fair Value Hierarchy

The repetitive changes in the assets and liabilities of the company's repetitive fair value measurement that fall into Level 3 of the fair value hierarchy are listed below:

	2022	2021
Equity investments at fair value through other comprehensive income:		
Beginning balance	$ 5,430	$ 4,665
Recognized in other comprehensive income (unrealized gains or losses on financial assets at fair value through other comprehensive income)	(855)	765
Ending balance	$ 4,575	$ 5,430

f. Information for Significant Fair Value Level 3 Unobservable Inputs

The assets of the company's fair value level 3 repetitive fair value measurement, and the significant unobservable input values used for fair value measurement are listed as follows:

December 31, 2022：

Financial assets

Financial assets at fair value through other comprehensive income

	Valuation Techniques	Significant Unobservable Input Value	Quantitative Information	Relationship between Input Value and Fair Value	The value and relationship of the sensitivity analysis between input values and fair values
Stocks	Asset-based approach	Lack of market liquidity and similar company stock P/B ratio	0.55-39.06	The higher the degree of illiquidity, the lower the fair value estimates	When the net value ratio of illiquid stocks increases (decreases) by 10%, the equity of the company will increase/decrease by 458 thousand dollars.

December 31, 2021：

Financial assets

Financial assets at fair value through other comprehensive income

	Valuation Techniques	Significant Unobservable Input Value	Quantitative Information	Relationship between Input Value and Fair Value	The value and relationship of the sensitivity analysis between input values and fair values
Stocks	Asset-based approach	Lack of market liquidity and similar company stock	1.37-68.98	The higher the degree of illiquidity, the lower the fair	When the net value ratio of illiquid stocks increases (decreases) by 10%, the equity of

P/B ratio		value estimates	the company will increase/decrease by 543 thousand dollars.

g. The Valuation process of Fair Value Level 3

The Company's finance department is responsible for conducting fair value verification, keeping evaluation results close to market conditions through independent source data, confirming that the sources are independent, reliable and consistent with other sources and representing executable prices, and analyzing changes in the value of assets and liabilities that are subject to remeasurement or revaluation at the end of each reporting period in accordance with the Group's accounting policies to ensure that the results are reasonable.

C. Financial Risk Management Objectives and Policies

The Company is committed to ensuring that the Company has sufficient and cost-effective working capital when necessary. The Company actively manages foreign currency exchange rate risk, interest rate risk, equity instrument price risk, credit risk and liquidity risk related to its operating activities to reduce the potential adverse impact of market uncertainty on the Company's financial performance.

The Company's significant financial plans have been reviewed by the Audit Committee and the Board of Directors in accordance with relevant norms and internal control systems. In implementing the financial plan, the financial department of the Company adheres to the relevant financial operating procedures regarding overall financial risk management and the division of rights and responsibilities.

D. Market Risk

The company's market risk is the risk of fluctuations in the fair value or cash flow of financial instruments due to changes in market prices, and market risks mainly include exchange rate risk and interest rate risk.

a. Foreign Exchange Rates Risk

The Company's operating activities and net investments in foreign operating institutions are mainly traded in foreign currencies, so foreign currency exchange rate risk arises. The foreign currency receivables of the Company are in the same currency as some of the foreign currency payments payable, and certain parts will have a natural hedging effect; In addition, the net investment of foreign operating institutions is a strategic investment, so the Company has not hedged the foreign exchange rate risk.

The information of foreign currency assets and liabilities which have significant influence to the Company is as follows:

In thousands

	December 31, 2022		December 31, 2021	
	Foreign currency	Exchange rate	Foreign currency	Exchange rate
(Foreign currency: functional currency)				
Financial Assets				
Monetary items				

US dollars: New Taiwan dollars	$	1,575	30.71	$	1,701	27.68
Financial Liabilities						
Monetary items						
US dollars: New Taiwan dollars	$	142	30.71	$	82	27.68

Note: The exchange rate is the amount per unit of foreign currency converted into New Taiwan Dollars

The sensitivity analysis of foreign currency exchange rate risk is mainly calculated based on the assets and liabilities of foreign currency risk management at the end of the reporting period. When NTD appreciates/depreciates against foreign currencies by 1%, the net loss of the Company in 2022 and 2021 will increase/decrease by 440 thousand and 448 thousand respectively.

b. Interest Rate Risk

The Company's short-term borrowings are volatile rate debts, and changes in market interest rates will cause changes in the effective interest rate of short-term borrowings, which in turn will cause future cash flows to fluctuate. As of December 31, 2022 and 2021, the Company had no short-term borrowings in its accounts.

E. Credit Risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The credit risk of the Company is mainly derived from receivables arising from operating activities, bank deposits, fixed income investments and other financial instruments arising from investment activities. Operational-related credit risk and financial credit risk are managed separately.

a. Operational related credit risk

In order to maintain the quality of accounts receivable, the Company has established procedures for credit risk management related to operations.

The risk Evaluation of individual customers takes into account a number of factors that may affect the customer's ability to pay, including the customer's financial status, credit rating of credit rating agencies, the Company's internal credit rating, historical transaction records and current economic conditions. The Company may also use certain credit enhancement tools, such as prepayment and credit insurance, at appropriate times to reduce the credit risk of specific customers.

The Company's customer base is large and unrelated, so the concentration of credit risk is limited. As of December 31, 2022 and 2021, the total accounts receivable of the top ten customers accounted for 70% and 69% of the total accounts receivable of the Company, respectively.

b. Financial credit risk

The credit risk of bank deposits, fixed income investments and other financial instruments is measured and monitored by the Company's finance department. Since the company's transaction partners and performing parties are banks with good credit and financial institutions with investment grade and above, there are no major performance doubts, so there is no material credit risk.

F. Liquidity Risk

The Company's objective in managing liquidity risk is to maintain cash and cash equivalents, highly liquid marketable securities and sufficient bank financing facilities to ensure that the Company has sufficient financial flexibility.

The following table summarizes the analysis of the Company's financial liabilities for the agreed repayment period by maturity date and undiscounted maturity amount:

	December 31, 2022				
	1 year or less	2-3 years	4-5 years	Over 5 years	Total
Non-derivative financial liabilities					
Accounts payable	$ 21,629	$ －	$ －	$ －	$ 21,629
Other payables	15,982	－	－	－	15,982
Book value of lease obligation	1,312	2,236	1,861	－	5,409
	$ 38,923	$ 2,236	$ 1,861	$ －	$ 43,020

	December 31, 2021				
	1 year or less	2-3 years	4-5 years	Over 5 years	Total
Non-derivative financial liabilities					
Accounts payable	$ 23,686	$ －	$ －	$ －	$ 23,686
Other payables	17,378	－	－	－	17,378
Book value of lease obligation	1,504	426	－	－	1,930
	$ 42,568	$ 426	$ －	$ －	$ 42,994

(3) Reclassification

Certain accounts of the Company's financial statements as at December 31, 2021 have been appropriately reclassified in conjunction with the financial statements of December 31, 2022, and the results have no material impact on the presentation of the financial statements.

13. SEPARATELY DISCLOSED ITEMS

(1) Significant Transactional Items

A. Financing provided to others: None.

B. Endorsements/guarantees provided: None.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to Table 1.

D. Marketable securities acquired and disposed at costs or prices at least NT$300 million or 20% of the paid-in capital: None.

E. Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital: None.

F. Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: None.

G. Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: None.

H. Trade receivable from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None.

I. Trading in derivative instruments: None.

(2) Information on investees: Please refer to Table 2.

(3) Information on investment in Mainland China：None.

(4) Information on major shareholder：List of all shareholders with ownership of 5 percent or greater showing the names and the number of shares and percentage of ownership held by each shareholder: Table 3.

14. SEGMENT INFORMATION

The Company has disclosed relevant segment information in the consolidated financial statements in accordance with the requirements.

UNIFOSA CORP.
MARKETABLE SECURITIES HELD
FOR THE YEAR ENDED DECEMBER 31, 2022
(NOT INCLUDING SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES)

Table 1

Unit : Thousand Shares /In Thousands of New Taiwan Dollars

Marketable Securities	Name of the Marketable Securities	The relationship between the issuer of securities and the company	Financial Statement Account	December 31, 2022			
				Shares/ Units	Carrying Values	Percentage of Ownership (%)	Fair Value
Stock	Innorich Venture Capital Corp.	－	Financial assets at fair value through other comprehensive income	1,500	4,575	2.80%	4,575

UNIFOSA CORP.
INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2022

Table 2

Unit : In Thousands of New Taiwan Dollars

Investor Company	Investee Company	Location	Main Businesses	Investment Amount		As of December 31, 2022			Net Income (Loss) of the Investee	Share of Profits/Losses of Investee
				December 31, 2022	December 31, 2021	Number of Ownership (thousand shares)	Percentage	Carrying Values		
Unifosa Corp.	Foresight Energy Technologies Co.,Ltd	Taiwan	Electronic components manufacturing, battery manufacturing, electrical appliance wholesale, electronic materials wholesale and retail	40,986	40,986	4,099	16.39%	—	(51,314)	(5,311)
Unifosa Corp.	Phoenix Innovative Materials Inc.	Taiwan	Plastic film and other high-tech chemical materials manufacturing	138,000	138,000	13,800	98.57%	29,890	(23,995)	(23,652)
Unifosa Corp.	Morelink Technology Corporation	Taiwan	Wireless communication machinery and equipment manufacturing, electronic components manufacturing, telecommunications equipment wholesale and retail, electronic materials wholesale and retail, telecommunications control radio frequency equipment input and international trade, etc	105,643	71,830	9,556	47.95%	66,730	(21,770)	(9,336)

UNIFOSA CORP.

INFORMATION ON MAJOR SHAREHOLDERS

FOR THE YEAR ENDED DECEMBER 31, 2022

Table 3

Unit : Thousand Shares

Major name of the shareholder \ Number of shares	Number of Shares Holding	Shareholding Ratio
Yao-Li Investment Co. Ltd.	10,026	10.94%

Note 1: The information on major shareholders in this table is calculated by CHEP on the last business day at the end of the quarter as the total number of ordinary shares and special shares held by shareholders who have completed the non-physical registration delivery (including treasury shares) of the company with a total of more than 5%. The share capital recorded in the Company's parent company only financial statements and the actual number of shares delivered without physical registration may differ depending on the basis of preparation and calculation.

6.6 In the most recent year and as of the publication date of the annual report of the company and its affiliated companies, if there is a financial turnover difficulty, the impact on the company's financial position shall be stated：there is no such event, so it is not applicable.

VII. Review of Financial Conditions, Financial Performance, and Risk Management

7.1 Analysis of Financial Status

Unit: NT$ thousands

Item \ Year	2022	2021	Difference	
			Amount	%
Current assets	365,628	398,714	(33,086)	(8.30)
Investment using the equity method	-	5,311	(5,311)	(100.00)
Property, Plant and Equipment	283,682	293,837	(10,155)	(3.46)
Intangible assets	6,737	7,701	(964)	(12.52)
Other assets	51,343	51,262	81	(0.16)
Total Assets	707,390	756,825	(49,435)	(6.53)
Current liabilities	54,890	59,008	(4,118)	(6.98)
Non-current liabilities	48,865	32,809	16,056	48.94
Other liabilities	-	-	-	-
Total Liabilities	103,755	91,817	11,938	13.00
Capital stock	916,288	916,288	-	-
Capital surplus	6,998	6,998	-	-
Retained Earnings	(353,273)	(291,184)	62,089	21.32
Total Stockholders' Equity	603,635	665,008	(61,373)	(9.23)

Analysis of changes in financial ratios ：

1. Total Assets：
   The total assets at the end of 2022 decreased by NT$49,435 thousand compared with 2021, mainly because cash and cash equivalents and financial assets measured at amortized cost in 2022 decreased by NT$22,958 thousand and NT$17,940 thousand compared to 2021, respectively. real estate, plant and equipment also decreased by NT$10,155 thousand compared to 2021, which is the main reason for the decrease in total assets compared to 2021.
2. Total Liabilities：
   The total liabilities at the end of 2022 increased by NT$11,938 thousand compared with 2021, mainly due to the increase of NT$12,000 thousand in shareholder transactions of consolidated subsidiaries compared with 2021.
3. Total Stockholders' Equity：
   The total shareholders' equity at the end of 2022 decreased by NT$61,373 thousand compared with the end of 2021, mainly due to the increase of NT$62,089 thousand in losses to be made up in 2022 compared to 2021.

7.2 Analysis of Financial Performance

7.2.1 Comparative analysis of business results

Unit: NT$ thousands

Item \ Year	2022	2021	Increase (decrease) amount	Change ratio %
Net Sales	353,677	328,990	24,687	7.50
Cost of Sales	291,020	267,717	23,303	8.70
Gross Profit	62,657	61,273	1,384	2.26
Operating Expenses	134,059	130,417	3,642	2.79
Operating net profit (loss)	(71,402)	(69,144)	2,258	3.27
Total non-operating income and expenses	1,508	(7,606)	9,114	119.83
Net profit (loss) before tax	(69,894)	(76,750)	(6,856)	(8.93)
Income tax benefits (expenses)	95	(13,254)	13,349	100.72
Net profit (loss) for the period	(69,799)	(90,004)	(20,205)	(22.45)

Analysis and explanation of changes in the increase or decrease ratio in the last two years：

1. Net Sales：

   The sales revenue in 2022 will increase by NT$24,687 thousand compared to 2021, an increase of 7.50%. The main reason is that the whole world will still be affected by the COVID-19 epidemic in 2022, DRAM prices drop quarter by quarter, and the overall market adopts a wait-and-see attitude. The replenishment in the channel and spot markets has slowed down, and they are unwilling to increase the price of materials. Under the above-mentioned market shrinkage factors, the company foresees that the inventory of domestic customers has gradually decreased to a safe level, so in response to market demand, it will focus on sales in the domestic market; the sales revenue in 2022 will increase by NT$24,687 thousand compared with the same period last year .

2. Cost of Sales：

   Cost of Sales in 2022 will increase by NT$23,303 thousand compared to 2021, a increase of 8.70%. The decrease in operating costs is mainly due to the increase in revenue.

3. Operating Expenses：

   Operating expenses in 2022 increase by NT$3,642 thousand compared to 2021, mainly due to an increase of NT$3,491 thousand in management and general affairs expenses.

4. Operating net profit (loss)：

   Operating net loss in 2022 increased by NT$2,258 thousand compared to 2021, This is mainly due to the fact that although the operating gross profit in 2022 will increase by NT$1,384 thousand compared with that in 2021, the management, sales and research expenses in 2022 will increase by NT$3,642 thousand compared with that in 2021.

5. Non-operating income and expenses：

   Non-operating income and expenses in 2022 increased by NT$9,114 thousand compared to 2021, mainly due to an increase in net exchange benefits of NT$5,311 thousand in 2022, and a decrease of NT$3,674 thousand in the loss share of related companies recognized under the equity method compared to 2021 , which is the main reason for the increase of NT$9,114 thousand in non-operating income and expenses compared with 2021.

7.2.2 Expected sales volume and its basis

The company's expected sales volume for 2023 is compiled based on reasonable assumptions such as the company's business strategy, operating goals and budgets of each unit, and taking into account the overall industry prospects and development trends and operating performance over the years. The estimated sales volume is as follows：

Memory Business Group：

Unit：Thousands Strip/Thousands piece

Main products	Estimated sales volume in 2023
Memory module	108
Integrated circuits	372,164
Total	372,272

Storage Business Group：

Unit：Station

Main products	Estimated sales volume in 2023
Disk array －EP series	440
Commodity	5,134
Total	5,574

7.2.3 The possible impact of the company's future financial business and the corresponding plan

Looking ahead to 2023, although the price drop of DRAM has not yet come to a halt, the positive impact of the price drop is the growth of memory capacity for various applications, which will accelerate the growth of new product penetration of DDR5 and PCIe interface SSDs, and 5G, cloud and servers will be the key directions for the upstream and downstream supply chain to strengthen their layout. Therefore, overall, the Company's financial structure is sound under the policy of low debt operation, which is sufficient to meet the Company's future business needs.

7.3 Analysis of Cash Flow

7.3.1 Analysis of recent annual cash flow changes

Unit: NT$ thousands

Item	2022	2023	Increase (decrease) percentage
Cash flow from operating activities	(53,079)	(44,504)	(19.27)%
Cash flow from investing activities	18,493	13,341	38.62%
Cash flow from financing activities	11,628	(13,032)	189.23%

1. Operating activities：
   The net cash outflow from operating activities in 2022 increased by NT$8,575 thousand compared to 2021, mainly due to the increase in net inventory in 2022 by NT$10,900 thousand compared to 2021.
2. Investing activities：
   Cash inflows from investing activities in 2022 increased by NT$5,152 thousand compared to 2021, This is mainly due to the increase of NT$ 3,942 thousand in the disposal of financial assets measured by amortized cost in 2022 (net termination of fixed deposits) compared with 2021.
3. Financing activities：
   The net cash inflow from financing activities in 2022 was NT$11,628 thousand, an increase of NT$24,660 thousand compared to 2021, mainly due to the increase in shareholders' transactions of NT$12,000 thousand in Morelink Technology Corporation in 2022.

7.3.2 Cash Flow Analysis for the Coming Year

Unit: NT$ thousands

Estimated Cash and Cash Equivalents, Beginning of Year (1)	Estimated Net Cash Flow from Operating Activities (2)	Estimated Cash Outflow (Inflow) (3)	Cash Surplus (Deficit) (1)+(2)-(3)	Leverage of Cash Deficit	
				Investment Plans	Financing Plans
201,022	(15,000)	(35,000)	151,022	—	—

Analysis of cash liquidity in the coming year：
Looking forward to 2023, although the global semiconductor market faced adverse effects such as talent shortages, geopolitical risks, and rising interest rates in the past, resulting in the semiconductor industry confidence index in 2023 becoming the lowest index in five years, due to the sharp increase in demand for automotive chips, and the semiconductor shortage problem of most products is expected to be alleviated, so we are still optimistic about the growth of semiconductor revenue, so we are optimistic that the DRAM industry will have a chance to recover in the second half of the year. In addition, the storage business group also showed a trend of slow recovery. Therefore, the initial cash of NT$201,022 thousand plus the estimated net cash outflow from operating activities of NT$15,000 thousand will be sufficient to cover the estimated annual cash outflow of NT$35,000 thousand.

7.4 Effect of significant capital expenditures on financial operations in the most recent year

The company has no plans for major capital expenditures for 2022 and the next year, so it has no major impact on the financial business.

7.5 Investment Policy in the Last Year, Main Causes for Profits or Losses, Improvement Plans and Investment Plans for the Coming Year

The company has no plans for major capital expenditures for 2022 and the next year, and the amount of profit or loss of reinvestment is small, so no improvement plan is applicable.

7.6 Analysis of Risk Management

7.6.1 The most recent year and as of the printing date of the annual report, effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures

A. Interest rate changes

Unit: NT$ thousands

Item	2022	2023 Q1
Interest income	790	210
Interest expense	973	323
Net profit (loss) after tax	(69,799)	(27,902)
(Interest expense - Interest income)/ Net profit after tax	0.26%	0.40%

(1) The impact of interest rate changes

As can be seen from the above table, the ratio of net interest expense deducting interest income to net profit after tax in 2022 and up to the first quarter of 2023 is 0.26% and 0.40%, respectively, indicating that changes in interest rates pose a lower risk to the company, As the Company has no short-term borrowings at the end of 2022 and the end of the first quarter of 2023, there is no cash flow risk arising from changes in interest rates.

(2) Response measures to changes in interest rates

In terms of measures in response to changes in interest rates, the Company has dedicated staff to maintain close interaction with banks, and will use various financial instruments (such as the issuance of convertible corporate bonds or cash capital increase) at appropriate times to reduce the risk of interest rate changes.

B. Exchange rate changes

Unit: NT$ thousands

Item	2022	2023 Q1
Net conversion benefit (loss)	5,311	(365)
Net profit (loss) after tax	(69,799)	(27,902)
Net Sales	353,677	66,129
Net conversion benefit (loss)/ Net profit (loss) after tax	7.61%	1.31%
Net conversion benefit (loss)/ Net Sales	1.50%	0.55%

(1) The impact of exchange rate changes

As can be seen from the above table, the Company in 2022 and up to the first quarter of 2023, Net foreign exchange gains (losses) accounted for 7.61%, 1.50% and 1.31%, and 0.55% of net profit (loss) after tax and net operating income, respectively, indicating that changes in foreign exchange rates pose certain risks to the company's profits and losses; However, the company does not hold derivative financial products with exchange rate risk, and the company also has capital transactions for import and sales business denominated in foreign currencies, so the impact of market exchange rate changes on the company is still limited.

(2) Measures to respond to exchange rate changes

In response to exchange rate changes, the following specific measures are mainly adopted：

① As current sales customers mainly pay in U.S. dollars, the company also uses U.S. dollars as the payment currency for major purchasers. The natural hedging effect is achieved by offsetting receipts and payments. The remittance of sales depends on actual capital needs and exchange rates. In case of changes, it is decided to convert to NTD or deposit in a foreign exchange deposit account. Purchase payment will consider foreign currency derived from foreign sales or choose the opportunity to pre-purchase foreign currency to pay for imported raw materials according to exchange rate changes to reduce the impact of exchange rate changes.

② In accordance with the " Procedure for the Acquisition and Disposal of Assets" set by the company, depending on market conditions, it is possible to sell forward foreign exchange or establish options and adjust the hedging ratio flexibly, and strive to control the exchange rate risk within a certain range to reduce exchange rate changes influences.

C. Inflation

(1) The impact of inflation

The company's operations are not highly correlated with inflation, so inflation does not have a significant impact on the company's operations and profits.

(2) Countermeasures against inflation

In addition to paying attention to market price fluctuations at all times, and maintaining good interaction with suppliers and customers, the company has not had a major impact due to inflation in recent years, and the interest rate on deposits is still maintained at a relatively low level. , The short-term will not pose a serious risk of inflation, so it has no significant impact on the company’s profit and loss.

7.6.2 The most recent year and as of the printing date of the annual report, Policies, Main Causes of Gain or Loss and Future Response Measures with Respect to High-risk, High-leveraged Investments, Lending or Endorsement Guarantees, and Derivatives Transactions

The company does not engage in high-risk, high-leverage investments, fund loans to others, endorsements, and derivatives transactions; in addition, the company has established " Procedure for the Acquisition and Disposal of Assets" to regulate the risks of derivatives transactions The management system has no impact on the company's profit and loss.

7.6.3 Future R&D plans and estimated R&D expenses for the most recent year and up to the date of publication of the annual report

Memory Business Group：

Unit: NT$ thousands

Research Projects	Current progress	Expected Research Expenditure	Expected Completion Schedule	Major Risk Factors
PC5-6200 UnBuffer DIMM series module	Product specification definition stage	2,000	2023/08	The launch schedule of the new platform

Storage Business Group：

Unit: NT$ thousands

Research Projects	Current progress	Expected Research Expenditure	Expected Completion Schedule	Major Risk Factors
NVMe SSD iSCSI/NAS Server StorageNetwork Storage Server	Product specification definition stage	1,500	2023/Q4	Status LED signal decoding of NVMe PCIe SSD and customer application acceptance in the market

7.6.4 The most recent year and as of the printing date of the annual report, Effects of and Response to Changes in Policies and Regulations Relating to Corporate Finance and Sales

The company's most recent year and as of the publication date of the annual report have not been affected by changes in important domestic and foreign policies and laws that have an impact on the company's financial business.

7.6.5 The most recent year and as of the printing date of the annual report, Effects of and Response to Changes in Technology (including information communication security risks) and the Industry Relating to Corporate Finance and Sales

In order to respond to industrial changes in market demand due to technological changes, the company not only adjusts its product mix dynamically according to market demand, but also uses a diversified and cross-industry business model to diversify risks. In addition, in terms of information communication security risks, the information security policy and specific management plan have also been formulated to respond (please refer to the information communication security management on page 149), Therefore, technological changes and industrial changes should have no significant adverse impact on the company's financial business.

7.6.6 The most recent year and as of the printing date of the annual report, the Impact of Changes in Corporate Image on Corporate Risk Management, and the Company's Response Measures

The company has always adhered to the concept of stable operation and the first emphasis on integrity. Regardless of internal management or external transactions, it abides by laws and regulations and treats fairly. There has been no incident that could affect the corporate image, so there is no corporate image change to corporate crisis management risk Doubts.

7.6.7 The most recent year and as of the printing date of the annual report, Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans

The company has not engaged in mergers and acquisitions in the most recent year and as of the publication date of the annual report, so there is no expected benefit and possible risks of this.

7.6.8 The most recent year and as of the printing date of the annual report, Expected Benefits from, Risks Relating to and Response to Factory Expansion Plans

As of the date of publication of the annual report, the company has no plans to expand the plant, so there is no expected benefit and possible risks of this.

7.6.9 The most recent year and as of the printing date of the annual report, Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration

(1) In order to avoid the risk of concentration of sales and increase profitability, in addition to long-term commitment to the balanced layout of the market to diversify risks, the company is still committed to developing other distributors in new markets. At the same time, after merging with Proware Technology, the market and customers Adjust and diversify to reduce the concentration of sales, so the company should have no risk of concentration of sales.

(2) In order to ensure a competitive advantage and avoid the risk of over-concentration of purchases, the company is committed to establishing stable cooperative relations with various domestic and foreign semiconductor manufacturers, semiconductor distributors and computer system manufacturers. The procurement strategy is based on the principle of decentralizing purchase sources. To ensure the stability of the source of supply, the company's current source of supply is still stable, and the risk of concentrated purchases should be limited.

7.6.10 The most recent year and as of the printing date of the annual report, 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 directors or major shareholders holding more than 10% of the shares of the company have not had a large number of transfers or replacements of equity as of the publication date of the annual report, so there is no such possible risk.

7.6.11 The most recent year and as of the printing date of the annual report, Effects of, Risks Relating to and Response to the Changes in Management Rights

The company has no circumstances under which the management rights have changed, so there is no such possible risk.

7.6.12 The most recent year and as of the printing date of the annual report, Litigation or Non-litigation Matters

(1) Major ongoing lawsuits, non-lawsuits or administrative lawsuit: None.

(2) Major ongoing lawsuits, non-lawsuits or administrative lawsuits caused by directors, supervisors or shareholders with over 10% shareholdings: None.

7.6.13 Other Major Risks

(1) Organizational structure of risk management

Since the generations of technology products change rapidly, and prices fluctuate with market factors, the risk management of the original industry must keep abreast of market price changes, product generation changes, the status of upstream suppliers, and product quality standards as the first priority; In addition, in the company's general risk management, each department is responsible for risk assessment and control based on the attributes of each department. Therefore, the company set up a response team based on the above-mentioned elements, with the general manager as the convener, and each relevant unit is responsible for the monitoring and prevention of daily risk discovery, assessment, and control in accordance with the nature of their business. In addition, the audit unit is responsible for monitoring and prevention. Various existing or potential operational risks are reviewed, evaluated, and suggested improvements and preventive measures are put forward. The second line of defense for risk management is implemented. In the annual audit review report, the audit report and the conclusions of the internal control system self-inspection are comprehensively considered, and the risk The results of the evaluation are included in the audit report on the agenda of the board of directors, based on which the annual audit plan is formulated and implemented "risk-oriented". The organizational structure of each risk management is as follows：

General Manager's Office：

Responsible for the planning of business and production and marketing decisions, the evaluation of policies and legal matters, and the planning of investment, mergers and acquisitions and strategic alliances to reduce strategic risks.

Financial Accounting Division：

Responsible for the assessment of interest rate, exchange rate and financial risks, and establish a hedging mechanism and control to reduce financial risks.

R&D Division：

Responsible for new product research and development plans, and master the changes in technology, industry and related laws to reduce market and legal risks in product development.

Sales Division：

Responsible for marketing strategy, product promotion, and grasping market trends to reduce business operation risks.

Materials Division：

Responsible for purchasing strategy and supply control to reduce inventory operation risks.

Manufacturing Division/Production Division：

Responsible for the expansion and adjustment of plant and production equipment to reduce production and operation risks.

Information Technology Division：

Responsible for network information security and protective measures to reduce information security risks.

Audit Office：

Responsible for the revision and inspection of the internal control system, supervision, improvement tracking, reporting, etc., to implement and strengthen the internal control function, ensure its continuous effectiveness, achieve the reliability of financial reporting, the effectiveness and efficiency of operations, and comply with relevant laws and regulations purpose.

(2) Information security risk assessment analysis and specific management plan

The company has established a complete network and computer security protection system to control or maintain the company’s manufacturing operations and accounting and other important corporate operations, but it cannot guarantee that its computer system can completely avoid any third-party paralysis. Internet attacks, such as DDos (Distributed Denial of Service) attacks, ransomware, social engineering attacks, counterfeit websites, etc.These cyber attacks illegally invade the company's internal network system, disrupt the company's operations and damage the company's goodwill and other activities. In the event of a severe cyber attack, the company’s system may lose important company data, and the production line may also be shut down due to the unresolved problem of the attack. The company annually reviews and evaluates its cyber security regulations and procedures to ensure their appropriateness and effectiveness. However, it cannot guarantee that the company will not be affected by innovative risks and attacks in the ever-changing cyber security threats. Cyber attacks may also attempt to steal the company’s business secrets, other intellectual property, and confidential information, such as the proprietary information of customers or other interested parties, and the personal information of employees. Malicious hackers can also try to introduce computer viruses, destructive software or ransomware into the company's network system, disrupt the company's operations, regain control of the computer system, and extort the company, or snoop on confidential information. These attacks may cause the company to compensate customers for losses due to delays or interruption of orders; or need to bear huge costs to implement remedial and improvement measures to strengthen the company's network security system, and may also cause the company to have confidentiality obligations due to involvement. Related legal cases or regulatory investigations caused by the leakage of information from customers or third parties of the company, and assume major legal liabilities.

In 2022 and as of the publication date of the annual report, the company has not discovered any major cyber attacks or incidents, which have or may have a significant adverse impact on the company's business and operations, and have not been involved in any legal cases or regulatory investigations related to this.

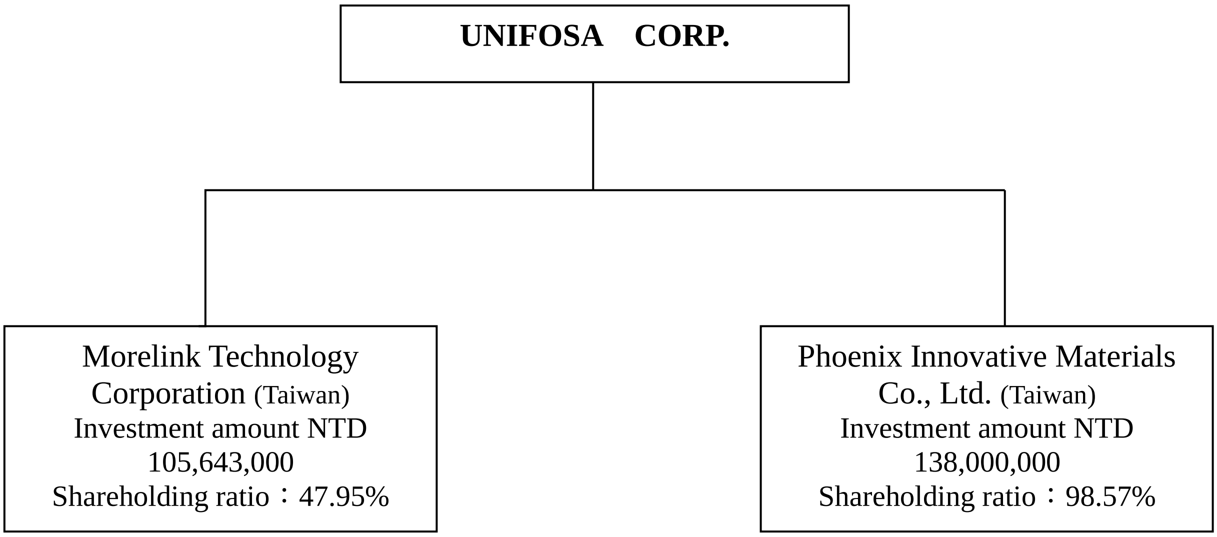
In addition, in order to improve the management of information security, the company’s internal audit has formulated the "Control of Information Communication Security Inspection", and carried out the management of information security accordingly. At the same time, it has established the "Management of Personal Data Protection" to strictly manage the use and security maintenance of data. , To build firewalls and electronic file encryption systems to control and audit the use rights and records of relevant personnel to reduce the company’s information security risks. The follow-up goal is to complete information security regulations, regular information security assessments, and obtain international information security certifications. In the future, we will continue to strengthen information security protection and establish a joint defense mechanism.

7.7 Other important matters：None.

VIII. Special Disclosure

8.1 Summary of Affiliated Companies

8.1.l Organization Chart of Affiliated Enterprises



8.1.2 Basic information of each affiliated company

Unit: NT$ thousands

Company Name	Date of establishment	address	Paid-in capital	Main business or production items
Phoenix Innovative Materials Co., Ltd.	2018.01.05	3F,No.5,Alley 22,Lane 513,Jui Kuang Rd.,Nei-Hu, Taipei, Taiwan,R.O.C.	140,000	Plastic film and other high-tech chemical materials manufacturing
Morelink Technology Corporation	2010.09.27	3F,No.5,Alley 22,Lane 513,Jui Kuang Rd.,Nei-Hu, Taipei, Taiwan,R.O.C.	199,300	Wireless communication machinery and equipment manufacturing, electronic component manufacturing, telecommunications equipment wholesale and retail, electronic materials wholesale and retail, telecommunications control radio frequency equipment input and international trade, etc.

8.1.3 Those who are presumed to have control and subordination in accordance with Article 369ter of the Company Law: None.

8.1.4 Information on directors, supervisors and general managers of related companies

Unit：share;％

Company Name	Title	Name or Representative	Holding shares	
			Number of shares	Shareholding ratio
Phoenix Innovative Materials Co., Ltd.	Chairman	Legal person director representative of Unifosa Corp.：Chen, Ching-jong	13,800,000	98.57%
	General manager	Johnson Wu	0	0%
	Director	Legal person director representative of Unifosa Corp.：	13,800,000	98.57%

		Chiang, Tsang-An		
	Director	Simon Guei	30,000	0.21%
	Supervisors	Angel Lee	0	0
Morelink Technology Corporation	Chairman	Chiang, Tsang-An	815,000	4.09%
	General manager	Lee, Yung-Ting	532,100	2.67%
	Director	Legal person director representative of Unifosa Corp.：Chen, Ching-jong	9,556,310	47.95%
	Director	Legal person director representative of Unifosa Corp.：Hsiao, Wu-Hsing	9,556,310	47.95%
	Director	Legal person director representative of Unifosa Corp.：Hsieh, Da-Wei	9,556,310	47.95%
	Director	Lee, Yung-Ting	532,100	2.67%
	Supervisors	Jade Hu	0	0

8.1.5 Overview of operations of related companies

December 31, 2022
Unit：NT$ thousands

Company Name	Capital	Total assets	Total liabilities	net worth	Operating income	Business interest	Current profit and loss (After tax)	Earnings per share (After tax) (NTD)
Phoenix Innovative Materials Co., Ltd.	140,000	32,793	2,469	30,324	1,826	(24,254)	(23,994)	(1.74)
Morelink Technology Corporation	199,300	141,397	57,605	83,792	49,762	(21,527)	(21,770)	(1.31)

8.1.6 Circumstances in which affiliated companies endorse guarantees, lend funds to others, and engage in derivative commodity transactions: None.

8.1.7 Transaction status of related parties of each affiliated company: Please refer to pages 205 and 262.

8.1.8 Consolidated business reports of related companies, consolidated financial statements of related companies, and relationship reports: Not applicable.

8.2 The most recent year and as of the printing date of the annual report, Circumstances for

handling privately placed securities: there is no such circumstance, so it is not applicable.

8.3 The most recent year and as of the printing date of the annual report, Circumstances in which subsidiaries hold or dispose of the company's stocks: there is no such circumstance, so it is not applicable.

8.4 The most recent year and as of the printing date of the annual report, In the event of a matter that has a significant impact on shareholders' equity or securities prices as prescribed in Article 36, Paragraph 2, Subparagraph 2, of the Securities Exchange Act: this is not the case, so it does not apply.

8.5 Other necessary supplementary explanations: this is not the case, so it does not apply.

Declaration of Internal Control System

March 17, 2023

The company's internal control system for 2022, based on the results of self-inspection, hereby declare as follows：

A、The company is sure that the establishment, implementation and maintenance of the internal control system is the responsibility of the company’s board of directors and managers, and the company has established this system. Its purpose is to achieve the objectives of operation effectiveness and efficiency (including profitability, performance and asset safety protection, etc.), reporting reliability, timeliness, transparency, and compliance with relevant regulations and compliance with relevant laws and regulations, and provide reasonable To ensure.

B、The internal control system has its inherent limitations. No matter how perfect the design is, an effective internal control system can only provide a reasonable guarantee for the achievement of the above three objectives. Moreover, due to changes in the environment and circumstances, the effectiveness of the internal control system may change accordingly. However, the company's internal control system has a self-monitoring mechanism. Once the defect is identified, the company will take corrective action.

C、The company judges whether the design and implementation of the internal control system are effective based on the judgment items of the effectiveness of the internal control system stipulated in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as " Handling Guidelines "). The judgment items of the internal control system adopted in this " Handling Guidelines " are based on the process of management control, which divides the internal control system into five components：1. Control environment、2. Risk assessment、3. Control activities、4. Information and communications、5. Monitoring activities. Each component includes several items. For the aforementioned items, please refer to the "Handling Guidelines".

D、The company has adopted the above-mentioned internal control system judgment items to evaluate the effectiveness of the design and implementation of the internal control system.

E、Based on the evaluation results of the preceding paragraph, the company believes that the company’s internal control system (including supervision and management of subsidiaries) as of December 31, 2022, includes understanding the effectiveness of operations and the extent to which efficiency goals are achieved, and the reporting system The design and implementation of the internal control system that is reliable, timely, transparent and in compliance with relevant regulations and relevant laws and regulations are effective, which can reasonably ensure the achievement of the above objectives.

F、This declaration will become the main content of the company's annual report and public brochure, and will be made public. If there are false or concealed content in the above disclosure, it will involve legal liabilities under Article 20, Article 32, Article 171, and Article 174 of the Securities and Exchange Act.

G、This declaration was approved by the company's board of directors on March 17, 2023. Among the seven directors present, all of them agreed with the content of this declaration and made a declaration.

Unifosa Corp.

Chairman：Chen, Ching-jong

General Manager：Chen, Ching-jong

Unifosa Corp.

Chairman：Chen, Ching-jong