



AMPACS CORPORATION

2022 Annual Report

Printed on May 12, 2023

Website for accessing related information in this annual report

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

Ampacs Corporation website: <http://www.ampacscorp.com/>

**PLEASE READ FOLLOWING NOTICE
BEFORE USING THIS REPORT**

Readers are advised that the original version of the report is in Chinese. If there is any conflict between these financial statements and the Chinese version or any difference in the interpretation of the two versions, the Chinese-language report shall prevail.

In addition, certain of our financial information have been published in accordance with requirements of the Republic of China Securities and Futures Commission and are presented in conformity with accounting principles generally accepted in the Republic of China. Readers should be cautioned that these accounting principles differ in many material respects from accounting principles generally accepted in other countries.

Except as required by law, we undertake no obligation to update any forward-looking statement, whether as a result of new information, future events, or otherwise.

The materials and information provided on this report have been issued by Ampacs and are posted solely for informational purposes and is not an offer to buy or sell or a solicitation of an offer to buy or sell any securities issued by us or otherwise.

1. Spokesperson and Acting Spokesperson's Names, Titles, Contact Numbers, and Email Addresses:

	Spokesperson of the company	Acting Spokesperson
Name	Xu Mingren	Lin Yufeng
Title	Chief Technical Officer	Deputy General Manager of Sales Division
Contact Number	(02)2655-2798	(02)2655-2798
Email Address	James.Hsu@ampacscorp.com	connie.lin@ampacscorp.com

2. Addresses and telephone numbers of the head office, branches, and factories:

Name		Address	Telephone
Head Office		3 F., No. 19-3, Sanchong Rd., Nangang Dist., Taipei City 11501, Taiwan (R.O.C.)	(02)2655-2798
Factory	Dong Guan Yi Xin Electronics Co., Ltd.	Yangkentang Industrial Dist., Dalang Town, Dongguan City ,GuangDong Province,China	(86)769-86263266
	Dong Guan Yi Zhuo Electronics Co., Ltd	Yangkentang Industrial Dist., Dalang Town, Dongguan City ,GuangDong Province,China	(86)769-86263266
	Dong Guan Han Lei Electronics Co., Ltd	Dajiaoling Industrial Zone, Dalang Town, Dongguan City	(86)769-86263266
	Dong guan Hong jun Electronics Co., Ltd.	Area B, 1st Floor, No. 84, Jingfu West Road, Yangkengtang Village, Dalang Town, Dongguan City	(86)769-86263266
	MODERN PIONEER(KUNSHAN)CO.,LTD	No.389,XinNan W.Rd.Yushan Town,KunShan City,JiangSu,P.R.C.	(86)512-57575935
	Ampacs International Company Limited	Lot B7 H CN, Bau Bang Industrial Park, Lai Uyen Town, Bau Bang District, Binh Duong Province, Vietnam	0274-3803700
Branch Offices		None	

3. Name, Address, Website, and Phone Number of the Stock Transfer Agency :

Name: China Trust Commercial Bank, Agency Department

Address: 5th Floor, No. 83, Section 1, Chongqing South Road, Zhongzheng District, Taipei City

Website: <https://www.ctbcbank.com>

Telephone: (02)6636-5566

4. Name, Address, Website, and Phone Number of the Most Recent Financial Report's Auditors :

Auditor's Name: Accountants Liu Mingxian and Chen Yanjun

Firm Name: Deloitte Taiwan

Address: 20th Floor, No. 100, Songren Road, Xinyi District, Taipei City

Website: <http://www.deloitte.com.tw>

Phone : (02) 2725-9988

5. Name of the overseas securities exchange for listing and the method to inquire about information on those overseas securities: None.

6. Company website: <http://www.ampacscorp.com>

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1. Report to Shareholders

Ladies and gentlemen, esteemed shareholders, greetings to all of you.

Reviewing the international economic situation in the year 2022, the global COVID-19 pandemic gradually subsided. However, influenced by the US interest rate hike, inflation, and the Russo-Ukrainian war, the overall economic environment declined. The global inventory of technology consumer products surged, leading to reduced overall shipment momentum. Although the global economic environment did not fully recover in the year 2022, the Group's revenue remained stable at around NTD 5 billion, similar to the previous year. The following is the business performance report for the year 2022 of Ampacs Corporation.

Ampacs Corporation focused on providing design solutions and manufacturing of intelligent electronic peripherals, while continuously developing core businesses such as plastic molding and mold development to leverage the advantages of supply chain integration. With a complete R&D team and advanced production technology, we prioritize developing forward-looking products and constructing highly automated production processes. We deeply cultivate our leadership position in the vast market, including gaming headsets, PC gaming headsets, PC commercial headsets, wireless earbuds for the mobile market, high-performance adaptive noise-canceling headphones, and communication speakers. In the plastic molding and mold business, we invest in equipment upgrades, automation and intelligent transformations to provide rapid and high-quality solutions to our customers. Ampacs has always upheld the spirit of pursuing "innovation, efficiency, and fulfilling social responsibilities" to achieve business growth and create more shareholder value.

In the third and fourth quarters of the year 2022, our shipments were affected by customer and channel destocking, leading to reduced shipment momentum. Most of the customer inventory has been cleared this year, and we anticipate a recovery of shipment momentum. New customers and new models are expected to start shipping in the second quarter, which will contribute to the company's revenue. In the post-pandemic era, Ampacs actively invests in talent development, research and innovation, cost control, process and operational efficiency improvement, and new customer acquisition, all of which have shown excellent performance. Leveraging the advantages of our Vietnam factory's one-stop

production, we assist new customers in swiftly transferring production to Vietnam, enabling their products to be produced quickly and efficiently, reducing the impact of tariff barriers. Ampacs' overall capabilities and close teamwork, coupled with continuous operational improvements and enhancement, not only gain customers' trust but also serve as the driving force for company growth.

In terms of business achievements, Ampacs Corporation's consolidated operating revenue for the year 2022 was NTD 5,051,971 thousand, a decrease of NTD 626,735 thousand compared to the previous year's NTD 5,678,706 thousand. The consolidated net profit attributable to the company after tax was NTD 73,330 thousand, an increase of NTD 122,575 thousand compared to the previous year's net loss of NTD 49,245 thousand. The earnings per share for the year 2022 were approximately NTD 0.5.

In research and development and production, we continue to invest in relevant equipment to align our capabilities with the research and production needs of international customers. This includes the acquisition of wireless communication research and testing equipment, investment in headphone driver production equipment, expansion of mold equipment, additional injection molding machines, and high-speed assembly equipment. These efforts greatly enhance our product development and production efficiency to meet the demands of world-class brand companies. We also integrate with leading international technology companies upstream and downstream, actively strengthen our research and development capabilities, and expand our international collaboration base, seamlessly aligning technology with consumer usage needs.

In terms of information security, Ampacs Corporation actively invests in cybersecurity system protection. By the end of the year 2022, the company has completed relevant international certifications for its security systems and deployed them ahead of time, meeting the requirements of world-renowned brand's cybersecurity systems.

Looking ahead to the year 2023, under the ESG sustainability agenda, the company incorporates recycled materials and environmentally-friendly materials into product design and material selection. In manufacturing, in addition to passive green manufacturing practices such as water resource recycling and energy-saving equipment, the company plans to introduce active green manufacturing practices, such as solar power generation systems, taking advantage of the long sunlight hours in the Vietnam factory. This aims to reduce

energy consumption and carbon emissions in the production process, striving to achieve international ESG sustainability standards.

With the contribution of new customers and new products in the year 2023, the company expects to achieve growth compared to the year 2022. The company's management team and all employees will continue to provide customers with the highest quality products and services. Guided by the principles of sustainable management and a spirit of innovation and adaptability, the company aims to create maximum profits for shareholders and society. We look forward to your support, encouragement, and suggestions, as we continue to grow. Thank you, everyone.

Best wishes to all shareholders,

Wishing you good health and success in all endeavors.

Ampacs Corporation

Chairman: Huang, Chang-Ching

2. Company Profile

1. Establishment Date: July 2nd, 87th year of the Republic of China (July 2, 1998).

2. Company History:

Year	Significant events
1998	<ul style="list-style-type: none">• Ampacs Corporation was established with a registered capital of NT\$10,000,000.
2004	<ul style="list-style-type: none">• Conducted a cash capital increase of NT\$60,000,000, increasing the paid-up capital to NT\$70,000,000.• Established a subsidiary named Tech Pioneer, Ltd. through investment.• Indirectly invested in the establishment of Dong Guan Yi Xin Electronics Co., Ltd.
2006	<ul style="list-style-type: none">• Conducted a cash capital increase of NT\$233,000,000, increasing the paid-up capital to NT\$303,000,000.
2015	<ul style="list-style-type: none">• The company's headquarters relocated to the Neihu Science Park.• Acquired Kunshan Haoyu Electronics Co., Ltd.• Conducted a cash capital increase of 200 million NTD, resulting in a new registered capital of 503 million NTD. (The change registration was completed in January of the year 2016.)
2016	<ul style="list-style-type: none">• Completed a capital increase of 67 million NTD through surplus conversion, increasing the paid-in capital to 570 million NTD.• Successfully developed intelligent active noise-canceling in-ear Lightning headphones using the Apple LAM2 module.• Successfully developed the Apple Lightning personal smart conference speaker.
2017	<ul style="list-style-type: none">• In June, conducted a surplus conversion capital increase of 130,000 thousand NTD, increasing the paid-in capital to 700,000 thousand NTD.• In December, the company's headquarters relocated to the Nangang Software Park.
2018	<ul style="list-style-type: none">• In June, conducted a surplus conversion capital increase of 100,000 thousand NTD, increasing the paid-in capital to 800,000 thousand NTD.• Granted the qualification of operating headquarters by the Industrial Development Bureau of the Ministry of Economic Affairs.• Subsidiary Dong Guan Yi Xin Electronics Co., Ltd. was included in the list of recognized Chinese high-tech enterprises.
2019	<ul style="list-style-type: none">• Invested in Vietnam to establish Ampacs International Company Limited.• Kunshan Haoyu Electronics Co., Ltd. was renamed as MODERN PIONEER (KUNSHAN) CO., LTD.• In May, conducted a surplus conversion capital increase of 200,000 thousand NTD, increasing the paid-in capital to 1,000,000 thousand NTD.• In June, the company applied for public issuance and was approved effective from June 24th, 2019.• In October, conducted a cash capital increase of 48,000 thousand NTD, increasing the paid-in capital to 1,048,000 thousand NTD.• On December 5th, registered for trading on the emerging stock market.
2020	<ul style="list-style-type: none">• In August, conducted a capital surplus conversion capital increase of 52,000 thousand NTD.• Listed on the Taiwan Stock Exchange in December.• In December, conducted a cash capital increase of 120,000 thousand NTD, resulting in a post-increase share capital of 1,220,000 thousand NTD.

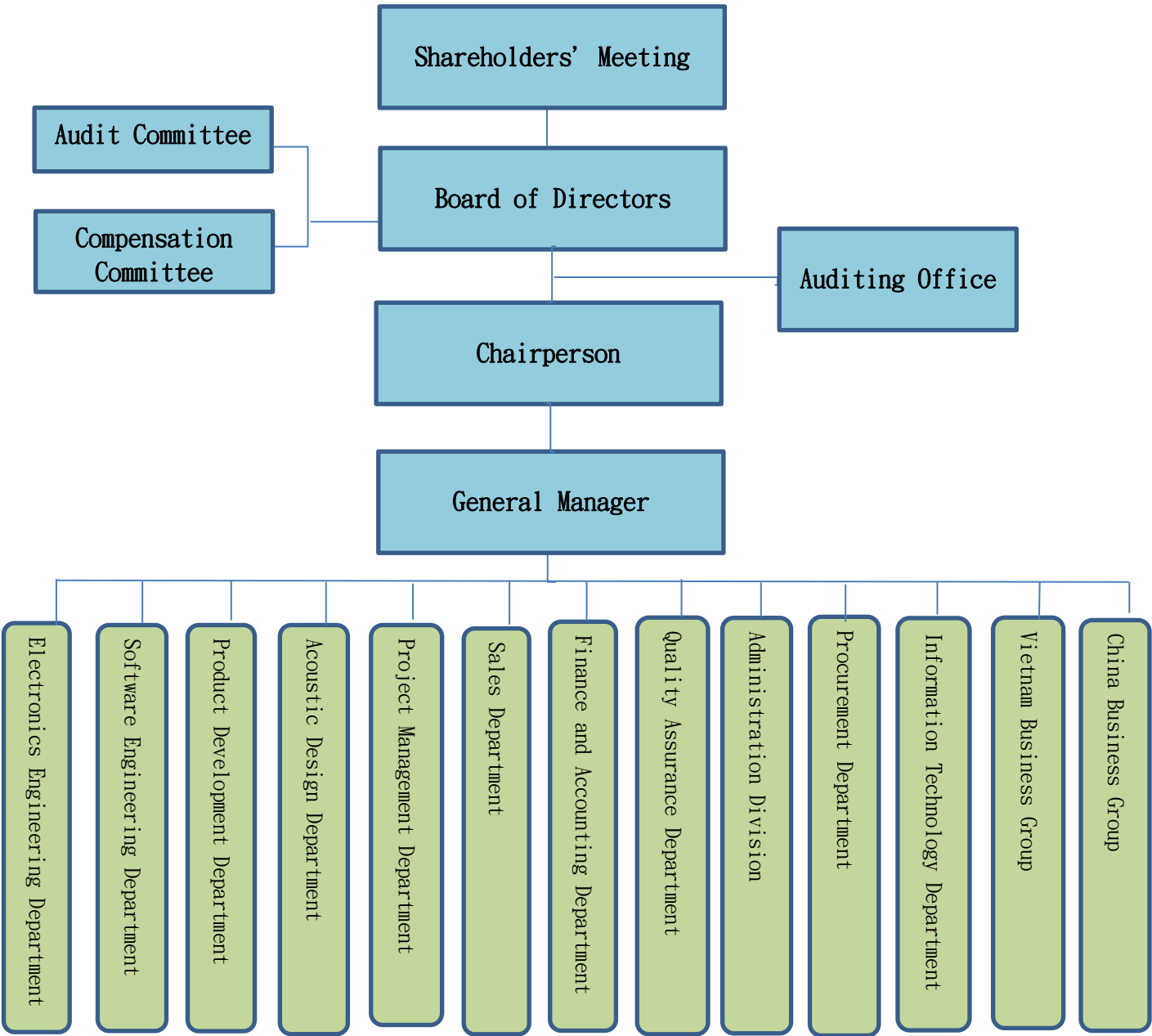
2021	<ul style="list-style-type: none"> • Purchased an office in Xizhi in January. • Purchased a second-floor office in Nangang Software Park in June. • In October, conducted a surplus conversion capital increase of 158,000 thousand NTD and a capital surplus conversion capital increase of 122,000 thousand NTD, increasing the paid-in capital to 1,500,000 thousand NTD.
2022	<ul style="list-style-type: none"> • Established a joint venture with Ability Enterprise Co., Ltd . to establish a factory in Vietnam in April.

3. Corporate Governance Report

1. Organization System

(1) Organizational Structure

April 30, 2023



(2) Businesses of Major Departments:

Department	Business Operations
Office of the General Manager	<ol style="list-style-type: none"> 1. Business Management Analysis. 2. Formulation of Important Operational Plans. 3. Establishment of Corporate Image.
Audit Department	<ol style="list-style-type: none"> 1. Examination and review of the soundness and implementation of internal control systems, assessing the effectiveness and efficiency of operations, and providing recommendations for improvement. 2. Execution of annual audit plans, preparation of audit reports, and tracking of operational improvements. °
Product Development Division	<p>Institutional Engineering:</p> <ol style="list-style-type: none"> 1. Analysis of the strengths and weaknesses of existing headphone products in the market, both from customers and competitors. 2. Searching and researching patents related to headphone products. 3. Structural design of project organizations. 4. Writing and archiving research documents for each stage of the project. 5. Analysis and resolution of design problems that arise during the project development process, and implementation of solutions. 6. Analysis and implementation of cost reduction requirements in project design. 7. Budget allocation for annual research and development in the Engineering Department. 8. Recruitment and training of research and development personnel in the Engineering Department. <p>Product design:</p> <ol style="list-style-type: none"> 1. Market research and analysis. 2. Ergonomic research and analysis. 3. Product design and development.
Electronics Engineering Division	<ol style="list-style-type: none"> 1. Assessment of the technical feasibility of new products. 2. Evaluation of pricing for new products. 3. Research and design of electronic product circuits. 4. Research and design of cutting-edge technology products. 5. Validation of product functionality.

Department	Business Operations
	<ul style="list-style-type: none"> 6. Design and validation of product Electromagnetic Compatibility (EMC). 7. Certification of product safety regulations. 8. Tracking of design-related quality issues. 9. Introduction, testing, and verification of alternative materials. 10. Leading the operations related to instrument and equipment calibration. 11. Document control center management.
Software Engineering Division	<ul style="list-style-type: none"> 1. Collaborating with technology-leading vendors to proactively develop advanced technologies and application products. 2. Firmware development and functional validation based on product functionality requirements. 3. Development, validation, and technology transfer of production testing software. 4. Development and maintenance of production testing management systems. 5. Handling technical issues related to various products. 6. Planning and executing test plans for the introduction of new technologies. 7. Functional validation of new products. 8. Compatibility validation of new products.
Acoustic Design Division	<ul style="list-style-type: none"> 1. Development and research analysis of electro-acoustic components (speakers and microphones). 2. Analysis of acoustic characteristics of customer-provided and internally procured headphone samples. 3. Collaboration with ID (industrial design), ME (mechanical engineering), and EE (electrical engineering) teams to discuss acoustic design considerations. 4. Tuning of headphone (microphone) curves and audio quality adjustment. 5. Testing and verification of finished headphone products. 6. Training of new personnel. 7. Factory trial and mass production technology transfer. 8. Annual calibration of equipment and instruments.
Project Management Division	<ul style="list-style-type: none"> 1. Responsible for conducting feasibility analysis of new products, monitoring the progress of new product development, and executing product strategies. 2. Manage and execute project plans for product planning and new product development. 3. Collaborate with the R&D department to establish product specifications. 4. Coordinate collaboration among relevant departments, including materials, production, and R&D, to drive and promote business operations.

Department	Business Operations
	<ol style="list-style-type: none"> 5. Collaborate with business units to address customer needs and issues related to products. 6. Responsible for promoting, coordinating, and following up on cross-departmental matters.
Sales Department	<ol style="list-style-type: none"> 1. Customer development, business promotion, and market marketing. 2. Customer service and market information collection. 3. Planning for market development and new product development. 4. Management of customer orders, shipments, payments, and after-sales service operations.
Finance and Accounting Department	<ol style="list-style-type: none"> 1. Fund management, credit control, and financing planning and scheduling. 2. Overall management of board meetings, shareholders' meetings, and various matters related to equity. 3. Responsible for company accounting processing and cost analysis operations. 4. Planning and consolidation of financial statement preparation, analysis, and budget operations. 5. Establishment, evaluation, and implementation of accounting systems and related policies.
Quality Assurance Department	<ol style="list-style-type: none"> 1. Reliability verification of new products. 2. Confirmation and acquisition of international certifications for new products. 3. Tracking and technology transfer of design quality-related issues. 4. Annual calibration of equipment and instruments.
Management Department	<p><u>(General Affairs):</u></p> <ol style="list-style-type: none"> 1. Handling general administrative matters. 2. General affairs administration. 3. Processing incoming and outgoing company documents and maintaining file records. 4. Management of company assets and equipment. 5. Management of consumable supplies for non-direct production purposes. <p><u>(Human Resources):</u></p> <ol style="list-style-type: none"> 1. Recruitment and hiring of personnel. 2. Employee attendance management. 3. Group insurance administration for employees. 4. Employee performance evaluation and salary management. 5. Organization and documentation of training and development activities. 6. Human resource demand planning.
Procurement	<ol style="list-style-type: none"> 1. Establishing and managing qualified supplier relationships.

Department	Business Operations
Department	<ol style="list-style-type: none"> 2. Procurement of raw materials and equipment. 3. Ensuring that purchased materials and equipment meet the company's overall requirements in terms of quality, delivery, and competitive pricing. 4. Handling import and export matters related to materials and components, including customs clearance coordination. 5. Coordinating the handling of defective materials.
Information Technology Department	<ol style="list-style-type: none"> 1. Establishing, maintaining, and managing the network infrastructure. 2. Establishing, maintaining, and managing information systems. 3. Maintenance and management of computer software and hardware configurations.
Vietnam Business Group	<ol style="list-style-type: none"> 1. Development, execution, and tracking of production processing plans. 2. Planning and achieving manufacturing production targets. 3. Implementation of production equipment maintenance plans and maintenance work.
China Business Group	<ol style="list-style-type: none"> 1. Development, execution, and tracking of production and outsourcing processing plans. 2. Planning and achieving manufacturing production goals. 3. Implementation of production equipment maintenance plans and maintenance work.

2. Information on Directors, General Manager, Deputy General Managers, Assistant Managers, Department Heads, and Branch Managers

(1) Director

1. Director Information

Unit: Shares; % : April 18, 2023

Title	Nationality or Place of Incorporation	Name	Gender Age	Appointment Date	Term of office	Date of Initial Elected Date	Shares held at the time of appointment		Current shareholding		Current Shares Held by Spouses and Minor Children		Shares Held in the Name of Other Persons		Primary education background	Currently Serving Posts in the Company and Other Companies	Spouse or Second Degree of Kinship as Heads of Departments, Directors, or Supervisors			Remarks
							Shares	Shareholding Percentage	Shares	Shareholding Percentage	Shares	Shareholding Ratio	Shares	Shareholding Percentage			Title	Name	Relationship	
Chairman	Taiwan R.O.C. Taiwan R.O.C.	Huang Chang Ching	Male 61~70 years old	2022.6.14	3 years	1998.6.16	25,799,676	25.80	27,671,900	18.45	3,889,575	2.59	23,588,873 (Note 1)	15.73	The Department of Chemical Engineering at Tsinghua University is a research institute located within Tsinghua University, specializing in the field of chemical engineering. The High-Performance Engineering Plastics Research Laboratory at the	General Manager of the company Chairman of Ampacs International Company Limited Director of Tech. Pioneer, Ltd. Director of Richmake International Limited Director of Brightlink Investment Development Co., Ltd. Director of Sunlight Ocean Holding Limited Director of Fortune Channel Universal Limited Director of Chang'an Investment Co., Ltd. Director of Long'an Investment Co., Ltd. Director of Gainwide Global Ltd. Legal Representative and Director of Jiaxin Technology Co., Ltd.	-	-	-	Note 2

Title	Nationality or Place of Incorporation	Name	Gender Age	Appointment Date	Term of office	Date of Initial Elected Date	Shares held at the time of appointment		Current shareholding		Current Shares Held by Spouses and Minor Children		Shares Held in the Name of Other Persons		Primary education background	Currently Serving Posts in the Company and Other Companies	Spouse or Second Degree of Kinship as Heads of Departments, Directors, or Supervisors			Remarks
							Shares	Shareholding Percentage	Shares	Shareholding Percentage	Shares	Shareholding Ratio	Shares	Shareholding Percentage			Title	Name	Relationship	
															Industrial Technology Research Institute focuses on the research and development of high-performance engineering plastics.					
Director	Taiwan R.O.C. Taiwan R.O.C.	Xu Mingren	Male 61~70 years old	2022.6.14	3 years	2018.5.8	-	-	244,050	0.16	96,158	0.06	-	-	Chung Yuan Christian University, Department of Electronic Engineering. National Taipei University, Graduate Institute of Business Administration. Software Engineer at Acer Inc. Vice Chairman	Chief Technology Officer (CTO) of the company. Independent Director at Hao Ben Technology Inc. Director at Sino-American Wentai Technology Inc. Director at Yuhui Knowledge Technology Inc. (Representing Bridgewell Information Corp., a company registered in the Cayman Islands). Director at Hongjiada Mechanical and Electrical Inc. (Representing Hongjiada Investment Co., Ltd.). Director at Child Education Development Inc. Director at Shanyi Electronics Inc. Director at Jiesheng Biochemical	-	-	-	

Title	Nationality or Place of Incorporation	Name	Gender Age	Appointment Date	Term of office	Date of Initial Elected Date	Shares held at the time of appointment		Current shareholding		Current Shares Held by Spouses and Minor Children		Shares Held in the Name of Other Persons		Primary education background	Currently Serving Posts in the Company and Other Companies	Spouse or Second Degree of Kinship as Heads of Departments, Directors, or Supervisors			Remarks
							Shares	Shareholding Percentage	Shares	Shareholding Percentage	Shares	Shareholding Ratio	Shares	Shareholding Percentage			Title	Name	Relationship	
															of Elitegroup Computer Systems (ECS) Inc. Chairman of the New Taipei City Computer Association. Chairman of the Taiwan Connected Vehicles and IoT Association.	Technology Inc. Director at Galaxy Interactive Network Inc. (Representing Guangnan Investment Co., Ltd.). Director at Elf Interactive Network Inc. (Representing Galaxy Interactive Network Inc.). Legal Representative and Director at Jiaxin Technology Inc.				
Director	Taiwan R.O.C	Lin Yufeng	Female 51~60 years old	2022.6.14	3 years	2017.5.15	1,293,632	1.29	1,669,449	1.11	-	-	-	-	Master of Science (Computer Science) from the University of Alabama at Birmingham. General Manager of the Advanced Electronics Division at	Vice General Manager of the company	-	-	-	

Title	National ity or Place of Incorpor ation	Name	Gend er Age	Appoint ment Date	Term of off ice	Date of Initial Elected Date	Shares held at the time of appointment		Current shareholding		Current Shares Held by Spouses and Minor Children		Shares Held in the Name of Other Persons		Primary education background	Currently Serving Posts in the Company and Other Companies	Spouse or Second Degree of Kinship as Heads of Departmen ts, Directors, or Supervisor s			Remark s
							Shares	Shareh olding Percen tage	Shares	Shareh olding Percen tage	Shares	Shar ehol ding Rati o	Shares	Shareh olding Percen tage			Tit le	Na me	Re lati on shi p	
														Tatung Company. Software Development Engineer at ChoiceCare Long Island. Major in Music at York College. Queensborough Community College. Octave-Plateau Electronics. COO and Board Member at Voyetra Technologies, Turtle Beach.						
Director	USA	Frederick Romano	Male 61~ 70 years old	2022.6.1 4	3 ye ars	2017.5.15	2,582,048	1.72	2,581,048	1.72	-	-	-	-	York College music Major Queensborough College Octave-Plateau electronics	-	-	-	-	

Title	Nationality or Place of Incorporation	Name	Gender Age	Appointment Date	Term of office	Date of Initial Elected Date	Shares held at the time of appointment		Current shareholding		Current Shares Held by Spouses and Minor Children		Shares Held in the Name of Other Persons		Primary education background	Currently Serving Posts in the Company and Other Companies	Spouse or Second Degree of Kinship as Heads of Departments, Directors, or Supervisors			Remarks
							Shares	Shareholding Percentage	Shares	Shareholding Percentage	Shares	Shareholding Ratio	Shares	Shareholding Percentage			Title	Name	Relationship	
															Voyetra Technologies , Turtle Beach - COO, BOD.					
Director	Taiwan R.O.C.	Chen Jinfu	Male 71~80 years old	2022.6.14	3 years	2019.8.12	-	-	-	-	-	-	-	-	MBA from the Graduate Institute of Business Administration, National Chengchi University. Bachelor's degree in Electrical Engineering from National Taiwan University. Vice Chairman at CTBC Venture Capital Consulting Co., Ltd. Senior Deputy General Manager at CTBC Financial	Chairman of Taiwan Sports Lottery Corporation (stock) company	-	-	-	

Title	National ity or Place of Incorpor ation	Name	Gend er Age	Appoint ment Date	Te rm of off ice	Date of Initial Elected Date	Shares held at the time of appointment		Current shareholding		Current Shares Held by Spouses and Minor Children		Shares Held in the Name of Other Persons		Primary education background	Currently Serving Posts in the Company and Other Companies	Spouse or Second Degree of Kinship as Heads of Departmen ts, Directors, or Supervisor s			Remark s
							Shares	Shareh olding Percen tage	Shares	Shareh olding Percen tage	Shares	Shar ehol ding Rati o	Shares	Shareh olding Percen tage			Tit le	Na me	Re lati on shi p	
															Holding Co., Ltd. General Manager at Development Technology Consultants Co., Ltd. Partner at Kun Zhong Investment Consultants Co., Ltd. Business Manager at Quanta Computer Inc. (Compal Group).					
Director	USA	Xu Mingquan	Male 61~ 70 years old	2022.6.1 4	3 Ye ars	2022.6.14	-	-	-	-	-	-	-	-	Bachelor's degree in Telecommunicati on Engineering from National Chiao Tung University. Master's degree in Electrical Engineering from North	-	-	-	-	

Title	Nationality or Place of Incorporation	Name	Gender Age	Appointment Date	Term of office	Date of Initial Elected Date	Shares held at the time of appointment		Current shareholding		Current Shares Held by Spouses and Minor Children		Shares Held in the Name of Other Persons		Primary education background	Currently Serving Posts in the Company and Other Companies	Spouse or Second Degree of Kinship as Heads of Departments, Directors, or Supervisors			Remarks
							Shares	Shareholding Percentage	Shares	Shareholding Percentage	Shares	Shareholding Ratio	Shares	Shareholding Percentage			Title	Name	Relationship	
															Carolina State University. Director at Yun Ding Capital Management Consulting Co., Ltd. General Manager/Partner/Founder at Xinyang Management Consulting Co., Ltd.					
Independent Director	Taiwan R.O.C.	Huang Zhipeng	Male 71~80 years old	2022.6.14	3 years	2019.8.12	-	-	-	-	-	-	-	-	Master of Business Administration (MBA) from Georgetown University Representative/Ambassador at the Vietnam Representative Office Director-General of the Bureau of International	Independent Director at Kingpak Electronics Industry Co., Ltd. Independent Director at Mailiao Power Corporation Advisor to the General Association of Chinese Industrialists, Republic of China (Taiwan) Advisor to the Chinese National Federation of Industries, Republic of China (Taiwan) Advisor to the Republic of China (Taiwan) Central and Eastern Europe & Independent States Economic and Trade Association	-	-	-	

Title	Nationality or Place of Incorporation	Name	Gender Age	Appointment Date	Term of office	Date of Initial Elected Date	Shares held at the time of appointment		Current shareholding		Current Shares Held by Spouses and Minor Children		Shares Held in the Name of Other Persons		Primary education background	Currently Serving Posts in the Company and Other Companies	Spouse or Second Degree of Kinship as Heads of Departments, Directors, or Supervisors			Remarks
							Shares	Shareholding Percentage	Shares	Shareholding Percentage	Shares	Shareholding Ratio	Shares	Shareholding Percentage			Title	Name	Relationship	
															Trade, Ministry of Economic Affairs	Advisor to the Taiwan-Africa Economic and Trade Association Consultant at Taipei Importers and Exporters Association				
Independent Director	Taiwan R.O.C.	He Junhui	Male 61~70 years old	2022.6.14	3 years	2019.8.12	-	-	-	-	-	-	-	-	Ph.D. in Economics from the University of Pittsburgh, USA Director and General Manager at China Development Capital Co., Ltd. Director at China Development Industrial Bank Chairman of Genomics Biotech Director at Jingle Technology Co., Ltd.	Independent Director at Ta Ya Electric Wire & Cable Co., Ltd. Managing Partner at China Development Ventures (II) Biomedical Startup Investment Limited Partnership Head of Greater Health Business Group at China Development Capital Co., Ltd. Chairman of China Development Biomedical Startup Investment Co., Ltd. Senior Vice President of the Chairman's Office at China Development Capital Management Co., Ltd. Director at Ying Zheng Yu Shun Electronics Co., Ltd. Director at Chen Ying International Development Co., Ltd. Chairman at Huasheng Asset Management Consulting Co., Ltd.	-	-	-	

Title	Nationality or Place of Incorporation	Name	Gender Age	Appointment Date	Term of office	Date of Initial Elected Date	Shares held at the time of appointment		Current shareholding		Current Shares Held by Spouses and Minor Children		Shares Held in the Name of Other Persons		Primary education background	Currently Serving Posts in the Company and Other Companies	Spouse or Second Degree of Kinship as Heads of Departments, Directors, or Supervisors			Remarks
							Shares	Shareholding Percentage	Shares	Shareholding Percentage	Shares	Shareholding Ratio	Shares	Shareholding Percentage			Title	Name	Relationship	
Independent Director	Taiwan R.O.C.	Cheng Kai	Male 61~70 years old	2022.6.14	3 years	2019.8.12	-	-	-	-	-	-	-	-	Masters in Accounting from Long Island University, USA	-	-	-	-	

Title	Nationality or Place of Incorporation	Name	Gender Age	Appointment Date	Term of office	Date of Initial Elected Date	Shares held at the time of appointment		Current shareholding		Current Shares Held by Spouses and Minor Children		Shares Held in the Name of Other Persons		Primary education background	Currently Serving Posts in the Company and Other Companies	Spouse or Second Degree of Kinship as Heads of Departments, Directors, or Supervisors			Remarks
							Shares	Shareholding Percentage	Shares	Shareholding Percentage	Shares	Shareholding Ratio	Shares	Shareholding Percentage			Title	Name	Relationship	
Independent Director	Taiwan R.O.C.	Chen Jianhong	Male 51~60 years old	2022.6.14	3	2022.6.14	-	-	-	-	-	-	-	-	Certified Public Accountant (CPA) in the state of New York, USA	Chen Jian-Hong Law Firm, Managing Partner Independent Director at Ability Enterprise Co., Ltd.				

Note 1: It is noted that Ampacs Corporation shares are held by "Changan Investment Co., Ltd." and "Long'an Investment Co., Ltd.," which are wholly owned by GAINWIDE GLOBAL LTD., an overseas company owned by Huang Chang Ching.

Note 2: The Chairman and General Manager of the company are the same individual, aiming to enhance operational efficiency and decision-making execution. Furthermore, a comprehensive director election was conducted in advance during the shareholders' meeting on June 14, 2022, where ten directors were appointed (including four independent directors), with more than half of the directors not concurrently serving as employees.

2. Regarding the major shareholders who are legal entities: The directors of the company do not represent any legal entity shareholders, so it is not applicable.
3. Regarding the major shareholders who are legal entities and their ultimate shareholders: Not applicable.
4. Disclosure of director qualifications and independence of independent directors

April 18, 2023

Name \ Conditions	Professional Qualifications and Experience	Independence status	Number of other public corporations in which the person concurrently serves as an independent director.
Huang Chang Ching (Director)	Please refer to the "2.1 Director Information" section (pages 11) of this year's annual report for the professional qualifications and experience of the directors. All directors have no circumstances specified in Article 30 of the Company Act (Note 1).	Non-independent director	-
Xu Mingren (Director)			1
Lin Yufeng (Director)			-
Frederick Romano (Director)			-
Chen Jinfu (Director)			-
Xu Mingquan (Director)			-
Huang Zhipeng (Independent Director)		All independent directors comply with the relevant provisions of the "Regulations Governing the Establishment and Compliance of Independent Directors in Public Companies" (Note 2).	1
He Junhui (Independent Director)			1
Cheng Kai (Independent Director)			-
Chen Jianhong (Independent Director)			1

Note 1: Individuals who fall under any of the following circumstances may not serve as executives, and those who are already in such positions shall be dismissed:

1. Having been convicted of offenses specified in the Organized Crime Prevention Act, with a final guilty verdict that has not been executed, is still in the process of execution, or has been executed and completed, but within five years since the end of probation or amnesty.
2. Having been convicted of fraud, breach of trust, or embezzlement and sentenced to

- imprisonment for more than one year, with a final guilty verdict that has not been executed, is still in the process of execution, or has been executed and completed, but within two years since the end of probation or amnesty.
3. Having been convicted of offenses under the Anti-Corruption Act, with a final guilty verdict, that has not been executed, is still in the process of execution, or has been executed and completed, but within two years since the end of probation or amnesty.
 4. Having been declared bankrupt or subjected to court-ordered liquidation, without having been reinstated.
 5. Having been denied transactions involving negotiable instruments, and the period of denial has not expired.
 6. Lacking legal capacity or having restricted legal capacity.
 7. Having been declared legally incompetent, and the declaration has not been revoked.

Note 2:

1. Not being a government agency, juristic person, or their representative as defined in Article 27 of the Company Act.
2. Serving as an independent director in no more than three other publicly traded companies.
3. Having none of the following circumstances during the two years prior to appointment and during the term of office:
 - (1) Being an employee of the company or its affiliated enterprises.
 - (2) Being a director or supervisor of the company or its affiliated enterprises.
 - (3) The individual, their spouse, minor children, or any natural person shareholder who holds 1% or more of the total issued shares of the company or is among the top ten shareholders, using their own name or another person's name.
 - (4) The manager listed in (1), or the spouse or blood relative within the second degree or lineal relative within the third degree of the individuals listed in (2) and (3).
 - (5) Being a director, supervisor, or employee of a juristic person shareholder who directly holds 5% or more of the total issued shares of the company, is among the top five shareholders, or is appointed as a representative by Article 27 of the Company Act.
 - (6) The directors, supervisors, or employees of other companies who control more than half of the company's director seats or voting rights.
 - (7) Being a director (trustee), supervisor (auditor), or employee of another company or organization, including the spouse, who holds the position of chairman or general manager or equivalent position in the company.
 - (8) Being a director (trustee), supervisor (auditor), manager, or shareholder with a stake of 5% or more in a specific company or organization that has financial or business transactions with the company.
 - (9) Being a professional, sole proprietor, partner, director (trustee), supervisor (auditor), manager, or spouse thereof, providing business, legal, financial, accounting, or related services to the company or its affiliated enterprises, with a cumulative remuneration exceeding NT\$500,000 in the past two years. However, this does not apply to members of the company's remuneration committee.

5. Board Diversity and Independence:

(1) Board Diversity

According to the "Corporate Governance Best Practice Principles" of the company, the composition of the board of directors should consider diversity and develop appropriate diversity policies based on its own operations, business model, and development needs. The standards may include, but are not limited to, the following two major aspects:

1. Basic criteria and values: Gender, age, nationality, and culture, among others.
2. Professional knowledge and skills: Operational judgment ability, accounting and financial analysis ability, management ability, crisis management ability, industry knowledge, international market perspective, leadership ability, and decision-making ability. °

The current board of directors of the company consists of ten members. The specific management objectives and achievements of the board's diversity policy are as follows:

Management Objectives:	Achievement Status:
The board shall consist of at least one female director.	Achieved
The tenure of independent directors shall not exceed three terms.	Achieved
Maintain a diverse range of professional knowledge and skills	Achieved

Implementation of board diversity policy is as follows:

Core of Diversity Name		Basic Composition						Professional Knowledge and Skills								
		Nationality	Gender	Employee Status	Age			Years of tenure for independent directors (less than 6 years)	The ability to make judgments about operations	Accounting and financial analysis capability	Legal expertise	Management capability	Leadership decision-making ability	Crisis management capability	Industry Knowledge	International market insight
					51 ~ 60 years old.	61 ~ 70 years old.	71 ~ 80 years old.									
Director	Huang Chang Ching	Republic of China.	Male	✓		✓			✓	✓		✓	✓	✓	✓	✓
	Xu Mingren		Male	✓		✓			✓			✓	✓	✓	✓	✓
	Lin Yufeng		Female	✓	✓				✓			✓	✓	✓	✓	✓
	Frederick Romano	USA	Male				✓		✓			✓	✓	✓	✓	✓

	Hsu Ming Chuan	US A	Male			✓			✓			✓	✓	✓	✓	✓
	Chen Jin Fu		Male			✓			✓			✓	✓	✓	✓	✓
Independent Director	Huang Zhi Peng	Republic of China.	Male			✓	✓		✓			✓	✓	✓	✓	✓
	Ho Chun Hui		Male			✓	✓		✓			✓	✓	✓	✓	✓
	Cheng Kai		Male			✓	✓		✓	✓		✓	✓	✓	✓	✓
	Chen Jian Hong		Male		✓			✓	✓		✓	✓	✓	✓	✓	✓

(2) Board Independence

The current Board of Directors of the company consists of 10 members, including 4 independent directors and 3 directors who are employees (representing 33.33% and 44.44% of the total board members, respectively). As of the end of the 2022nd year, the independent directors all meet the requirements set forth by the Financial Supervisory Commission's Securities and Futures Bureau regarding independent directors. There are no circumstances falling under Article 26-3, paragraphs 3 and 4 of the Securities Exchange Act among the directors and independent directors, ensuring the board's independence (please refer to the "Board Qualifications and Independence Disclosure" section in this annual report). The directors possess diverse educational backgrounds, gender representation, and work experiences (please refer to the "Director Profiles" section in this annual report).

(2) General Manager, Deputy General Managers, Division Managers, Department Heads, and Branch Managers Information:

April 18, 2023; Unit: Shares; %

Job Title	Nationality	Name	Gender	Date of appointment	Holding of Shares		Shares Held by Spouses and Minor Children		Shares Held in the Name of Other Persons		Main education and work experience	Currently Serving PoManagers	Managers with spouse or second-degree relatives within the company			Remarks
					Shares	Shareholding Percentage	Shares	Shareholding Percentage	Shares	Shareholding Percentage			Title	Name	Relationship	
General Manager	Republic of China	Huang Chang Ching	Male	2017.05.15	27,671,900	18.45	3,889,575	2.59	23,588,873	15.73	Department of Chemical Engineering, National Tsing Hua University High Performance Engineering Plastics Research Laboratory, Industrial Technology Research Institute	Chairman of Ampacs International Company Limited Director of Tech. Pioneer, Ltd. Director of Richmake International Limited Director of Huilian Investment Development Co., Ltd. Director of Sunlight Ocean Holding Limited Director of FORTUNE CHANNEL UNIVERSAL LIMITED Director of Chang An Investment Co., Ltd. Director of Long An Investment Co., Ltd. Director of GAINWIDE GLOBAL LTD. Legal Representative of Jiaxin Technology	-	-	-	Note 2

Job Title	Nationality	Name	Gender	Date of appointment	Holding of Shares		Shares Held by Spouses and Minor Children		Shares Held in the Name of Other Persons		Main education and work experience	Currently Serving Positions	Managers with spouse or second-degree relatives within the company			Remarks
					Shares	Shareholding Percentage	Shares	Shareholding Percentage	Shares	Shareholding Percentage			Title	Name	Relationship	
												Co., Ltd. Independent Director of Haomen Technology Co., Ltd. Director of Sino-US Wantai Technology Co., Ltd. Director of Yu Hui Knowledge Technology Co., Ltd. (Representing Bridgewell Information Corp., a company registered in the Cayman Islands) Director of Hong Jiada Mechanical and Electrical Co., Ltd. (Representing Hong Jiada Investment Co., Ltd.) Director of Erjiao Development Co., Ltd. Director of Shanyi Electronics Co., Ltd. Director of Galaxy Interactive Network Co., Ltd. (Representing Guangan				

Job Title	Nationality	Name	Gender	Date of appointment	Holding of Shares		Shares Held by Spouses and Minor Children		Shares Held in the Name of Other Persons		Main education and work experience	Currently Serving PoManagers	Managers with spouse or second-degree relatives within the company			Remarks
					Shares	Shareholding Percentage	Shares	Shareholding Percentage	Shares	Shareholding Percentage			Title	Name	Relationship	
												Investment Co., Ltd.) Director of Elf Interactive Network Co., Ltd. (Representing Galaxy Interactive Network Co., Ltd.) Legal Representative of Jiaxin Technology Co., Ltd.				
Chief Technical Officer	Republic of China	Xu Mingren	Male	2020.7.30	244,050	0.16	96,158	0.06	-	-	Department of Electronic Engineering, Chung Yuan Christian University Graduate Institute of Business Administration, National Taipei University Software Engineer at Acer Inc.	Chairman of Ampacs International Company Limited Director of Tech. Pioneer, Ltd. Director of Richmake International Limited Director of Huilian Investment Development Co., Ltd. Director of Sunlight Ocean Holding Limited Director of FORTUNE CHANNEL UNIVERSAL LIMITED Director of Chang An	-	-	-	-

Job Title	Nationality	Name	Gender	Date of appointment	Holding of Shares		Shares Held by Spouses and Minor Children		Shares Held in the Name of Other Persons		Main education and work experience	Currently Serving PoManagers	Managers with spouse or second-degree relatives within the company			Remarks
					Shares	Shareholding Percentage	Shares	Shareholding Percentage	Shares	Shareholding Percentage			Title	Name	Relationship	
											Vice Chairman of Elite Computer Co., Ltd. Chairman of Taipei Computer Association Chairman of Taiwan IoT Association	Investment Co., Ltd. Director of Long An Investment Co., Ltd. Director of GAINWIDE GLOBAL LTD. Legal Representative of Jiaxin Technology Co., Ltd. Independent Director of Haomen Technology Co., Ltd. Director of Sino-US Wantai Technology Co., Ltd. Director of Yu Hui Knowledge Technology Co., Ltd. (Representing Bridgewell Information Corp., a company registered in the Cayman Islands) Director of Hong Jiada Mechanical and Electrical Co., Ltd. (Representing Hong Jiada Investment Co., Ltd.) Director of Erjiao				

Job Title	Nationality	Name	Gender	Date of appointment	Holding of Shares		Shares Held by Spouses and Minor Children		Shares Held in the Name of Other Persons		Main education and work experience	Currently Serving Positions	Managers with spouse or second-degree relatives within the company			Remarks
					Shares	Shareholding Percentage	Shares	Shareholding Percentage	Shares	Shareholding Percentage			Title	Name	Relationship	
												Development Co., Ltd. Director of Shanyi Electronics Co., Ltd. Director of Galaxy Interactive Network Co., Ltd. (Representing Guangnan Investment Co., Ltd.) Director of Elf Interactive Network Co., Ltd. (Representing Galaxy Interactive Network Co., Ltd.) Legal Representative of Jiaxin Technology Co., Ltd.				
Vice General Manager	Republic of China	Lin Yufeng	Female	2016.12.01	1,669,449	1.11	-	-	-	-	Master of Science (Computer Science), University of Alabama at Birmingham General Manager of Advanced Electronics Division, Tatung	None	-	-	-	-

Job Title	Nationality	Name	Gender	Date of appointment	Holding of Shares		Shares Held by Spouses and Minor Children		Shares Held in the Name of Other Persons		Main education and work experience	Currently Serving PoManagers	Managers with spouse or second-degree relatives within the company			Remarks
					Shares	Shareholding Percentage	Shares	Shareholding Percentage	Shares	Shareholding Percentage			Title	Name	Relationship	
											Company Limited Software Development Engineer at ChoiceCare Long Island					
Deputy Manager of Department of Finance and Accounting	Republic of China	Lin Renjie	Male	2017.06.07	404,580	0.27	88,656	0.06	-	-	Bachelor's Degree in Accounting from National Chung Hsing University Accounting Specialist at Taiwan Polymer Corporation Limited	Supervisor of Ability Technology Co.,Ltd	-	-	-	-

Note 1: Through the overseas company GAINWIDE GLOBAL LTD., wholly owned by Huang Chang Ching, "Chang An Investment Limited" and "Long An Investment Limited" hold Ampacs Corporation shares as separate 100% reinvestments. Note 2: The Chairman and General Manager of the Company are the same person. In order to enhance operational efficiency and decision-making execution, the Company conducted a

comprehensive election of directors in advance at the shareholders' meeting held on June 14, 2022. Ten directors (including four independent directors) have been appointed, and the majority of the directors do not concurrently serve as employees.

3. Remuneration of Directors, General Manager, and Deputy General Managers in the most recent fiscal year.

1. Remuneration of Directors (including Independent Directors) in the most recent fiscal year

As of December 31, 2022; Unit: NT\$ (thousand dollars)

Title	Name	Remuneration of Directors								Proportion of A, B, C, and D to After-Tax Net Income	Remuneration Paid to Part-Time Employees								The total amount and proportion of A, B, C, D, E, F, and G, as well as their respective percentages of net income after tax.		Remuneration received from investments outside of subsidiaries or parent companies	
		Remuneration (A)		Pensions (B)		Director Compensation (C)		Business Allowances (D)			Salary, Bonus and Special Expenses (E)		Pensions (B) (F)		Employee compensation (G)							
		The company itself,	All companies in the financial report	The company itself,	All companies in the financial report	The company itself,	All companies in the financial report	The company itself,	All companies in the financial report		The company itself,	All companies in the financial report	The company itself,	All companies in the financial report	Cash amount	Stock Amount	Cash amount	Stock Amount	The company itself,	All companies in the financial report		
Chairman	Huang Chang Ching	600	600	—	—	109	109	—	—	709 0.97%	709 0.97%	1,859	1,859	—	—	—	—	—	—	2,568 3.50%	2,568 3.50%	—
Vice Chairman	Xu Mingren	600	600	—	—	109	109	—	—	709 0.97%	709 0.97%	3,721	3,721	108	108	105	105	—	—	4,643 6.33%	4,643 6.33%	—
Director	Lin Yufeng	600	600	—	—	109	109	—	—	709 0.97%	709 0.97%	4,891	4,891	108	108	105	105	—	—	5,813 7.93%	5,813 7.93%	—
Director	Frederick Romano(Note 1)	600	600	—	—	109	109	—	—	709 0.97%	709 0.97%	5,640	5,640	—	—	—	—	—	—	6,349 8.66%	6,349 8.66%	—
Director	Liu Zhaotang	323	323	—	—	109	109	—	—	323 0.44%	323 0.44%	—	—	—	—	—	—	—	—	323 0.44%	323 0.44%	—
Director	Xu Mingquan	277	277			109	109			386 0.53%	386 0.53%	-	-	-	-	-	-	-	-	386 0.53%	386 0.53%	

Director	Chen Jinfu	600	600	–	–	109	109	–	–	709 0.97%	709 0.97%	–	–	–	–	–	–	–	–	709 0.97%	709 0.97%	–
Independent Director	Huang Zhipeng	600	600	–	–	109	109	–	–	709 0.97%	709 0.97%	–	–	–	–	–	–	–	–	709 0.97%	709 0.97%	–
Independent Director	He Junhui	600	600	–	–	109	109	–	–	709 0.97%	709 0.97%	–	–	–	–	–	–	–	–	709 0.97%	709 0.97%	–
Independent Director	Cheng Kai	600	600	–	–	109	109	–	–	709 0.97%	709 0.97%	–	–	–	–	–	–	–	–	709 0.97%	709 0.97%	–
Independent Director	Chen Jianhong	277	277			109	109			386 0.53%	386 0.53%	–	–	–	–	–	–	–	–	386 0.53%	386 0.53%	

Note 1: Frederick Romano's tenure as Chief Strategy Officer of the Company will expire and he will be dismissed on December 31, 2022.

Note 2: Director Liu Zhao Tang stepped down at the shareholders' meeting held on June 14, 2022, where a comprehensive election of directors took place.

Note 3: Director Xu Mingquan was appointed at the shareholders' meeting held on June 14, 2022, where a comprehensive election of directors took place.

Note 4: Independent Director Chen Jianhong was appointed at the shareholders' meeting held on June 14, 2022, where a comprehensive election of directors took place.

Note 4: Please specify the policy, system, standards, and structure for the payment of remuneration to independent directors, and describe the relationship between their responsibilities, risks, time commitment, and the amount of remuneration: The independent directors of the Company also serve on the Audit and Remuneration Committees. In addition to the annual fixed remuneration, they are provided with appropriate remuneration based on their level of involvement and contribution to the Company's operations, taking into account the Company's financial performance.

Note 5: Apart from the disclosure in the above table, the remuneration received by the directors of the Company for providing services to all companies in the financial statements (such as acting as consultants for the parent company/other companies in the financial statements/

non-employee consultants for invested enterprises): None.

2. Remuneration of Supervisors: Not applicable.

3. Remuneration of General Manager and Deputy General Manager: [Please provide the relevant information for translation.]

Fiscal Year 2022: Unit: NT\$ (thousand dollars)

Title	Name	Salary (A)		Pensions (B)		Bonus and special allowances (C)		Employee Compensation Amount (D)				Percentage of Total Net Profit After Tax of A, B, C, and D (%)		Remuneration received from investments outside of subsidiaries or parent companies
		The company itself,	All companies in the financial report	The company itself,	All companies in the financial report	The company itself,	All companies in the financial report	The company itself,		All companies in the financial report		The company itself,	All companies in the financial report	
								Cash Amount	Stocks Amount	Cash Amount	Stocks Amount			
General Manager	Huang Chang Ching	1,771	1,771	—	—	88	88	—	—	—	—	1,859 2.54%	1,859 2.54%	—
Vice General Manager	Lin Yufeng	3,771	3,771	108	108	1,120	1,120	105	105	—	—	5,104 6.96%	5,104 6.96%	—

4. Managerial personnel responsible for the allocation of employee remuneration

Year 2022: Unit: New Taiwan Dollars (thousand)

Executives	Position	Name	Stock Amount	Cash Amount	Total	Total Percentage of Total Amount to After-Tax Net Profit (%)
	General Manager	Huang Chang Ching	-	343	343	0.47
	Deputy General Manager	Lin Yu Feng				
	Chief	Xu Min Gren				

	Technical Officer					
	Assistant Manager of Finance and Accounting Department	Lin Ren Jie				

Note: The calculation of employee remuneration is based on the amount approved by the board of directors on March 22, 2023, in accordance with our company's records for the year 2023.

5. Comparative analysis of the total remuneration paid to directors, supervisors, general manager, and deputy general manager of the Company and its consolidated subsidiaries in the past two years as a percentage of the net income after tax in the individual financial statements. Please explain the remuneration policy, standards, and composition, the process for determining remuneration, and the relationship with operational performance and future risks.

(1) Analysis of the proportion in the past two years:

Unit: NT\$ thousands

Title	Percentage of total remuneration to net profit after tax (%)			
	Year 2022		Year 2021	
	The company itself,	All companies in the consolidated financial statements	The company itself,	All companies in the consolidated financial statements
Director	31.80	31.80	(42.05)	(42.05)
General Manager and Deputy General Manager	9.50	9.50	(16.84)	(17.94)

(2) Company's remuneration policy, standards, composition, process for determining remuneration, and their connection to operational performance and future risks:

A. Directors

The Company's remuneration policy for directors is established in the company bylaws and disclosed at shareholder meetings. The remuneration of directors, when performing their duties for the Company, is authorized by the Board of Directors, taking into account industry standards both domestically and internationally. In the event of profitability in the Company's annual financial statements, remuneration is distributed in accordance with the provisions of the bylaws.

B. General Manager and Deputy General Manager

The remuneration for the Company's General Manager and Deputy General Manager includes salary, bonuses, and employee benefits. The Company's remuneration policy for them is based on their educational background, experience, and reference to industry salary levels. It also considers the responsibilities and contributions in their roles within the Company and evaluates the Company's operational performance for the year. The remuneration provided is reasonable and sufficient to recognize the responsibilities and risks they undertake.

4. Operations of Corporate Governance

(1) Board of Directors operation situation

(1) The Board of Directors held 9 meetings in Fiscal Year 2022 (including 4 meetings before the election and 5 meetings after the election). The attendance of directors is as follows:

Title	Name	Number of attendance in person (B))	Number of delegated attendances	Actual Attendance Rate (%) 【 B / A 】	Remarks
Chairman	Huang Chang Ching	9	-	100%	2022.6.14 Re-election as
Vice Chairman	Xu Mingren	8	-	89%	2022.6.14 Re-election as
Director	Lin Yufeng	7	2	78%	2022.6.14 Re-election as
Director	Frederick Romano	8	1	89%	2022.6.14 Re-election as
Director	Liu Zhao Tang	1	3	25%	2022.6.14 Removed
Director	Chen Jin Fu	8	1	89%	2022.6.14 Re-election
Director	Xu Ming Quan	4	-	80%	2022.6.14 Newly
Independent Director	Huang Zhi Peng	9	-	100%	2022.6.14 Re-election
Independent Director	He Jun Hui	9	-	100%	2022.6.14 Re-election
Independent Director	Cheng Kai	9	-	100%	2022.6.14 Re-election
Independent Director	Chen Jian Hong	5	-	100%	2022.6.14 Newly

Other items that shall be recorded:

1.If any of the following circumstances occur in the operation of the board of directors, the date, term, agenda, opinions of all independent directors and the company's handling of independent directors' opinions should be described:

1. Discussed the distribution of performance bonuses for the company's managerial staff for the fiscal year 2021. Directors Huang Changqing, Xu Mingren, Lin Yufeng, and CFO Lin Renjie abstained due to conflicts of interest. The remaining directors present had no objections, and the proposal was passed.
2. Discussed the annual salary adjustment for the company's managerial staff for the year 2022. Director Lin Yufeng abstained due to a conflict of interest. The

remaining directors present had no objections, and the proposal was passed.

2. Board members who recused themselves from voting on matters related to conflicts of interest shall state their names, the content of the resolution, the reasons for recusal, and their voting participation:

(1) January 20, 2022 Board of Directors Meeting:

1. Discussed the allocation of annual performance bonuses for the management team for the fiscal year 2021. Chairman Huang Chang Ching and directors Xu Ming Ren, Lin Yu Feng, and Chief Financial Officer Lin Ren Jie abstained due to conflicts of interest. The remaining attending directors passed the resolution without objection.
2. Reviewed the annual salary adjustment proposal for the management team for the fiscal year 2022. Director Lin Yu Feng abstained due to a conflict of interest. The remaining attending directors passed the resolution without objection.

(2) April 28, 2022 Board of Directors Meeting:

Discussed the first round of performance bonus distribution for the management team for the fiscal year 2022. Directors Xu Ming Ren, Lin Yu Feng, and Chief Financial Officer Lin Ren Jie abstained due to conflicts of interest. The remaining attending directors passed the resolution without objection.

(3) September 19, 2022 Board of Directors Meeting:

Discussed the second round of performance bonus distribution for the management team for the fiscal year 2022. Directors Xu Ming Ren, Lin Yu Feng, and Chief Financial Officer Lin Ren Jie abstained due to conflicts of interest. The remaining attending directors passed the resolution without objection.

3. Listed and OTC companies should disclose information on the board's self-evaluation (or peer evaluation), including the evaluation cycle, period, scope, methodology, and evaluation content. The implementation status of the board evaluation is as follows:

Evaluation Period (Note)	Evaluation Period	Evaluation Scope	Evaluation Method	Evaluation Content
Conducted annually	2022.1.1~2022.12.31	Board of Directors, individual board members, Compensation Committee, and Audit Committee	Overall Board of Directors, individual directors, and performance evaluation of functional committees	<ol style="list-style-type: none"> 1. Overall Board of Directors: Evaluation criteria: Participation in company operations, enhancement of board decision-making quality, board composition and structure, director selection and continuous education, internal control, and five other dimensions. 2. Individual Board Members: Evaluation criteria: Understanding of company goals and missions, awareness of director responsibilities,

					<p>participation in company operations, internal relationship management and communication, director's expertise and continuous education, internal control, and six other dimensions.</p> <p>3. Functional Committees:</p> <p>1. Audit Committee: Evaluation criteria: Participation in company operations, understanding of committee responsibilities, enhancement of committee decision-making quality, committee composition and member selection, internal control, and five other dimensions.</p> <p>2. Compensation Committee: Evaluation criteria: Participation in company operations, understanding of committee responsibilities, enhancement of committee decision-making quality, committee composition and member selection, and four other dimensions.</p>
To be executed once every three years	2020.7.1~2021.6.30	Board of Directors and various functional committees	External organization assessment	The board of directors is composed of eight dimensions: composition, guidance, authorization, supervision, communication, self-discipline, internal control, and risk management.	

(1) Internal Evaluation

The company has completed an internal assessment of the performance of the Board of Directors for the 2022nd fiscal year. The evaluation results have been submitted in the second Board of Directors report for the 2023rd fiscal year.

(2) External Evaluation

The company commissioned the external organization "Chinese Corporate Governance Association" to conduct a board effectiveness assessment for the period from July 1, 2020, to June 30, 2021. The assessment was conducted by a team of

independent and experienced executive members and specialists from the association, based on the eight dimensions of evaluation. The assessment took into account the company's responses to an open-ended questionnaire, provided materials (including board meeting minutes and functional committee meeting minutes) and public information. The team also conducted face-to-face interviews with relevant members. Based on the review of data, on-site communication, and interactive observations by the assessment team, a summary evaluation and recommendations were presented for future planning, establishment, and enhancement of board functions. The overall evaluation and recommendations from the organization are as follows, and the company reported the results and improvement plan in the board meeting on November 4, 2021.

Item	Recommendations from the evaluation report	The company should implement the following measures
1	To enhance the independence and timeliness of corporate governance and whistleblowing system, the company may consider establishing a dedicated whistleblowing mailbox directly accessible to independent directors. Alternatively, a reporting-specific mailbox can be set up through system configuration, allowing simultaneous receipt by independent directors and the designated recipient.	Establish a dedicated whistleblowing mailbox directly accessible to independent directors and submit the "Whistleblowing System Implementation Guidelines" for approval at the board meeting.
2	The company may consider formulating a "Risk Management Policy" that encompasses operational risks, transaction risks, financial risks, cybersecurity risks, and other comprehensive risk management policies and measurement standards. Regular reviews of the risk management policy and its implementation should be conducted at board meetings to enable board members to timely grasp the overall dynamics of risk management and reduce operational risks.	Evaluate and propose the "Risk Management Policy" at the board meeting, and conduct regular reviews of the risk management policy and its implementation to enable board members to timely grasp the overall dynamics of company-wide risk management and reduce operational risks.
3	The company can establish written procedures and clear notification processes and	Submit the "Significant Ad Hoc Event Reporting Procedures" for approval at the board meeting, outlining clear

	timelines for promptly informing independent directors and external directors about significant ad hoc information. This ensures that all board members are fully informed of important company matters and enables them to fulfill their responsibilities effectively.	notification procedures and timelines.
4	At appropriate times, the company can document strategic and long-term performance indicators and incorporate them as individual performance assessment criteria for managers. This alignment ensures that individual managers' compensation is closely tied to the company's operational performance, future development, and shareholder interests.	Submit revisions to the "Manager Performance Evaluation Guidelines" at the board meeting, incorporating individual performance assessment criteria for managers. This ensures that individual managers' compensation is closely linked to the company's operational performance, future development, and shareholder interests.

4. The evaluation of the goals and implementation status for enhancing the board's functions in the current and recent years: The company has voluntarily established functional committees, such as the Remuneration Committee and the Audit Committee, to replace the duties of the supervisor, in order to strengthen corporate governance, enhance the independence and functionality of the board, and improve the efficiency of board operations. Therefore, the company's performance in this regard is considered satisfactory. °

(2) Audit Committee Operations:

1. Key Focus Areas

The company's Audit Committee consists of three independent directors and aims to assist the board in overseeing matters related to the proper expression of the company's financial statements, the selection (dismissal) and independence of the auditors, the effective implementation of internal controls, compliance with relevant laws and regulations, and the management of existing or potential risks.

The key areas of focus for the year 2022 are as follows:

- (1) Review of financial statements.
- (2) Assessment of the effectiveness of internal control systems.
- (3) Audit plan.
- (4) Significant funding, endorsement, or guarantee transactions.
- (5) Significant asset acquisition transactions.
- (6) Appointment of auditors.

- (7) Management procedures for endorsements and guarantees.
 (8) Revision of internal control systems.

2. Audit Committee Operations

In the 2022nd fiscal year, the Audit Committee held a total of 8 meetings (A), including 4 meetings before the re-election and 4 meetings after the re-election. The attendance of independent directors is as follows:

Job Title	Name	Actual Attendance Count (B)	Proxy Attendance Count	Actual Attendance Rate (%) 【 B / A 】	Remarks
Independent Director after re-election	Huang Zhipeng	8	-	100%	2022.6.14 Re-election as
Independent Director after re-election	Ho Chun Fai	8	-	100%	2022.6.14 Re-election as
Independent Director after re-election	Cheng Kai	8	-	100%	2022.6.14 Re-election as
Independent Director after re-election	Chen Jianhong	4	-	100%	2022.6.14 Newly appointed as

Other items that shall be recorded:

- In the event of any of the following situations related to the Audit Committee, the date, session, agenda, dissenting opinions of independent directors, significant recommendations or reservations, decision outcomes of the Audit Committee, and the company's response to the Audit Committee's opinions shall be disclosed:
 - Matters listed in Article 14-5 of the Securities Exchange Act: Please refer to Note 1.
 - Other matters that have not been approved by the Audit Committee but have been approved by more than two-thirds of the entire board of directors: Not applicable.
- The implementation status of independent directors' abstentions from interested party transactions should include the names of independent directors, agenda items, reasons for abstention due to conflicts of interest, and their participation in voting: Not

applicable.

3. Communication between independent directors and the internal audit supervisor and the accountant should include significant matters, methods, and results of communication regarding the company's finance and business conditions.
 - (a) The internal audit supervisor submits audit reports to independent directors on a monthly basis, and contact and communication are made through telephone, mail, and messages as necessary. Independent directors have no dissenting opinions regarding the execution of the audit operations in the 2022nd fiscal year.
 - (b) The internal audit supervisor attends board meetings and audit committee meetings to present audit business reports, and independent directors have no dissenting opinions regarding the reports.
 - (c) The internal audit supervisor has submitted the audit plan for the next fiscal year to the board of directors for approval before the end of the fiscal year.
 - (d) The assessment of the effectiveness of the company's internal control system and the internal control system statement have been submitted to the Audit Committee for review.
 - (e) The annual financial report of the company has been reviewed and approved by more than half of the members of the Audit Committee and submitted to the board of directors for resolution. The Audit Committee has engaged in prior discussions and communication with the external auditors regarding the audit results before conducting the financial report review.

Note 1: Matters specified in Article 14-5 of the Securities and Exchange Act

Audit Committee Date	Agenda and Resolution Results
2022.1.20 (1st term, 29th meeting)	International Ticket Financial Co., Ltd. Credit Limit Proposal
	Independent Director's Opinion: None.
	Audit Committee Resolution: After consulting all attending members, the chairman passed the proposal without objections.
	Company's Response to the Audit Committee's Opinion: Resolved and implemented according to the decision of the board of directors on January 20, 2022.
2022.3.24 (1st term, 30th meeting)	Company's Compliance with Internal Auditor Rotation
	Appointment of External Auditor and Assessment of Independence and Suitability
	Allocation of Employee Remuneration and Director Compensation for the year 2021
	Business Report and Financial Statements for the year 2021

Audit Committee Date	Agenda and Resolution Results
	<p>Approval of the Company's Internal Control System Statement for the year 2021</p> <p>Amendment of the Company's Articles of Incorporation</p> <p>Application to Huaxia Bank Longjiang Branch for Short-term Loans and Import Financing</p> <p>Application to Mega International Commercial Bank Taipei Fuxing Branch for Short-term Purchase Financing</p> <p>Credit Limit Proposal from Far East International Commercial Bank</p> <p>Credit Limit Proposal from Ampacs International Company Limited (a subsidiary of the company) to Esun Bank - Tong Nai Branch</p> <p>Credit Limit Proposal from Ampacs International Company Limited (a subsidiary of the company) to Indovina Bank Ltd. in Vietnam</p> <p>Independent Director's Opinion: None. Audit Committee Resolution: After consulting all attending members, the chairman passed the proposal without objections. Company's Response to the Audit Committee's Opinion: Resolved and implemented according to the decision of the board of directors on March 24, 2022.</p>
2022.4.28 (1st term, 31st meeting)	<p>Distribution of Earnings for the year 2021</p> <p>Cash Dividend Distribution from Capital Surplus</p> <p>Establishment of Criteria for Cash Dividend Distribution and Ex-dividend Date for Capital Surplus</p> <p>Amendment of the Company's "Corporate Governance Practices"</p> <p>Amendment of the Company's "Endorsement and Guarantee Management Regulations"</p> <p>Application to Chang Hwa Commercial Bank Taipei Branch for Short-term Loans, Operations, and Purchase Financing</p> <p>Joint Investment with Ability Enterprise Co., Ltd. for Investment in Vietnam</p> <p>Independent Director's Opinion: None. Audit Committee Resolution: After consulting all attending members, the chairman passed the proposal without objections. Company's Response to the Audit Committee's Opinion: Resolved and implemented according to the decision of the board of directors on April 28, 2022.</p>
2022.5.12 (1st term, 32nd meeting)	<p>Q1 2022 Consolidated Financial Report of the Company</p> <p>Application for Operating Working Capital Financing Limit from Esun Bank</p> <p>Standard Chartered Bank (Taiwan) Credit Limit Application</p> <p>Application for Financing Limit from Taiwan Bank Xinyonghe Branch</p> <p>Mega International Commercial Bank Commercial Promissory Note Guarantee Limit</p> <p>Independent Director's opinion: None. Audit Committee Resolution: After consulting with all attending committee members, the chairman confirmed that there were no objections, and the resolution was passed accordingly. Company's handling of the Audit Committee's opinion: Submitted for resolution at the board meeting on May 12, 2022 and carried out in accordance with the board's decision.</p>
2022.8.11	Consolidated Financial Statements for the Second Quarter of 2022.

Audit Committee Date	Agenda and Resolution Results
(2nd term, 1st meeting)	Endorsement and Guarantee by the Company for its wholly-owned subsidiary, MODERN PIONEER (KUNSHAN) CO., LTD.
	Renewal of Credit Facility with Mega International Commercial Bank Co., Ltd.
	Independent Director's opinion: None. Audit Committee resolution: After consultation with all attending members, the Chairman confirmed that there were no objections and the resolution was passed.
	Company's handling of the Audit Committee's opinion: Submitted for the Board of Directors' resolution on August 11, 2022, and will be implemented according to the Board's decision.
2022.9.19 (2nd term, 2nd meeting)	Appointment of Internal Audit Manager
	Application for Credit Facility by the Company's Subsidiary, MODERN PIONEER (KUNSHAN) CO., LTD., with Jiangsu Kunshan Rural Commercial Bank
	Independent Director's Opinion: None. Audit Committee Decision: After consulting all attending committee members, the chairman confirmed that there were no objections to the proposal, and it was passed.
	Company's Handling of the Audit Committee's Opinion: Submitted to the Board of Directors for resolution on September 19, 2023, and will be implemented in accordance with the Board's decision.
2022.11.10 (2nd term, 3rd meeting)	Financial Report for the Third Quarter of 2022
	Credit Limit Application to China Trust Commercial Bank
	Financing Credit Limit Application to Cathay United Bank
	Credit Limit Application of Subsidiary Ampacs International Company Limited to VCB Bank in Vietnam
	Independent Director's Opinion: None. Audit Committee Decision: After consulting all attending committee members, the chairman confirmed that there were no objections to the proposal, and it was passed.
	Company's Handling of the Audit Committee's Opinion: Submitted to the Board of Directors for resolution on November 10, 2022, and will be implemented in accordance with the Board's decision.
2022.12.29 (2nd term, 4th meeting)	Internal Audit Plan for the Year 2023
	Credit Limit Application to Standard Chartered Bank (Taiwan)
	Credit Limit Application to Esun Bank
	Credit Limit Application to Taipei Fubon Bank
	Credit Limit Application of Subsidiary Ampacs International Company Limited to Taipei Fubon Commercial Bank
	Amendment of "Board Meeting Rules and Procedures" of the Company
	Establishment of "Internal Significant Information Processing Procedures" of the Company
	Cash Capital Increase for Subsidiary Ampacs International Company Limited in Vietnam
	Operating Plan and Budget for the Year 2023 of the Company

Audit Committee Date	Agenda and Resolution Results
	<p>Independent Director's Opinion: None.</p> <p>Audit Committee Decision: After consulting all attending committee members, the chairman confirmed that there were no objections to the proposal, and it was passed.</p> <p>Company's Handling of the Audit Committee's Opinion: Submitted to the Board of Directors for resolution on December 29, 2022, and will be implemented in accordance with the Board's decision.</p>

(3) Operation of Corporate Governance and Differences from the Corporate Governance Best Practice Principles for Listed and OTC Companies, and Reasons for the Differences:

Evaluation Items	Implementation Status			The Reason of Departure from the Corporate Governance Best Practice Principles for TWSE & TPEX Listed Companies
	Yes	No	Summary and Explanation	
1. Does the company establish and disclose a code of practice of corporate governance in accordance with the "Corporate Governance Best Practice Principles for TWSE & TPEX Listed Companies?"	✓		The Board of Directors of our company has approved the establishment of the "Corporate Governance Best Practice Guidelines" on April 8, 2020. The guidelines have been disclosed on the Market Observation Post System (MOPS) and the company's website.	No material departure.
2. Equity Structure and Shareholders' Equity of the Company				No material departure.
(1) Has the company established internal procedures to handle shareholder suggestions, inquiries, disputes, and litigation matters, and are these procedures implemented according to the prescribed process?	✓		(1) In order to safeguard shareholders' rights, the company has a spokesperson and a deputy spokesperson. The company provides contact information and contact methods on the Public Information Observation System (PIOS) and designates dedicated personnel to handle shareholder suggestions, inquiries, and disputes.	
(2) Does the company maintain a record of the major shareholders who exercise actual control over the company and the ultimate controlling parties of major shareholders?	✓		(2) The company maintains a shareholder registry to keep track of major shareholders and the ultimate controllers of significant shareholdings, in compliance with laws and regulations. The company regularly reports and discloses information regarding major shareholders as required.	

Evaluation Items	Implementation Status			The Reason of Departure from the Corporate Governance Best Practice Principles for TWSE & TPEX Listed Companies
	Yes	No	Summary and Explanation	
(3) Has the company established and implemented risk management and firewall mechanisms with respect to its related-party transactions and relationships?	✓		(3) The company has established the "Financial Business Management Regulations for Group Enterprises, Specific Companies, and Related Parties" and the "Acquisition or Disposal of Assets Management Regulations" to clearly define the management objectives and responsibilities for personnel, assets, and finances between the company and its related enterprises. This framework enables effective risk assessment and the establishment of appropriate firewalls.	
(4) Has the company established internal regulations prohibiting insiders from trading securities based on undisclosed information in the market?	✓		(4) In order to maintain fairness in securities trading, the company has formulated the "Insider Trading Prevention Regulations" in accordance with relevant regulatory authorities. The company promotes and strictly prohibits insider trading, ensuring that internal personnel are informed about the regulations and comply with measures to prevent insider trading.	
3. Composition and Responsibilities of the Board of Directors (1) Has the Board of Directors formulated a policy on board diversity, specific management objectives, and implemented them effectively?	✓		(1) The company has established a policy on board diversity in accordance with the "Corporate Governance Best Practice Principles." The current members of the Board of Directors also possess accounting and relevant professional skills and experience in the company's business.	No material departure.

Evaluation Items	Implementation Status			The Reason of Departure from the Corporate Governance Best Practice Principles for TWSE & TPEX Listed Companies
	Yes	No	Summary and Explanation	
(2) In addition to the mandatory establishment of the Compensation Committee and Audit Committee in accordance with the law, has the company voluntarily established other types of functional committees?	✓		(2) The company has established the Audit Committee and Compensation Committee on August 21, 2019, and September 9, 2019, respectively. In the future, the establishment of other functional committees will be considered based on the company's operational development needs.	
(3) Has the company established a method for evaluating the performance of the Board of Directors, including the evaluation process, conducting annual and regular evaluations, reporting the evaluation results to the Board of Directors, and using them as a reference for individual director compensation and reappointment?	✓		(3) The company maintains regular records and tracking of directors' attendance rates and training hours each year. The performance evaluation of the Board of Directors for the year 2022 was reported to the Board on March 22, 2023, and will be used as a reference for individual director compensation and reappointment.	
(4) Does the company conduct regular assessments of the independence of the signing certified public accountants?	✓		(4) In accordance with the "Corporate Governance Best Practice Principles" of our company, the independence and suitability of the external auditors are assessed at least once a year. Based on the independent declaration letter issued by our auditors, there were no violations identified during the evaluation. The assessment was reviewed and approved by the Audit Committee and the Board of Directors on March 22, 2023.	

Evaluation Items	Implementation Status			The Reason of Departure from the Corporate Governance Best Practice Principles for TWSE & TPEX Listed Companies	
	Yes	No	Summary and Explanation		
			<div>Evaluation Items</div>	<div>Evaluation Results</div>	<div>It cannot be determined whether the company meets the independence criteria.</div>
			<div>1. The auditor does not have any direct or significant indirect financial interests with our company.</div>	<div>No</div>	<div>Yes</div>
			<div>2.The auditor does not engage in any financing or guarantee activities with our company or our directors.</div>	<div>No</div>	<div>Yes</div>
			<div>3.The auditor does not have any close business relationships or potential employment relationships with our company.</div>	<div>No</div>	<div>Yes</div>

Evaluation Items	Implementation Status					The Reason of Departure from the Corporate Governance Best Practice Principles for TWSE & TPEX Listed Companies
	Yes	No	Summary and Explanation			
			4.Neither the auditor nor any members of their audit team have served as directors, executives, or held any positions with significant influence over the audit work of our company in the current year or the past two years.	No	Yes	
			5.The auditor does not provide any non-audit services to our company that could have a direct impact on the audit work.	No	Yes	
			6.The auditor does not act as an intermediary for the issuance of our company's stocks or other securities.	No	Yes	
			7.The auditor does not serve as a legal representative or coordinate conflicts between our company and third parties.	No	Yes	

Evaluation Items	Implementation Status					The Reason of Departure from the Corporate Governance Best Practice Principles for TWSE & TPEX Listed Companies
	Yes	No	Summary and Explanation			
			8.The auditor does not have any family relationships with the directors, executives, or individuals with significant influence over audit matters in our company.	No	Yes	

Evaluation Items	Implementation Status			The Reason of Departure from the Corporate Governance Best Practice Principles for TWSE & TPEX Listed Companies
	Yes	No	Summary and Explanation	
4. Does the company have a sufficient number of qualified and appropriate corporate governance personnel, and has it appointed a corporate governance officer responsible for corporate governance-related matters (including but not limited to providing directors and supervisors with necessary information, assisting directors and supervisors in complying with laws, handling board of directors and shareholders' meeting related matters, preparing minutes of board of directors and shareholders' meetings, etc.)?	✓		<p>The board of directors of the company has approved the appointment of a corporate governance officer on April 27, 2023, to execute and promote corporate governance-related matters, in order to safeguard shareholder rights, strengthen the functions of the board of directors, respect the rights of stakeholders, and enhance information transparency.</p> <p>Responsibilities of the corporate governance officer include:</p> <ol style="list-style-type: none"> 1. Handling matters related to board of directors and shareholders' meetings in accordance with the law. 2. Preparing minutes of board of directors and shareholders' meetings. 3. Assisting directors in their appointment and ongoing education. 4. Providing necessary information to directors for the execution of their duties. 5. Assisting directors in compliance with laws and regulations. 6. Reporting to the board of directors on the examination results of the qualifications of independent directors during the nomination, appointment, and tenure. 7. Managing matters related to changes in the board of directors. 8. Other matters specified in the company's bylaws or agreements. 	No material departure.

Evaluation Items	Implementation Status			The Reason of Departure from the Corporate Governance Best Practice Principles for TWSE & TPEX Listed Companies
	Yes	No	Summary and Explanation	
5.Has the company established communication channels with stakeholders (including but not limited to shareholders, employees, customers, and suppliers), and set up a dedicated section for stakeholders on its website to address important corporate social responsibility issues raised by stakeholders?	✓		The company has appointed a spokesperson and deputy spokesperson to serve as communication channels with external parties. Company information is uploaded to the Public Information Observation System (PIOS) to provide stakeholders with sufficient information for decision-making and safeguarding their interests. The company's website has a dedicated section for stakeholders, where designated personnel respond to stakeholders' concerns and facilitate two-way communication, particularly on important corporate social responsibility issues.	No material departure.
6.Has the company appointed a professional shareholder services agency to handle shareholders' meeting matters?	✓		The company has engaged a professional share transfer agency, China Trust Bank Co., Ltd., Shareholder Services Department, to handle shareholder meetings and related matters.	No material departure.
7.Information Disclosure (1) Has the company established a website to disclose financial and corporate governance information?	✓		(1)The company has established a website at http://www.ampacscorp.com/zh-tw/ to disclose financial and corporate governance information as required by relevant departments.	No material departure.

Evaluation Items	Implementation Status			The Reason of Departure from the Corporate Governance Best Practice Principles for TWSE & TPEX Listed Companies
	Yes	No	Summary and Explanation	
(2) Does the company employ other methods of information disclosure (such as setting up an English website, designating a person responsible for collecting and disclosing company information, implementing a spokesperson system, posting the process of corporate briefings on the company's website, etc.)?	✓		(2)A dedicated unit in the company is responsible for regularly and irregularly filing various financial information with the Public Information Observation System (PIOS) and publishing significant news in accordance with relevant regulations. The company has also established and filed information about the spokesperson and corporate briefing sessions as required.	
(3) Whether the company announces and files the annual financial report within two months after the end of the fiscal year, and whether it announces and files the first, second, and third-quarter financial reports and monthly operating conditions ahead of the specified deadlines.	✓		(3)All company announcements are made in compliance with legal regulations.	

Evaluation Items	Implementation Status			The Reason of Departure from the Corporate Governance Best Practice Principles for TWSE & TPEX Listed Companies
	Yes	No	Summary and Explanation	
8.Does the company provide other important information that helps understand the operation of corporate governance (including but not limited to employee rights, employee welfare, investor relations, supplier relations, rights of stakeholders, continuing education of directors and supervisors, implementation of risk management policies and risk measurement standards, implementation of customer policies, purchase of liability insurance for directors and supervisors, etc.)?	✓		<p>(1)Employee Rights and Employee Care: The company complies with the law to provide employees with various insurances, implement a retirement pension system, and establish an Employee Welfare Committee. Regular labor-management meetings are held as a communication channel between labor and management. The maintenance of employee rights and the implementation of welfare systems are based on legal regulations.</p> <p>(2)Investor Relations: To safeguard shareholder rights and enable the public to understand the company's business performance, the company has spokespersons and proxy spokespersons responsible for corporate communications. Relevant information is disclosed on the Public Information Observation System (PIOS) as required.</p> <p>(3)Supplier Relations: The company's business strategy is based on integrity, honoring commitments to suppliers and stakeholders, and maintaining good interactive and cooperative relationships with suppliers.</p> <p>(4)Stakeholders' Rights: The company maintains good communication channels with stakeholders such as employees, customers, and suppliers, respecting and safeguarding their legitimate rights and interests.</p> <p>(5)Director Continuing Education: In order to implement corporate governance, all directors of the company, including independent directors, possess professional backgrounds, abilities, and practical management experience. All 10 directors have completed more than 6 hours of continuing education.</p> <p>(6)Implementation of Risk Management Policies and Risk Measurement Standards: The company has established an "Internal Control System" and relevant management regulations in compliance with legal requirements to prevent risks. The internal audit unit formulates audit plans based on risk assessments to assess the implementation of the internal control system.</p>	No material departure.

Evaluation Items	Implementation Status			The Reason of Departure from the Corporate Governance Best Practice Principles for TWSE & TPEX Listed Companies
	Yes	No	Summary and Explanation	
			<p>(7)Implementation of Customer Policies: The company's cooperation with customers is conducted in accordance with company regulations and contracts signed by both parties to safeguard mutual interests. A dedicated person is responsible for communicating with customers and handling related issues.</p> <p>(8)Company's Purchase of Directors' Liability Insurance: The company has purchased Directors and Officers (D&O) liability insurance to enhance the protection of shareholder rights.</p>	
9. Regarding the recent annual release of the Corporate Governance Evaluation results by the Corporate Governance Center of the Taiwan Stock Exchange Limited, the following is an explanation of the improvements made and the priority measures to enhance areas that have not yet been improved (if not evaluated, no need to fill in):	✓		Detailed Note 1 on Improved Areas and Priorities for Strengthening in the 9th Corporate Governance Evaluation Index	No material departure.

Evaluation Items	Implementation Status			The Reason of Departure from the Corporate Governance Best Practice Principles for TWSE & TPEX Listed Companies
	Yes	No	Summary and Explanation	
Note 1: Improvements and Priority Areas for the 9th Corporate Governance Evaluation Indicators				
Item	Evaluation Indicator	Indicator/Improvement Status		
Improvement Areas	1.15	The company has established and disclosed on its website internal regulations prohibiting directors or employees, among others, from trading securities with undisclosed material information in the market, including (but not limited to) a restriction on directors from trading their own stocks during the thirty-day period prior to the announcement of annual financial reports and the fifteen-day period prior to the announcement of quarterly financial reports. Can you provide an explanation of the implementation status? Improvement: Directors and relevant personnel have been notified in accordance with the regulations that they are prohibited from trading their stocks during the thirty-day period prior to the announcement of annual financial reports and the fifteen-day period prior to the announcement of quarterly financial reports.		
Priority Areas for Strengthening		Based on the results of the corporate governance assessment, the company continues to optimize and improve the unscored items.		

(4) Composition, Responsibilities, and Operations of the Compensation Committee:

1. Information on the Members of the Compensation Committee

Identity	Conditions Name	Professional Qualifications and Experience	Independence status	Number of members who are also members of the compensation committee of other public corporations.
Independent Director after re-election (Convener)	Ho Chun Fai	Please refer to the table "Director Professional Qualifications and Independent Director Independence Disclosure" on pages 21.		1
Independent Director	Huang Chih Peng			1
Independent Director	Cheng Kai			None
Independent Director	Chen Chien Hung			1

2. Operation of the Remuneration Committee

- (1) The Remuneration Committee of the company was established on September 9, 2019, with a total of 4 members.
- (2) Second-term committee tenure: August 11, 2022, to June 13, 2025. The Remuneration Committee held 3 meetings during the 2022 fiscal year (A), and the qualifications and attendance of the committee members are as follows:

Title	Name	Actual Attendance Count (B)	Delegate Attendance Count	Actual Attendance Rate (%) (B/A) (Note)	Remarks
Convener	Ho Chun Fai	3	-	100%	On August 11, 2022, the committee member was reappointed for
another term.	Huang Chih Peng	3	-	100%	On August 11, 2022, the committee member was reappointed for
another term.	Cheng Kai	3	-	100%	On August 11, 2022, the committee member was reappointed for
another term.	Chen Chien Hung	1		100%	On August 11, 2022, a new committee member was appointed.

Other items that shall be recorded:

1. If the Board of Directors does not adopt or amend the recommendations of the Remuneration Committee, the date, session, agenda, resolution of the Board of Directors, and the company's handling of the opinions of the Remuneration Committee should be clearly stated (e.g., if the remuneration approved by the Board of Directors is better than the recommendation of the Remuneration Committee, the differences and reasons should be stated): None.
2. In the decision-making matters of the Remuneration Committee, if there are dissenting or reserved opinions among the members with recorded or written statements, the date, session, agenda, opinions of all members, and the handling of those opinions should be clearly stated: None.
3. Discussion topics, resolution results, and the company's handling of members' opinions in the Remuneration Committee:

Period/Date	Agenda	Resolution Result and Members' Opinions
1st session, 12th meeting Date: 2022-01-20	<ol style="list-style-type: none"> 1. Discussion on the allocation of year-end performance bonuses for the company's management team in the 2021st fiscal year. 2. Discussion on the annual salary adjustment for the company's management team in the 2022nd fiscal year. 	<p>Remuneration Committee: The proposal was unanimously approved by all attending committee members and submitted for resolution by the Board of Directors.</p> <p>Board of Directors: After the chairman consulted with all attending directors, the proposal was unanimously approved by the Board.</p>
1st session, 13th meeting Date: 2022-04-28	Discussion on the first allocation of performance bonuses for the company's management team in the 2022nd fiscal year.	<p>Remuneration Committee: The proposal was unanimously approved by all attending committee members and submitted for resolution by the Board of Directors.</p> <p>Board of Directors: After the chairman consulted with all attending directors, the proposal was unanimously approved by the Board.</p>
2nd session, 1st meeting Date: 2022-09-19	<ol style="list-style-type: none"> 1. Discussion on the remuneration and benefits for the newly appointed directors (including independent directors), members of the audit committee, and members of the remuneration committee for the 2022nd fiscal year. 2. Discussion on the second allocation of performance bonuses for the company's 	<p>Remuneration Committee: The proposal was unanimously approved by all attending committee members and submitted for resolution by the Board of Directors.</p> <p>Board of Directors: After the chairman consulted with all attending directors, the proposal was unanimously approved by the Board.</p>

		management team in the 2022nd fiscal year.		
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(5) Implementation of Sustainable Development and Differences with the Practice Guidelines of Listed and OTC Companies and the Reasons:

Evaluation Items	Implementation Status			The differences and reasons for our company's deviation from the sustainability practices guidelines for listed and OTC companies are as follows:
	Yes	No	Summary and Explanation	
1. Has the company established a governance framework to promote sustainable development and set up a dedicated unit responsible for promoting sustainable development, authorized by the board of directors and supervised by the board?		✓	1. Although our company has not yet established a dedicated position for promoting corporate social responsibility, we are currently committed to the implementation of corporate social responsibility. In the future, we will consider establishing a dedicated position for promoting corporate social responsibility and regularly report to the board of directors as needed.	In the future, the establishment of a dedicated position for promoting corporate social responsibility will be considered based on the company's development needs and regulatory requirements.
2. Has the company conducted a risk assessment on environmental, social, and corporate governance issues related to its operations, based on significant principles, and established relevant risk management policies or strategies?		✓	2. We will evaluate and establish a "Risk Management Policy" and regularly review the effectiveness of the risk management policy and implementation at board meetings. This will enable board members to promptly understand the overall dynamics of risk management within the company and mitigate overall operational risks.	Future assessments will be conducted based on the company's development needs and regulatory requirements.

Evaluation Items	Implementation Status			The differences and reasons for our company's deviation from the sustainability practices guidelines for listed and OTC companies are as follows:
	Yes	No	Summary and Explanation	
3. Environmental Issues (1) Has the company established an appropriate environmental management system based on its industry characteristics? (2) Is the company committed to improving energy efficiency and using renewable materials with low environmental impact? (3) Has the company assessed the potential risks and opportunities of climate change on its present and future operations, and implemented relevant measures in response? (4) Has the company measured its greenhouse gas emissions, water usage, and total waste weight over the past two years, and formulated policies for greenhouse gas reduction, water conservation, or other waste management?	✓ ✓ ✓	 ✓	(1) As a specialized audio product company focused on headphone research and design, we do not have manufacturing facilities and do not generate pollutants such as wastewater or environmental waste. Our company maintains a good environmental protection record. (2) Our company places importance on environmental, safety, and health considerations. We actively promote resource recycling and waste segregation, with dedicated personnel responsible for overall environmental resource planning. (3) We consistently implement energy-saving measures, promote paper reduction, advocate for electricity and water conservation, and incorporate electronic workflows in our daily operations to minimize paper waste. (4) We continuously educate our employees on energy-saving and carbon reduction concepts. We remind them to turn off unused electronic devices, set air conditioning to appropriate temperatures, effectively utilize water resources, reduce paper consumption by adopting electronic signatures, and practice proper waste segregation	No material departure.

			<p>to reduce waste and promote recycling. However, we have not calculated our greenhouse gas emissions, water usage, and total waste weight over the past two years. According to the "Sustainable Development Roadmap for Listed and OTC Companies" issued by the Financial Supervisory Commission in March 2022 (equivalent to 111th year of the Republic of China), our company should conduct a greenhouse gas inventory in the fourth stage (to be completed in 2027) and verification in the sixth stage (to be completed in 2029). We will comply with the guidelines and regulations issued by the regulatory authorities to effectively manage the completion of greenhouse gas inventory and verification disclosure.</p>	
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Evaluation Items	Implementation Status			The differences and reasons for our company's deviation from the sustainability practices guidelines for listed and OTC companies are as follows:
	Yes	No	Summary and Explanation	
<p>4. Social Issues</p> <p>(1) Has the company developed relevant management policies and procedures in accordance with applicable regulations and international human rights conventions?</p>	✓		<p>(1) The company fulfills its corporate social responsibility by respecting and supporting the Universal Declaration of Human Rights (UDHR), international labor conventions, Responsible Business Alliance (RBA) standards, International Labour Organization (ILO) conventions, and relevant local regulations. In our policies, we have established internal regulations such as work rules, employment contracts, recruitment and appointment procedures, salary management regulations, prevention plans against unlawful acts in the workplace, and written statements on preventing workplace violence. These measures clearly declare our commitment to protecting employee rights, promoting human rights awareness, ensuring respect and fair treatment for colleagues, and preventing any incidents related to child labor, forced labor, or human rights violations.</p>	<p>In addition to item (six), which will be added to the "Supplier Management Procedure" based on actual needs in the future, requiring suppliers to comply with relevant regulations in environmental protection, occupational health and safety, or labor rights issues, there are no other non-compliance issues.</p>
<p>(2) Has the company established and implemented reasonable employee welfare measures (including compensation, leave, and other benefits), and appropriately reflected business performance or results in</p>	✓		<p>(2) The company has established and implemented reasonable employee welfare measures, including compensation, leave, and other benefits.</p> <p>1. We ensure equal employment opportunities and implement the principles of internal and</p>	

employee compensation?		<p>external fairness in terms of recruitment, compensation, and promotion, without discrimination based on race, gender, age, or other factors.</p> <p>2. We have established "Salary Management Regulations" and "Performance Evaluation and Promotion Regulations" to assess reasonable salary treatment.</p> <p>3. Through regular annual performance evaluations, the results are used as the basis for promotion, bonus allocation, and rewards.</p> <p>4. The distribution of bonuses is linked to company performance, annual net profit, and employee evaluations.</p> <p>Our company values workplace diversity and equality. Female employees account for 36% of the total workforce, while female employees in managerial positions or above account for 4% of the total workforce.</p>	
(3) Does the company provide employees with a safe and healthy work environment and regularly conduct safety and health education for employees?	✓	<p>(3) Our company has established safety and health regulations, and the occupational safety personnel in the management department are responsible for ensuring a safe and healthy working environment for employees. In terms of employee health, we arrange annual health check-ups for employees and provide preferential health examination programs for their dependents. We also provide on-site health and medical services to alleviate workplace and family stress. Health education programs are conducted, followed by subsequent monitoring and follow-up.</p>	

<p>(4) Has the company established effective career development and training plans for employees?</p>	<p>✓</p>	<p>In the fire safety department, we hold disaster prevention-related courses for employees to enhance their knowledge in disaster prevention. We also implement fire safety management regulations and maintenance, conducting regular inspections and reporting annually.</p> <p>In response to the COVID-19 pandemic, we provide various types of leave, including vaccine-related leave, epidemic prevention care leave, and epidemic prevention quarantine leave. Dedicated personnel provide consultation and support, and we continuously update and announce epidemic prevention measures based on government guidelines.</p> <p>This year, we had one occupational accident among our employees. The occupational accident involved an accident during commuting or an injury during work execution. The ratio of occupational accidents to total employees is 0.74%. We provide motorcycle safety and work-related safety guidelines to employees who have experienced occupational accidents.</p> <p>(4) We value employee career development and have established an education and training management system. Newly hired employees are required to undergo at least one hour of orientation training within the first three months, which covers topics such as welfare systems, internal leave regulations, work rules, integrity policies, and ISO policy promotion. Each</p>	
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<p>(5) Regarding issues such as customer health and safety, customer privacy, marketing, and labeling of products and services, does the company comply with relevant regulations and international standards, and develop related policies and complaint procedures to protect consumer or customer rights and interests?</p>	<p>✓</p>	<p>department, in addition to developing an annual education and training plan based on company development goals, implements internal and external training. Employees can also apply for external training based on job requirements, participate in vocational training courses to enhance professional skills, and achieve their career development goals, thereby contributing to the company's operational objectives.</p> <p>(5) The manufacturing and labeling of our company's products comply with relevant regulations and international standards, and we have obtained appropriate safety certifications. Based on our commitment to professional services, we have established policies for handling customer complaints to ensure prompt resolution of any issues raised by customers.</p>	
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Evaluation Items	Implementation Status			The differences and reasons for our company's deviation from the sustainability practices guidelines for listed and OTC companies are as follows:
	Yes	No	Summary and Explanation	
(6) Has the company established a supplier management policy that requires suppliers to adhere to relevant standards on environmental protection, occupational safety and health, or labor rights, and what is the implementation status?		✓	(6) The company has established an evaluation mechanism for suppliers and outsourced manufacturers. New suppliers are required to undergo an evaluation of their capabilities based on the "Supplier Management Regulations" before transactions can be approved. Currently, the focus is primarily on quality certification systems. However, there are plans to strengthen the assessment of suppliers' adherence to environmental protection, occupational safety and health, and labor rights in the future.	
5. Does the company refer to internationally recognized reporting standards or guidelines when preparing reports on non-financial information, such as sustainability reports? Has the aforementioned report obtained assurance or certification from a third-party verification entity?		✓	The company discloses its fulfillment of social responsibilities in the annual report and provides relevant information on the company's website. However, a report specifically addressing non-financial information, such as a sustainability report, has not been compiled yet.	Future policies will be developed based on legal requirements and the actual development needs of the company.
6. If the company has established its own corporate social responsibility guidelines in accordance with the "Guidelines for Sustainable Development Practices of Listed and OTC Companies," please describe the operational and substantive differences between these guidelines: In order to fulfill corporate social responsibility and promote economic, environmental, and social progress towards sustainable development goals, the company has formulated its own corporate social responsibility guidelines in accordance with the "Guidelines for Sustainable Development Practices of Listed and OTC Companies" for compliance. The implementation of these guidelines is carried out gradually, and measures such as strengthening corporate ethics education and training and advocacy are taken to promote the operation of corporate social responsibility.				

7. Other important information that contributes to understanding the implementation of sustainable development by the company: The company complies with relevant labor laws and regulations, safeguards the legal rights and interests of employees, and provides a safe and healthy working environment for employees. Please refer to Section "5. Labor-Management Relations" in this annual report for further details.

(6) Compliance with Business Integrity and Differences from the Practice Guidelines of Listed and OTC Companies and the Reasons

Item	Operation Status			Departure from the Ethical Corporate Management Best Practice Principles for TWSE & TPEx Listed Companies, and reasons
	Yes	No	Summary and Explanation	
<p>1.Establishment of Integrity Management Policy and Program</p> <p>(1) Has the company formulated an integrity management policy that has been approved by the board of directors? Is the policy explicitly stated in the company's regulations and external documents, along with the practices related to integrity management? Are the board of directors and senior management actively committed to implementing the business policy?</p> <p>(2) Has the company established a mechanism for assessing the risks of dishonest behavior? Does it regularly analyze and evaluate business activities within its</p>	<p>✓</p> <p>✓</p>		<p>(1) The company has formulated the "Integrity Management Policy," "Code of Ethics," and "Operating Procedures and Behavioral Guidelines for Integrity Management" in accordance with the "Guidelines for Integrity Management of Listed and OTC Companies." These policies and guidelines are clearly stated on the official website, demonstrating the company's commitment to integrity management and fostering a corporate culture of integrity. They regulate that all employees must conduct business with integrity, fairness, and compliance with government laws and regulations. Members of the board of directors and senior management also uphold the principles of integrity in their business practices.</p> <p>(2) The company has established the "Integrity Management Policy" and "Operating Procedures and Behavioral Guidelines for Integrity Management" in</p>	No significant differences

scope of operations that carry a higher risk of dishonest behavior? Does the company develop preventive measures based on such assessments, covering at least the preventive measures for the behaviors specified in Article 7, Paragraph 2, of the "Guidelines for Integrity Management of Listed and OTC Companies"?			accordance with the "Guidelines for Integrity Management of Listed and OTC Companies." It has implemented preventive measures for activities with a higher risk of dishonest behavior specified in Article 7, Paragraph 2, of the guidelines, as well as other relevant business activities within its scope of operations. The company has implemented and enforced these measures, including disciplinary actions for violations and a complaint system.	
(3) Does the company clearly define operational procedures, behavioral guidelines, disciplinary measures for violations, and a complaint system in its preventive measures against dishonest behavior? Are these measures implemented and regularly reviewed and revised as necessary?	✓		(3) The company has established the "Operating Procedures and Behavioral Guidelines for Integrity Management" and "Code of Ethics," which clearly define operational procedures, behavioral guidelines, disciplinary measures for violations, and a complaint system. These measures are actively implemented and enforced.	

Item	Operation Status			Departure from the Ethical Corporate Management Best Practice Principles for TWSE & TPEx Listed Companies, and reasons
	Yes	No	Summary and Explanation	
2.Implementation of Ethical Corporate Management				No significant

Item	Operation Status			Departure from the Ethical Corporate Management Best Practice Principles for TWSE & TPEX Listed Companies, and reasons
	Yes	No	Summary and Explanation	
(1) Does the company assess the integrity records of business counterparts and include clauses on integrity behavior in contracts signed with them?	✓		(1) In accordance with the "Integrity Management Guidelines" and the "Procedures and Guidelines for Integrity Management Operations," if the company discovers any dishonest behavior from business counterparts or partners, it is required to immediately cease business dealings with them and designate them as non-cooperative parties. This is done to uphold the company's policy of integrity management.	differences
(2) Has the company established a dedicated unit under the board of directors to promote corporate integrity management? Does this unit report regularly (at least once a year) to the board of directors on the integrity management policy, preventive measures against dishonest behavior, and the supervision of their implementation?	✓		(2) The Human Resources department of the company is responsible for promoting corporate integrity management. Together with relevant departments, they are in charge of policy formulation and supervision. The company is committed to actively implementing the policy of integrity management and provides an annual report to the board of directors on the implementation status. The report for the year 2022 has been completed, and the following execution status is provided:	

Item	Operation Status			Departure from the Ethical Corporate Management Best Practice Principles for TWSE & TPEX Listed Companies, and reasons
	Yes	No	Summary and Explanation	
			<p>1. Education and training: To ensure that all employees adhere to integrity management and prevent insider trading, new employees receive education on integrity management and the prevention of insider trading on their first day of work. Regular education and training sessions are also conducted for all directors, managers, and employees to ensure compliance with relevant laws and regulations.</p> <p>2. Whistleblowing mechanism: The company has established a whistleblower mailbox to provide a channel for stakeholders to make complaints. The company's website displays the whistleblowing channel, and standardized procedures for handling whistleblowing cases have been implemented to protect the rights of whistleblowers. The company investigates reported incidents, both anonymous and identified, related to potential violations of professional ethics. Appropriate disciplinary actions</p>	

Item	Operation Status			Departure from the Ethical Corporate Management Best Practice Principles for TWSE & TPEX Listed Companies, and reasons								
	Yes	No	Summary and Explanation									
(3) Has the company developed a policy to prevent conflicts of interest, provided appropriate channels for disclosures, and effectively implemented them?	✓		<p>are taken based on the severity of the situation. In the year 2022, the company received the following valid whistleblowing cases, but no significant dishonest behavior was found:</p> <table><tr><th>Item</th><th>Year 2022</th></tr><tr><td>Independent Director's Mailbox (Audit Committee)</td><td>0 case</td></tr><tr><td>Significant Violations by Employees</td><td>0 case</td></tr><tr><td>Sexual Harassment and Workplace Misconduct Complaints</td><td>0 case</td></tr></table> <p>(3) The company has established a policy to prevent conflicts of interest and provides appropriate channels for disclosures, as stipulated in the "Integrity Management Guidelines," "Code of Ethics," and "Procedures and Guidelines for Integrity Management Operations." These policies are actively implemented and enforced.</p>	Item	Year 2022	Independent Director's Mailbox (Audit Committee)	0 case	Significant Violations by Employees	0 case	Sexual Harassment and Workplace Misconduct Complaints	0 case	
Item	Year 2022											
Independent Director's Mailbox (Audit Committee)	0 case											
Significant Violations by Employees	0 case											
Sexual Harassment and Workplace Misconduct Complaints	0 case											

Item	Operation Status			Departure from the Ethical Corporate Management Best Practice Principles for TWSE & TPEX Listed Companies, and reasons
	Yes	No	Summary and Explanation	
(4) Has the company established effective accounting systems and internal control systems to ensure integrity management? Does the internal audit unit develop relevant audit plans based on the assessment of dishonest behavior risks and use them to audit compliance with preventive measures against dishonest behavior? Alternatively, does the company engage external accountants to conduct audits?	✓		(4) In order to ensure the implementation of integrity management, the company has established effective accounting and internal control systems. These systems are regularly reviewed and amended. The internal audit unit executes audits based on the annual audit plan. Through self-assessment of operations, the company ensures the continuous effectiveness of the design and implementation of internal control systems. This serves as the basis for issuing a statement on internal control systems, which is submitted for approval by the board of directors.	
(5) Does the company regularly organize internal and external educational training programs on integrity management?	✓		(5) To ensure that all employees adhere to integrity management and prevent insider trading and other relevant regulations, the company regularly arranges education and training for all staff members. In the year 2022, a total of 138 employees received training, with a total training duration of 32 hours. The relevant guidelines and regulations are announced to all	

Item	Operation Status			Departure from the Ethical Corporate Management Best Practice Principles for TWSE & TPEX Listed Companies, and reasons
	Yes	No	Summary and Explanation	
			employees, and audio and video materials, as well as the Integrity Code, are made available on the internal employee system for reference by those who were unable to attend in person. Additionally, all 138 employees have completed the signing of the Integrity Management Policy Statement, with a signing rate of 100%. This ensures the effective management of integrity in the company.	
<p>3.The operation status of the company's whistleblowing system</p> <p>(1) Has the company established a specific whistleblowing and reward system, and established convenient channels for whistleblowing, as well as assigned appropriate personnel responsible for handling reported cases?</p>	✓		<p>(1) The company has established a whistleblower mailbox to provide a channel for stakeholders to lodge complaints. The whistleblower channel is posted on the company's official website, and the handling process for complaints has been standardized to safeguard the legal rights of whistleblowers. The company addresses both anonymous and named complaints. For any behavior that may violate professional ethics, the company will thoroughly investigate the relevant evidence and take appropriate actions based on the severity of the situation. In the</p>	No significant differences

Item	Operation Status			Departure from the Ethical Corporate Management Best Practice Principles for TWSE & TPEX Listed Companies, and reasons
	Yes	No	Summary and Explanation	
(2) Has the company established standard operating procedures for investigating reported matters, as well as subsequent measures to be taken and relevant confidentiality mechanisms after the investigation is completed?	✓		year 2022, there were no significant cases of employee misconduct or complaints related to sexual harassment or workplace misconduct. (2) The company has specified the procedures for handling whistleblower cases in the "Procedures and Guidelines for Integrity Management Operations" and has explicitly stated the need to maintain the confidentiality of the whistleblower's identity and the content of the complaint.	
(3) Does the company take measures to protect whistleblowers from undue treatment as a result of their whistleblowing?	✓		(3) The company has established guidelines in the "Procedures and Guidelines for Integrity Management Operations" to ensure that individuals involved in handling whistleblower cases provide a written declaration to commit to the confidentiality of the whistleblower's identity and the content of the complaint. This commitment is aimed at protecting whistleblowers from any improper treatment as a result of their disclosures.	

Item	Operation Status			Departure from the Ethical Corporate Management Best Practice Principles for TWSE & TPEX Listed Companies, and reasons
	Yes	No	Summary and Explanation	
<p>4.Enhancing information disclosure</p> <p>Does the company disclose the content and effectiveness of its established code of conduct for integrity on its website and the Market Observation Post System (MOPS)?</p>	✓		Our company discloses the content and implementation status of our business integrity guidelines on both the MOPS (Market Observation Post System) and our official website. We ensure regular maintenance and updates to these guidelines to reflect any changes or improvements in our business practices.	No significant differences
<p>5. If the company has established its own code of conduct for integrity in accordance with the "Code of Conduct for Listed and Over-the-Counter Companies," please describe any differences between its operation and the established code: No significant differences.</p>				
<p>6. Other important information that contributes to understanding the operation of the company's integrity management: (such as the company's review and revision of its established code of conduct)</p> <p>In the event that the company revises the "Code of Conduct for Integrity" or "Operating Procedures and Behavioral Guidelines for Integrity Management," a proposal will be submitted for discussion to the Audit Committee and the Board of Directors, and subsequently reported to the shareholders' meeting before being publicly announced and implemented.</p>				

7. If the company has established corporate governance guidelines and related regulations, please provide information on how to access them:

For information regarding the company's corporate governance-related regulations, please refer to the Market Observation Post System (MOPS).

8. Other important information that enhances understanding of the company's corporate governance operation:

To access relevant information, please visit the Market Observation Post System at <http://mops.twse.com.tw> (Code: 6743).

9. Implementation status of the internal control system

1. Internal Control Statement

Ampacs Corporation

Internal Control System Statement

Date: March 22, 112 (2023)

Based on the results of self-assessment, the internal control system of our company for the year 111 (2022) is hereby declared as follows:

1. The company acknowledges that the establishment, implementation, and maintenance of the internal control system are the responsibilities of the Board of Directors and management. The company has already established this system. Its purpose is to achieve operational effectiveness and efficiency (including profitability, performance, and asset security), reliable reporting, timeliness, transparency, and compliance with relevant regulations and laws, and to provide reasonable assurance.
2. The internal control system has inherent limitations, and regardless of its design, it can only provide reasonable assurance for the achievement of the above three objectives. Moreover, the effectiveness of the internal control system may change due to changes in the environment and circumstances. However, the company's internal control system has a self-supervision mechanism, and any deficiencies identified will be corrected promptly.
3. The company evaluates the effectiveness of the internal control system based on the criteria set forth in the "Guidelines for Establishing Internal Control Systems for Publicly Issued Companies" (hereinafter referred to as the "Guidelines"). The internal control system defined by the "Guidelines" is divided into five components: 1. Control Environment, 2. Risk Assessment, 3. Control Activities, 4. Information and Communication, and 5. Monitoring Activities. Each component includes several items. Please refer to the provisions of the "Guidelines" for the aforementioned items.
4. The company has adopted the above criteria for evaluating the design and implementation effectiveness of the internal control system.
5. Based on the evaluation results mentioned above, the company believes that its internal control system (including the supervision and management of subsidiaries) as of December 31, 111 (2022), including the design and implementation of understanding the achievement level of operational effectiveness and efficiency objectives, reliable and timely reporting, transparency, and compliance with relevant regulations and laws, is effective and can reasonably ensure the achievement of the above objectives.
6. This statement will become a major content of the company's annual report and public disclosure document and will be made available to the public. Any false or concealed information in the public disclosure may incur legal liabilities under Article 20, Article 32, Article 171, and Article 174 of the Securities Exchange Act.
7. This statement has been approved by the Board of Directors of Ampacs Corporation on March 22, 112 (2023). Out of 10 attending directors, there were no objections, and all agreed to the content of this statement.

Ampacs Corporation

Chairperson: Huang Chang Ching signature

General Manager: Huang Chang Ching signature

2. In cases where an accountant is entrusted to conduct a special review of the internal control system, disclosure of the auditor's review report is not required.

10. For the most recent fiscal year and up to the date of printing of the annual report, if the company or its internal personnel have been legally penalized and if such penalties could have a significant impact on shareholder equity or securities prices due to violations of the internal control system, the content of the penalties, major deficiencies, and improvement measures shall be disclosed: None.

11. Important resolutions of the shareholders' meeting and the board of directors during the most recent fiscal year and up to the date of printing of the annual report:

1. Important resolutions of the shareholders' meeting and their implementation.

Date	Important Resolutions	Implementation status
Shareholders' Meeting on June 14, 2022	The Company's 2021st Annual Business Report and Financial Statements Proposal.	Resolution passed.
	The Company's 2021st Annual Profit Distribution Proposal.	Resolution passed. It has been reported in the proposal that a cash dividend of NT\$0.07 per share will be distributed to shareholders; the ex-dividend date is August 9, 2022, and the cash dividend will be distributed on August 30, 2022.
	Cash Distribution from the Company's Capital Surplus Proposal.	Resolution passed. A capital surplus distribution of NT\$0.43 per share has been approved; the ex-dividend date is August 9, 2022, and it will be distributed on August 30, 2022.
	Amendment of the Company's Articles of Incorporation Proposal.	Resolution passed. The revised articles will be implemented and registered with the Ministry of Economic Affairs on July 22, 2022.
	Amendment of the "Endorsement and Guarantee Management Regulations" Proposal.	Resolution passed. The revised provisions will be implemented.

2. Important Resolutions of Board of Directors

Date	Important resolutions	The matters listed under Article 14-3 of the Securities and Exchange Act.
2022.1.20	International Ticket Finance Co., Ltd. Credit Limit Proposal.	✓

Date	Important resolutions	The matters listed under Article 14-3 of the Securities and Exchange Act.
2022.3.24	Discussion on the distribution of managerial year-end performance bonuses for the Company's 2021st fiscal year.	
	Proposal for the annual salary adjustment for managerial personnel for the Company's 2022nd fiscal year.	
	Independent Director's Opinion: None. Handling of the Company's Independent Director's Opinions: None. Resolution Result: Unanimous approval by all attending directors.	
	The Company's cooperation with internal rotation of accountants.	✓
	Appointment of signing accountants and evaluation of their independence and suitability.	✓
	Distribution of employee remuneration and director remuneration for the Company's 2021st fiscal year.	
	Proposal for the Company's 2021st Annual Business Report and Financial Statements.	✓
	Approval of the Company's 2021st Annual Internal Control System Statement.	✓
	Amendment of the Company's Articles of Incorporation.	✓
	Proposal to apply for short-term lending and import financing quota from the Longjiang Branch of South China Bank.	✓
	Proposal to apply for short-term purchase financing quota from the Taipei Fuxing Branch of Mega International Commercial Bank.	✓
	Credit limit proposal from Far East International Commercial Bank.	✓
	Proposal for Ampacs International Company Limited, a subsidiary of the Company, to apply for a credit limit from the Tungnai Branch of Esun Bank.	✓
	Proposal for Ampacs International Company Limited, a subsidiary of the Company, to apply for a credit limit from Indovina Bank Ltd. in Vietnam.	✓
	Comprehensive election of directors (including independent directors) of the Company.	
	Nomination period, number of seats to be filled, and acceptance location for nominations of directors (including independent directors).	
	Proposal for the list of director candidates (including independent directors) to be submitted for approval by the Board of Directors.	
	Resolution to lift the restriction on competition for newly appointed directors (including independent directors) of the Company.	
	Convening of the shareholders' regular meeting for the year 2022.	

Date	Important resolutions	The matters listed under Article 14-3 of the Securities and Exchange Act.
	Independent Director's Opinion: None. Handling of the Company's Independent Director's Opinions: None. Resolution Result: Unanimous approval by all attending directors.	
2022.4.28	Proposal for the distribution of earnings for the Company's 2021st fiscal year.	✓
	Proposed cash distribution from the capital surplus.	✓
	Establishment of criteria related to ex-dividend dates for cash dividends from earnings distribution and cash distribution from the capital surplus.	✓
	Amendment of the "Corporate Governance Best Practices Guidelines" of the Company.	✓
	Amendment of the "Endorsement and Guarantee Management Regulations" of the Company.	✓
	Proposal to apply for short-term lending, operating financing, and purchase financing quotas from the Taipei Branch of Chang Hwa Commercial Bank.	✓
	Proposed addition of agenda item for the shareholders' regular meeting for the year 2022.	
	Independent Director's Opinion: None. Handling of the Company's Independent Director's Opinions: None. Resolution Result: Unanimous approval by all attending directors.	
	Discussion on the distribution of first-time performance bonuses for managerial personnel for the Company's 2022nd fiscal year.	
	Independent Director's Opinion: None. Handling of the Company's Independent Director's Opinions: None. Resolution Result: After the Chairman's consultation and no objections raised by all attending directors, the proposal was approved. During the voting on this agenda, Director Hsu Ming-jen, Director Lin Yu-feng, and CFO Lin Ren-jie, who are related parties, have already left the meeting.	
	Proposal to jointly invest with Ability Enterprise Co., Ltd. in Vietnam.	✓
	Independent Director's Opinion: All attending committee members approve the joint venture agreement and request the company to submit the operational plan and financial assessment for review at the next meeting. Handling of the Company's Independent Director's Opinions: The resolution of the board meeting held on April 28, 2022 is submitted and processed according to the resolution of the board. Resolution Result: The joint venture agreement is unanimously approved by all attending directors, and the company is requested to submit the operational plan and financial assessment for review at the next meeting.	
2022.5.12	Proposal for the Company's consolidated financial report for the first quarter of the year 2022.	✓

Date	Important resolutions	The matters listed under Article 14-3 of the Securities and Exchange Act.
	Proposed application for operating revolving financing quota from Esun Bank.	✓
	Standard Chartered Bank (Taiwan) credit limit proposal.	✓
	Proposed application for financing quota from Taiwan Bank Xin Yonghe Branch.	✓
	Mega Securities Finance Co., Ltd. commercial bill guarantee limit proposal.	✓
	Independent Director's Opinion: None. Handling of the Company's Independent Director's Opinions: None. Resolution Result: Unanimous approval by all attending directors.	
2022.6.14	Election of the Chairman and Vice Chairman of the Company.	
	Independent Director's Opinion: None. Handling of the Company's Independent Director's Opinions: None. Resolution Result: After the Chairman's consultation and unanimous agreement by all attending directors, Mr. Huang Chang Ching is appointed as the Chairman, and Mr. Hsu Ming-jen is appointed as the Vice Chairman. Unanimous approval by all attending directors.	
2022.8.11	Proposal for the Company's consolidated financial report for the second quarter of the year 2022.	✓
	Independent Director's Opinion: All attending directors have no objections and it is approved as proposed. Please include management report analysis in the next report. Handling of the Company's Independent Director's Opinions: To be presented and implemented according to the resolution of the Board meeting on August 11, 2022. Resolution Result: After consultation with the Chairman, all attending directors have no objections and it is approved as proposed. Please include management report analysis in the next report.	
	The company holds a 100% stake in its subsidiary, MODERN PIONEER (KUNSHAN) CO., LTD.'s endorsement guarantee case.	✓
	Cathay United Bank, Ltd.'s credit limit renewal case.	✓
	Revision of the company's "Remuneration Committee Organizational Regulations" case.	
	Appointment of members for the second term of the Remuneration Committee case.	
	The company's plan regarding greenhouse gas inventory and verification schedule in accordance with the letter from the Stock Exchange.	
	Independent Director's Opinion: None. Handling of the Company's Independent Director's Opinions: None. Resolution Result: Unanimous approval by all attending directors.	

Date	Important resolutions	The matters listed under Article 14-3 of the Securities and Exchange Act.
2022.9.19	Appointment of the company's Audit Supervisor case.	✓
	MODERN PIONEER (KUNSHAN) CO., LTD., a subsidiary of the company, applies for a credit limit from Jiangsu Kunshan Rural Commercial Bank case.	✓
	Discussion on the remuneration for newly appointed directors (including independent directors), members of the audit committee, and the remuneration committee for the company's fiscal year 2022 case.	
	Independent Director's Opinion: None. Handling of the Company's Independent Director's Opinions: None. Resolution Result: Unanimous approval by all attending directors.	
	Discussion on the distribution of the second round of performance bonuses for the company's executives for fiscal year 2022.	
	Independent Director's opinion: None. Company's handling of the Independent Director's opinion: None. Resolution result: After consulting all attending directors without objection, the chairman passed the motion. During the voting on this resolution, director Xie Mingren, Lin Yufeng, and CFO Lin Renjie, who are related parties, had already left the meeting.	
2022.11.10	Consolidated Financial Report for the third quarter of fiscal year 2022 of the company.	✓
	China Trust Commercial Bank's credit limit case.	✓
	The company intends to apply for a financing limit from Cathay United Commercial Bank.	✓
	Ampacs International Company Limited, a subsidiary of the company, intends to apply for a credit limit from VCB Bank in Vietnam (The Vietnamese foreign trade joint-stock commercial Banks).	✓
	Independent Director's Opinion: None. Handling of the Company's Independent Director's Opinions: None. Resolution Result: Unanimous approval by all attending directors.	
2022.12.29	Internal Audit Plan for the fiscal year 2023 of the company.	✓
	Standard Chartered Bank (Taiwan) credit limit case.	✓
	Application for a credit limit from Esun Bank.	✓
	Credit limit application from Taipei Fubon Bank.	✓
	Credit limit application from Taipei Fubon Commercial Bank for Ampacs International Company Limited, a subsidiary of the company.	✓
	Revision of the "Board Meeting Rules and Management Regulations" of the company.	✓
	Establishment of the "Internal Handling Procedures for Material Non-public Information" of the company.	✓

Date	Important resolutions	The matters listed under Article 14-3 of the Securities and Exchange Act.
	Cash capital increase case for the subsidiary Ampacs International Company Limited (Vietnam).	✓
	Operational plan and budget for the fiscal year 2023 of the company.	✓
	Independent Director's Opinion: None. Handling of the Company's Independent Director's Opinions: None. Resolution Result: Unanimous approval by all attending directors.	
2023.1.12	International Ticket Finance Co., Ltd. Credit Limit Case: Approved.	✓
	Independent Director's Opinion: None. Handling of the Company's Independent Director's Opinions: None. Resolution Result: Unanimous approval by all attending directors.	
	Performance Bonus Distribution for Company's Fiscal Year 2022 for Executives:	
	Independent Director's Opinion: None. Handling of the Independent Director's Opinion by the Company: None. Resolution Result: After consulting all attending directors without objection, the chairman passed the motion. During the voting on this resolution, director Huang Chang Ching, Xie Mingren, and CFO Lin Renjie, who are related parties, had already left the meeting.	
2023.3.22	Appointment of Visa Accountants and Evaluation of Their Independence and Suitability Case.	✓
	Proposed establishment of general principles for the pre-approval policy of non-assurance services in the company.	✓
	Company's Business Report and Financial Statements for the fiscal year 2022.	✓
	Allocation of Employee Remuneration and Director Remuneration for the fiscal year 2022 of the company.	
	Approval of the Company's Internal Control System Statement for the fiscal year 2022.	✓
	Application to Longjiang Branch of China South Bank for Short-Term Loans and Import Financing Limit Case.	✓
	Application to Taipei Fuxing Branch of Mega International Commercial Bank for Short-Term Material Purchase Financing Limit Case.	✓
	Credit Limit Case with Far East International Commercial Bank.	✓
	Application to Shin Kong Bank for Short-Term Loans and Import Financing Limit Case.	✓
	Application by Ampacs International Company Limited, a subsidiary of the company, to Indovina Bank Ltd. in Vietnam for Credit Limit Case.	✓

Date	Important resolutions	The matters listed under Article 14-3 of the Securities and Exchange Act.
2023.4.27	Prepayment to Ampacs International Company Limited, a subsidiary of the company, as of December 31, 2022, not classified as funds lent.	✓
	Convening the Shareholders' Annual Meeting for the year 2023.	
	Independent Director's Opinion: None. Handling of the Independent Director's Opinion by the Company: None. Resolution Result: After consulting all attending directors without objection, the chairman passed the motion.	
	Lifting the Restriction on Manager's Non-competition Case	
	Independent Director's Opinion: None. Handling of the Independent Director's Opinion by the Company: None. Resolution Result: After consulting all attending directors without objection, the chairman passed the motion. During the voting on this resolution, related parties Huang Chang Ching, Xie Mingren, and Lin Renjie had already left the meeting.	
	Lifting the Restriction on Director's Non-competition Case	
	Independent Director's Opinion: None. The company's handling of the independent director's opinions: None. Resolution Result: After consulting with all attending directors, the chairman confirmed that there were no objections, and the proposal was passed accordingly. During the voting on this agenda item, Director Huang Chang Ching and Xu Ming Ren, who are related parties, had already left the meeting.	
	The profit distribution plan for the 2022nd fiscal year of the company.	✓
2023.4.27	Proposal to carry out the distribution of cash from the capital surplus.	✓
	Establishment of guidelines regarding the ex-dividend date for cash dividends and the distribution of cash from the capital surplus for the company.	✓
	Proposal for the extension of loans and extension periods between the company and its subsidiary companies within the corporate group.	✓
	Amendment to the "Corporate Governance Practices Guidelines" of the company.	
	Proposal to add to the agenda of the company's 2023rd fiscal year shareholders' meeting.	
	Independent Director's Opinion: None. Handling of the Company's Independent Director's Opinions: None. Resolution Result: Unanimous approval by all attending directors.	
	Proposal to establish a Corporate Governance Supervisor position.	

Date	Important resolutions	The matters listed under Article 14-3 of the Securities and Exchange Act.
	<p>Independent Director's Opinion: None. The company's handling of the independent director's opinions: None. Resolution Result: After consulting with all attending directors, the chairman confirmed that there were no objections, and the proposal was passed accordingly. During the voting on this agenda item, interested party Lin Ren Jie had already left the meeting.</p>	
	Discussion on the distribution of the first performance bonus for the company's management team for the 2023rd fiscal year.	
	<p>Independent Director's Opinion: None. The company's handling of the independent director's opinions: None. Resolution Result: After consulting with all attending directors, the chairman confirmed that there were no objections, and the proposal was passed accordingly. During the voting on this agenda item, interested parties Manager Huang Chang Ching, Xu Ming Ren, and Lin Ren Jie had already left the meeting.</p>	

12. In the most recent fiscal year and up until the date of printing the annual report, there were no instances where directors expressed dissenting opinions on important decisions passed by the Board of Directors, with recorded or written statements.

13. Summary of resignations and dismissals of the company's Chairman, General Manager, Chief Accountant, Chief Financial Officer, Internal Audit Director, Corporate Governance Supervisor, and Research and Development Director, among others, in the most recent fiscal year and up until the date of printing the annual report.

Title	Name	Date of appointment	Date of termination	Reasons for Resignation or Dismissal
Internal Audit Supervisor	Lyu Cheng-Yu	2019.3.11	2022.8.26	Career Development Plan
Chief Strategy Officer	Frederick Romano	2018.8.1	2022.12.31	Upon the completion of the term

5. CPA Fee Information

Disclosure of Auditor's Remuneration

Unit: NT\$ thousands

Name of CPA Firm	Name of CPA	Audit period	Audit Fees	Non-Audit Fee (Note)	Total	Note
Deloitte Taiwan	Liu Ming-Xian and Chen Yan-Jun	2022/01/01~2022/12/31	5,750	1,187	6,937	

Note: The non-audit fee includes main file reporting, tax certification, transfer pricing, business registration, and other services.

- (1) In the case of changing the accounting firm and reducing the audit fees paid for the fiscal year compared to the previous year, the disclosure of the amount, percentage, and reasons for the reduction in audit fees is not applicable.
- (2) There were no instances where the audit fees decreased by ten percent or more compared to the previous year, thus the disclosure of the amount, percentage, and reasons for the reduction in audit fees is not applicable.

6. Information on Change of Auditors :

- (1) About the previous CPAs

Date of change	Approved by the Board of Directors on March 24, 2022		
Reasons and Explanations for the Change:	In accordance with internal rotations at Ernst & Young, Certified Public Accountants, the signing of our company's financial reports was previously handled jointly by Certified Public Accountants Chiu Meng-Jie and Tsai Chen-Cai. However, starting from the first quarter of the year 111 of the Republic of China (2022), it is proposed to change to jointly signing by Certified Public Accountants Liu Ming-Xian and Chen Yan-Jun to align with the internal rotation at Ernst & Young, Certified Public Accountants.		
The reasons for the change are the termination or non-acceptance of appointment by the appointed person or the accountant.	Involved parties Circumstances	CPA	Client
	Voluntary termination	Not applicable	Not applicable
	Not appointed anymore.	Not applicable	Not applicable

Opinions and Reasons for Audit Reports issued within the past two years, other than unqualified opinions:			
Disclosure of any differences of opinions with the issuer: Reasons and Explanations for the Change:	Yes		Accounting principles or practices:
			Disclosure of financial statements.
			Scope or procedures of the audit.
			Others.
	None	V	
	Description: None		
The reasons for the change are the termination or non-acceptance of appointment by the appointed person or the accountant.	None		

(2) Regarding the Successor Accountants

F i r m n a m e	Deloitte Taiwan
A c c o u n t a n t ' s n a m e	Liu Ming-Xian and Chen Yan-Jun, Certified Public Accountants
D a t e o f a p p o i n t m e n t	Approved by the Board of Directors on March 24, 2022
Consultation matters and results regarding the accounting treatment or accounting principles for specific transactions prior to the appointment, and the potential opinions to be issued on the financial statements.	None
Written opinions of the succeeding accountant regarding any differing opinions with the predecessor accountant.	None

(3) Response from the Former Accountants Regarding Article 10, Clause 6, Sub-clause 1 and Sub-clause 2 of these Standards: None.

7. The company's Chairman, General Manager, or individuals responsible for finance or accounting, who have served at the accounting firm or its affiliated enterprises within the past year, should disclose their names, positions, and the duration of their service at the accounting firm or its affiliated enterprises: None.

8. Summary of share transfers and changes in pledged shares for directors, management personnel, and shareholders holding more than ten percent of the company's shares, in the most recent fiscal year up until the date of printing the annual report.

(1) Changes in Share Ownership of Directors, Executives, and Major Shareholders:

April 18, 2023; Unit: Shares

Title	Name	Year 2022		As of April 18, 2023 (2023)	
		Increase (Decrease) in Shareholding	Increase (Decrease) in Pledged Shares	Increase (Decrease) in Shareholding	Increase (Decrease) in Pledged Shares
Chairman, CEO, and Shareholder holding more than 10% of shares	Huang Chang Ching	0	0	(5,500,000)	0
Vice Chairman and Chief Technology Officer	Xu Mingren	0	0	0	0
Director and Deputy General Manager	Lin Yufeng	0	0	0	0
Director	Frederick Romano	0	0	(1,000)	0
Director	Chen Jin-Fu	0	0	0	0
Director	Xu Ming-Quan (Appointment Date: June 14, 2022)	0	0	0	0
Independent Director	Huang Zhi-Peng	0	0	0	0
Independent Director	He Jun-Hui	0	0	0	0
Independent Director	Cheng Kai	0	0	0	0
Independent Director	Chen Jian-Hong (Appointment Date: June 14, 2022)				
Financial Department Supervisor and Accounting Department Supervisor	Lin Renjie	0	0	(135,000)	0
Director	Liu Zhao-Tang (Termination Date: June 14, 2022)	0	0	0	0
Chief Strategy Officer	Frederick Romano (Termination Date: December 31, 2022)	0	0	(1,000)	0

(2) Share Transfer Information (Involving Related Parties)

Name	Reason for Share Transfer	Transaction Date	Counterparty in the Transaction	Relationship between Counterparty and the Company, Directors, Supervisors, and Shareholders holding more than 10% of shares	Number of shares (share)	Transaction Price (NTD)
Huang Chang Ching	Gift	2023.1.18	Huang Yingjun	Son/Daughter of Director	1,500,000	29.05
Huang Chang Ching	Gift	2023.1.18	Huang Haosheng	Son/Daughter of Director	2,000,000	29.05
Huang Chang Ching	Gift	2023.1.18	Huang Yuxiang	Son/Daughter of Director	2,000,000	29.05
Lin Renjie	Gift	2023.1.11	Lin Wenliang	Father of the Manager	135,000	35.87

(3) Pledged Share Information

There are no instances of the company's directors, management personnel, or shareholders holding more than ten percent of the shares pledging their shares to related parties.

9. Information on the top ten shareholders and their relationships as related parties or relatives within the spouse or second-degree relatives.

April 18, 2023; Unit: Shares ; %

Name	Shares Held By myself		Shares Held by Spouses and Minor Children		Total Shares Held in the Name of Other Persons		The titles or names and relationships of the top ten shareholders who are related persons, spouses, or relatives within the second degree of kinship		Remarks
	Shares	Shareholding Percentage	Shares	Shareholding Percentage	Shares	Shareholding Percentage	Name	Relationship	
Huang Chang Ching	27,671,900	18.45	3,889,575	2.59	23,588,873	15.73	1. Zhang Qiuqin 2. Zhang Yanli 3. Long An Investment Co., Ltd. 4. Chang An Investment Co., Ltd.	1. Spouse 2. Second-degree relative 3. Chairman of the company 4. Chairman of the company	-
Long An Investment Co., Ltd. (Representative: Huang Chang Ching)	11,907,304	7.94	-	-	-	-	Huang Chang Ching	the Chairman of the company.	-
Chang An Investment Co., Ltd. (Representative: Huang Chang Ching)		7.79	-	-	-	-	Huang Chang Ching	the Chairman of the company	-
Xiao Xiu Ru	9,622,545	6.42	-	-	1,811,961	1.21	Tai Xin Co., Ltd.	the Chairman of the company	-
Zhang Yanli	5,626,233	3.75	-	-	-	-	1. Huang Chang Ching 2. Zhang Qiuqin	1. Second-degree relative 2. Second-degree relative	-
Zhang Qiuqin	3,889,575	2.59	-	-	-	-	1. Huang Chang Ching 2. Zhang	1. Spouse 2. Second-degree	-

							Yan Li	relative	
Frederick Romano	2,581,048	1.72	-	-	-	-	-	-	-
Huang Yingjun	2,016,533	1.34	-	-	-	-	1.Zhang Qiuqin 2. Zhang Qiuqin	1. One degree relative 2. One degree relative	-
Huang Haosheng	2,000,000	1.33	-	-	-	-	1.Huang Chang Ching 2. Zhang Qiuqin	1. One degree relative 2. One degree relative	-
Huang Yuxiang	2,000,000	1.33	-	-	-	-	1.Zhang Qiuqin 2. Zhang Qiuqin	1. One degree relative 2. One degree relative	-

10. The shares held by the Company, its Directors, Supervisors, managers, and enterprises directly or indirectly controlled by the Company in the same reinvested enterprise, and the comprehensive shareholding ratio calculated on a consolidated basis

December 31, 2022/Unit (in thousands of shares) ; %

Invested Business	Investment by the Company		Investment by Directors, Managers, and Directly or Indirectly Controlled Businesses		Aggregate Investment	
	Number of shares	Share holding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio
Tech. Pioneer, Ltd.	23,003	100.00	—	—	23,003	100.00
Ampacs International Company Limited	Note 1	100.00	—	—	Note 1	100.00
Brilliance Investment Development Ltd.	1,050	100.00	—	—	1,050	100.00
Richmake International Limited	1,224	100.00	—	—	1,224	100.00
Sunlight Ocean Holiding Limited	850	100.00	—	—	850	100.00
Fortune Channel Universal Limited	16,000	100.00	—	—	16,000	100.00
Dong Guan Yi Zhuo Electronics Co., Ltd	Note 1	100.00	—	—	Note 1	100.00
Dong Guan Yi Xin Electronics Co., Ltd.	Note 1	100.00	—	—	Note 1	100.00
Dong Guan Han Lei Electronics Co., Ltd	Note 1	100.00	—	—	Note 1	100.00
MODERN PIONEER(KUNSHAN)CO.,LTD	Note 1	100.00	—	—	Note 1	100.00
Dongguan Qijun Electronics Technology Co., Ltd	Note 1	51.00	—	—	Note 1	51.00

Note 1: The company is a limited liability company and does not have shares.

4.Funding Status

1. Share Capital and Shares

(1) Source of Share Capital

1. Share Capital Formation

Unit: Thousand Shares / Thousand New Taiwan Dollars

Year and month	Issuance Price	Authorized Capital		Paid-In Capital		Remarks		
		Shares	Amount	Shares	Amount	Source of Share Capital	Other than cash, the capital was offset by non-cash assets.	Others
1998/7/2	1,000	10	10,000	10	10,000	Established Paid-in Capital	—	Note 1
2004/4/7	1,000	50	50,000	50	50,000	Cash capital increase 40,000,000	—	Note 2
2004/11/4	1,000	70	70,000	70	70,000	Cash capital increase 20,000,000	—	Note 3
2006/12/11	10	30,300	303,000	30,300	303,000	Cash capital increase 233,000,000	—	Note 4
2016/1/20	20	70,000	700,000	50,300	503,000	Cash capital increase 200,000,000	—	Note 5
2016/6/8	10	70,000	700,000	57,000	570,000	Increase in capital through surplus: 67,000,000	—	Note 6
2017/6/7	10	70,000	700,000	70,000	700,000	Increase in capital through surplus: 130,000,000	—	Note 7
2018/6/7	10	150,000	1,500,000	80,000	800,000	Increase in capital through surplus: 100,000,000	—	Note 8
2019/5/30	10	150,000	1,500,000	100,000	1,000,000	Increase in capital through surplus: 200,000,000	—	Note 9
2019/10/30	30	150,000	1,500,000	104,800	1,048,000	Cash capital increase 48,000,000	—	Note 10
2020/9/13	10	150,000	1,500,000	110,000	1,100,000	Capital Surplus Conversion for Capital Increase 52,000,000	—	Note 11
2020/12/23	100	150,000	1,500,000	122,000	1,220,000	Cash capital increase 120,000,000	—	Note 12

2021/10/1	10	500,000	5,000,000	150,000	1,500,000	Earnings Surplus Conversion for Capital Increase: NT\$158,000,000 □ Capital Surplus Conversion for Capital Increase: NT\$122,000,000	—	Note 13
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Note 1: ROC Company Registration No. 189770, issued on July 2, 1998.

Note 2: ROC Patent No. 09331928720, granted on April 7, 2004.

Note 3: ROC Patent No. 09332976420, granted on November 4, 2004.

Note 4: ROC Patent No. 09533259460, granted on December 11, 2006.

Note 5: ROC Trademark No. 10501012880, granted on January 20, 2016.

Note 6: ROC Trademark No. 10501122330, granted on June 8, 2016.

Note 7: ROC Trademark No. 10601071410, granted on June 7, 2017.

Note 8: ROC Trademark No. 10701062320, granted on June 7, 2018.

Note 9: ROC Trademark No. 10801062870, granted on May 30, 2019.

Note 10: ROC Trademark No. 10801153020, granted on October 30, 2019.

Note 11: ROC Trademark No. 10901172910, granted on September 11, 2020.

Note 12: ROC Trademark No. 10901240300, granted on December 23, 2020.

Note 13: ROC Trademark No. 11001179590, granted on October 1, 2021.

2. Types of Shares

April 18, 2023; Unit: Shares

Types of Shares	Authorized Capital			Remarks
	Outstanding Shares	Unissued Shares	Total	
Registered Ordinary Shares	150,000,000(Note)	350,000,000	500,000,000	This company is a listed company.

Note: The figures mentioned above include 2,500,000 shares of treasury stock that have not been transferred.

3. Information regarding the comprehensive declaration system: Not applicable

(2) Shareholders Structure

April 18, 2023; Unit: Shares

Shareholder Structure Quantity	Government institutions.	Financial Institutions	Other Corporations	Foreign institutions and foreigners	Individuals	Treasury stock	Total
Number of	0	0	26	30	9,016	1	9,073
Number of	0	0	28,435,60	5,134,738	113,929,659	2,500,000	150,000,000
Shareholding	0	0	18.96%	3.42%	75.95%	1.67%	100.00

(3) Distribution of Shares

April 18, 2023; Unit: Shares

Shareholding Class			Number of Shareholders (Individuals)	Number of Shares Held	Shareholding(%)
1	to	999	2,349	389,532	0.26%
1,000	to	5,000	5,029	10,801,595	7.20%
5,001	to	10,000	763	5,555,303	3.70%
10,001	to	15,000	316	3,918,318	2.61%
15,001	to	20,000	157	2,805,798	1.87%
20,001	to	30,000	153	3,811,726	2.54%
30,001	to	40,000	74	2,537,676	1.69%
40,001	to	50,000	35	1,591,800	1.06%
50,001	to	100,000	101	7,277,851	4.85%
100,001	to	200,000	45	6,304,473	4.20%
200,001	to	400,000	17	4,341,240	2.89%
400,001	to	600,000	8	3,969,403	2.65%
600,001	to	800,000	5	3,524,518	2.35%
800,001	to	1,000,000	5	4,525,879	3.02%
Over 1,000,001			16	88,644,888	59.11%
Total			9,073	150,000,000	100.00%

(4) List of Major Shareholders

April 18, 2023; Unit: Shares

Shareholdings Major Shareholder Name	Number of Shares Held	Percentage of shareholding
Huang Chang Ching	27,671,900	18.45%
Long An Investment Co., Ltd.	11,907,304	7.94%
Chang An Investment Co., Ltd.	11,681,569	7.79%
Xiao, Xiu-ru	9,622,545	6.42%
Zhang Yanli	5,626,233	3.75%
Zhang Qiuqin	3,889,575	2.59%
Frederick Romano	2,581,048	1.72%
Huang Yingjun	2,016,553	1.34%
Huang Haosheng	2,000,000	1.33%
Huang Yuxiang	2,000,000	1.33%

- (5) Per-share market price, net asset value, earnings, dividends, and related information for the past two years.

Unit: NT\$/ thousand shares ; %

Item \ Year		Year 2021	Year 2022	As of March 31, 2023
Cash dividend per share Market price	Highest	189.00	81.60	57.80
	Lowest	63.00	28.15	35.80
	Average	109.38	46.30	48.50
Net value per share	Before Distribution	18.66	18.98	18.80
	After Distribution	18.16	18.48	-
Net value per share	Weighted average shares	149,336	147,530	147,500
	Per share earnings (before adjustments)	-0.33	0.50	-0.15
	Per share earnings (adjusted)	-	-	-
Per share dividends	Cash dividends paid	0.50(Note 1)	0.50(Note 2)	-
	Free Share Issuance	-	-	-
	Accumulated Dividends	-	-	-
	Unpaid	-	-	-
Return on Investment Analysis	Price-to-Earnings Ratio (Note 4)	-331.45	92.60	-
	Price-to-Earnings Ratio (Note 5)	218.76	92.60	-
	Cash dividend yield ratio (Note 6)	0.46%	1.08%	-

Note 1: Represents the cash dividend and cash distribution from capital surplus for the year 2021 as approved by the Board of Directors on April 28, 2022.

Note 2: Represents the cash dividend and cash distribution from capital surplus for the year 2022 as approved by the Board of Directors on April 27, 2023.

Note 3: Based on the information reviewed by the auditor up to the first quarter of the year 2023.

Note 4: P/E ratio = Average closing price per share for the year / Earnings per share.

Note 5: P/B ratio = Average closing price per share for the year / Cash dividend per share.

Note 6: Dividend yield = Cash dividend per share / Average closing price per share for the year. °

(6) Dividend Policy and Implementation Status

1. Dividend Policy

In the event of annual surplus, the Company shall, in accordance with the law, pay taxes and donations, offset accumulated losses, and then allocate 10% as statutory retained earnings. However, when the statutory retained earnings reach the Company's paid-in capital, no further allocation shall be made. After making provisions or reversals for special retained earnings in accordance with laws,

regulations, or regulatory authorities, any remaining surplus, together with accumulated undistributed earnings, shall be proposed by the Board of Directors as a surplus distribution proposal and submitted to the shareholders' meeting for resolution and distribution of dividends to shareholders.

The distribution of dividends by the Company may be in the form of cash dividends or stock dividends, taking into account the current and future investment environment, capital requirements, domestic and international competitive conditions, capital budgeting, and other factors, while considering shareholder interests, balancing dividends, and the Company's long-term financial and business planning. If the Company decides to distribute dividends to shareholders, a minimum of 10% of distributable earnings shall be allocated for the distribution of dividends each year. However, if the accumulated distributable earnings are less than 10% of the paid-in capital, no distribution shall be made. The proportion of cash dividends shall not be less than 10% of the total dividend amount, but the actual distribution ratio shall still be determined in accordance with the resolution of the shareholders' meeting.

2. Proposed Dividend Distribution for the Current Year

The proposed dividend distribution for the Company in the 2022nd fiscal year is as follows:

Cash dividends to shareholders: NT\$20,650,000, with a distribution of NT\$0.14 per share. Cash dividends from capital surplus: NT\$53,100,000, with a distribution of NT\$0.36 per share. After the resolution of the shareholders' general meeting, the Board of Directors is authorized to set the ex-dividend and capital increase record date. Subsequently, if there are changes in the Company's share capital that affect the number of outstanding shares, requiring adjustments to the dividend and stock allocation ratio, the Chairman is authorized to make necessary adjustments in accordance with the law.

(7) The potential impact of the proposed stock dividends on the company's business performance and earnings per share for the current year

There is no relevant data available to calculate the impact of the proposed stock dividends on the company's business performance and earnings per share.

(8) Employee and director remuneration:

1. Remuneration for Employees and Directors as Stated in the Company Bylaws

In the event of annual profit (referring to pre-tax income before deducting remuneration for employees and directors), the Company shall allocate no less than 1% for employee remuneration and no more than 3% for director remuneration, as determined by the Board of Directors and reported to the shareholders' meeting. However, if the Company has accumulated losses, the amount necessary for offsetting such losses shall be reserved in advance, and employee and director

remuneration shall be allocated in accordance with the aforementioned percentages.

Employee remuneration as mentioned above may be provided in the form of stocks or cash, while director remuneration shall be provided in cash only.

2. Basis for Estimating the Amount of Employee and Director Remuneration, Calculation Basis for Stock-based Employee Remuneration, and Accounting Treatment for Differences between Actual Distribution Amounts and Estimated Amounts. The employee and director remuneration of the Company is based on the percentages specified in the company bylaws. Based on this principle, estimation is carried out for each fiscal year and submitted to the shareholders' meeting for approval after being determined by the Board of Directors. If there are differences between the actual distribution amounts determined by the Board of Directors and the estimated amounts, it will be considered as a change in accounting estimates, and the difference will be included in the income statement of the following fiscal year.

3. Situations Approved by the Board of Directors Regarding the Distribution of Remuneration

(1) Amount of employee and director remuneration distributed in cash or stocks. If there are differences compared to the estimated amounts of recognized expenses for the year, the differences, reasons, and handling methods should be disclosed:

On March 22, 2023rd fiscal year, the Board of Directors approved the distribution of employee remuneration in cash, amounting to NT\$1,090 million, and director remuneration amounting to NT\$1,090 million.

(2) Amount of employee remuneration distributed in stocks and the ratio to the post-tax net profit and total employee remuneration in the current financial report: Not applicable.

4. Actual Distribution of Employee and Director Remuneration in the Previous Fiscal Year (including the number of shares distributed, amounts, and stock prices), and any differences from the recognized employee and director remuneration should be described, along with the differences, reasons, and handling methods.

In the fiscal year 2021, the Company incurred a post-tax loss, so no distribution of director and employee remuneration was made.

(9) Share Repurchase Situation : None

2. Bond issuance status: None.

3. Preferred stock issuance status: None.

4. ADRs (American Depositary Receipts) issuance status: None.

5. Employee stock options issuance status: None.

6. Restricted stock issuance status for employee rights: None.

7. Issuance of new shares for mergers or acquisitions of other companies: None.

8. Implementation status of capital utilization plan:

As of the date of printing, the company has not issued any outstanding or recently completed (within the past three years) securities offerings or private placements where the planned benefits have not yet materialized. °

5. Operation Overview

(1) Business Contents

(1) Business Scope

1. The main business activities are:

CC01030 - Manufacturing of electrical and audiovisual electronic products

CC01110 - Manufacturing of computers and peripheral equipment

C805050 - Manufacturing of industrial plastic products

F401010 - International trade industry

2. Revenue Breakdown

Unit: NT\$1,000; %

Year Product Category	Year 2021		Year 2022	
	Net operating income	Ratio %	Net operating income	Ratio %
Consumer Electronics Products	5,168,701	91.02	4,677,856	92.59
Plastic Components	510,005	8.98	374,115	7.41
Total	5,678,706	100	5,051,971	100

3. The current product (service) offerings of the company include:

- A. Gaming headphones
- B. TWS wireless earphones
- C. In-ear headphones
- D. Speakers
- E. Cables
- F. Plastic injection molding for networking products

4. Planned new products (services) to be developed

Product Categories	New Products in Development
Intelligent Noise-Canceling Headphones	1. Environmental Intelligent Noise-Canceling Headphones 2. Call Intelligent Noise-Canceling Headphones
3D Application Headphones	Intelligent headphones with support for 3D positioning and 3D soundstage.
Ultra-Low Latency, Ultra-Low Power Consumption Headphones	Next-generation headphones with ultra-low latency and ultra-low power consumption.
High-Fidelity	High-fidelity microphones for gaming, online communities,

Microphones	and streaming.
Internet Security	Web cameras.

(2) Industry Overview

Ampacs Corporation is primarily engaged in the design, research and development, and production of TWS wireless earphones, gaming headphones, music entertainment headphones, and high-fidelity microphones, among other related products. Our products have a wide range of applications in the consumer market, including smart phones, gaming consoles, computers, tablets, wearable devices, televisions, smart home appliances, and online applications. The following is an elaboration on the development of these major industries and their applications in consumer electronics.

1. Industry Status and Development

The consumer electronics industry has been constantly evolving with advancements in digital semiconductor technology and the influence of internet technology. These changes have led to shifts in consumer lifestyles and product usage behaviors. To meet market trends and demands, the consumer electronics industry continues to incorporate new product concepts, innovative hardware and software technologies, and develop intelligent applications that digitize, smarten, and connect consumer electronic products.

According to Ericsson Mobility Report in November 2022, it was estimated that the number of 5G smartphone users would surpass 100 million in 2022. The report also projected that the number of 5G broadband users would continue to grow each year based on the estimated chart. The increase in bandwidth and computing speed has contributed to the demand for headphones and the expansion of intelligent applications. The rapid development of 5G applications has further stimulated the widespread use of true wireless earphones and gaming headphones.

The increase in bandwidth and computing speed has led to a growing demand for headphones and the expansion of intelligent applications. The expansion of next-generation 5G applications has further stimulated the widespread use of true wireless earphones and gaming headphones.

Figure 1: Global Growth of 5G Mobile Phone Users (Unit: Million Users)

Mobile subscriptions

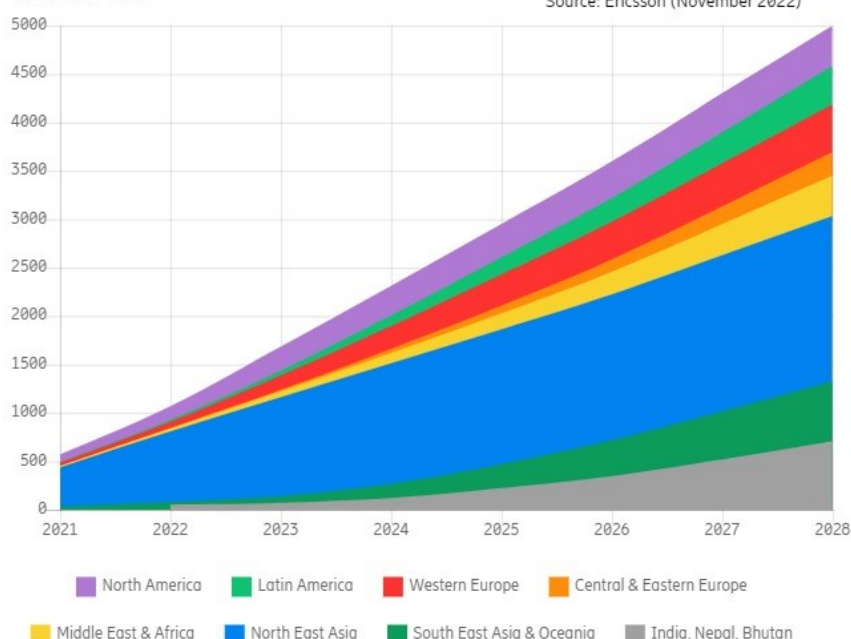
Unit: Million

5G

All devices

Year: 2021 - 2028

Source: Ericsson (November 2022)



Source of data: [Ericsson Mobility Report \(2022/11\)](#)

In recent years, wearable devices have been widely accepted by consumers, with the greatest growth momentum coming from TWS (True Wireless Stereo) earphones. According to a market research report by Polaris Market Research Analysis, global sales of TWS earphones reached USD 5.58 billion in 2020, and the compound annual growth rate (CAGR) is estimated to be 14.4% from 2016 to 2028. Comparing this with a research report by ResearchAndMarkets in November 2022, the global TWS earphone market was projected to reach USD 51.36 billion in 2022, surpassing expectations. The actual data indicates that the shipment volume is expected to reach USD 563.2 billion by 2030, with a projected CAGR of 34.9% from 2022 to 2030. Overall, the market grew by 5% in 2022 compared to 2021, mainly driven by the Indian market.

TWS earphones combine voice control and AI (Artificial Intelligence) integration, as well as incorporate advanced technologies such as active noise cancellation, positioning and 3D applications, and integration with hearing aid functionalities. They provide users with continuous access to various forms of entertainment, information, and health applications.

Furthermore, in October 2022, the FDA (U.S. Food and Drug Administration) announced the establishment of the over-the-counter (OTC) hearing aid category, which is expected to bring further growth opportunities for TWS earphones in 2023. Several suppliers and brands, including Jabra, Sennheiser, Bose, and Sony, have already introduced OTC hearing aids in the form of TWS earphones and

announced related technologies. According to the World Health Organization's World Hearing Report, over 1.5 billion people worldwide are currently affected by hearing loss, with approximately 430 million people in need of rehabilitation services due to hearing loss. By 2050, it is estimated that over 700 million people may experience moderate or severe hearing loss. Hearing aids are an effective means of addressing hearing loss. Suppliers leveraging this trend must invest in and establish relevant supply chains to support the development of next-generation devices.

Figure 2: Global Sales Revenue of TWS True Wireless Earphones (Unit: USD Billion)

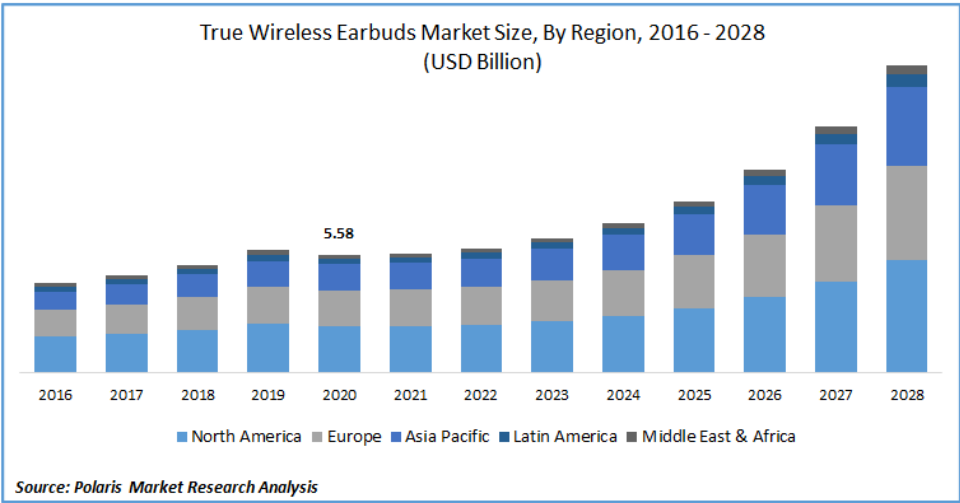
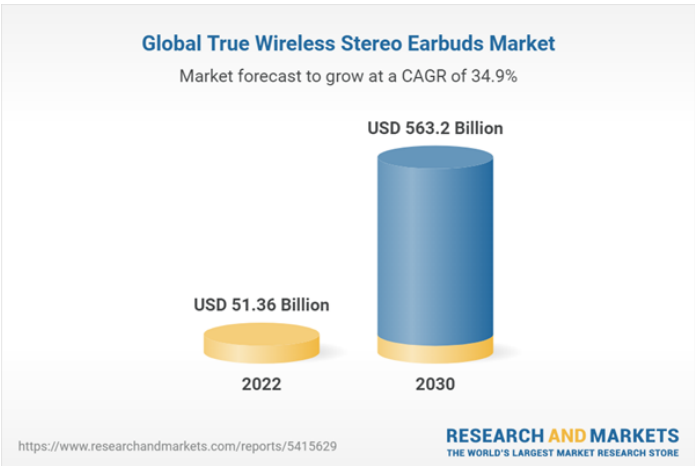


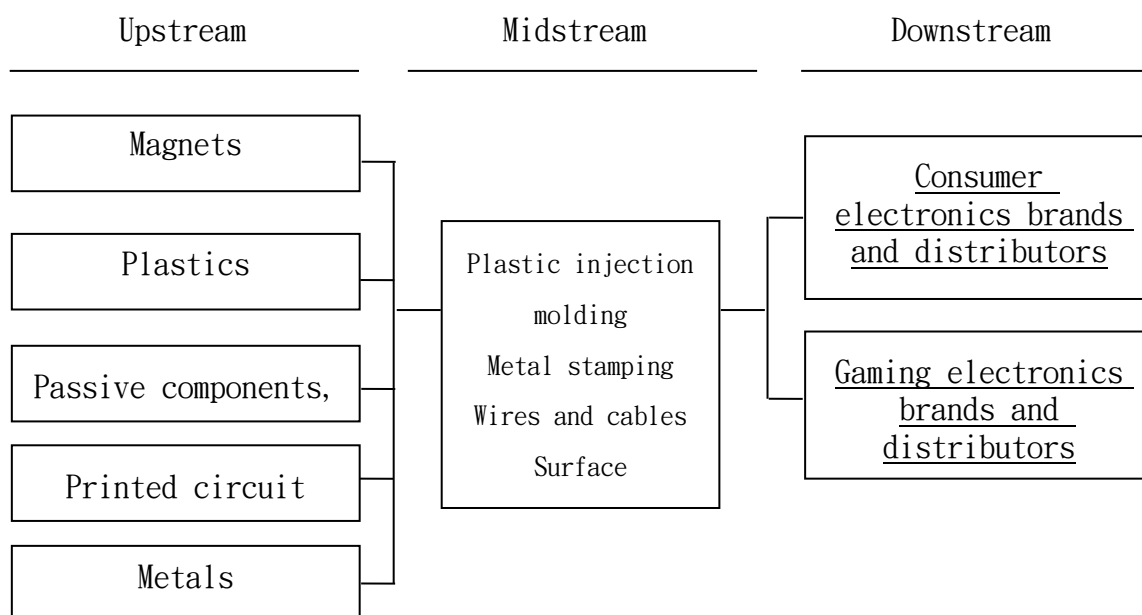
Figure 3: Global Sales Revenue of TWS True Wireless Earphones (Unit: USD Billion)



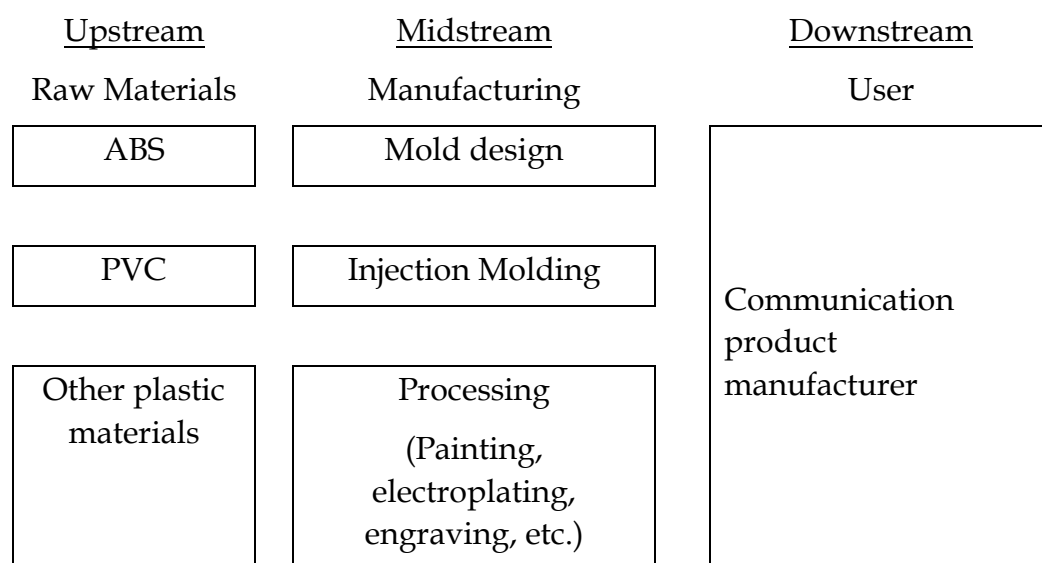
Data Source:[Polaris Market Research](#) & [ResearchAndMarkets](#) & [Canalys](#) (2022)

2. Interrelationships among Upstream, Midstream, and Downstream Industries

A. Headphone products



B. Plastic components



3. Various product development trends and competitive landscape:

Due to the rapid development and maturity of headphone technology, as well as the rapid growth of multimedia, streaming platforms, and gaming industries, headphones have evolved into versatile smart devices. They are now used in communication, music, gaming, personal assistance, sports and fitness, and health industries to cater to consumer markets. Our company's products are moving towards noise cancellation, high audio quality, aesthetically pleasing designs, and intelligent wireless features for gaming, communication, and smart headphones. Here are the specific developments for each product:

- A. Gaming headphones: These products feature metal materials, high cost-performance ratio, superior sound quality, clear microphone effects, low power consumption, eye-catching designs, and even ARGB effects to attract the younger demographic. The materials used are comfortable for long-term wear.
- B. True wireless stereo (TWS) headphones: These products focus on high-quality audio and call capabilities, lightweight and streamlined designs, integration of micro-electro-mechanical sensors, extended battery life, and comfortable fit.
- C. Smart headphones: These products offer voice control, adaptive noise cancellation, AI algorithms for environmental noise reduction, spatial sound effects, integration with cloud services for personalized features based on big data, and health monitoring applications.

4. Competitive landscape:

As a professional headphone manufacturer, our main competitors are primarily Taiwanese, Hong Kong, and mainland Chinese companies. However, our company has a high level of vertical integration capability. In addition to our production capabilities for plastic molds and cables, we are also moving towards in-house production of acoustic components (speakers). This allows us to enhance headphone manufacturing technology and maintain control over the entire production supply chain. With our dedicated R&D teams in product design, mechanisms, software, electronics, and acoustics, we have gained recognition from global brand customers for our product development and manufacturing quality. Our extensive experience in product development and production forms a solid foundation for stable competition and growth.

In recent years, to assist our customers in reducing manufacturing risks and enhancing product competitiveness, we have established a complete production base in Vietnam in addition to our bases in Taiwan and mainland China. This strategic move was in response to international trade wars and increased tariffs imposed by the United States in 2019. The establishment of our Vietnam production base has allowed us to achieve large-scale production and shipment ahead of the industry. Vietnam, being a signatory to free trade agreements with ASEAN and the European Union, offers competitive advantages in terms of labor costs compared to mainland China. This gives us an added advantage in attracting European and American customers, providing them with superior and reliable services.

(3)Technology and Research and Development Overview

1.The technological level and research and development of our business.

With a diverse range of headphone products available in the market, including in-ear, over-ear, wired, wireless, Bluetooth, noise-canceling, low-latency wireless, and true wireless headphones, our company has set comprehensive plans for the required technologies in headphone design. These plans encompass areas such as industrial design, mechanical design, electronic design, software design, acoustic design, and packaging design. We have recruited talents with relevant backgrounds and introduced various simulation software analysis to shorten the development time and enhance product development efficiency.

To stay ahead in the market regarding high-level technologies such as 3D headphones, spatial audio headphones, Bluetooth high-definition headphones, noise-canceling headphones, and low-latency wireless headphones, our company collaborates with major industry suppliers to maintain a leading position. We have introduced spatial audio Bluetooth high-definition headphones ahead of our competitors and launched dual-mode wireless noise-canceling headphones specifically for the gaming and commercial markets.

In the realm of everyday music headphones widely used in daily life, our company actively invests in research and development to improve the audio quality. We delve into the development of speaker drivers, diaphragms, and chamber structures and materials, aiming to enhance the sound quality of headphones and benefit consumers while deepening our in-house R&D capabilities.

2.Research and Development Expenditure in the Most Recent Fiscal Year up to the Date of Printing of the Annual Report.

Unit: NT\$ thousands

Item \ Year	Year 2022	As of March 31, 2023
Research and development expense (A)	217,176	47,450
Net operating income (B)	5,051,971	875,033
Proportion of research and development expenses to net operating revenue (A)/(B)	4.30%	5.42%

3. Successfully developed technology or products

Year	Successfully developed technology or products
2014	● 40mm/50mm dynamic coil wired gaming headphones

2015	<ul style="list-style-type: none"> ● Successfully developed Xbox/PS4 wireless headphones with LED multi-variable lighting effects
2016	<ul style="list-style-type: none"> ● Successfully developed the world's first intelligent active noise-canceling in-ear Lightning headphones utilizing the Apple LAM2 module. ● Successfully developed the world's first Apple Lightning personal smart conference speaker.
2017	<ul style="list-style-type: none"> ● Successfully integrated head gyro sensor + Waves NX audio technology + Bluetooth + USB + 3.5mm plug platform technology. ● Successful development of Hi-Res USB-C headphones. ● Successful development of Hi-Res Bluetooth headphones.
2018	<ul style="list-style-type: none"> ● Successfully developed high-quality wireless gaming headphones with 3D head tracking using tablet speakers. ● Successful development of wireless dual-mode 2.4G + Bluetooth gaming headphones. ● Successful development of wireless dual-mode 2.4G + Bluetooth ANC headphones.
2019	<ul style="list-style-type: none"> ● Research and development of coaxial dual-diaphragm driver. ● Successful development of dual-mode MacInnis + Bluetooth ANC technology.
2020	<ul style="list-style-type: none"> ● Ultra-low power consumption true wireless earbuds. ● Ultra-low power consumption MEMS-integrated true wireless earbuds. ● Next-generation gaming and gaming headphones with ultra-low power consumption and ultra-low latency.
2021	<ul style="list-style-type: none"> ● Low power consumption TWS (True Wireless Stereo) earbuds with voice control and head motion detection. ● Next-generation gaming and gaming headphones with Bluetooth low energy and low latency. ● Headphones with simulated 7.1.4 spatial audio effect.
2022	<ul style="list-style-type: none"> ● TWS (True Wireless Stereo) and gaming/gaming headphones integrated with mimi technology: Customizes audio experience based on the user's unique hearing profile. ● Bluetooth TWS earbuds with single MIC ENC (Environmental Noise Cancellation). ● Bluetooth TWS Hybrid ANC (Active Noise Cancellation) headphones. ● Gaming headphones with high-quality LDAC audio playback. ● Dolby sound neckband-style headphones.

(4) Long and Short-term Business Development Plans

In response to industry developments and overall economic trends, our company has formulated long and short-term plans to strategically guide the future direction of the group and enhance competitiveness. The following is an overview of our company's short and long-term plans:

(1) Short-term Development Plan:

- A. Research and Development: Through the electronic and product design departments, we will continue to develop new functional products in collaboration with competitive suppliers, in order to introduce niche products that lead the market. We will actively cultivate talents and strengthen our research and development capabilities to meet diverse customer demands.
- B. Marketing and Sales: We will focus on the combination of entertainment gaming headphones and customized products, providing customers with diversified options and striving to secure orders from domestic and international major manufacturers, thus increasing our market share.
- C. Production Aspect: We will upgrade our production line specifications comprehensively and develop automated equipment to effectively improve production efficiency, enhance product quality and stability, and reduce production costs.
- D. Business and Financial Aspect: We will be guided by market information and take into account production efficiency from the research and development design stage, implementing an integrated management approach. This will help improve product yield, reduce production costs, and enhance our market competitiveness.

(2) Long-term Development Plan:

- A. Research and Development Aspect: We will establish teams that focus on major customers and collaborate in the development of future products. We will strive to obtain government resources and engage in industry-academia cooperation, while actively recruiting talents in the field of headphones, aiming to build a new generation of research and development teams.
- B. Marketing Aspect: We will closely monitor industry trends and market dynamics, plan visionary products that align with our core competencies, differentiate ourselves in the market with high-quality and high-priced products, and establish long-term partnerships with customers to maintain our international position.

- C. Production Aspect: We will restructure and introduce new production line processes, aiming to enhance automation in the production line. We will maintain close and good relationships with suppliers, ensuring a stable supply of raw materials by sourcing from multiple suppliers.
- D. Business and Financial Aspect: We will establish sound management systems, implement the company's business philosophy, achieve sustainable business development, and strengthen our financial structure and overall company resilience. We will also explore stable financing channels through the capital market, cultivating long-term development capabilities and advancing towards internationalization.

(2) Market and Sales Overview

(1) Market Analysis

1. The sales (provision) regions of our company's main products/services

Unit: NT\$1,000; %

Sales Region \ Year	Year 2021		Year 2022	
	Amount	Percentage	Amount	Percentage
America	3,619,542	63.74	2,677,901	53.01
Europe	1,030,977	18.15	1,425,637	28.22
Asia	1,028,187	18.11	948,433	18.77
Total	5,678,706	100.00	5,051,971	100.00

2. Sales Growth Rate

Our company is primarily engaged in the research, development, production, and sales of gaming and music headphones and related products. Our customer base mainly consists of high market share brands in Europe, the United States, and India. Sales include gaming headphones and true wireless headphones. In 2022, the net sales amounted to 5,051,971 thousand yuan, representing a decline of 11.04% compared to 5,678,706 thousand yuan in 2021.

3. Future Market Supply and Demand Conditions and Growth Potential

The demand for different performance headphones has been driven by the requirements for portability, personalization, wireless connectivity, and multi-scenario applications. New types of headphones not only serve common functions such as communication, gaming, and audio but also incorporate intelligent features such as data collection and analysis. Additionally, advanced technologies such as active noise cancellation and transient active noise cancellation are becoming increasingly popular to accommodate various usage scenarios (indoors, on the move, in airplanes/high-speed trains). These factors contribute to the development of the headphone market. Furthermore, with the increasing variety of entertainment options in people's lives and the rapid development of devices such as

PCs, Nintendo Switch, PlayStation, tablets, and smartphones, both online and offline applications are thriving, expanding the headphone market. To meet customer-oriented demands, various types of headphones have emerged, including true wireless headphones, sports headphones, fashion headphones, gaming headphones, and noise-canceling headphones. The continuous growth of the headphone market is driven by the diverse needs of users.

According to the research conducted by Industry Research-Headset Market, global headphone sales are projected to reach USD 5,979.4 million by 2026, with a stable CAGR of 8.9% from 2021 to 2026. In this steady growth momentum of global demand, our company aims to increase market share with its overall competitiveness and share the fruits of growth with shareholders and customers.

Headset Market Set for Rapid Growth and Trend by 2023 To 2028 - MarketWatch

Industry Research Biz – Worldwide Market Research Report, Analysis & Consulting

4. Competitive Advantages

A. Experienced R&D Team

Our company possesses a complete and professional R&D team in product design, mechanics, software, electronics, wireless RF, and acoustics. We have the capability to independently design various types of headphones, including noise-canceling, smart, and 3D headphones. We have close cooperation and technology sharing with key headphone component suppliers and brand customers, giving us an advantage in product development and the ability to meet diverse market demands.

B. High Level of In-house Manufacturing and Vertical Integration of the Supply Chain

From product development to production, our company's various departments collaborate professionally to complete the entire process. We have in-house manufacturing capabilities for key components such as speaker drivers, plastic parts, metal parts, and wires. Testing of mainboards and product assembly are conducted in our own factories. Our efficient resource integration not only assists brand customers in achieving rapid and superior product launches but also reduces product costs through vertical integration from development to manufacturing. In addition to our headquarters in Taiwan, we have production facilities in mainland China and Vietnam, enabling large-scale shipments and multi-site production to meet customer demands while mitigating risks and addressing the impact of the US trade war through tariff diversification.

C. Growth in Wearable Smart Devices and Gaming Industry Demand

The increasing penetration of wearable smart devices and the gaming market continuously drives the demand for related products. Additionally, the growth of the gaming industry has led to increased expectations from gamers

regarding the comfort and stability of peripheral equipment. With years of experience in the gaming market, our company is well-positioned to capitalize on the market's growth momentum. Furthermore, we are actively developing more diverse headphone products to meet customer demands.

5. Favorable and Adverse Factors for Future Development and Countermeasures

(1) Favorable Factors

(A) Popularization of smart devices drives the growth of the gaming industry

With the increasing demand for diversified audiovisual entertainment, the proliferation and enrichment of smart handheld devices such as smartphones and tablets have led to enhanced features for mobile audio and gaming entertainment. The development and popularization of handheld devices will drive the growth of the headphone market.

(B) Pervasive 5G bandwidth and innovative next-generation chips

The availability of wider bandwidth and more efficient chips stimulates the diversification of software applications, prompting consumers to upgrade their headphone peripherals every one to two years. Increased bandwidth rapidly facilitates the diversification of service content. The advancement of chips enhances product performance and applications, aligning them with consumer expectations. These factors synergistically inject vitality into the replacement and growth of headphone peripherals.

(C) Vertical integration of the supply chain and advantages of multi-site production

In addition to investing in professional R&D personnel to provide customers with optimized product designs during the product development stage, our company also possesses expertise in designing and producing critical components to shorten the product development cycle. Through vertical integration and product yield management, we solidify the quality and cost of our products. Furthermore, our company benefits from the advantage of multi-site production in multiple countries, effectively resolving international trade barriers and tariffs.

(D) High-quality R&D team to meet customized demands

Our company's R&D team has been engaged in the core industry for many years, accumulating rich professional experience. The technical background and extensive experience of key R&D personnel enable us to continuously enhance product optimization and develop new products, thereby accumulating strong R&D capabilities and establishing a niche for long-term development.

(2) Adverse Factors and Countermeasures

(A) Intense price competition due to numerous competing manufacturers

The market is plagued by intense price competition caused by some low-quality manufacturers producing headphones using cheap raw materials, disrupting the overall market order and hindering the healthy development of the market.

Countermeasure: Strengthen supply chain collaboration and implement effective vertical integration management. Enhance product customization capabilities and patented designs. Design products considering overall assembly compatibility based on customer requirements to increase the difficulty of counterfeiting and highlight the differentiation of our products through technological advancements.

(B) Rapid changes in consumer electronics products

With the vigorous development of the 3C market, shifts in consumer preferences, and the rapid introduction of new electronic products, our product designs must align with consumer tastes and demands to adapt to market trends.

Countermeasure: Our business and R&D teams closely monitor relevant market demands and maintain close cooperation with major brand manufacturers, providing the latest market requirements and popular trends. This allows us to seize market opportunities and develop innovative and advanced product technologies and aesthetically appealing design craftsmanship to mitigate risks caused by changes in demand for consumer electronics products.

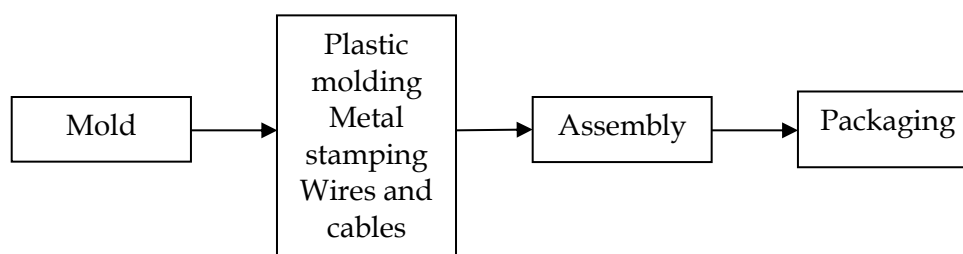
(2) Main Functions of Products and Manufacturing Processes:

1. Important uses of our main products

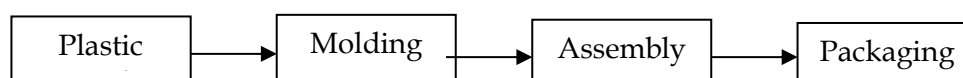
Important uses of our main products	
Consumer Electronics Products	Design product specifications according to different customer needs, mainly providing wired and wireless headphone products for listening to music on smart devices or for use in gaming.
Plastic Components	Provide plastic enclosures or components for routers, such as top and bottom covers, cooling devices, and other plastic parts.

2. Manufacturing process of the main products

A. Headphone Products



B. Plastic components



(3) Supply Status of Major Raw Materials

Our company has established long-term and stable cooperation with raw material suppliers for all our production facilities. As a result, suppliers are able to provide us with the most competitive prices and methods of supply, allowing us to maintain a long-term advantage in product costs and provide the best service to our customers.

(4) Customer Names and Sales Amounts, as well as the Proportions, that accounted for over 10% of the total sales amount in any of the past two years, and the reasons for their increase or decrease:

1. Supplier Names and Purchase Amounts, as well as the Proportions, that accounted for over 10% of the total purchase amount in any of the past two years, and the reasons for their increase or decrease:

Unit: NT\$1,000; %

Item	Year 2021				Year 2022				Year-to-Date as of Q1 of 2023			
	Name	Amount	Ratio %	Relation to the issuer	Name	Amount	Ratio %	Relation to the issuer	Name	Amount	Ratio %	Relation to the issuer
1	Supplier A	621,423	12.27	None	Others (Note)	2,896,916	100.00	None	Supplier B	69,433	17.34	None
	Others	4,442,744	87.73	None					Others	331,021	82.66	None
	Net purchase	5,064,167	100.00		Net purchase	2,896,916	100.00		Net purchase	400,454	100.00	

Note: No single supplier accounts for more than 10% of the total procurement amount. Analysis of reasons for changes:

The increase in procurement proportion from Supplier A in the fiscal year 2021 is primarily due to the production and shipment of new models by the customer.

2. Sales data for any one of the past two years in which sales from a customer accounted for more than 10% of the total sales:

Unit: NT\$1,000; %

Item	Year 2021				Year 2022				Year-to-Date as of Q1 of 2023			
	Name	Amount	Ratio %	Relation to the issuer	Name	Amount	Ratio %	Relation to the issuer	Name	Amount	Ratio %	Relation to the issuer
1	Customer A	2,169,694	38.21	None	Customer A	1,546,380	30.61	None	Customer A	239,428	27.36	None
2	Customer B	1,190,973	20.97	None	Customer B	980,509	19.41	None	Customer B	178,351	20.38	None
3	Customer C	631,963	11.13	None	Customer D	831,182	16.45	None	Customer D	97,420	11.13	None
4.									Customer C	91,751	10.49	None
	Others	1,686,076	29.69	None	Others	1,693,900	33.53	None	Others	268,083	30.64	None
	Net sales	5,678,706	100.00		Net sales	5,051,971	100.00		Net sales	875,033	100.00	

Analysis of reasons for changes in sales:

1. The decrease in sales proportion to Customer A in the fiscal year 2022 is primarily due to the global economic conditions, which led to delayed deliveries by the customer.
2. The increase in sales proportion to Customer D in the fiscal year 2022 is primarily due to the shipment of new models.
3. The decrease in sales proportion to Customer C in the fiscal year 2022 is primarily due to the global economic conditions, which led to delayed deliveries by the customer.

(5) Production value for the past two years.

Unit: Thousand units; NTD thousand

Year Production value Main product	Year 2021			Year 2022		
	Production capacity	Production volume	Production Value	Production capacity	Production volume	Production Value
Consumer Electronics Products	24,859	21,164	5,100,203	18,672	14,147	4,644,224
Plastic Components	26,965	20,151	509,264	26,965	17,819	370,430
Total	51,824	41,315	5,609,467	45,637	31,966	5,014,654
Explanation of Changes: The differences in changes are not significant, therefore no analysis is planned.						

(6) Yearly Sales Volume in the Last Two Years

Unit: Thousand units; NTD thousand

Year Sales volume Main product	Year 2021				Year 2022			
	Domestic sales		Overseas sales		Domestic sales		Overseas sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Consumer Electronics Products	-	-	21,357	5,168,701	1,554	3,564	14,203	4,674,292
Plastic Components	83	40,393	20,106	469,612	Note	5,931	17,804	368,184
Total	83	40,393	41,463	5,638,313	1,554	9,495	32,007	5,042,476
Note: Since the content pertains to the mold and sample projects, the quantity is not included. Explanation of Changes: The differences in changes are not significant, therefore no analysis is planned.								

3. Employee Data

The employee data for the past two years and as of the date of the annual report printing are listed as follows:

Unit: Person

Year		Year 2021	Year 2022	Year 2023 As of end of April
Number of Employee es	D i r e c t S t a f f	2,583	1,102	1,272
	I n d i r e c t S t a f f	816	1,089	1,182
	T o t a l	3,399	2,191	2,454
A v e r a g e A g e		29.4	31	30
Average Years of Service		1.7	2.8.	2.7
Education	D o c t o r a t e	-	0.04	0.04
	M a s t e r	0.92	1.37	1.22
Distribut ion Percenta ge %	Higher education (c o l l e g e s a n d u n i v e r s i t i e s)	11.80	15.90	13.98
	H i g h S c h o o l	35.45	34.41	36.92
	Below High School	51.83	48.28	47.84

4. Environmental Expenditure Information

Losses incurred due to environmental pollution (including compensation and environmental protection inspection results for violations of environmental regulations) in the most recent fiscal year up to the date of printing of the annual report should be disclosed, including the date of the penalty, penalty reference number, violated legal provisions, and the nature of the violations. The current and estimated future amounts of losses should be disclosed, along with the corresponding measures taken. If it is not possible to provide a reasonable estimate, it should be stated that it is not reasonably estimable. However, in this case, there have been no such occurrences.

5. Labor-Management Relations

- (1) Listing of employee welfare measures, training and development, retirement systems, and their implementation, as well as agreements between labor and management and the implementation of employee rights protection measures.

1. Employee Welfare Measures and Implementation:

(1) Services provided by the company:

A. Employees are covered by labor insurance, group insurance, and overseas travel insurance from their date of employment.

B. Regular health check-ups: The company organizes annual free health check-ups for employees, surpassing legal requirements.

- C. On-site medical services provided by healthcare professionals for employee health consultations.
- D. Distribution of congratulatory bonuses and condolences for weddings, funerals, and other joyous occasions.
- E. Year-end bonuses, childbirth bonuses, and childcare allowance congratulatory bonuses.
- F. Taiwan Taxi service to ensure the safety of employees returning home at night.
- G. Overtime meal subsidies, fuel subsidies, flexible working hours.
- H. Unused annual leave can be carried over for one year, and newly hired employees who report before July 1st can use special leave in advance. Employees who continue working for the full period required by labor laws will be given leave according to the law.
- I. Irregular afternoon tea and departmental dinner subsidies.
- J. Year-end bonuses, annual salary adjustments: Issued based on the company's operating conditions, external factors, and individual performance evaluations.

(2) Welfare measures managed by the company's Employee Welfare Committee:

- A. Signed contracts with affiliated stores to provide consumer discounts.
- B. Distribution of birthday bonuses and holiday bonuses.
- C. Issuance of department store vouchers.

(2) Employee Training and Development:

To meet the long-term development needs of the company, enhance employee qualifications and job performance, and strengthen the transfer of professional knowledge and skills, the company has established an education and training management policy. New employees should undergo a minimum of one hour of orientation training within the first three months of employment, including welfare systems, internal leave regulations, job rules, integrity policies, and ISO policy promotion. In addition to developing annual education and training plans based on company development goals, each department carries out internal and external training. Employees can also apply for external training based on job requirements.

(3) Retirement System and Implementation:

Since July 1, 2005, in compliance with the Labor Pension Act, all company employees are covered under the new labor retirement system. Retirement contributions of 6% of the employee's monthly salary are deducted and deposited into the individual retirement account established by the Labor Insurance Bureau. Employees may voluntarily contribute additional retirement funds beyond the 6% of monthly wages.

(4) Agreements and Measures for Employee Rights Protection:

The company has established various regulations in accordance with the Labor Standards Act to protect employee rights. Regular labor-management meetings are held to address issues related to company policies and systems through open and two-way communication. The aim is to foster good and harmonious labor-management relationships, ensure fair and reasonable treatment of employee rights, and establish channels for employee feedback and complaints. For example, an employee suggestion box and complaint channels are set up to gain insights into employee opinions and ideas regarding management and welfare systems, thus fostering a positive labor-management relationship.

- (1) For the latest fiscal year and up to the printing date of the annual report, there have been no losses incurred by the company due to labor disputes (including violations of labor standards regulations based on labor inspection results). The report also discloses the estimated amounts and measures for handling any current and potential future losses. In cases where reasonable estimation is not possible, the reasons for such inability should be explained: N/A.

6. Information Security Management

- (1) Describe the information security risk management framework, information security policy, specific management plans, and resources invested in information security management.

1.Information Security Risk Management Framework:

The Information Department, as an independent department not belonging to user units, is responsible for planning and implementing information security policies, promoting information security, enhancing employee awareness of information security, and collecting and improving the effectiveness of information-related technologies and procedures. It executes management of network security, information file security, information data center, email security management, and information system access control. Internal and external audits will be conducted at least once a year to assess the implementation status of internal information security.

2.Information Security Policy:

The company adheres to the principles of mutual benefit, pragmatism, and fulfilling social responsibilities to create value for customers and shareholders. We plan to adopt the ISO/IEC 27001 Information Security Management System and obtain certification by the year 2022. During this period, an information security team and an incident response process for reporting and handling security incidents will be established to ensure the stable provision of information services and continuous operation of business. We will also ensure the confidentiality, integrity, and availability of stored information assets and protect the privacy of personal data. A business continuity plan for information operations will be established to comply with relevant laws and regulations.

3.Specific Management Plans and Resource Allocation for Information Security Management:

- (1) Specific management plans: Currently, the main measures and implementation status for information security risk management are as follows, effectively safeguarding information security.

Number	Item	Specific Management Measures
1	Firewall Protection	Set up firewall connection rules.
		Special connection requirements must be submitted for approval before being granted.
2	Operating System Updates	Utilize antivirus software and enable automatic virus definition updates to minimize the risk of virus infections.
3	Email Security Management	Operating system critical and security updates are centrally managed by the automatic update system, which distributes and installs them on company computers.
4	Data Backup Mechanism	Configure automatic scanning and filtering of emails to block unsafe attachments, phishing emails, spam, and malicious links before they reach users.
5	Upload Important Files to the Server	Ensure daily backups of important information system databases and implement off-site backup solutions.
6	Firewall Protection	Store important files for all departments on the server for centralized preservation.

(2) Information Security Management:

(A) Data Protection Strategy

Examples include firewall policies, antivirus system updates, patching of vulnerabilities in hosts and network devices, phishing and

spam email detection, and secure management of computer rooms. Regular system audits and improvements are conducted, and new technologies are periodically introduced to enhance data protection.

(B) Cybersecurity Education and Training

New employees receive cybersecurity education and training on their first day of work to ensure their understanding of relevant security regulations. Regular cybersecurity education and training sessions are provided to all staff members through email or meeting courses. Periodic announcements on security controls and significant cybersecurity incidents are made to raise awareness and strengthen defense against internal and external network attacks.

(2) Disclosure of Losses, Potential Impacts, and Mitigation Measures Due to Major Information Security Incidents in the Recent Year and up to the Printing Date of the Annual Report, or Explanation of the Inability to Reasonably Estimate:

Currently, there have been no significant information security incidents causing operational damages. Regular cybersecurity meetings are conducted to discuss relevant issues, and information security management policy objectives will continue to be implemented. Regular drills for recovery plans are carried out to protect the security of critical systems and data.

7. Significant Contracts :

Type of contract	Parties involved	Starting date and end date of contract	Main content	Restricted Content
Land Use Rights Principle Contract	Vietnam Industrial Investment & Development Corporation (BECAMEX IDC CORP.)	2019/03/29~2057/6/30	Land Use Rights in Vietnam	None
Land Use Rights Principle Agreement	BECAMEX IDC CORP. (Vietnam Industrial Investment and Development Corporation)	2021/03/19~2066/4/26	Vietnamese land use rights	None
Credit Agreement	Chinatrust Commercial Bank	2022/11/30~2023/11/30	Comprehensive Credit Agreement	None
Credit	Yungfeng Bank	2022/9/21~2023/9/30	Comprehensive	None

Type of contract	Parties involved	Starting date and end date of contract	Main content	Restricted Content
Agreement			Credit Agreement	
Credit Agreement	E.Sun Bank	2023/1/3~2024/1/3	Comprehensive Credit Agreement	None
Credit Agreement	Bank of Taiwan	2022/6/9~2023/6/9	Comprehensive Credit Agreement	None
Credit Agreement	Chang Hwa Bank	2022/5/31~2023/4/30	Comprehensive Credit Agreement	None
Credit Agreement	Mega International Commercial Bank	2023/2/24~2024/2/23	Comprehensive Credit Agreement	None
Credit Agreement	Far Eastern Bank	2023/3/24~2024/3/24	Comprehensive Credit Agreement	None
Credit Agreement	Mega Bank	2021/6/3~2023/6/3	Comprehensive Credit Agreement	None
Credit Agreement	Standard Chartered Bank	2022/5/28~2023/6/30	Comprehensive Credit Agreement	None
Credit Agreement	International Bills Finance Corporation	2023/3/31~2024/3/30	Comprehensive Credit Agreement	None
Credit Agreement	Hua Nan Commercial Bank	2023/5/4~2024/5/4	Comprehensive Credit Agreement	None
Credit Agreement	Cathay United Bank	2022/10/31~2023/10/31	Comprehensive Credit Agreement	None
Credit Agreement	Shin Kong Commercial Bank	2023/3/24~2024/3/24	Comprehensive Credit Agreement	None
Credit Agreement	Taipei Fubon Bank	2023/2/22~2024/2/24	Comprehensive Credit Agreement	None
Credit Agreement	Vietnam Bank for Agriculture and Rural Development (VCB Bank)	2023/3/27~2024/3/27	Comprehensive Credit Agreement	None
Credit Agreement	Viet Capital Bank	2023/3/8~2024/3/8	Comprehensive Credit Agreement	None
Credit Agreement	Kunshan Rural Commercial	2022/9/29~2023/9/24	Comprehensive Credit Agreement	None

Type of contract	Parties involved	Starting date and end date of contract	Main content	Restricted Content
	Bank			
Joint Venture Agreement	Ability Enterprise Co., Ltd.	4/28/2022 - Termination of Agreement	Establishment of Joint Venture Taiwanese Company Investing in Vietnam to Establish a New Company	None

6. Financial Overview

1. Summary Balance Sheets and Comprehensive Income Statements for the Past Five Years

(1) Summary Balance Sheets and Comprehensive Income Statements

1. Consolidated Financial Information

(1) Consolidated Summary Balance Sheets - International Financial Reporting Standards

Unit: NT\$ thousands

<div>Year</div> <div>Item</div>		Financial Information for the Most Recent 5 Years (Note 1)					Financial Information as of March 31, 2023 (Note 2)
		2018	2019	2020	2021	2022	
Current Asset		1,708,609	1,468,019	4,333,339	4,864,148	3,645,986	3,419,798
Property, plant, and equipment		822,201	1,434,371	2,015,088	3,520,462	3,480,417	3,378,424
Intangible Assets		119,616	117,339	111,557	107,200	114,535	112,654
Other Assets		144,482	387,585	599,023	599,403	883,336	897,388
Total Assets		2,794,908	3,407,314	7,059,007	9,091,213	8,124,274	7,808,264
Current Liability	Before Distribution	1,030,587	1,227,637	3,429,336	5,432,118	4,464,016	4,210,230
	After Distribution	1,130,587	1,274,797	3,629,336	5,505,868	4,537,766 (Note 4)	Undistributed
Non-Current Liability		381,026	569,813	414,287	895,371	848,396	812,919
Total Liabilities	Before Distribution	1,411,613	1,797,450	3,843,623	6,327,489	5,312,412	5,023,149
	After Distribution	1,511,613	1,844,610	4,043,623	6,401,239	5,386,162 (Note 4)	Undistributed
Equity Attributable to Owners of Parent Company		1,367,454	1,441,769	3,204,294	2,752,441	2,799,731	2,773,611
Share Capital		800,000	1,048,000	1,220,000	1,500,000	1,500,000	1,500,000
Capital surplus	Before Distribution	200,801	300,909	1,446,762	1,161,362	1,097,937	1,097,937
	After Distribution	-	212,229	1,161,362	1,097,937	1,044,837 (Note 4)	Undistributed
Retained earnings	Before Distribution	428,852	233,851	711,954	468,109	531,114	508,872
	After Distribution (Note 2)	328,852	223,371	517,354	457,784	510,464 (Note 4)	Undistributed
Other Equities		(62,199)	(140,991)	(174,422)	(191,736)	(144,026)	(147,904)
Treasury stock		-	-	-	(185,294)	(185,294)	(185,294)

Non-control equity		15,841	168,095	11,090	11,283	12,131	11,504
Total equity	B e f o r e Distribution	1,383,295	1,609,864	3,215,384	2,763,724	2,811,862	2,785,115
	A f t e r Distribution (Note 2)	1,283,295	1,562,704	3,015,384	2,689,974	2,738,112 (Note 4)	Undistributed

Note 1 : The financial data for the years 2018 to 2022 have been audited and verified by the accountant.

Note 2 : The financial data as of March 31, 2023 have been reviewed by the accountant.

Note 3 : The distribution of earnings for the years 2018 to 2021 has been approved by the shareholders' meeting.

Note 4 : The cash dividend amount of 20,650 thousand yuan and the distribution of cash from capital surplus of 53,100 thousand yuan for the year 2022 were approved by the board of directors on April 27, 2023. °

(2) Consolidated Summary Comprehensive Income Statement - International
Financial Reporting Standards

Unit: NT\$ thousands
(Except Earnings (Loss) per Share, which is in NT\$)

Year Item	Financial Information for the Most Recent 5 Years (Note 1)					Financial Information as of March 31, 2023 (Note 2)
	2018	2019	2020	2021	2022	
Operating revenue	3,681,305	2,327,439	4,998,255	5,678,706	5,051,971	875,033
Operating gross profit	849,757	581,560	1,245,058	670,882	685,898	176,210
Income (Loss) from Operations.	434,679	132,865	673,173	(18,928)	94,730	37,839
Non-operating income and expense	24,359	(2,040)	(68,568)	(57,538)	19,081	(56,015)
Profit before tax	459,038	130,825	604,605	(76,466)	113,811	(18,176)
Net income from continuing operations for this year	323,352	97,619	495,059	(46,191)	74,014	(22,933)
Loss from discontinued operations	-	-	-	-	-	-
Current net profit (loss)	323,352	97,619	495,059	(46,191)	74,014	(22,933)
Other comprehensive income (after-tax net amount)	(7,267)	(84,028)	(28,310)	(17,374)	47,874	(3,814)
Total comprehensive profit(loss) for this reporting period	316,085	13,591	466,749	(63,565)	121,888	(26,747)
Net Profit attributable to owners of the parent comapny	319,915	104,999	488,583	(49,245)	73,330	(22,242)
Net Profit (Loss) attributable to non-controlling interests	3,437	(7,380)	6,476	3,054	684	(691)

Total Comprehensive Profit and Loss Attributable to Owners of Parent Company	312,862	26,207	459,894	(66,559)	121,040	(26,120)
Total comprehensive income(loss) attributed to non-controlling interests.	3,223	(12,616)	6,855	2,994	848	(627)
Earnings Per Share	2.48	0.80	3.58	(0.33)	0.5	(0.15)

Note 1 : The financial data for the years 2018 to 2022 have been audited and verified by the accountant.

Note 2 : The financial data as of March 31, 2023 of the current fiscal year have been reviewed by the accountant. °

2. Individual Financial Information

(1) Individual Summary Balance Sheet - International Financial Reporting Standards Unit: NT\$ thousands

<div>Year</div> <div>Item</div>		Financial Information for the Most Recent 5 Years (Note 1)				
		2018	2019	2020	2021	2022
C u r r e n t A s s e t		1,057,653	854,777	3,825,840	4,164,427	3,422,771
Property, plant, and equipment		431,138	438,068	438,110	1,396,955	1,322,768
Intangible Assets		4,695	7,281	8,900	8,246	5,563
O t h e r A s s e t s		1,301,211	1,879,897	1,959,874	1,337,974	1,362,807
T o t a l A s s e t s		2,794,697	3,180,023	6,232,724	6,907,602	6,113,909
Current Liability	B e f o r e Distribution	1,050,341	1,228,776	2,646,136	3,293,998	2,540,459
	A f t e r Distribution	1,150,341	1,275,936	2,846,136	3,367,748	26,14,209 (Note 3)
Non-Current Liability		376,902	509,478	382,294	861,163	773,719
T o t a l Liabilities	B e f o r e Distribution	1,427,243	1,738,254	3,028,430	4,155,161	3,314,178
	A f t e r Distribution	1,527,243	1,785,414	3,228,430	4,228,911	3,387,928 (Note 3)
S h a r e C a p i t a l		800,000	1,048,000	1,220,000	1,500,000	1,500,000
C a p i t a l s u r p l u s		200,801	300,909	1,446,762	1,161,362	1,097,937
Retained earnings	B e f o r e Distribution	428,852	233,851	711,954	468,109	531,114
	A f t e r Distribution (N o t e 2)	328,852	223,371	517,354	457,784	457,364 (Note 3)
O t h e r e q u i t y		(62,199)	(140,991)	(174,422)	(191,736)	(144,026)
T r e a s u r y s t o c k		-	-	-	(185,294)	(185,294)
T o t a l equity	B e f o r e Distribution	1,367,454	1,441,769	3,204,294	2,752,441	2,799,731
	A f t e r Distribution (N o t e 2)	1,267,454	1,394,609	3,004,294	2,678,691	2,725,981 (Note 3)

Note 1 : The financial data for the years 2018 to 2022 have been audited and verified by the accountant.

Note 2 : The distribution of earnings for the years 2018 to 2021 has been approved by the shareholders' meeting.

Note 3 : On April 27, 2023, the board of directors approved the cash dividend amount of NT\$20,650,000 and the distribution of cash from capital surplus of NT\$53,100,000 for the year 2022.

(2) Individual Summary Comprehensive Income Statement - International Financial
Unit: NT\$ thousands
(Except Earnings (Loss) per Share, which is in NT\$)

Item \ Year	Financial Information for the Most Recent 5 Years (Note 1)				
	2018	2019	2020	2021	2022
Operating revenue	3,458,287	2,147,163	4,842,188	5,549,875	4,928,989
Operating gross profit	416,072	280,560	1,099,887	942,814	325,066
Income (Loss) from Operations.	283,175	61,343	816,681	689,125	72,748
Non-operating income and expense	135,821	69,720	(205,973)	(698,207)	34,104
Profit before tax	418,996	131,063	610,708	(9,082)	106,852
Net income from continuing operations for this year	319,915	104,999	488,583	(49,245)	73,330
Loss from Suspended Operations	-	-	-	-	-
Current net profit (loss)	319,915	104,999	488,583	(49,245)	73,330
Other comprehensive income (after-tax net amount)	(7,053)	(78,792)	(28,689)	(17,314)	47,710
Total comprehensive profit(loss) for this reporting period	312,862	26,207	459,894	(66,559)	121,040
Earnings per share	2.48	0.80	3.58	(0.33)	0.5

Note: The financial information for the years 2018 to 2022 has been audited and certified by the accounting firm.

(2) Audit Firm Name and Audit Opinion for the Latest Five Years

Year	Name of CPA Firm	Audit Partners' Names	Opinion
2018	Deloitte Taiwan	Qiu Mengjie and Cai Zhencai	Unqualified Opinion
2019	Deloitte Taiwan	Cai Zhencai and Qiu Mengjie	Unqualified Opinion
Year 2020	Deloitte Taiwan	Qiu Mengjie and Cai Zhencai	Unqualified Opinion
Year 2021	Deloitte Taiwan	Qiu Mengjie and Cai Zhencai	Unqualified Opinion
Year 2022	Deloitte Taiwan	Liu Ming-Xian and Chen Yan-Jun	Unqualified Opinion

2. Financial Analysis for the Most Recent Five Fiscal Years

(1) Consolidated Financial Analysis - International Financial Reporting Standards

<div> <div>Year</div> <div>Analysis Items (Note 4)</div> </div>		Financial Analysis for the Latest Five Years (Note 1)					Financial Information as of March 31, 2023
		2018	2019	2020	2021	2022	
Financial structure (%)	Ratio of Liabilities to Assets	50.51	52.75	54.45	69.60	65.39	64.33
	Ratio of Long-Term Capital to Real Estate, Plant, and Equipment	214.59	151.96	180.12	103.94	105.17	106.50
Debt-Paying Capacity (%)	Current Ratio	165.79	119.58	126.36	89.54	81.68	81.23
	Quick Ratio	117.57	77.80	83.66	43.69	37.84	39.99
	Interest Coverage Ratio	25.39	10.18	23.68	(0.66)	2.07	0.47
Operating Capacity	Receivables Turnover Rate (Times)	6.15	4.11	5.31	3.64	3.65	3.27
	Average Collection Days	59	89	69	101	100	112
	Inventory Turnover Rate (Times)	6.43	3.64	4.36	2.95	2.13	1.53
	Payables Turnover Rate (Times)	7.10	3.89	4.90	3.75	3.29	2.74
	Average Days for Sales	57	100	84	124	171	239
	Real Estate Plant, and Equipment Turnover Rate (Times)	4.52	2.06	2.90	2.05	1.44	1.02
	Total Asset Turnover Rate (Times)	1.42	0.75	0.96	0.70	0.59	0.44
Profitability	Rate of Return on Assets (%)	13.02	3.52	9.87	(0.12)	1.85	0.23
	Rate of Return on Equity (%)	25.63	6.52	20.52	(1.55)	2.65	(3.28)
	Ratio of Income before tax to Paid-In Capital (%)	57.38	12.48	49.56	(5.10)	7.59	(4.85)
	Profit Margin (%)	8.78	4.19	9.90	(0.81)	1.47	(2.62)
	Earnings Per Share (NT\$) (Note 3)	2.48	0.80	3.58	(0.33)	0.5	(0.15)
Cash flow	Cash Flow Ratio (%)	65.88	3.99	Note 2	Note 2	25.45	Note 2
	Cash Flow Adequacy Ratio (%)	109.94	72.62	39.06	13.22	29.02	23.29
	Cash Flow Reinvestment Ratio (%)	31.07	Note 2	Note 2	Note 2	26.94	Note 2
Degree of Leverage	Degree of Operating Leverage	2.51	5.04	2.65	(82.92)	16.79	9.56
	Degree of Financial	1.05	1.12	1.04	0.29	(8.13)	10.71

Leverage						
Explanation of the changes in various financial ratios in the recent years: (Analysis may be omitted if the changes do not exceed 20%)						
1. Increase in interest coverage ratio: Mainly due to the negative impact of the COVID-19 pandemic in the year 2021, resulting in a loss in pre-tax income.						
2. Decrease in inventory turnover ratio, increase in average days sales: Primarily attributed to the global economic impact in the year 2022, causing delays in customer order fulfillment.						
3. Increase in asset turnover ratio, increase in return on equity, increase in the ratio of pre-tax net income to paid-in capital, increase in net profit margin, increase in earnings per share: Mainly due to the adverse effects of the COVID-19 pandemic in the year 2021, resulting in a loss in net profit.						
4. Increase in cash flow adequacy ratio: Mainly attributed to the collection of accounts receivable and the reduction of inventory levels.						
5. Increase in operating leverage: Primarily due to the negative impact of the COVID-19 pandemic in the year 2021, resulting in a loss in net profit.						
6. Decrease in financial leverage: Mainly attributed to the increase in interest expenses due to the interest rate hike in the year 2022.						

Note 1: The financial information for the aforementioned years has been audited and certified by independent auditors.

Note 2: Cash flow analysis refers to the net cash inflows from operating activities. If there is a net cash outflow, it is not included in the analysis.

Note 3: Refers to basic earnings per share.

Note 4: The following formulas should be presented at the end of this table in the annual report:

1. Financial Structure

(1) Debt-to-Asset Ratio = Total Liabilities / Total Assets.

(2) Long-term Funding to Net Property, Plant, and Equipment Ratio = (Total Equity + Non-current Liabilities) / Net Property, Plant, and Equipment.

2. Solvency

(1) Current Ratio = Current Assets / Current Liabilities.

(2) Quick Ratio = (Current Assets - Inventory - Prepaid Expenses) / Current Liabilities.

(3) Interest Coverage Ratio = Profit before Tax and Interest Expense / Interest Expense.

3. Operating Performance

(1) Accounts Receivable Turnover Ratio = Net Sales / Average Accounts Receivable.

(2) Average Collection Period = 365 / Accounts Receivable Turnover Ratio.

(3) Inventory Turnover Ratio = Cost of Goods Sold / Average Inventory.

(4) Accounts Payable Turnover Ratio = Cost of Goods Sold / Average Accounts Payable.

(5) Average Sales Period = 365 / Inventory Turnover Ratio.

(6) Property, Plant, and Equipment Turnover Ratio = Net Sales / Average Net Property, Plant, and Equipment.

(7) Total Asset Turnover Ratio = Net Sales / Average Total Assets.

4. Profitability

(1) Return on Assets = (Net Income + Interest Expense × (1 - Tax Rate)) / Average Total Assets.

(2) Return on Equity = Net Income / Average Total Equity.

(3) Net Profit Margin = Net Income / Net Sales.

(4) Earnings per Share = (Profit Attributable to Owners of the Company - Preferred Stock Dividends) / Weighted Average Issued Shares.

5. Cash Flow

(1) Cash Flow Ratio = Operating Cash Flow / Current Liabilities.

(2) Cash Flow Adequacy Ratio = Operating Cash Flow for the Past Five Years / (Capital Expenditures + Increase in Inventory + Cash Dividends) for the Past Five Years.

(3) Cash Reinvestment Ratio = (Operating Cash Flow - Cash Dividends) / (Gross Property, Plant, and Equipment + Long-term Investments + Other Non-current Assets + Working Capital).

6. Degree of Leverage :

(1) Operating Leverage = (Net Sales - Variable Operating Costs and Expenses) / Operating Profit.

(2) Financial Leverage = Operating Profit / (Operating Profit - Interest Expense).

Note 5: When calculating earnings per share, special attention should be paid to the following factors.

1. The weighted average number of ordinary shares should be used, based on the weighted average during the year, rather than the year-end issued shares.

2. For any cash capital increases or treasury stock transactions, the period of circulation should be considered when calculating the weighted average shares.
3. In the case of earnings capitalization or capitalization from capital surplus, when calculating earnings per share for past years and interim periods, the capitalization ratio should be retrospectively adjusted, without considering the period of issuance for the capitalization.
4. If the preferred stock is non-convertible cumulative preferred stock, its dividends for the year (whether paid or not) should be deducted from or added to the net income after tax. If the preferred stock is non-cumulative, in the case of net income, preferred stock dividends should be deducted from net income after tax; if there is a net loss, no adjustment is necessary.

Note 6: When analyzing cash flows, the following points should be taken into consideration:

1. Operating cash flows refer to the net cash inflow from operating activities as reported in the cash flow statement.
2. Capital expenditures represent the cash outflows for capital investments made during the year.
3. The increase in inventory should only be included if the ending balance is greater than the beginning balance. If inventory decreases at year-end, it should be treated as zero.
4. Cash dividends include dividends paid on both common and preferred stock.
5. Gross amount of property, plant, and equipment refers to the total value of property, plant, and equipment before deducting accumulated depreciation.

(2) Individual Financial Analysis - International Financial Reporting Standards
(Individual Financial Statements)

<div style="display: flex; align-items: center; justify-content: center;"> <div style="writing-mode: vertical-rl; transform: rotate(180deg);">Analysis Items (Note 4)</div> <div style="text-align: center;">Year</div> </div>		Financial Analysis for the Latest Five Years (Note 1)				
		2018	2019	2020	2021	2022
Financial structure (%)	Ratio of Liabilities to Assets	51.07	54.66	48.59	60.15	54.21
	Ratio of Long-Term Capital to Real Estate, Plant, and Equipment	404.59	445.42	818.65	258.68	270.15
Debt-Paying Capacity (%)	Current Ratio	100.70	69.56	144.58	126.42	134.73
	Quick Ratio	98.89	67.38	136.39	125.48	132.4
	Interest Coverage Ratio	35.64	13.28	30.44	0.71	2.39
Operating Capacity	Receivables Turnover Rate (Times)	6.93	4.43	5.58	3.75	3.77
	Average Collection Days	53	83	66	98	97
	Inventory Turnover Rate (Times)	1,727.55	209.62	211.17	272.06	305.9
	Payables Turnover Rate (Times)	5.15	2.76	4.66	5.95	11.13
	Average Days for Sales	1	2	2	2	2
	Real Estate Plant, and Equipment Turnover Rate (Times)	8.06	4.94	11.05	6.05	3.62
	Total Asset Turnover Rate (Times)	1.35	0.72	1.03	0.84	0.76
Profitability	Rate of Return on Assets (%)	12.87	3.80	10.73	(0.37)	2.07
	Rate of Return on Equity (%)	25.61	7.48	21.03	(1.65)	2.64
	Ratio of Income before tax to Paid-In Capital (%)	52.37	12.51	50.06	(0.61)	7.12
	Profit Margin (%)	9.25	4.89	10.09	(0.89)	1.49
	Earnings Per Share (NT\$) (Note 3)	2.48	0.80	3.58	(0.33)	0.5
Cash flow	Cash Flow Ratio (%)	47.36	Note 2	Note 2	Note 2	27.05
	Cash Flow Adequacy Ratio (%)	108.50	90.80	94.84	28.64	76.89
	Cash Flow Reinvestment Ratio (%)	23.93	Note 2	Note 2	Note 2	17.14
Degree of Leverage	Degree of Operating Leverage	1.47	4.57	1.35	1.37	4.47
	Degree of Financial Leverage	1.04	1.21	1.03	1.05	(18.75)
<p>Explanation of the changes in various financial ratios for the past two years (increase or decrease of less than 20% is exempted)</p> <ol style="list-style-type: none"> 1. Increase in interest coverage ratio: Mainly due to the impact of the pandemic in the year 2021, resulting in a loss in pre-tax net income. 2. Increase in accounts payable turnover ratio: Primarily due to inventory reduction and a decrease in purchases. 3. Decrease in fixed assets turnover ratio: Mainly caused by delayed shipments from customers due to the 						

global economic conditions in the year 2022.

4. Increase in asset return ratio, increase in equity return ratio, increase in pre-tax net income to paid-in capital ratio, increase in net profit margin, increase in earnings per share: Mainly due to the negative impact of the pandemic in the year 2021, resulting in a loss in net income.
5. Increase in net cash flow adequacy ratio: Primarily due to the collection of accounts receivable and inventory reduction.
6. Increase in operating leverage: Mainly due to the negative impact of the pandemic in the year 2021, resulting in a loss in net income.
7. Decrease in financial leverage: Mainly due to the interest expense increase resulting from the interest rate hike in the year 2022.

Note 1: The financial information for the aforementioned years has been audited and certified by independent auditors.

Note 2: Cash flow analysis refers to the net cash inflows from operating activities. If there is a net cash outflow, it is not included in the analysis.

Note 3: Refers to basic earnings per share.

Note 4: The following formulas should be presented at the end of this table in the annual report:

1. Financial Structure

- (1) Debt-to-Asset Ratio = Total Liabilities / Total Assets.
- (2) Long-term Funding to Net Property, Plant, and Equipment Ratio = (Total Equity + Non-current Liabilities) / Net Property, Plant, and Equipment.

2. Solvency

- (1) Current Ratio = Current Assets / Current Liabilities.
- (2) Quick Ratio = (Current Assets - Inventory - Prepaid Expenses) / Current Liabilities.
- (3) Interest Coverage Ratio = Profit before Tax and Interest Expense / Interest Expense.

3. Operating Performance

- (1) Accounts Receivable Turnover Ratio = Net Sales / Average Accounts Receivable.
- (2) Average Collection Period = 365 / Accounts Receivable Turnover Ratio.
- (3) Inventory Turnover Ratio = Cost of Goods Sold / Average Inventory.
- (4) Accounts Payable Turnover Ratio = Cost of Goods Sold / Average Accounts Payable.
- (5) Average Sales Period = 365 / Inventory Turnover Ratio.
- (6) Property, Plant, and Equipment Turnover Ratio = Net Sales / Average Net Property, Plant, and Equipment.
- (7) Total Asset Turnover Ratio = Net Sales / Average Total Assets.

4. Profitability

- (1) Return on Assets = (Net Income + Interest Expense × (1 - Tax Rate)) / Average Total Assets.
- (2) Return on Equity = Net Income / Average Total Equity.
- (3) Net Profit Margin = Net Income / Net Sales.
- (4) Earnings per Share = (Profit Attributable to Owners of the Company - Preferred Stock Dividends) / Weighted Average Issued Shares.

5. Cash Flow

- (1) Cash Flow Ratio = Operating Cash Flow / Current Liabilities.
- (2) Cash Flow Adequacy Ratio = Operating Cash Flow for the Past Five Years / (Capital Expenditures + Increase in Inventory + Cash Dividends) for the Past Five Years.
- (3) Cash Reinvestment Ratio = (Operating Cash Flow - Cash Dividends) / (Gross Property, Plant, and Equipment + Long-term Investments + Other Non-current Assets + Working Capital).

6. Degree of Leverage :

- (1) Operating Leverage = (Net Sales - Variable Operating Costs and Expenses) / Operating Profit.
- (2) Financial Leverage = Operating Profit / (Operating Profit - Interest Expense).

Note 5: When calculating earnings per share, special attention should be paid to the following factors.

1. The weighted average number of ordinary shares should be used, based on the weighted average during the year, rather than the year-end issued shares.
2. For any cash capital increases or treasury stock transactions, the period of circulation should be considered when calculating the weighted average shares.
3. In the case of earnings capitalization or capitalization from capital surplus, when calculating earnings per share for past years and interim periods, the capitalization ratio should be retrospectively adjusted, without considering the period of issuance for the capitalization.
4. If the preferred stock is non-convertible cumulative preferred stock, its dividends for the year (whether paid or not) should be deducted from or added to the net income after tax. If the preferred stock is non-cumulative, in the case of net income, preferred stock dividends should be deducted from net income after tax; if there is a net loss, no adjustment is necessary.

Note 6: When analyzing cash flows, the following points should be taken into consideration:

1. Operating cash flows refer to the net cash inflow from operating activities as reported in the cash flow statement.

2. Capital expenditures represent the cash outflows for capital investments made during the year.
3. The increase in inventory should only be included if the ending balance is greater than the beginning balance. If inventory decreases at year-end, it should be treated as zero.
4. Cash dividends include dividends paid on both common and preferred stock.
5. Gross amount of property, plant, and equipment refers to the total value of property, plant, and equipment before deducting accumulated depreciation.

3. Audit Committee Audit Report on the Latest Annual Financial Statements

Ampacs Corporation

Auditing Committee Report

The Board of Directors of our company has submitted the proposal for the annual operating report and financial statements for the fiscal year [Year]. The financial statements have been audited by KPMG Certified Public Accountants, with Mr. Liu Mingxian and Ms. Chen Yanjun as the responsible auditors. The Auditing Committee has reviewed the aforementioned operating report and financial statements and found no material discrepancies. Therefore, in accordance with the provisions of Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby report as stated above for your reference.

Yours sincerely,
Auditing Committee
Ampacs Corporation
2023rd Annual Shareholders' Meeting

Convener of the Auditing Committee: Cheng Kai

March 22, 2023

- 4. Audited Consolidated Financial Statements for the most recent fiscal year:** Please refer to Appendix 1 on page 154.
- 5. Audited Individual Financial Statements for the most recent fiscal year:** Please refer to Appendix 2 on page 243.
- 6. Regarding any financial difficulties encountered by the company and its affiliated entities during the most recent fiscal year up until the date of printing the annual report, and their impact on the financial condition of the company:** None.

7. Review Analysis and Risk Assessment of Financial Status and Financial Performance

1. Financial Status

Unit: NT\$1,000; %

Item \ Year	December 31, 2022	December 31, 2021	Differences	
			Amount	%
Current Assets	3,645,986	4,864,148	(1,218,162)	(25.04)%
Property, plant, and equipment	3,480,417	3,520,462	(40,045)	(1.14)%
Intangible Assets	114,535	107,200	7,335	6.84%
Other Assets	883,336	599,403	283,933	47.37%
Total assets	8,124,274	9,091,213	(966,939)	(10.64)%
Current Liabilities	4,464,016	5,432,118	(968,102)	(17.82)%
Non-Current Liability	848,396	895,371	(46,975)	(5.25)%
Total liabilities	5,312,412	6,327,489	(1,015,077)	(16.04)%
Share Capital	1,500,000	1,500,000	-	-
Capital surplus	1,097,937	1,161,362	(63,425)	(5.46)%
Retained earnings	531,114	468,109	63,005	13.46%
Other Equities	(144,026)	(191,736)	47,710	(24.88)%
Treasury stock	(185,294)	(185,294)	-	-
Equity Attributable to Owners of Parent Company	2,799,731	2,752,441	47,290	1.72%
Non-Control Interest	12,131	11,283	848	7.52%
Total equity	2,811,862	2,763,724	48,138	1.74%
Analysis of Percentage Changes: (Changes exceeding 20% and amounting to NT\$10 million or more)				
1. Decrease in Current Assets: The decrease is primarily due to the repayment of bank loans and payment of trade payables.				
2. Increase in Other Assets: The increase is mainly attributed to the addition of right-of-use assets.				
3. Increase in Other Equity: This is primarily due to increased translation gains from foreign operations resulting from exchange rate fluctuations.				

2. Financial Performance

(1) Analysis of Operating Results for the Past Two Years

Unit: NT\$1,000; %

Item \ Year	Year 2022	Year 2021	Amount of increase (decrease)	Percentage of Change (%)
Net operating income	5,051,971	5,678,706	(626,735)	(11.04)%
Operating Cost	4,366,073	5,007,824	(641,751)	(12.81)%
Operating gross profit	685,898	670,882	15,016	2.24%
Operating expenses	591,168	689,810	(98,642)	(14.30)%
Income (Loss) from Operations.	94,730	(18,928)	113,658	(600.48)%
Total non-operating income and expenses	19,081	(57,538)	76,619	(133.16)%
Profit before tax	113,811	(76,466)	190,277	(248.84)%
Income tax(expense) benefits	(39,797)	30,275	(70,072)	(231.45)%
Current net profit (loss)	74,014	(46,191)	120,205	(260.23)%
Total Other Comprehensive Income (Net of Tax) for the Period	47,874	(17,374)	65,248	(375.55)%
Total Comprehensive Income for the Period	121,888	(63,565)	185,453	(291.75)%

Analysis and Explanation of Significant Changes in Operating Revenue, Operating Net Income, and Pre-tax Net Income in the Past Two Years:

Analysis of Variations in Percentage Changes: (Changes exceeding 20% and amounting to NT\$10 million or more)

1. Increase in Operating (Loss) Income: The main reason for the increase in 2022 fiscal year is the reduction in expenses during the period of pandemic mitigation.
2. Increase in Non-operating Income and Expenses: The increase in the fiscal year 2022 is primarily due to the appreciation of the US dollar, resulting in increased foreign exchange gains.
3. Increase in Pre-tax Net Income: The increase in the fiscal year 2022 is mainly attributed to the reduction in expenses during the period of pandemic mitigation and the generation of foreign exchange gains.
4. Increase in Income Tax (Expense) Benefit: The increase is mainly due to the profitability in the current year, resulting in income tax expenses.
5. Increase in Net Profit (Loss) for the Period: The increase in the fiscal year 2022 is primarily attributed to the reduction in expenses during the period of pandemic mitigation and the generation of foreign exchange gains.
6. Increase in Other Comprehensive Income (Net of Tax): This is mainly due to increased

Item \ Year	Year 2022	Year 2021	Amount of increase (decrease)	Percentage of Change (%)
translation gains from foreign operations resulting from exchange rate fluctuations.				
7. Increase in Total Other Comprehensive Income (Net of Tax): This is primarily due to increased translation gains from foreign operations resulting from exchange rate fluctuations.				

- (2) Expected Sales Quantity and Basis The company and its subsidiaries determine sales targets based on industry trends, market conditions, and past business performance. For the fiscal year 2022, it is expected that the sales volume will maintain a growing trend.
- (3) Potential Impact on Future Financial Operations and Response Plans There are no significant impacts foreseen on the company's future financial operations. The company has taken into account potential risks and has developed corresponding response plans. Therefore, the company expects to effectively manage any challenges in its future financial operations and ensure stable performance.

3. Cash Flow

(1) Analysis and Explanation of Changes in Cash Flows for the Recent Year

Unit: NT\$ thousands

Item \ Year	Cash Inflows (Outflows)		Increase/(Decrease) in Change	
	Year 2022	Year 2021	Amount	%
Operating Activities	1,136,051	(870,620)	2,006,671	-230.49%
Investment activity	(328,482)	(1,878,704)	1,550,222	-82.52%
Funding activities	(751,284)	1,737,972	(2,489,256)	-143.23%
Increase/Decrease Ratio Analysis: (Explanation of changes with an increase or decrease ratio of 20% or more)				
1. There is an increase in net cash inflows from operating activities compared to the previous period, primarily due to the collection of accounts receivable.				
2. There is a decrease in net cash outflows from investing activities compared to the previous period, primarily due to the acquisition of land and office space in Xizhi and Nangang Software Park in 2021.				
3. There is a decrease in net cash inflows from financing activities compared to the previous period, primarily due to loan repayments.				

(2) Improvement Plan for Insufficient Liquidity: The company does not currently face any issues of insufficient liquidity.

(3) Analysis for the Coming Year

Unit: NT\$ thousands

Beginning Cash Balance	Projected Net Cash Flow from Operating Activities for the Entire Year	Projected Net Cash Flow (Inflows/Outflows) from Investing and Financing Activities Cash Flow (Outflow) Inflow	Expected Cash Surplus/(Deficit)	Expected measures to remedy any cash shortfall.	
				Investment plan	Financial Plan:
238,224	638,968	(308,549)	568,643	-	-

(1) Forecasted Analysis of Cash Flow Variations:

- (a) Operating Activities: It is expected that there will be a net cash inflow from operating activities in the coming year, mainly due to increased revenue generating positive cash flows.
- (b) Investing Activities: It is anticipated that there will be a net cash outflow from investing activities in the next year, primarily due to the projected purchase of fixed assets, leading to increased cash outflows from investment activities.
- (c) Financing Activities: It is projected that there will be a net cash outflow from financing activities in the upcoming year, mainly due to the repayment of bank loans and the distribution of dividends.

(2) Remedial Measures for Expected Cash Shortfalls and Liquidity Analysis: Not applicable.

4. Impact of Significant Capital Expenditures on Financial Operations in the Recent Year:

Utilization of Significant Capital Expenditure and Funding Sources: None

5. Investment Policy, Profit or Loss Reasons, Improvement Plans, and Future Investment Plans for the Recent Year:

On April 28, 2022, our company obtained approval from the Board of Directors for a joint venture project with Ability Enterprise Co., Ltd., resulting in the establishment of Ability Technology Co., Ltd. as a new subsidiary in Vietnam. This joint venture aims to leverage Ability's expertise in research, development, production, and sales of optical sensing, image display and control, as well as core competencies in optical system-related components, modules, and system integration. Both parties will collaborate to establish a large-scale production line and develop a global marketing network.

In the future, our company will continue to focus on the growth of our core business. Any future investments or diversifications will primarily be related to our core business, and non-core projects will be disposed of when appropriate.

6. Risk Assessment and Analysis of the Following Matters for the Most Recent Fiscal Year and up to the Printing Date of the Annual Report:

(1) Impact of Changes in Interest Rates, Foreign Exchange Rates, and Inflation on Profit and Loss, and Future Response Strategies

- 1. The impact of interest rate changes on the company's profit and loss, as well as future measures:

The company has obtained bank loans to support its operational needs and investments in offices, factories, and equipment. As a result, there are interest expenses from these bank borrowings. The interest expenses for the fiscal years 2021 and 2022 were 44,365 thousand yuan and 105,228 thousand yuan, respectively. These amounts represent a proportion of 0.78% and 2.08% of the consolidated net operating income, which is relatively small. Therefore, the impact of interest rate changes on the company's revenue and profitability is not significant. Additionally, the company maintains a strong and stable relationship with its partner banks and constantly monitors the impact of changes in financial market interest rates on its funds. As the company's operations and profitability continue to improve, its self-owned funds are gradually becoming more abundant. Consequently, the impact of interest rate changes on the company's revenue and profitability remains limited.

2. The impact of exchange rate changes on the company's profit and loss, as well as future measures:

The company had export ratios of 99.29% and 99.81% in the fiscal years 2021 and 2022, respectively. The majority of export receipts are in US dollars, although some raw materials are purchased in US dollars, hedging against exchange rate fluctuations is not fully achieved. The net exchange (loss) gain for the fiscal years 2021 and 2022 was (12,569) thousand yuan and 132,238 thousand yuan, respectively. These amounts represent a proportion of (0.22)% and 2.62% of the consolidated net operating income, which has a relatively low impact. Therefore, the impact of exchange rate changes on the company's revenue and profitability is not significant. However, as the company's operations continue to grow, exchange rate fluctuations still have potential effects on its operations. Hence, the company's finance department maintains a close relationship with financial institutions and continuously monitors exchange rate fluctuations, fully grasping international exchange rate trends and changes in order to respond promptly to the impact of exchange rate volatility.

3. The impact of inflation on the company's profit and loss, as well as future measures:

In the most recent fiscal year and up until the printing date of the annual report, the company's revenue and profitability have not been significantly affected by inflation. If inflation leads to an increase in procurement costs, the company will appropriately adjust prices and monitor the price changes of upstream raw materials and key components to reduce the impact of inflation-induced product cost fluctuations on the company's profit and loss.

- (2) Policies, Main Causes of Profit and Loss, and Future Response Strategies with Respect to High-risk, High-leveraged Investments, Lending or Endorsement Guarantees, and Derivatives Trading:

Our company focuses on its core business and follows a conservative and prudent financial policy. We do not engage in high-risk or highly leveraged investments. In addition, we have established operational procedures such as "Management Guidelines for Lending Funds to Others," "Management Guidelines for Endorsements and Guarantees," and "Management Guidelines for Acquisition or Disposal of Assets" to guide our actions in these areas. On April 27, 2023, and August 11, 2022, the Board of Directors approved the extension of funds from Hui Lian Investment and Development Co., Ltd. to Richmake International Limited, the fund lending case from Dong Guan Yi Zhuo Electronics Co., Ltd. to Hui Lian Investment and Development Co., Ltd., and the endorsement and guarantee case for MODERN PIONEER (KUNSHAN) CO., LTD. We do not engage in derivative trading activities.

- (3) Future Research and Development Plans and Expected Research and Development Expenses:

The company focuses on headphone development, covering a range of products including low, medium, and high-end models. In addition to meeting customer product needs, the company continues to monitor industry trends and aims to play the role of a professional supplier, growing together with its customers.

1. Future R&D Plans:

The future R&D plans of the company involve developing headphones that are lightweight, compact, and wireless. This includes the development of exterior design, mechanical design, electronic hardware design, antenna design, firmware integration, digital signal processing, acoustic tuning, and providing complete services to meet customer requirements.

The company aims to establish a strong presence in gaming headphones and expand its product range to include music headphones, business headphones, true wireless headphones, noise-canceling headphones, and smart headphones. The focus is on developing products with low power consumption, long transmission distance, and low latency. The company will vertically integrate and deeply cultivate its expertise while conducting independent R&D on speaker units, diaphragms, cavity design, ear cushion materials, and utilizing professional simulation software for material and structural analysis.

2. Estimated R&D Expenses:

The company recognizes that its industry competitiveness comes from its ability to conduct independent research and development. It allocates annual R&D expenses to support research units or acquire R&D equipment, train

excellent R&D talents, and allocate the R&D expenses based on the progress of product development. In the future, the company will adjust the amount of R&D investment based on the progress and results of R&D to expand its operational scale and increase competitiveness.

(4) Impact of Significant Policy and Legal Changes on the Company's Financial Operations and Response Measures:

The company complies with relevant domestic and international laws and regulations in its daily operations. It closely monitors the development trends of domestic and international policies and regulatory changes, collects relevant information for management decision-making, and adjusts operational strategies accordingly. In the recent fiscal years and up to the date of the annual report, the company has not been significantly affected by significant policy and legal changes in its financial operations.

(5) Impact of Technological Changes (including information security risks) and Industry Changes on the Company's Financial Operations and Response Measures:

The company's R&D team has considerable capabilities in product development. It ensures that all R&D projects do not infringe on others' patents and actively develops innovative technologies to maintain its position as a leading manufacturer. The company constantly monitors technological changes, market shifts, and technological developments, regularly collects and analyzes the impact of environmental changes on its operations, formulates corresponding response measures, and enhances its innovative technological capabilities to remain competitive. Therefore, there are currently no significant technological changes or industry changes that have a major impact on the company's financial operations.

(6) Impact of Corporate Image Changes on Crisis Management and Response Measures:

The company upholds the spirit of pursuing "innovation, efficiency, and social responsibility" and strives for business development and the creation of shareholder value while maintaining stability. The company complies with relevant laws and regulations in its operations, emphasizes corporate image, and manages risks. Up to the date of the annual report, there have been no significant changes in corporate image that have led to crisis management issues.

(7) Expected Benefits, Potential Risks, and Response Measures in Mergers and Acquisitions:

The company has no plans for acquiring other companies in the recent fiscal years up to the date of the annual report. If there are any future merger and acquisition activities, the company will conduct benefit assessments and risk management in accordance with operational procedures, with a prudent approach to ensure the protection of company interests and shareholder rights.

(8) Expected Benefits, Potential Risks, and Response Measures in Expanding Factory Facilities:

On November 12, 109 (2020), the Board of Directors approved the signing of a land-use rights agreement between Ampacs International Company Limited and the Vietnam Industrial Investment & Development Corporation (BECAMEX IDC CORP.) to meet future business growth needs. As of the date of the annual report, the related expansion plans and expected benefits are still under evaluation and planning.

(9) The risks in centralized purchases and sales, and corresponding strategies:

1. Risks and Measures in Case of Concentrated Purchasing:

During the 2021st and 2022nd fiscal years, the purchase amounts from the largest supplier accounted for 12.27% and below 10% of the total purchasing amount, respectively, indicating no excessive concentration in purchases. Additionally, the company ensures procurement flexibility and diversifies its sources of supply by having more than two suppliers for important raw materials. This approach ensures that materials meet customer demands in terms of quality, technology, price, and delivery. The company has established stable and robust cooperative relationships with suppliers over the long term, and there have been no material shortages or disruptions in the supply chain.

2. Risks and Countermeasures in Case of Concentrated Sales:

The company primarily engages in the design, production, and sales of headphones, with its main customers being international headphone brands. In the 2021st and 2022nd fiscal years, sales to the largest customer accounted for 38.21% and 30.61% of the total sales amount, respectively, indicating a concentration of sales. This is mainly due to the company's strong development

capabilities in the headphone industry, which have earned the trust of its end customers. The company has historically focused on gaming headphones, leading to a concentration of sales to that particular customer. However, the company actively continues to develop diversified products and customer bases to mitigate sales risks.

(10) Impact, Risks, and Measures in Case of Significant Transfer or Replacement of Directors or Shareholders Holding Over 10% of Shares:

During the recent year and up to the date of the annual report, there have been no significant impacts on the company's operations resulting from the large-scale transfer or replacement of directors or shareholders holding over 10% of shares.

(11) Impact, Risks, and Measures in Case of Change in Management Control:

During the recent year and up to the date of the annual report, there have been no changes in management control of the company.

(12) Litigation and Non-litigation Events:

There have been no major litigation or non-litigation events that have been definitively determined or are currently pending, involving the company, directors, general manager, substantial shareholders holding over 10% of shares, or subsidiary companies, which may have a significant impact on shareholder rights or securities prices. Therefore, there is no need to disclose the disputed facts, amount in dispute, litigation start date, major parties involved, or the status of handling as of the date of the annual report.

(13) Other Significant Risks and Countermeasures: None.

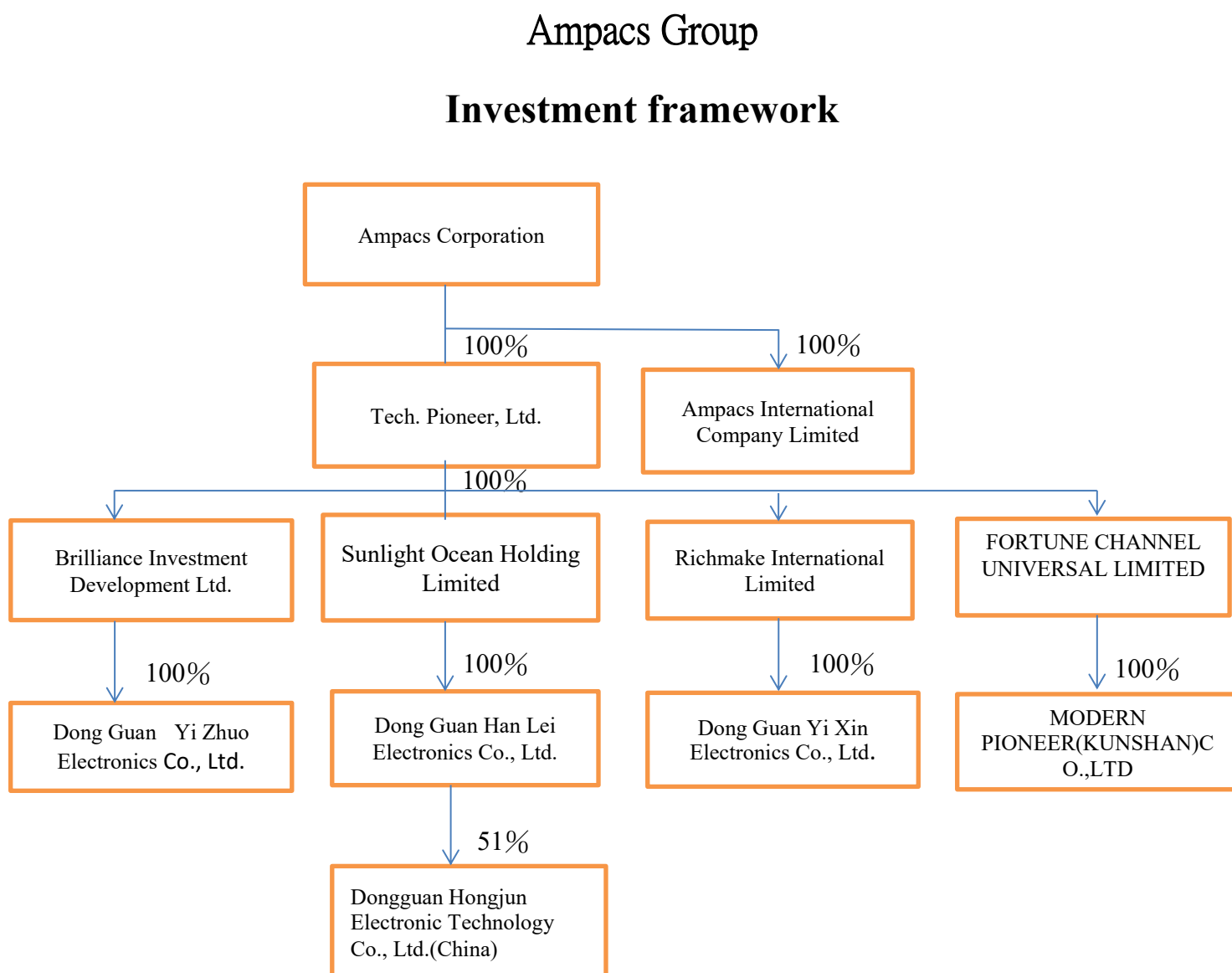
7. Other important matters to report: None.

8. Special Notes

1. Information on Related Companies

(1) Consolidated Business Report of Related Companies

1. Organizational Chart of Related Companies



2. Basic Information of Each Related Company

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

Company Name	Date of Establishment	Address	Paid-in capital	Main Business or Production Items
Tech. Pioneer, Ltd.	2004.4.15	Portcullis Chambers, P.O. Box 1225, Apia, Samoa	USD 21,780 HKD 9,500	General investment business
Ampacs International Company Limited	2019.5.10	Lot B7_H_CN, Bau Bang Industrial Park, Lai Uyen Town, Bau Bang District, Binh Duong Province, Vietnam	USD 30,000	Manufacturing and trading of plastic products and consumer electronics
Brilliance Investment Development Ltd.	2005.10.21	2nd Floor, Building B, SNPF Plaza, Savalalo, P.O. Box 3271, Apia, Samoa	USD 1,050	General investment business and trading of plastic products
Sunlight Ocean Holding Limited	2009.12.2	Ground Floor NPF Building, Beach Road, Apia, Samoa	USD 850	General investment business
Richmake International Limited	2004.1.8	Ground Floor NPF Building, Beach Road, Apia, Samoa	HKD 9,500	General investment business and trading of consumer electronics
Fortune Channel Universal Limited	2015.1.7	F20, 1st Floor, Eden Plaza, Eden Island, Seychelles	USD 16,000	General investment business and trading of plastic products
Dong Guan Yi Zhuo Electronics Co., Ltd	2006.5.9	Yangkentang Industrial Dist., Dalang Town, Dongguan City, Guangdong Province, China	USD 1,050	Manufacturing and trading of plastic products
Dong Guan Han Lei Electronics Co., Ltd	2010.3.15	Da Jiao Ling Industrial Zone, Dalang, Dongguan City	USD 850	Manufacturing and trading of plastic products and consumer electronics
Dong Guan Yi Xin Electronics Co., Ltd.	2004.5.9	Yangkentang Industrial Dist., Dalang Town, Dongguan City, Guangdong Province, China	HKD 9,500	Manufacturing and trading of plastic products and consumer electronics
MODERN PIONEER(KUNSHAN)CO.,LTD	2015.8.10	No.389,XinNan W.Rd.Yushan Town,KunShan City,JiangSu,P.R.C.	USD 13,500	Manufacturing and trading of plastic products
Dongguan Qijun Electronics Technology Co., Ltd	2018.11.21	Area B, 1st Floor, No. 84, Jingfu West Road, Yangkentang Village, Dalang Town, Dongguan City	CNY 2,000	Manufacturing and trading of headphone cables

3. Identical Shareholder Information of Presumed Controlling and Subsidiary Relationships: None.

4. Scope of business and division of labor among related companies:

- (1) The scope of business covered by the Company and its related companies: Please refer to the above "Names of Related Companies, Date of Establishment, Address, Paid-in Capital, and Major Business or Production Items."
- (2) Interactions and division of labor among related companies with interconnected business operations: The Company and its related companies operate based on a specialized division of labor model. The Company is responsible for overall operational planning, while the Vietnam and China factories are responsible for manufacturing and processing. Through the allocation and integration of regional resources, the Company and its related companies fully leverage complementary synergies.

5. Director and General Manager Information of Each Related Company

December 31, 2022 ; Unit: NT\$ 1,000 ; share ; %

Company name	Job Title	Name or representative	Holding of Shares	
			Capital Contribution / Number of Shares	Percentage of shareholding
Tech. Pioneer, Ltd.	Director	Huang Chang Ching	-	-
Ampacs International Company Limited	Director	Huang Wei Wen	-	-
Brilliance Investment Development Ltd.	Director	Huang Chang Ching	-	-
Richmake International Limited	Director	Huang Chang Ching	-	-
Sunlight Ocean Holding Limited	Director	Huang Chang Ching	-	-
Fortune Channel Universal Limited	Director	Huang Chang Ching	-	-
Dong Guan Yi Xin Electronics Co., Ltd.	Director Supervisor	Sun Pei Chang Ji Huan Shen	-	-
Dong Guan Yi Zhuo Electronics Co., Ltd	Director Supervisor	He Yong Tang Ji Huan Shen	-	-
Dong Guan Han Lei Electronics Co., Ltd	Director Supervisor	He Yong Tang He Yong Xin	-	-
Dongguan Qijun Electronics Technology Co., Ltd	Director Supervisor	He Yong Xin Ji Huan Shen	-	-
MODERN PIONEER(KUNSHAN)CO.,LTD	Director/General Manager Supervisor	Zhang Yanli He Yong Tang	-	-

6. Operational Overview of Each Related Company

As of December 31, 2022; Unit: NT\$ (thousand dollars)

Company name	Paid-in capital	Total Assets	Total Liabilities	Net Worth	Revenue from operations	Income (Loss) from Operations.	Current profit (loss) (after tax)	Earnings (Loss) Per Share (NTD) (After Tax)
Tech. Pioneer, Ltd.	706,275	945,164	81,429	863,735	217,176	-	45,964	N/A
Ampacs International Company Limited	921,300	4,004,299	3,621,896	382,403	3,167,630	(2,303)	(139,217)	N/A
Brilliance Investment Development Ltd.	32,246	418,152	150,960	267,192	832	182	9,077	N/A
Sunlight Ocean Holding Limited	26,104	55,551	-	55,551	-	-	3,094	N/A
Richmake International Limited	37,411	403,852	248,551	155,301	1,267,456	(884)	74,338	N/A
Fortune Channel Universal Limited	491,360	409,990	23,587	386,403	267,018	(63)	(39,229)	N/A
Dong Guan Yi Zhuo Electronics Co., Ltd	32,246	169,286	1,023	168,263	-	(5,136)	8,939	N/A
Dong Guan Han Lei Electronics Co., Ltd	26,104	178,131	124,069	54,062	285,471	4,294	3,124	N/A
Dong Guan Yi Xin Electronics Co., Ltd.	37,411	1,101,067	869,282	231,785	1,490,732	61,330	75,298	N/A
MODERN PIONEER(KUNSHAN)CO.,LTD	414,585	354,259	123,825	230,434	356,847	(28,451)	(39,158)	N/A
Dongguan Qijun Electronics Technology Co., Ltd	8,816	38,754	13,997	24,757	43,406	(227)	712	N/A

- (2) Related Party Consolidated Financial Statements: For the fiscal year 2022, our company follows the "Guidelines for the Preparation of Related Party Consolidated Financial Statements, Related Financial Statements, and Business Reports" to determine the entities that should be included in the preparation of the related party consolidated financial statements. The entities included in the preparation of the related party consolidated financial statements are the same as those included in the preparation of the consolidated financial statements for the parent and subsidiary companies in accordance with International Financial Reporting Standards No. 10. Additionally, the relevant information required to be disclosed in the related party consolidated financial statements has already been disclosed in the aforementioned consolidated financial statements for the parent and subsidiary companies. Therefore, there is no need to prepare separate related party consolidated financial statements.

(3) Related Party Reports: Not applicable. °

- 2. Recent and up to the printing date of the annual report, there have been no transactions involving private securities.**
- 3. Recent and up to the printing date of the annual report, there have been no holdings or disposals of the company's stocks by subsidiary companies.**
- 4. There are no other necessary supplementary explanations.**
- 5. Recent and up to the printing date of the annual report, there have been no significant matters that would have a substantial impact on shareholder equity or securities prices as defined in Article 36, Paragraph 2, Subparagraph 2 of the Securities Exchange Act.**

Appendix 1

AMPACS Corporation and Subsidiaries

**Consolidated Financial Statements for the
Years Ended December 31, 2022 and 2021 and
Independent Auditors' Report**

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies 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 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard 10, “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we have not prepared a separate set of consolidated financial statements of affiliates.

Very truly yours,

AMPACS CORPORATION

By

CHANG CHING HUANG
Chairman

March 22, 2023

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
AMPACS Corporation

Opinion

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

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

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, 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 audits and the report of other auditors.

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.

The key audit matter of the Group's consolidated financial statements for the year ended December 31, 2022 is described as follows:

The Occurrence of Sales Revenue

The sales revenue of the Group mainly comes from the production and sale of earphone products, and its changes mainly come from the mass production of products for certain clients. Because certain sales revenue has a significant impact on financial performance, the occurrence of sales revenue from certain clients of AMPACS Group is considered as a key audit matter of the Group's consolidated financial statements for the year ended December 31, 2022.

Our audit procedures performed in respect of the above key audit matter included the following:

1. We obtained an understanding of and interviewed personnel who carried out the internal control system activities and inspected the related internal vouchers in order to understand the internal control system and operating procedures related to sales transaction processes, evaluated the design of the key controls, determined that the controls were implemented and tested the operating effectiveness of these controls to obtain sufficient and appropriate audit evidence regarding the operating effectiveness of the key controls.
2. We determined the appropriate methods of sampling and sample sizes, audited external and internal vouchers to support the fact of shipments, and we confirmed the actual occurrence of the certain sales revenue transactions.
3. We inspected the cash receipt records and vouchers. We evaluated the amounts entered into the accounts and confirmed that the recipients of the remittances were consistent with the recipients of the shipments to prove the occurrence of the sales transaction.

Other Matter

We did not audit the financial statements of Ability Technologies Co., Ltd., an associate included in the consolidated financial statements of the Group, but such statements were audited by other auditors. Our opinion, insofar as it relates to the investment accounted for using the equity method, is based solely on the report of other auditors. The investment accounted for using the equity method was NT\$14,968 thousand as of December 31, 2022, representing 0.18% of the consolidated total assets. The Group's share of profit of associate accounted for using the equity method was NT\$(4,442) thousand for the year then ended, representing (3.64%) of the consolidated total comprehensive income and loss.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and 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 and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements 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 audits resulting in this independent auditors' report are Ming-Hsien Liu and Yen-Chun Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 22, 2023

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying

consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

AMPACS CORPORATION AND SUBSIDIARIES

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

ASSETS	2022		2021	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash (Note 6)	\$ 238,224	3	\$ 210,684	2
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	11,461	-	-	-
Financial assets at amortized cost (Notes 4, 9 and 28)	424,082	5	336,374	4
Trade receivables, net (Note 10)	985,307	12	1,778,649	20
Other receivables (Note 27)	30,102	1	47,442	1
Inventories, net (Notes 4 and 11)	1,873,754	23	2,125,651	23
Other current assets	<u>83,056</u>	<u>1</u>	<u>365,348</u>	<u>4</u>
Total current assets	<u>3,645,986</u>	<u>45</u>	<u>4,864,148</u>	<u>54</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	3,043	-	4,196	-
Investments accounted for using the equity method (Note 12)	14,968	-	-	-
Property, plant and equipment, net (Notes 4, 14 and 28)	3,480,417	43	3,520,462	39
Right-of-use assets, net (Notes 4 and 15)	585,338	7	271,236	3
Intangible assets, net (Notes 4 and 17)	114,535	2	107,200	1
Deferred tax assets (Notes 4 and 23)	161,559	2	171,559	2
Prepayments for business facilities	15,238	-	143,395	1
Other non-current assets (Note 16)	<u>103,190</u>	<u>1</u>	<u>9,017</u>	<u>-</u>
Total non-current assets	<u>4,478,288</u>	<u>55</u>	<u>4,227,065</u>	<u>46</u>
TOTAL	<u>\$ 8,124,274</u>	<u>100</u>	<u>\$ 9,091,213</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 4, 18 and 28)	\$ 2,632,725	32	\$ 3,358,343	37
Short-term bills payable (Notes 4, 18 and 28)	100,000	1	-	-
Trade payables	1,108,246	14	1,548,328	17
Other payables (Note 19)	167,365	2	224,537	3
Current tax liabilities (Notes 4 and 23)	144,374	2	138,375	2
Lease liabilities (Notes 4 and 15)	47,152	1	42,796	-
Current portion of long-term borrowings (Notes 4, 18 and 28)	240,993	3	91,571	1
Other current liabilities	<u>23,161</u>	<u>-</u>	<u>28,168</u>	<u>-</u>
Total current liabilities	<u>4,464,016</u>	<u>55</u>	<u>5,432,118</u>	<u>60</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 4, 18 and 28)	770,145	9	859,092	10
Deferred tax liabilities (Notes 4 and 23)	-	-	3,877	-
Lease liabilities (Notes 4 and 15)	74,678	1	30,331	-
Guarantee deposits	<u>3,573</u>	<u>-</u>	<u>2,071</u>	<u>-</u>
Total non-current liabilities	<u>848,396</u>	<u>10</u>	<u>895,371</u>	<u>10</u>
Total liabilities	<u>5,312,412</u>	<u>65</u>	<u>6,327,489</u>	<u>70</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Ordinary shares	<u>1,500,000</u>	<u>18</u>	<u>1,500,000</u>	<u>17</u>
Capital surplus	<u>1,097,937</u>	<u>14</u>	<u>1,161,362</u>	<u>13</u>
Retained earnings				
Legal reserve	175,449	2	175,449	2
Special reserve	191,736	3	174,422	2
Unappropriated earnings	<u>163,929</u>	<u>2</u>	<u>118,238</u>	<u>1</u>
Total retained earnings	<u>531,114</u>	<u>7</u>	<u>468,109</u>	<u>5</u>
Other equity				
Exchange differences on translation of the financial statements of foreign operations	(115,816)	(2)	(165,115)	(2)
Unrealized loss of financial assets at fair value through other comprehensive loss	<u>(28,210)</u>	<u>-</u>	<u>(26,621)</u>	<u>-</u>
Total other equity	<u>(144,026)</u>	<u>(2)</u>	<u>(191,736)</u>	<u>(2)</u>
Treasury shares	<u>(185,294)</u>	<u>(2)</u>	<u>(185,294)</u>	<u>(2)</u>
Total equity attributable to owners of the Company	2,799,731	35	2,752,441	31
NON-CONTROLLING INTERESTS	<u>12,131</u>	<u>-</u>	<u>11,283</u>	<u>-</u>
Total equity (Note 21)	<u>2,811,862</u>	<u>35</u>	<u>2,763,724</u>	<u>31</u>
TOTAL	<u>\$ 8,124,274</u>	<u>100</u>	<u>\$ 9,091,213</u>	<u>101</u>

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

AMPACS CORPORATION AND SUBSIDIARIES

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	\$ 5,051,971	100	\$ 5,678,706	100
OPERATING COSTS (Notes 11 and 22)	<u>(4,366,073)</u>	<u>(86)</u>	<u>(5,007,824)</u>	<u>(88)</u>
GROSS PROFIT	<u>685,898</u>	<u>14</u>	<u>670,882</u>	<u>12</u>
OPERATING EXPENSES (Note 22)				
Selling and marketing expenses	(86,001)	(2)	(117,597)	(2)
General and administrative expenses	(288,636)	(6)	(351,191)	(6)
Research and development expenses	(217,176)	(4)	(220,824)	(4)
Expected credit loss (Note 10)	<u>645</u>	<u>-</u>	<u>(198)</u>	<u>-</u>
Total operating expenses	<u>(591,168)</u>	<u>(12)</u>	<u>(689,810)</u>	<u>(12)</u>
OPERATING PROFIT (LOSS)	<u>94,730</u>	<u>2</u>	<u>(18,928)</u>	<u>-</u>
NON-OPERATING INCOME AND EXPENSES (Notes 22 and 27)				
Other income	18,961	-	8,560	-
Other gains or losses	116,143	2	(14,272)	-
Finance costs	(111,581)	(2)	(51,826)	(1)
Share of profit of subsidiaries, associates and joint ventures accounted for using the equity method	<u>(4,442)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total non-operating income and expenses	<u>19,081</u>	<u>-</u>	<u>(57,538)</u>	<u>(1)</u>
PROFIT (LOSS) BEFORE INCOME TAX	113,811	2	(76,466)	(1)
INCOME TAX (EXPENSE) BENEFIT (Note 23)	<u>(39,797)</u>	<u>(1)</u>	<u>30,275</u>	<u>-</u>
NET PROFIT (LOSS) FOR THE YEAR	<u>74,014</u>	<u>1</u>	<u>(46,191)</u>	<u>(1)</u>

(Continued)

AMPACS CORPORATION AND SUBSIDIARIES

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	%
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 21 and 23)				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	\$ 50,053	1	\$ (17,588)	-
Unrealized gain/(loss) on investments in debt instruments at fair value through other comprehensive income	(1,589)	-	214	-
Exchange differences on the translation of financial statements of affiliated companies and joint venture foreign operating institutions	(590)	-	-	-
Other comprehensive income (loss) for the year, net of income tax	47,874	1	(17,374)	-
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	<u>\$ 121,888</u>	<u>2</u>	<u>\$ (63,565)</u>	<u>(1)</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 73,330	1	\$ (49,245)	(1)
Non-controlling interests	684	-	3,054	-
	<u>\$ 74,014</u>	<u>1</u>	<u>\$ (46,191)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 121,040	2	\$ (66,559)	(1)
Non-controlling interests	848	-	2,994	-
	<u>\$ 121,888</u>	<u>2</u>	<u>\$ (63,565)</u>	<u>(1)</u>
EARNINGS (LOSS) PER SHARE (NEW TAIWAN DOLLARS; Note 24)				
Basic	<u>\$ 0.50</u>		<u>\$ (0.33)</u>	
Diluted	<u>\$ 0.50</u>		<u>\$ (0.33)</u>	

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

AMPACS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)

	Equity Attributable to Owners of the Company										
	Share Capital (Note 21)		Capital Surplus (Note 21)	Retained Earnings (Note 21)			Other Equity (Note 21)	Treasury Shares (Note 21)	Total	Non-controlling Interests (Note 21)	Total Equity
	Share (In Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings					
BALANCE AT JANUARY 1, 2021	122,000	\$ 1,220,000	\$ 1,446,762	\$ 126,591	\$ 91,552	\$ 493,811	\$ (174,422)	\$ -	\$ 3,204,294	\$ 11,090	\$ 3,215,384
Appropriation of the 2020 earnings											
Legal reserve	-	-	-	48,858	-	(48,858)	-	-	-	-	-
Special reserve	-	-	-	-	82,870	(82,870)	-	-	-	-	-
Cash dividends distributed by the Company - \$0.3 per share	-	-	-	-	-	(36,600)	-	-	(36,600)	-	(36,600)
Stock dividends distributed by the Company - \$1.2951 per share	15,800	158,000	-	-	-	(158,000)	-	-	-	-	-
Other changes in capital surplus											
Issuance of stock dividends from capital surplus - \$1.00 per share	12,200	122,000	(122,000)	-	-	-	-	-	-	-	-
Issuance of cash dividends from capital surplus - \$1.3393 per share	-	-	(163,400)	-	-	-	-	-	(163,400)	-	(163,400)
Net (loss) profit for the year ended December 31, 2021	-	-	-	-	-	(49,245)	-	-	(49,245)	3,054	(46,191)
Other comprehensive loss for the year ended December 31, 2021, net of income tax	-	-	-	-	-	-	(17,314)	-	(17,314)	(60)	(17,374)
Total comprehensive (loss) income for the year ended December 31, 2021	-	-	-	-	-	(49,245)	(17,314)	-	(66,559)	2,994	(63,565)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(2,801)	(2,801)
Buy-back of ordinary shares	-	-	-	-	-	-	-	(185,294)	(185,294)	-	(185,294)
BALANCE AT DECEMBER 31, 2021	150,000	1,500,000	1,161,362	175,449	174,422	118,238	(191,736)	(185,294)	2,752,441	11,283	2,763,724
Appropriation of the 2021 earnings											
Special reserve	-	-	-	-	17,314	(17,314)	-	-	-	-	-
Cash dividends distributed by the Company- \$0.07 per share	-	-	-	-	-	(10,325)	-	-	(10,325)	-	(10,325)
Other changes in capital surplus											
Issuance of cash dividends from capital surplus - \$0.43 per share	-	-	(63,425)	-	-	-	-	-	(63,425)	-	(63,425)
Net profit for the year ended December 31, 2022	-	-	-	-	-	73,330	-	-	73,330	684	74,014
Other comprehensive income for the year ended December 31, 2022, net of income tax	-	-	-	-	-	-	47,710	-	47,710	164	47,874
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	-	73,330	47,710	-	121,040	848	121,888
BALANCE AT DECEMBER 31, 2022	<u>150,000</u>	<u>\$ 1,500,000</u>	<u>\$ 1,097,937</u>	<u>\$ 175,449</u>	<u>\$ 191,736</u>	<u>\$ 163,929</u>	<u>\$ (144,026)</u>	<u>\$ (185,294)</u>	<u>\$ 2,799,731</u>	<u>\$ 12,131</u>	<u>\$ 2,811,862</u>

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

AMPACS CORPORATION AND SUBSIDIARIES

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		
Income (loss) before income tax	\$ 113,811	\$ (76,466)
Adjustments for reconciliation of profit (loss):		
Depreciation expenses	454,270	424,911
Amortization expenses	4,351	4,683
Expected credit (reversed gain) loss on trade receivables	(645)	198
Finance costs	111,581	51,826
Interest income	(2,949)	(1,145)
Share of profit of associates and join ventures	4,442	-
Net (gain) loss on disposal of property, plant and equipment	(600)	6,042
Write-down of inventories	629	12,091
Net loss (gain) on foreign currency exchange	39,388	(4,780)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	(11,461)	-
Trade receivables	774,895	(448,934)
Other receivables	31,853	9,136
Inventories	250,500	(962,118)
Other current assets	38	(76,431)
Trade payables	(440,082)	424,165
Other payables	(63,398)	(25,141)
Other current liabilities	(5,007)	8,741
Cash generated from (used in) operations	1,261,616	(653,222)
Interest received	2,949	1,145
Finance costs paid	(103,940)	(50,252)
Income tax paid	(24,574)	(168,291)
Net cash generated from (used in) operating activities	<u>1,136,051</u>	<u>(870,620)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	-	(4,081)
Purchase of financial assets at amortized cost	(87,708)	(91,344)
Purchase of investment in long-term equity by using the equity method	(20,000)	-
Purchase of property, plant and equipment	(363,379)	(1,905,414)
Proceeds from disposal of property, plant and equipment	19,766	2,097
Increase in refundable deposits	(4,250)	-
Decrease in refundable deposits	-	30,587
Purchase of intangible assets	(970)	(3,207)
Proceeds from disposal of intangible assets	-	41
Decrease in prepayments for equipment	<u>128,059</u>	<u>92,617</u>

Net cash used in investing activities	<u>(328,482)</u>	<u>(1,878,704)</u> (Continued)
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AMPACS CORPORATION AND SUBSIDIARIES

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 FINANCING ACTIVITIES		
Increase in short-term borrowings	\$ -	\$ 1,593,501
Decrease in short-term borrowings	(790,677)	-
Increase in short-term bills payable	100,000	-
Proceeds from long-term borrowings	150,000	577,708
Payment for long-term borrowings	(89,525)	-
Increase in guarantee deposits received	1,502	2,071
Repayments of lease capital	(48,834)	(47,213)
Payment of cash dividends	(73,750)	(200,000)
Payments for buy-back of ordinary shares	-	(185,294)
Changes in non-controlling interests	-	(2,801)
Net cash (used in) generated from financing activities	<u>(751,284)</u>	<u>1,737,972</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>(28,745)</u>	<u>7,116</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	27,540	(1,004,236)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	<u>210,684</u>	<u>1,214,920</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 238,224</u>	<u>\$ 210,684</u>

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

AMPACS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

AMPACS Corporation (the “Company”) was founded in July 1998. The Company is mainly engaged in the design and manufacture of consumer electronics and the development of plastic components and molds. The Company’s shares were listed and have been trading on the Taiwan Stock Exchange since December 14, 2020.

The consolidated financial statements are presented in the Group’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Group’s board of directors on March 22, 2023.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

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

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

- b. The IFRSs endorsed by the FSC for application starting from 2023

<u>New, Amended and Revised standards and Interpretations</u>	<u>Effective Date Announced by IASB</u>
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 be applied prospectively to transactions that occurred on or after January 1, 2022.

1) Amendments to IAS 1 “Disclosure of Accounting Policies”

The amendments specify that the Group should refer to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments also clarify that:

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;
- The Group may consider the accounting policy information as material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and
- Not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments also illustrate that accounting policy information is likely to be considered as material to the financial statements if that information relates to material transactions, other events or conditions and:

- a) The Group changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;
- b) The Group chose the accounting policy from options permitted by the standards;
- c) The accounting policy was developed in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” in the absence of an IFRS that specifically applies;
- d) The accounting policy relates to an area for which the Group is required to make significant judgements or assumptions in applying an accounting policy, and the Group discloses those judgements or assumptions; or
- e) The accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

2) Amendments to IAS 8 “Definition of Accounting Estimates”

The amendments define that accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. In applying accounting policies, the Group may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Group uses measurement techniques and inputs to develop accounting estimates to achieve the objective. The effects on an accounting estimate of a change in a measurement technique or a change in an input are changes in accounting estimates unless they result from the correction of prior period errors.

As of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of other standards and interpretations will not have a material impact on the Group’s financial position and financial performance.

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

<u>New, Amended and Revised standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
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 (Note 2)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - 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

Note 1: Unless stated otherwise, the above IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current” (referred to as the “2020 Amendments”) and “Non-current Liabilities with Covenants” (referred to the “2022 Amendments”)

The 2020 amendments clarify that for a liability to be classified as non-current, the Group shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Group will exercise that right.

The 2020 amendments also stipulate that, if the right to defer settlement is subject to compliance with specified conditions, the Group must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date. The 2022 amendments further clarify that only covenants with which an entity is required to comply on or before the reporting date should affect the classification of a liability as current or non-current. Although the covenants to be complied with within twelve months after the reporting period do not affect the classification of a liability, the Group shall disclose information that enables users of financial statements to understand the risk of the Group that may have difficulty complying with the covenants and repay its liabilities within twelve months after the reporting period.

The 2020 amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to the transfer of cash, other economic resources or the Group’s own equity instruments to the counterparty, resulting in the extinction of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the Group’s own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32 “Financial Instruments: Presentation”, the aforementioned terms would not affect the classification of the liability.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

c. Classification of current and non-current assets and liabilities

Current assets include:

- Assets held primarily for the purpose of trading;
- Assets expected to be realized within 12 months after the reporting period; and
- Cash unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- Liabilities held primarily for the purpose of trading;
- Liabilities due to be settled within 12 months after the reporting period; and
- Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those of 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 Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their 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 Company.

See Note 13, Table 6 and Table 7 for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Foreign currencies

In preparing the financial statements of each individual entity, 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. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

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 retranslation 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 cases, the exchange differences are also recognized directly in other comprehensive income.

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

For the purpose of presenting the consolidated financial statements, the financial statements of the Company's foreign operations (including subsidiaries in other countries) that are prepared using functional currencies which are different from the currency of the Company are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income attributed to the owners of the Company and non-controlling interests as appropriate.

f. Inventories

Inventories consist of raw materials, supplies, work in progress and finished goods and are stated at the lower of cost and net realizable value. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

g. Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture. A joint venture is a joint arrangement whereby the Group and other parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The Group uses the equity method to account for its investments in associates and joint ventures.

Under the equity method, investments in an associate and a joint venture are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associates and joint venture. The Group also recognizes the changes in the Group's share of the equity of associates and joint venture.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate and a joint venture 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 and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Company subscribes for additional new shares of an associate and a joint venture 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 associates and joint venture. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus changes in capital surplus from investments in associates and joint ventures accounted for using the equity method. If the Group's ownership interest is reduced due to its additional subscription of the new shares of the associates and joint venture, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate and joint venture are reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Group's share of losses of an associate and a joint venture equals or exceeds its interest in that associate and joint venture (which includes any carrying amount of the investment accounted for using the equity method and long term interests that, in substance, form part of the Group's net investment in the associate and joint venture), the Group discontinues recognizing its share of further loss, if any. 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 and joint venture.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that 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 and a joint venture. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate and joint venture attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate and joint venture. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate and joint venture on the same basis as would be required had that associate directly disposed of the related assets or liabilities. If an investment in an

associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest.

When the Group transacts with its associates and joint venture, profits and losses resulting from the transactions with the associates and joint venture are recognized in the Group's consolidated financial statements only to the extent of interests in the associates and joint venture that are not related to the Group.

h. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Investment properties

Investment properties are properties held to earn rental and/or for capital appreciation. Investment properties include right-of-use assets and properties under construction that meet the definition of investment properties. Investment properties also include land held for a currently undetermined future use.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is recognized using the straight-line method.

For a transfer of classification from property, plant and equipment and right-of-use assets to investment properties, the deemed cost of an item of property for subsequent accounting is its carrying amount.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

j. Goodwill

Goodwill arising from the acquisition of a business is measured at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that are expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently whenever there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual

period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the Group disposes of an operation within that unit, the goodwill associated with the operation which is disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

k. Intangible assets

1) Intangible assets 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. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

2) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

l. Impairment of property, plant and equipment, right-of-use, assets investment properties and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, investment properties, right-of-use assets and intangible assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. 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.

The 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 an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

m. Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) 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 FVTPL are recognized immediately in profit or loss.

1) Financial assets

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

a) Measurement categories

Financial assets are classified into the following categories: financial assets at FVTPL, financial assets at amortized cost and investments in debt instruments and equity instruments at FVTOCI.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such a financial asset is mandatorily classified or designated as 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, and any dividends or interest earned on such financial assets are recognized in other income and interest income, respectively; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 26.

ii. Financial assets at amortized cost

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

- i) The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial assets 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, trade receivables at amortized cost and other receivables (including related parties), are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i) Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- ii) Financial assets that are not credit impaired on purchase or origination but has subsequently become credit impaired, for which interest income is calculated by

applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;
- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv) The disappearance of an active market for that financial asset because of financial difficulties.

iv. Investments in debt instruments at FVTOCI

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

- i) The debt instrument is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of such financial assets; and
- ii) The contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in debt instruments at FVTOCI are subsequently measured at fair value. Changes in the carrying amounts of these debt instruments relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and impairment losses or reversals are recognized in profit or loss. Other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of.

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as 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, it will be transferred to retained earnings.

Dividends on these investments in equity instruments 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.

b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables) and investments in debt instrument that are measured at FVOCI.

The Group always recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

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

For internal credit risk management purposes, the Group considers the following situations as indication that a financial asset is in default (without taking into account any collateral held by the Group):

- i. Internal or external information shows that the debtor is unlikely to pay its creditors.
- ii. Financial asset is more than one year past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition 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 a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity, and its carrying amounts are calculated based on weighted average by share types. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

n. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Provisions for the expected cost of warranty obligations to assure that products comply with agreed-upon specifications are recognized on the date of sale of the relevant products at the best estimate by the management of the Company of the expenditures required to settle the Group's obligations.

o. Revenue recognition

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

Revenue from the sale of goods

Revenue from the sale of goods comes from sales of electronic goods. Sales of goods are recognized as revenue when the goods are delivered to the customer's specific location because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently.

p. Lease

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

1) 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. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

2) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for by applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

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, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. 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 and in-substance fixed payments, less any lease incentives receivable. 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 lessee's incremental borrowing rate will be used.

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, 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.

q. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized as a reduction of the related costs on a systematic basis over the periods in which the Group recognizes as expenses the related costs that the grants intend to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they are received.

r. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

s. Taxation

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

1) Current tax

Income tax payable (refundable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

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

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities 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 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, 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 and interests are recognized only 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 such temporary differences 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 assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow 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 period in which the liabilities are settled or the assets are 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.

3) Current and deferred taxes

Current and deferred taxes 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 taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations, and assumptions on 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 considers the possible impact of the recent development of the COVID-19 pandemic and its economic environment implications when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. 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.

6. CASH

	December 31	
	2022	2021
Cash on hand	\$ 1,185	\$ 1,886
Checking accounts and demand deposits	<u>237,039</u>	<u>208,798</u>
	<u>\$ 238,224</u>	<u>\$ 210,684</u>

Interest rate ranges for bank deposits on the balance sheet date were as follows:

	December 31	
	2022	2021
Bank deposits	0.01%-1.05%	0.001%-0.30%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2022	2021
<u>Financial assets - current</u>		
Financial assets mandatorily classified as at FVTPL		
RMB wealth investment product	<u>\$ 11,461</u>	<u>\$ -</u>

In 2022, The Group signed an financial investment product contract with the bank. The entire contract was designated as financial asset at fair value through profit or loss upon initial recognition.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2022	2021
<u>Non-current</u>		
Investments in equity instruments	\$ -	\$ -
Investments in debt instruments	<u>3,043</u>	<u>4,196</u>
	<u>\$ 3,043</u>	<u>\$ 4,196</u>

a. Investments in equity instruments at FVTOCI

	December 31	
	2022	2021
<u>Non-current</u>		
Foreign unlisted shares	\$ 26,835	\$ 26,835
Adjustments for change in value of investment	<u>(26,835)</u>	<u>(26,835)</u>
	<u>\$ -</u>	<u>\$ -</u>

These investments in equity instruments are held for medium- to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

b. Investments in debt instruments at FVTOCI

	December 31	
	2022	2021
<u>Non-current</u>		
Foreign investments		
Corporate bonds - Ford Motor Company	<u>\$ 3,043</u>	<u>\$ 4,196</u>

In February 2021, the Group bought 26-year corporate bonds issued by Ford Motor Company with a coupon rate of 5.291% and an effective interest rate of 4.70%.

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2022	2021
<u>Current</u>		
Pledged demand deposits	\$ 236,548	\$ 186,896
Pledged time deposit	<u>187,534</u>	<u>149,478</u>
	<u>\$ 424,082</u>	<u>\$ 336,374</u>

Refer to Note 28 for information relating to investments in financial assets at amortized cost pledged as security.

10. TRADE RECEIVABLES, NET

	December 31	
	2022	2021
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 986,605	\$ 1,780,565
Allowance for impairment loss	<u>(1,298)</u>	<u>(1,916)</u>
	<u>\$ 985,307</u>	<u>\$ 1,778,649</u>

In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover past due receivables. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated by reference to the past default records of the customer, the customer's current financial position and economic condition of the industry in which the customer operates. Since the credit loss historical experience of the Group shows that there is no significant difference in the loss of different customer bases, the expected credit loss rate is only determined by the number of days overdue accounts receivable without further distinguishing customer groups.

The Group recognizes adequate loss allowance when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, whichever occurs earlier. For loss allowance that has been recognized adequate, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The aging of trade receivables is as follows:

	December 31	
	2022	2021
Up to 30 Days	\$ 969,703	\$ 1,755,211
31 to 120 Days	12,845	22,808
121 to 240 Days	2,172	95
241 to 360 Days	43	1,168
Over 360 Days	<u>1,842</u>	<u>1,283</u>
	<u>\$ 986,605</u>	<u>\$ 1,780,565</u>

The above is an aging analysis based on the number of past due days.

The movements of the loss allowance of trade receivables were as follows:

	For the Year Ended December 31	
	2022	2021
Balance at January 1	\$ 1,916	\$ 1,725

Expected credit (reversed gain) loss on trade receivables	(645)	198
Foreign exchange gains and losses	<u>27</u>	<u>(7)</u>
Balance at December 31	<u>\$ 1,298</u>	<u>\$ 1,916</u>

Refer to Note 26(g) for details of the factoring agreements for trade receivables.

Refer to Note 28 for information on the part of trade receivables pledged as security.

11. INVENTORIES, NET

	December 31	
	2022	2021
Raw materials	\$ 969,847	\$ 1,139,005
Work in progress	98,544	201,219
Semi-finished goods	289,998	306,529
Finished goods	<u>515,365</u>	<u>478,898</u>
	<u>\$ 1,873,754</u>	<u>\$ 2,125,651</u>

The nature of the cost of goods sold is as follows:

	For the Year Ended December 31	
	2022	2021
Operating costs related to inventory	\$ 4,365,444	\$ 4,995,733
Inventory write-downs	<u>629</u>	<u>12,091</u>
	<u>\$ 4,366,073</u>	<u>\$ 5,007,824</u>

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	For the Year Ended December 31	
	2022	2021
Associate and venture that is not individually material		
Ability Technologies Co., Ltd.	<u>\$ 14,968</u>	<u>\$ -</u>

The joint venture that are not individually material is as follows:

Company Name	Nature of Activities	Principal Places of Business	Rights Held and Voting Right Ratio	
			For the Year Ended December 31	
			2022	2021
Ability Technologies Co., Ltd.	Manufacturing of computer peripheral equipment, photographic equipment, electronic components and trading	New Taipei City	40%	-

In April 2022, the Company signed up an agreement with Ability Enterprise Co., Ltd. of \$20,000 thousand in cash, and established Ability Technologies Co., Ltd., its shareholding ratio was 40% but did not obtain substantial control.

The investments accounted for using the equity method and the share of profit or loss and other comprehensive income or loss for the Group were calculated based on the audited financial statements.

**December 31,
2022**

Summary information that is not individually material share of the associate and joint venture

Net loss for current	(4,442)
Other comprehensive loss	<u>(590)</u>
Total comprehensive loss	<u>\$ (5,032)</u>

13. SUBSIDIARIES

a. The entities included in the consolidated financial statements are listed below:

Investor	Investee	Nature of Activities	Proportion of Ownership (%)		Remark
			December 31		
			2022	2021	
Ampacs Corporation, Ltd. (parent company)	Tech. Pioneer, Ltd.	Investment activities	100.00	100.00	-
	Ampacs International company Limited	Production and sale of plastic products and consumer electronics	100.00	100.00	-
Tech. Pioneer, Ltd.	Brilliance Investment Co., Ltd.	Investment activities and the sale of plastic products	100.00	100.00	-
	Sunlight Ocean Holding Limited	Investment activities	100.00	100.00	-
	Richmake International Limited	Investment activities and the sale consumer electronics	100.00	100.00	-
	Fortune Channel Universal Limited	Investment activities and sale of plastic products	100.00	100.00	-
Brilliance Investment Co., Ltd.	Dong Guan Yi Zhuo Electronics Co., Ltd.	Production and sale of plastic products	100.00	100.00	-
Sunlight Ocean Holding Limited	Dong Guan Han Lei Electronics Co., Ltd.	Production and sale of plastic products and consumer electronics	100.00	100.00	-
Richmake International Limited	Dong Guan Yi Xing Electronics Co., Ltd.	Production and sale of plastic products and consumer electronics	100.00	100.00	-
Fortune Channel Universal Limited	Modern Pioneer (Kunshan) Co., Ltd.	Production and sale of plastic products	100.00	100.00	-
Dong Guan Han Lei Electronics Co., Ltd.	Dongguan Shi Hong Jun Electronics Co., Ltd.	Production and sale of headphone cables	51.00	51.00	-

b. Subsidiaries excluded from consolidated financial statements: None.

c. Details of subsidiaries that have material non-controlling interests: None.

14. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery Equipment	Transportation Equipment	Office Equipment	Other Equipment	Property under construction	Total
<u>Cost</u>								
Balance at January 1, 2021	\$ 374,681	\$ 837,290	\$ 961,169	\$ 17,635	\$ 28,819	\$ 243,876	\$ 18,063	\$ 2,481,533
Additions	831,844	108,825	702,920	1,383	27,942	181,361	42,616	1,896,891
Disposals	-	-	(40,116)	(21)	(750)	(4,410)	-	(45,297)
Reclassifications	-	-	643	-	395	68,030	(57,074)	11,994

Effects of foreign currency exchange differences	<u> -</u>	<u> (11,243)</u>	<u> (13,587)</u>	<u> (182)</u>	<u> (329)</u>	<u> (2,400)</u>	<u> (178)</u>	<u> (27,919)</u>
Balance at December 31, 2021	<u>\$ 1,206,525</u>	<u>\$ 934,872</u>	<u>\$ 1,611,029</u>	<u>\$ 18,815</u>	<u>\$ 56,077</u>	<u>\$ 486,457</u>	<u>\$ 3,427</u>	<u>\$ 4,317,202</u>

(Continued)

	Land	Buildings	Machinery Equipment	Transportation Equipment	Office Equipment	Other Equipment	Property under construction	Total
<u>Accumulated depreciation</u>								
Balance at January 1, 2021	\$ -	\$ 115,255	\$ 253,216	\$ 10,931	\$ 13,526	\$ 73,517	\$ -	\$ 466,445
Depreciation expenses	-	30,717	208,394	1,815	12,558	119,276	-	372,760
Disposals	-	-	(35,203)	(20)	(702)	(1,233)	-	(37,158)
Reclassifications	-	-	(643)	-	379	35	-	(229)
Effects of foreign currency exchange differences	-	(1,721)	(2,386)	(102)	(98)	(771)	-	(5,078)
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 144,251</u>	<u>\$ 423,378</u>	<u>\$ 12,624</u>	<u>\$ 25,663</u>	<u>\$ 190,824</u>	<u>\$ -</u>	<u>\$ 796,740</u>
Carrying amount at December 31, 2021	<u>\$ 1,206,525</u>	<u>\$ 790,621</u>	<u>\$ 1,187,651</u>	<u>\$ 6,191</u>	<u>\$ 30,414</u>	<u>\$ 295,633</u>	<u>\$ 3,427</u>	<u>\$ 3,520,462</u>
<u>Cost</u>								
Balance at January 1, 2022	\$ 1,206,525	\$ 934,872	\$ 1,611,029	\$ 18,815	\$ 56,077	\$ 486,457	\$ 3,427	\$ 4,317,202
Additions	-	4,234	310,708	572	1,742	35,095	8,723	361,074
Disposals	-	-	(76,282)	(20)	(9,282)	(41,529)	(244)	(127,357)
Reclassifications	-	(85,000)	119,744	(1,254)	14,487	(3,586)	(10,160)	34,231
Effects of foreign currency exchange differences	-	44,056	67,623	591	1,995	16,262	214	130,741
Balance at December 31, 2022	<u>\$ 1,206,525</u>	<u>\$ 898,162</u>	<u>\$ 2,032,822</u>	<u>\$ 18,704</u>	<u>\$ 65,019</u>	<u>\$ 492,699</u>	<u>\$ 1,960</u>	<u>\$ 4,715,891</u>
<u>Accumulated depreciation</u>								
Balance at January 1, 2022	\$ -	\$ 144,251	\$ 423,378	\$ 12,624	\$ 25,663	\$ 190,824	\$ -	\$ 796,740
Depreciation expenses	-	44,459	252,770	1,219	4,814	90,091	-	393,353
Disposals	-	-	(60,475)	(18)	(9,219)	(38,479)	-	(108,191)
Reclassifications	-	(4,247)	82,638	(448)	25,662	28,921	-	132,526
Effects of foreign currency exchange differences	-	6,683	8,936	300	415	4,712	-	21,046
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 191,146</u>	<u>\$ 707,247</u>	<u>\$ 13,677</u>	<u>\$ 47,335</u>	<u>\$ 276,069</u>	<u>\$ -</u>	<u>\$ 1,235,474</u>
Carrying amount at December 31, 2022	<u>\$ 1,206,525</u>	<u>\$ 707,016</u>	<u>\$ 1,325,575</u>	<u>\$ 5,027</u>	<u>\$ 17,684</u>	<u>\$ 216,630</u>	<u>\$ 1,960</u>	<u>\$ 3,480,417</u>

(Concluded)

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	20-50 years
Machinery equipment	2-10 years
Transportation equipment	4-10 years
Office equipment	3-10 years
Other equipment	2-10 years

Property, plant and equipment used by the Group and pledged as collateral for bank borrowings are set out in Note 28.

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Carrying amount</u>		
Land use rights	\$ 464,267	\$ 199,276
Buildings	114,089	61,044
Transportation equipment	<u>6,982</u>	<u>10,916</u>
	<u>\$ 585,338</u>	<u>\$ 271,236</u>

	For the Year Ended December 31	
	2022	2021
Additions to right-of-use assets	<u>\$ 376,394</u>	<u>\$ 75,404</u>
Depreciation charge for right-of-use assets		
Land use rights	\$ 7,956	\$ 5,074
Buildings	47,175	43,175
Transportation equipment	<u>4,108</u>	<u>3,902</u>
	<u>\$ 59,239</u>	<u>\$ 52,151</u>

The amount of the right-of-use assets that set as loan guarantee, please refer to Note 28.

b. Lease liabilities

	December 31	
	2022	2021
Current	<u>\$ 47,152</u>	<u>\$ 42,796</u>
Non-current	<u>\$ 74,678</u>	<u>\$ 30,331</u>

Range of discount rate for lease liabilities was as follows:

	December 31	
	2022	2021
Buildings	1.32%-2.85%	1.32%-2.85%
Transportation equipment	1.43%-2.85%	1.45%-2.85%

c. Other lease information

	For the Year Ended December 31	
	2022	2021
Expenses relating to short-term leases and low-value asset leases	<u>\$ 6,799</u>	<u>\$ 19,019</u>
Total cash outflow for leases	<u>\$ 56,794</u>	<u>\$ 67,913</u>

The Group's leases of certain office equipment qualify as short-term and low-value asset leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

16. INVESTMENT PROPERTY (OTHER NON-CURRENT ASSETS OF THE ACCOUNT)

**December 31,
2022**

Cost

Balance at January 1, 2022	\$ -
Property, plant, equipment and right-of-use asset	96,402
Net exchange differences	<u>275</u>

Balance at December 31, 2022	<u>\$ 96,677</u>
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Accumulated amortization

Balance at January 1, 2022	\$ -
Depreciation expense	1,678
Property, plant, equipment and right-of-use asset	4,447
Net exchange differences	<u>31</u>

Balance at December 31, 2022	<u>\$ 6,156</u>
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Carrying amount at December 31, 2022	<u>\$ 90,521</u>
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The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	20-50 years
Right-of-use asset	45 years

The Group's investment properties are located in Vietnam. Because the transaction price of similar real estate in the adjacent area is negotiated by both parties, and the market transaction price is hard to obtain, it is impossible to obtain a reliable alternative fair value estimate, so it is impossible to reliably determine the fair value.

The fair values of investment properties located in Taipei were not evaluated by an independent valuer but valued by the Group's management refers to the market evidence of similar properties transaction prices. The fair value from the evaluation is as follows:

**December 31,
2022**

Fair value	<u>\$ 432,295</u>
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The investment properties pledged as collateral for bank borrowings are set out in Note 28.

17. INTANGIBLE ASSET, NET

	For the Year Ended December 31	
	2022	2021
Goodwill	\$ 108,404	\$ 97,708
Cost of computer software	5,386	8,659
Others	<u>745</u>	<u>833</u>
	<u>\$ 114,535</u>	<u>\$ 107,200</u>

The above intangible assets with finite useful lives are amortized using straight-line method 1-19 years.

18. BORROWINGS

a. Short-term borrowings

	December 31	
	2022	2021
<u>Secured borrowings (Note 28)</u>		
Bank loans	\$ 1,815,772	\$ 1,965,735
Trade receivables	<u>549,417</u>	<u>958,440</u>
	<u>2,365,189</u>	<u>2,924,175</u>
<u>Unsecured borrowings</u>		
Bank loans	<u>267,536</u>	<u>434,168</u>
	<u>\$ 2,632,725</u>	<u>\$ 3,358,343</u>
Interest rate range	1.72%-8.41%	1.02%-3.45%

b. Short-term bills payable

	December 31	
	2022	2021
Commercial notes payable (Note 28)	<u>\$ 100,000</u>	<u>\$ -</u>
Interest rate range	2.258%	-

c. Long-term borrowings

	December 31	
	2022	2021
<u>Secured borrowings (Note 28)</u>		
Bank loans	\$ 951,138	\$ 860,663
Less: Current portion	<u>(210,993)</u>	<u>(61,571)</u>
	<u>740,145</u>	<u>799,092</u>
<u>Unsecured borrowings</u>		
Line of credit borrowings	60,000	90,000
Less: Current portion	<u>(30,000)</u>	<u>(30,000)</u>
	<u>30,000</u>	<u>60,000</u>
Long-term borrowings	<u>\$ 770,145</u>	<u>\$ 859,092</u>
Interest rate range	1.925%-2.224 %	1.09%-1.3372 %

19. OTHER PAYABLES

	December 31	
	2022	2021
Payables for salaries and bonuses	\$ 87,614	\$ 149,777
Payables for equipment	12,296	924
Payables for interest	11,580	3,939
Payables for professional services	3,640	3,748
Others (Note)	<u>52,235</u>	<u>66,149</u>
	<u>\$ 167,365</u>	<u>\$ 224,537</u>

Note: Mainly including testing service fee, utilities fee and shipping fee, etc.

20. RETIREMENT BENEFIT PLANS

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

Some subsidiaries, which are mainly investment holding companies, have no staff. Such subsidiaries have no pension plans; thus, they do not contribute to pension funds and do not recognize pension costs.

Except for such subsidiaries, the remaining subsidiaries all contribute to pension funds and recognize pension costs based on the regulations of their local governments.

21. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2022	2021
Number of shares authorized (in thousands)	500,000	500,000
Shares authorized	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>
Number of shares issued and fully paid (in thousands)	150,000	150,000
Shares issued	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>

On July 29, 2021, the Company's shareholders resolved to issue 12,200 thousand ordinary shares with a par value of \$10 from the capital surplus and 15,800 thousand ordinary shares with a par value of \$10 from the earnings, which increased the share capital issued and fully paid to \$1,500,000 thousand. The base date of the capital increase was September 21, 2021, and the process of registration of changes was completed.

b. Capital surplus

	December 31	
	2022	2021
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Share premiums	\$ 1,092,275	\$ 1,155,700
Difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	2,481	2,481
Treasury share transactions	801	801
	<u>1,095,557</u>	<u>1,158,982</u>
<u>May only be used to offset a deficit</u>		
Changes in percentage of ownership interests in subsidiaries (2)	2,380	2,380
	<u>\$ 1,097,937</u>	<u>\$ 1,161,362</u>

- 1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).
- 2) Such capital surplus arises from the effects of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions.

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Company's amended articles of incorporation (the "Articles"), where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, and setting aside or reversing a special reserve in accordance with the laws and regulations. If the Company distribute its earnings in the form of cash, it shall be approved by the board of directors in their meeting; if the earnings are distributed in the form of new shares, it shall be approved by the shareholders in their meeting.

For the policies on the distribution of compensation of employees and remuneration of directors after the amendment, refer to compensation of employees and remuneration of directors in Note 22-f.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

When a special reserve is appropriated for cumulative net debit balance reserves from prior period, the sum of net profit for current period and items other than net profit that are included directly in the unappropriated earnings for current period is used if the prior unappropriated earnings is not sufficient.

The appropriations of earnings for 2021 and 2020 were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	For the Year Ended		For the Year Ended	
	December 31		December 31	
	2021	2020	2021	2020
Legal reserve	\$ -	\$ 48,858	\$ -	\$ -
Special reserve	17,314	82,870	-	-
Cash dividends	10,325	36,600	0.07	0.30
Share dividends	-	158,000	-	1.2951
Cash dividends from capital surplus	63,425	163,400	0.43	1.3393
Share dividends from capital surplus	-	122,000	-	1.00

The above appropriations of earnings as cash dividends were resolved by the Company's board of directors on April 28, 2022 and March 25, 2021, respectively; the other proposed appropriations were resolved by the shareholders in their meeting on June 14, 2022 and July 29, 2021, respectively.

As of the date of approval of the consolidated financial report, the Company's board of directors has not yet proposed the appropriation of earnings of 2022.

d. Special reserve

	For the Year Ended December 31	
	2022	2021
Balance at January 1	\$ 174,422	\$ 91,552
Appropriations in respect of		
Debits to other equity items	<u>17,314</u>	<u>82,870</u>

Balance at December 31

\$ 191,736

\$ 174,422

e. Other equity items

- 1) Exchange differences on the translation of the financial statements of foreign operations

	For the Year Ended December 31	
	2022	2021
Balance at January 1	\$(165,115)	\$(147,587)
Recognized for the year		
Exchange differences on the translation of the financial statements of foreign operations	49,889	(17,528)
Share of associates and joint venture joint venture for using the equity method	<u>(590)</u>	<u>-</u>
Other comprehensive income recognized for the year	<u>49,299</u>	<u>(17,528)</u>
Balance at December 31	<u><u>\$(115,816)</u></u>	<u><u>\$(165,115)</u></u>

- 2) Unrealized valuation gain/(loss) on financial assets at FVTOCI

	For the Year Ended December 31	
	2022	2021
Balance at January 1	\$(26,621)	\$(26,835)
Recognized for the year		
Unrealized profit and loss		
Debt instruments	<u>(1,589)</u>	<u>214</u>
Other comprehensive income recognized for the year	<u>(1,589)</u>	<u>214</u>
Balance at December 31	<u><u>\$(28,210)</u></u>	<u><u>\$(26,621)</u></u>

f. Non-controlling interests

	For the Year Ended December 31	
	2022	2021
Balance at January 1	\$ 11,283	\$ 11,090
Net income	684	3,054
Liquidation of subsidiaries	-	(2,801)
Other comprehensive income (loss)		
Exchange differences on translating foreign operations	<u>164</u>	<u>(60)</u>
Balance at December 31	<u><u>\$ 12,131</u></u>	<u><u>\$ 11,283</u></u>

g. Treasury shares

Purpose of Buy-back	Shares Transferred to Employees (In Thousands of Shares)
Number of shares at January 1, 2022	2,500
Increase during the year	<u>-</u>
Number of shares at December 31, 2022	<u>2,500</u>
Number of shares at January 1, 2021	-
Increase during the year	<u>2,500</u>
Number of shares at December 31, 2021	<u>2,500</u>

In August 2022, the Company's board of directors approved to buy back treasury shares and intend to transfer shares to the employees.

Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as the rights to dividends and to vote.

22. NET PROFIT

a. Other income

	For the Year Ended December 31	
	2022	2021
Interest income	\$ 2,949	\$ 1,145
Rental income	<u>16,012</u>	<u>7,415</u>
	<u>\$ 18,961</u>	<u>\$ 8,560</u>

b. Other gains and losses

	For the Year Ended December 31	
	2022	2021
Net foreign exchange gains (losses)	\$ 132,238	\$ (12,569)
Gain (loss) on disposal of property, plant and equipment	600	(6,042)
Depreciation expense of investment property	(1,678)	-
Others	<u>(15,017)</u>	<u>4,339</u>
	<u>\$ 116,143</u>	<u>\$ (14,272)</u>

c. Finance costs

	For the Year Ended December 31	
	2022	2021
Interest on loans	\$ 105,228	\$ 44,365
Interest on lease liabilities	1,161	1,681
Fees on pledged trade receivables	<u>5,192</u>	<u>5,780</u>
	<u>\$ 111,581</u>	<u>\$ 51,826</u>

d. Depreciation and amortization

	For the Year Ended December 31	
	2022	2021
An analysis of depreciation by function		
Operating costs	\$ 348,143	\$ 328,326
Operating expenses	104,449	96,585
Other gains and losses	<u>1,678</u>	<u>-</u>
	<u>\$ 454,270</u>	<u>\$ 424,911</u>
An analysis of amortization by function		
Operating expenses	<u>\$ 4,351</u>	<u>\$ 4,683</u>

e. Employee benefits expense

	For the Year Ended December 31	
	2022	2021
Short-term benefits	\$ 1,188,096	\$ 1,442,299
Other employee expenses	13,854	35,288
Post-employment benefits		
Defined contribution plans (Note 20)	<u>7,091</u>	<u>7,342</u>
Total employee benefits expense	<u>\$ 1,209,041</u>	<u>\$ 1,484,929</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 907,388	\$ 1,192,384
Operating expenses	<u>301,653</u>	<u>292,545</u>
	<u>\$ 1,209,041</u>	<u>\$ 1,484,929</u>

f. Compensation of employees and remuneration of directors and supervisors

According to the Company's Articles, the Company accrues the compensation of employees and remuneration of directors and supervisors at rates of no less than 1% and no higher than 3%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors and supervisors. However, if the Company has accumulated losses, it should offset the losses in advance.

The compensation of employees and the remuneration of directors and supervisors for the years ended December 31, 2022, which were approved by the Company's board of directors on March 22, 2023 is as follows:

Accrual rate

	For the Year Ended December 31	
	2022	2021
Compensation of employees	1%	-
Remuneration of directors and supervisors	1%	-

Amount

	For the Year Ended December 31			
	2022		2021	
	Cash	Shares	Cash	Shares
Compensation of employees	\$ 1,090	\$ -	\$ -	\$ -
Remuneration of directors	1,090	-	-	-

The Company did not estimate and allocate compensation of employees and remuneration of directors for the years ended December 31, 2021 because of the net loss.

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2020.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors for 2022 and 2021 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

23. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense (benefit) are as follows:

	For the Year Ended December 31	
	2022	2021
Current tax		
In respect of the current year	\$ 40,196	\$ 129,651
Income tax on unappropriated earning	-	8,113
Adjustments for prior year	(7,316)	2,535
	<u>32,880</u>	<u>140,299</u>
Deferred tax		

In respect of the current year	<u>6,917</u>	<u>(170,574)</u>
Income tax expense (benefit) recognized in profit or loss	<u>\$ 39,797</u>	<u>\$ (30,275)</u>

A reconciliation of accounting profit (loss) and income tax expense (benefit) is as follows:

	For the Year Ended December 31	
	2022	2021
Profit (loss) before tax from continuing operations	<u>\$ 113,811</u>	<u>\$ (76,466)</u>
Income tax expense (benefit) calculated at the statutory rate	\$ 28,966	\$(131,604)
Income tax on unappropriated earnings	-	8,113
Unrecognized deductible temporary differences	17,671	90,670
Nondeductible expenses in determining taxable income	476	11
Adjustments for prior years' tax	<u>(7,316)</u>	<u>2,535</u>
Income tax expense (benefit) recognized in profit or loss	<u>\$ 39,797</u>	<u>\$ (30,275)</u>

According to the Law on Corporate Income Tax approved by the government of Vietnam, local subsidiaries are eligible for tax exemption in the first two years and a 50% deduction in the following four years since the first profit-earning year should they have investments in the industrial park.

b. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2022

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
Temporary differences					
Unrealized losses on foreign currency exchange	\$ 7,571	\$ (4,721)	\$ -	\$ 29	\$ 2,879
Loss on impairment of inventories	6,006	(1,008)	-	93	5,091
Short-term warranties provisions	3,018	144	-	-	3,162
Gain on investments accounted for using the equity method	39,310	(4,184)	(4,382)	-	30,744
Others	888	509	-	7	1,404
	<u>56,793</u>	<u>(9,260)</u>	<u>(4,382)</u>	<u>129</u>	<u>43,280</u>
Tax losses	<u>114,766</u>	<u>(1,592)</u>	<u>-</u>	<u>5,105</u>	<u>118,279</u>
	<u>\$ 171,559</u>	<u>\$ (10,852)</u>	<u>\$ (4,382)</u>	<u>\$ 5,234</u>	<u>\$ 161,559</u>
Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
Temporary differences					
Gain on investments accounted for using the equity method	\$ 3,870	\$ (3,928)	\$ -	\$ 58	\$ -
Unrealized gains on foreign currency exchange	<u>7</u>	<u>(7)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,877</u>	<u>\$ (3,935)</u>	<u>\$ -</u>	<u>\$ 58</u>	<u>\$ -</u>

For the year ended December 31, 2021

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
Temporary differences					
Unrealized losses on foreign currency exchange	\$ 10,873	\$ (3,265)	\$ -	\$ (37)	\$ 7,571
Loss on impairment of inventories	6,868	(810)	-	(52)	6,006
Unrealized loss on debts	2,408	(2,388)	-	(20)	-
Short-term warranties provisions	1,762	1,256	-	-	3,018
Gain on investments accounted for using the equity method	-	34,928	4,397	(15)	39,310
Others	719	174	-	(5)	888
	<u>22,630</u>	<u>29,895</u>	<u>4,397</u>	<u>(129)</u>	<u>56,793</u>
Tax losses	<u>33,410</u>	<u>81,997</u>	<u>-</u>	<u>(641)</u>	<u>114,766</u>
	<u>\$ 56,040</u>	<u>\$ 111,892</u>	<u>\$ 4,397</u>	<u>\$ (770)</u>	<u>\$ 171,559</u>

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
Temporary differences					
Gain on investments accounted for using the equity method	\$ 62,315	\$ (58,428)	\$ -	\$ (17)	\$ 3,870
Unrealized gains on foreign currency exchange	11	(4)	-	-	7
Others	<u>251</u>	<u>(250)</u>	<u>-</u>	<u>(1)</u>	<u>-</u>
	<u>\$ 62,577</u>	<u>\$ (58,682)</u>	<u>\$ -</u>	<u>\$ (18)</u>	<u>\$ 3,877</u>

c. Income tax assessments

The income tax returns of the Company through 2020 have been assessed by the tax authorities. The Group has no material discrepancy with the approved content.

24. EARNINGS (LOSS) PER SHARE

Unit: NT\$ Per Share

	For the Year Ended December 31	
	2022	2021
Basic earnings (loss) per share	<u>\$ 0.50</u>	<u>\$ (0.33)</u>
Diluted earnings (loss) per share	<u>\$ 0.50</u>	<u>\$ (0.33)</u>

The earnings (loss) and weighted average number of ordinary shares outstanding used in the computation of earnings per share are as follows:

Net Profit (Loss) for the Year

	For the Year Ended December 31	
	2022	2021
Earnings (loss) used in the computation of basic and diluted earnings (loss) per share	<u>\$ 73,330</u>	<u>\$(49,245)</u>

The weighted average number of ordinary shares outstanding (in thousands of shares) was as follows:

	For the Year Ended December 31	
	2022	2021
Weighted average number of ordinary shares used in the computation of basic earnings per share	147,500	149,336
Effect of potentially dilutive ordinary shares		
Compensation of employees	<u>30</u>	<u>-</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>147,530</u>	<u>149,336</u>

The Group may settle the compensation of employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year. Since the compensation of employees are anti-dilutive in the computation of diluted losses per share in 2021, they are excluded from the computation.

25. CAPITAL MANAGEMENT

The Group conducts capital management to ensure the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

There is no material change in the overall strategy of the Group.

The Group must maintain its capital to support equipment upgrades. The capital management of the Group is to make sure that the Group has sufficient and necessary financial resources and operating plans to be able to provide the required funds for operating capital, capital expenditure, research and development expenses, repayment of debts, and payment of dividends.

26. FINANCIAL INSTRUMENTS

a. The fair value of financial instruments at amortized cost

The management of the Group considered that the carrying amount of financial assets and financial liabilities at amortized cost in the financial statement is close to the fair value.

b. Fair value of financial instruments measured at fair value on a recurring basis

Fair value hierarchy

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
RMB wealth investment product	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,461</u>	<u>\$ 11,461</u>
Financial assets at FVTOCI				
Investments in debt instruments	<u>\$ 3,043</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,043</u>

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in debt instruments	\$ 4,196	\$ -	\$ -	\$ 4,196

There were no transfers between Levels 1 and 2 in 2022 and 2021.

c. Reconciliation of Level 3 fair value measurements of financial instruments

Financial Assets	Financial Assets at FVTPL Financial Products of RMB
Balance at January 1	\$ -
Increase in currently	<u>11,461</u>
Balance at December 31	<u>\$ 11,461</u>

d. Valuation techniques and inputs applied for Level 3 fair value measurement

The RMB wealth investment products purchased by Group use counterparty quotations as evaluation techniques and significant unobservable input values to calculate the expected return from the investment.

e. Categories of financial instruments

	December 31	
	2022	2021
<u>Financial assets</u>		
Financial assets mandatorily classified as at FVTPL	\$ 11,461	\$ -
Financial assets at amortized cost (1)	1,689,389	2,382,166
Financial assets at FVTOCI	3,043	4,196
<u>Financial liabilities</u>		
Measured at amortized cost (2)	5,023,047	6,083,942

1) The balances include financial assets at amortized cost, which comprise cash, financial assets at amortized cost, receivables, other receivables and refundable deposits.

- 2) The balances included financial liabilities measured at amortized cost, which comprise short-term borrowings, short-term bills payable, trade payables, other payables, current portion of long-term borrowings, long-term borrowings and guarantee deposits received.

f. Financial risk management objectives and policies

The Group's major financial instruments include trade receivables, trade payables, lease liabilities, short-term and long-term borrowings. The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Group through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

There has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured.

a) Foreign currency risk

The Group had foreign currency sales and purchases, which exposed the Group to foreign currency risk. The management routinely monitors foreign currency risk and would take necessary measures in response to significant foreign currency fluctuations.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the year are set out in Note 30.

Sensitivity analysis

The Group is mainly exposed to the U.S. dollar.

The following table details the Group's sensitivity to a 1% increase and decrease in the New Taiwan dollar, Chinese Yuan and Vietnamese dong (the functional currency) against the U.S. dollar. The sensitivity analysis included only outstanding foreign currency denominated monetary items and investment in debt instruments at fair value through other comprehensive income. A negative number below indicates an decrease in pre-tax profit associated with the New Taiwan dollar weakening 1% against the U.S. dollar. For a 1% strengthening of the New Taiwan dollar against the U.S. dollar, there would be an equal and opposite impact on profit or loss, and the balances below would be positive.

	USD Impact	
	For the Year Ended December	
	31	
	2022	2021
Profit or loss	<u>\$ (9,866)</u>	<u>\$(13,767)</u>

b) Interest rate risk

The Group is exposed to interest rate risk because the Group borrows funds at floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of floating rate borrowings.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the year were as follows:

	December 31	
	2022	2021
Fair value interest rate risk		
Financial assets (i)	\$ 187,534	\$ 149,478
Financial liabilities (ii)	221,830	73,127
Cash flow interest rate risk		
Financial assets (iii)	473,454	395,564
Financial liabilities (iv)	3,643,863	4,309,006

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for both derivative and non-derivative instruments at the end of the year. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the year was outstanding for the whole year. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points higher and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2022 and 2021 would have decreased by \$31,704 thousand and \$39,134 thousand, respectively, which was mainly a result of variable-rate bank deposits and variable-rate borrowings. If interest rates had been 100 basis points lower, there would be an equal and opposite impact on pre-tax profit, and the balances would be negative.

c) Other price risk

The Group was exposed to debt instrument price risk through its investments in debt instrument. The main purpose of the Group is to collect the cash flow of debt instruments and evaluate to sell if necessary.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk which would cause a financial loss to the Group due to failure of counterparties to discharge an obligation provided by the Group could arise from the carrying amount of the respective recognized financial assets as stated in the balance sheet.

The Group's concentration of credit risk of 73% and 81% of the total amounts of trade receivables as of December 31, 2022 and 2021, respectively, was attributable to the Group's five largest customers.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2022 and 2021, the Group had available unutilized short-term bank loan facilities set out in (2) below.

a) Liquidity and interest rate risk table for non-derivative financial liabilities

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

To the extent that interest flows are at floating rates, the undiscounted amount was derived from the interest rate curve at the end of the year.

December 31, 2022

	Less than 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>	.		
Variable interest rate liabilities	\$ 2,890,272	\$ 342,528	\$ 490,208
Fixed interest rate liabilities	100,000	-	-
Non-interest bearing	1,196,466	-	-
Lease liabilities	<u>57,093</u>	<u>79,084</u>	<u>-</u>
	<u>\$ 4,243,831</u>	<u>\$ 421,612</u>	<u>\$ 490,208</u>

December 31, 2021

	Less than 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>	.		
Variable interest rate liabilities	\$ 3,464,503	\$ 403,026	\$ 522,722
Non-interest bearing	1,768,925	-	-
Lease liabilities	<u>43,819</u>	<u>30,645</u>	<u>-</u>
	<u>\$ 5,277,247</u>	<u>\$ 433,671</u>	<u>\$ 522,722</u>

b) Financing facilities

	December 31	
	2022	2021
Unsecured bank overdraft facilities:		
Amount used	\$ 327,536	\$ 524,168
Amount unused	<u>342,404</u>	<u>143,712</u>
	<u>\$ 669,940</u>	<u>\$ 667,880</u>
Secured bank overdraft facilities:		
Amount used	\$ 3,416,327	\$ 3,784,838
Amount unused	<u>5,227,569</u>	<u>2,481,108</u>
	<u>\$ 8,643,896</u>	<u>\$ 6,265,946</u>

g. Transfers of financial assets

During the years ended December 31, 2022 and 2021, the Group discounted the derecognized trade receivables with an aggregate carrying amount of \$628,004 thousand and \$1,099,246 thousand, respectively, to banks for cash proceeds of related debt of \$549,417 thousand and \$958,440 thousand, respectively. According to the contract, if these trade receivables are not recoverable at maturity, banks have the right to request that the Group pay the unsettled balance. As the Group has not transferred the significant risks and rewards relating to these trade receivables, it continues to recognize the full carrying amounts of these trade receivables and treats these trade receivables that have been transferred to banks as collateral for borrowings (see Note 28).

27. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed as follows.

a. Related party name and category

Related Party Name	Related Party Merged Company
Ability Technology Co., Ltd.	Other related parties

b. Receivables from related parties

Line Item	Related Party Category/Name	December 31	
		2022	2021
Other receivables	Ability Technology Co., Ltd.	<u>\$ 1,256</u>	<u>\$ -</u>

The outstanding receivables from related parties are unsecured. For the year ended December 31, 2022, no impairment losses were recognized for trade receivables from related parties.

c. Lease arrangements

Operating lease

In 2022, the Group leases the factory to its associates, Ability Technology Co., Ltd. as the operating lease with the lease term of five year, and the rent is refer to the similar assets' rental level, and a fixed payment is received monthly according to the lease agreement. As of December 31, 2022, the total amount of future lease receivable was \$16,664 thousand. For the years ended December 31, 2022, the lease income recognized was \$1,181 thousand.

d. Compensation of key management personnel

	For the Year Ended December 31	
	2022	2021
Short-term employee benefits	\$ 25,006	\$ 25,082
Post-employment benefits	<u>322</u>	<u>412</u>
	<u>\$ 25,328</u>	<u>\$ 25,494</u>

The remuneration of directors and key executives is based on the performance of individuals and market trends.

28. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

	December 31	
	2022	2021
Property, plant and equipment (including construction in progress)	\$ 2,179,332	\$ 3,098,144
Trade receivables	628,004	1,099,246
Pledged demand deposits (classified as financial assets at amortized cost)	424,082	336,374
Right-of-use assets	64,828	185,069
Investment property	<u>90,521</u>	<u>-</u>
	<u>\$ 3,386,767</u>	<u>\$ 4,718,833</u>

The above assets were provided as collateral for bank borrowings.

29. OTHER ITEMS

On December 29, 2022, the board of directors of the Group subscribed for Ampacs International Company Limited through share issuance for cash of US\$20,000 thousand (\$614,200 thousand), and the shareholding ratio of Group increased to 100% for investments.

The impact of the COVID-19 pandemic which has evolved globally and currently, the Group has responded by adjusting production capacity. The impact of the pandemic is still uncertain, and the Group will continue to monitor the development of the pandemic and make timely feedback.

30. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Group and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

December 31, 2022

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
Monetary items			
USD	\$ 107,427	30.71 (USD:TWD)	\$ 3,299,091
USD	23,117	6.9669 (USD:CNY)	<u>709,924</u>
			<u>\$ 4,009,015</u>
Non-monetary items			
Non-derivative financial assets			
USD	99	30.71 (USD:TWD)	<u>\$ 3,043</u>
<u>Financial liabilities</u>			
Monetary items			
USD	47,797	30.71 (USD:TWD)	\$ 1,467,853
USD	103,092	23,899 (USD:VND)	3,165,950
USD	11,881	6.9669 (USD:CNY)	<u>364,854</u>
			<u>\$ 4,998,657</u>

December 31, 2021

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
Monetary items			
USD	\$ 146,447	27.68 (USD:TWD)	\$ 4,053,633
USD	28,480	6.3720 (USD:CNY)	<u>788,340</u>
			<u>\$ 4,841,973</u>
Non-monetary items			
Non-derivative financial assets			
USD	152	27.68 (USD:TWD)	<u>\$ 4,196</u>

(Continued)

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 92,061	27.68 (USD:TWD)	\$ 2,548,256
USD	112,732	22.760 (USD:VND)	3,120,417
USD	20,020	6.3720 (USD:CNY)	<u>554,151</u>
			<u>\$ 6,222,824</u> (Concluded)

For the years ended December 31, 2022 and 2021, realized and unrealized net foreign exchange gains (losses) were \$132,238 thousand and \$(12,569) thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the entities in the Group.

31. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions and b. information on investees:

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (Table 2)
- 3) Marketable securities held (excluding investments in subsidiaries and associates) (Table 3)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (None)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 4)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 5)
- 9) Trading in derivative instruments (None)
- 10) Information on investees (Table 6)

b. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 7)
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (Tables 1, 2, 4 and 5).

c. Intercompany relationships and significant intercompany transactions (Table 8)

d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 9)

32. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Group's reportable segments were the manufacture, process and sale of audio electronic devices, computer peripherals and plastic products. For the purposes of financial statement presentation, these individual operating segments have been aggregated into a single operating segment given that the Group centrally manages the manufacture and sale of products.

TABLE 1

AMPACS CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period (Note 5)	Ending Balance (Note 5)	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit	Note
													Item	Value			
1	Brilliance Investment Co., Ltd.	Richmake International Limited	Other receivables from related parties	Yes	\$ 270,248 (US\$ 8,800)	\$ 270,248 (US\$ 8,800)	\$ 244,787 (US\$ 7,971)	-	Short-term financing	\$ -	Operational needs	\$ -	None	\$ -	\$ 320,629 (US\$ 10,440)	\$ 320,629 (US\$ 10,440)	Note 3
2	Dong Guan Yi Zhuo Electronics Co., Ltd.	Brilliance Investment Co., Ltd.	Other receivables from related parties	Yes	\$ 154,778 (US\$ 5,040)	\$ 154,778 (US\$ 5,040)	\$ 150,093 (US\$ 4,887)	-	Short-term financing	-	Operational needs	-	None	-	201,915 (CNY 45,806)	201,915 (CNY 45,806)	Note 4

- Note 1: The subsidiaries are coded consecutively beginning from “1” in the order presented in the table above.
- Note 2: The amount was calculated using the spot rate on December 31, 2022 (US\$1=NT\$30.71; CNY1=NT\$4.408).
- Note 3: The aggregate financing limit and financing limit for each borrower of Brilliance Investment Co., Ltd., calculated based on the Group’s policy, were both 120% of the Company’s net asset value.
- Note 4: The aggregate financing limit and financing limit for each borrower of Dong Guan Yi Zhuo Electronics Co., Ltd., calculated based on the Group’s policy, were both 120% of the Company’s net asset value.
- Note 5: The highest balance and ending balance for the period are the financing limits approved by the lender’s board of directors.
- Note 6: All intercompany financing transactions have been eliminated upon consolidation.

TABLE 2

AMPACS CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 2)	Maximum Amount Endorsed/ Guaranteed During the Period (Note 3)	Outstanding Endorsement/ Guarantee at the End of the Period (Note 3)	Actual Amount Borrowed (Note 3)	Amount Endorsed/ Guaranteed by Collateral (Note 3)	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship (Note 1)											
1	Modern Pioneer (Kunshan) Co., Ltd.	AMPACS Corporation	b	\$ 230,433 (CNY 52,276)	\$ 199,615 (US\$ 6,500)	\$ 199,615 (US\$ 6,500)	\$ 184,260 (US\$ 6,000)	\$ 29,578 (CNY 6,710)	7.12	\$ 230,433 (CNY 52,276)	N	Y	N	

Note 1: Relationship between endorser/guarantor and endorsee/guarantee are as follows:

- a. Business relationship.
- b. A subsidiary in which the Company holds directly and indirectly over 50% of an equity interest.
- c. An investee in which the Company and its subsidiaries hold directly and indirectly over 50% of an equity interest.

Note 2: a. The aggregate amount of guarantees/endorsements by Modern Pioneer (Kunshan) Co., Ltd. and for any single entity should not exceed 100% of its net worth.

b. The net worth is based on the latest audited financial statements.

Note 3: The amount was calculated using the spot rate on December 31, 2022 (US\$1=NT\$30.71; CNY1=NT\$4.408).

AMPACS CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
AMPACS Corporation	<u>Bounds</u> Ford Motor Company	-	Financial assets at FVTOCI - non-current	130	\$ 3,043	-	\$ 3,043	
Richmake International Limited	<u>Ordinary shares</u> Iota Communications, Inc.	-	Financial assets at FVTOCI - non-current	2,478,000	-	1.26	-	
Dong Guan Yi Zhuo Electronics Co., Ltd.	<u>RMB wealth investment product</u> CTBC bank - financial products of RMB of win-win, stable and daily profit of Citic wealth management	-	Financial assets at FVTPL - current	-	11,461	-	11,461	

TABLE 4**AMPACS CORPORATION AND SUBSIDIARIES**

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts (Payable) or Receivable		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
AMPACS Corporation	Ampacs International Company Limited	Subsidiary	Purchase	\$(3,093,200)	(67)	About 120 days	Contract price	No significant difference	\$ -	-	
	Richmake International Limited	Subsidiary	Purchase	(1,216,982)	(26)	About 120 days	Contract price	No significant difference	-	-	
	Fortune Channel Universal Limited	Subsidiary	Purchase	(265,024)	(6)	About 120 days	Contract price	No significant difference	(10,529)	-	
Tech. Pioneer, Ltd.	AMPACS Corporation	Parent company	Purchase	(217,686)	(100)	About 120 days	Contract price	No significant difference	(37,008)	(17)	
Richmake International Limited	Dongguan Yi Xing Electronics Co., Ltd.	Subsidiary	Purchase	(1,267,569)	(100)	About 180 days	Contract price	No significant difference	(6,403)	(1)	
Fortune Channel Universal Limited	Modern Pioneer (Kunshan) Co., Ltd.	Subsidiary	Purchase	(266,684)	(100)	About 180 days	Contract price	No significant difference	(61,828)	(23)	
Ampacs International Company Limited	Dongguan Yi Xing Electronics Co., Ltd.	Sister company	Purchase	(244,650)	(8)	About 180 days	Contract price	No significant difference	(251,484)	(8)	
	Dong Guan Han Lei Electronics Co., Ltd	Sister company	Purchase	(283,497)	(9)	About 180 days	Contract price	No significant difference	(30,092)	(1)	
	AMPACS Corporation	Parent company	Sale	3,093,200	79	About 120 days	Contract price	No significant difference	-	-	
Richmake International Limited	AMPACS Corporation	Parent company	Sale	1,216,982	97	About 120 days	Contract price	No significant difference	-	-	
Fortune Channel Universal Limited	AMPACS Corporation	Parent company	Sale	265,024	100	About 120 days	Contract price	No significant difference	10,529	-	
AMPACS Corporation	Tech. Pioneer, Ltd.	Subsidiary	Sale	217,686	4	About 120 days	Contract price	No significant difference	37,008	1	
Modern Pioneer (Kunshan) Co., Ltd.	Fortune Channel Universal Limited	Subsidiary	Sale	266,684	75	About 120 days	Contract price	No significant difference	61,828	17	

Dongguan Yi Xing Electronics Co., Ltd.	Richmake International Limited	Sister company	Sale	1,267,569	84	About 180 days	Contract price	No significant difference	6,403	-	
	Ampacs International Company Limited	Sister company	Sale	244,650	16	About 180 days	Contract price	No significant difference	251,484	17	
Dong Guan Han Lei Electronics Co., Ltd	Ampacs International Company Limited	Sister company	Sale	283,497	99	About 180 days	Contract price	No significant difference	30,092	11	

Note: All intercompany gains and losses from investment have been eliminated upon consolidation.

TABLE 5**AMPACS CORPORATION AND SUBSIDIARIES****RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Related Party	Relationship	Ending Balance of Trade Receivables	Ending Balance of Other Receivables	Turnover Rate	Past Due		Amounts Received in Subsequent Period	Allowance for Impairment Loss
						Amount	Action Taken		
Dongguan Yi Xing Electronics Co., Ltd.	Ampacs International Company Limited	Sister company	\$ 251,484	\$ -	1.31	-	-	\$ 18,513	-
Dong Guan Yi Zhuo Electronics Co., Ltd.	Brilliance Investment Co., Ltd.	Sister company	-	150,093	Note 3	-	-	-	-
AMPACS Corporation	Ampacs International Company Limited	Subsidiary	-	478,299	Note 2	-	-	166,988	-
Brilliance Investment Co., Ltd.	Richmake International Limited	Sister company	-	244,787	Note 3	-	-	-	-

Note 1: All intercompany gains and losses from investment have been eliminated upon consolidation.

Note 2: The other receivables are purchased on behalf of raw materials.

Note 3: It is from financing.

TABLE 6

AMPACS CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2022			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee	Note
				December 31, 2022	December 31, 2021	Number of Shares (In Thousands)	Percentage of Ownership (%)	Carrying Amount			
AMPACS Corporation	Tech. Pioneer, Ltd.	Samoa	Investment activities	US\$ 21,780 HK\$ 9,500	US\$ 21,780 HK\$ 9,500	23,003	100.00	\$ 863,735	\$ 45,964 (US\$ 1,542)	\$ 45,964	Subsidiary
	Ampacs International company Limited	Vietnam	Production and sale of plastic products and consumer electronics	US\$ 30,000	US\$ 30,000	-	100.00	382,402	(139,217) (VND (109,189,841))	(139,217)	Subsidiary
	Ability Technology Co., Ltd.	Taipei	Computer peripheral equipment, photographic equipment and electronic components and trading	20,000	-	2,000	40.00	14,968	(11,105)	(4,442)	Using the equity method
Tech. Pioneer, Ltd.	Brilliance Investment Co., Ltd.	Samoa	Investment activities and the sale of plastic products	US\$ 1,050	US\$ 1,050	1,050	100.00	267,192	9,077 (US\$ 305)	9,077	Subsidiary
	Sunlight Ocean Holding Limited	Samoa	Investment activities	US\$ 850	US\$ 850	850	100.00	55,551	3,094 (US\$ 104)	3,094	Subsidiary
	Richmake International Limited	Samoa	Investment activities and the sale of consumer electronics	HK\$ 9,500	HK\$ 9,500	1,224	100.00	155,301	74,338 (US\$ 2,495)	74,338	Subsidiary
	Fortune Channel Universal Limited	Seychelles	Investment activities and the sale of plastic products	US\$ 16,000	US\$ 16,000	16,000	100.00	386,403	(39,229) (US\$ (1,316))	(39,229)	Subsidiary

Note 1: Refer to Table 7 for information on investments in mainland China.

Note 2: All intercompany gains and losses from subsidiaries have been eliminated upon consolidation.

TABLE 7**AMPACS CORPORATION AND SUBSIDIARIES**
**INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital (Note 3)	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2022 (Note 3)	Investment of Flows (Note 2)		Accumulated Outflow of Investment from Taiwan as of December 31, 2022 (Note 3)	Net Income (Loss) of the Investee (Note 4)	Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 4)	Carrying Amount as of December 31, 2022 (Note 3)	Accumulated Inward Remittance of Earnings as of December 31, 2022
					Outflow	Inflow						
Dongguan Yi Zhao Electronics Co., Ltd.	Production and sale of plastic products	\$ 32,246 (US\$ 1,050)	Note 1	\$ 32,246 (US\$ 1,050)	\$ -	\$ -	\$ 32,246 (US\$ 1,050)	\$ 8,939 (CNY 2,0252)	100	\$ 8,939 (US\$ 300)	\$ 168,263 (US\$ 5,479)	\$ -
Dongguan Han Lei Electronics Co., Ltd.	Production and sale of plastic products and consumer electronics	26,104 (US\$ 850)	Note 1	26,104 (US\$ 850)	-	-	26,104 (US\$ 850)	3,124 (CNY 707)	100	3,124 (US\$ 105)	54,063 (US\$ 1,760)	-
Dongguan Yi Xing Electronics Co., Ltd.	Production and sale of plastic products and consumer electronics	37,411 (HK\$ 9,500)	Note 1	37,411 (HK\$ 9,500)	-	-	37,411 (HK\$ 9,500)	75,298 (CNY 17,029)	100	75,298 (US\$ 2,527)	231,758 (US\$ 7,548)	-
Modern Pioneer (Kunshan) Co., Ltd.	Production and sale of plastic products	414,585 (US\$ 13,500)	Note 1	414,585 (US\$ 13,500)	-	-	414,585 (US\$ 13,500)	(32,354) (CNY(7,317))	100	(39,158) (CNY(1,314))	398,311 (US\$ 12,970)	-
Dongguan Shi Hong Jun Electronics Co., Ltd.	Production and sale of headphone wire	8,816 (CNY 2,000)	Note 2	Note 2	-	-	Note 2	1,396 (CNY 316)	51	712 (CNY 161)	12,626 (US\$ 2,864)	-

Accumulated Investment in Mainland China as of December 31, 2022 (Note 3)	Investment Amounts Authorized by Investment Commission, MOEA (Note 3)	Upper Limit on Investment
\$ 510,345 (US\$15,400) (HK\$ 9,500)	\$ 510,345 (US\$15,400) (HK\$ 9,500)	1,687,117 (Note 5)

Note 1: The companies were invested through regions outside of Taiwan and mainland China (the third region).

Note 2: The capital of Dongguan Shi Hong Jun Electronics Co., Ltd. is remitted out with the self-owned fund of Dongguan Han Lei Electronics Co., Ltd.

Note 3: The amount was calculated using the spot rates on December 31, 2022 (US\$1=NT\$30.71; HK\$1=NT\$3.938; CNY1=NT\$4.408).

Note 4: The amount was calculated using the yearly average rates on 2022 (US\$1=NT\$29.8; HK\$1=NT\$3.8055; CNY1=NT\$4.4218).

Note 5: The amount was calculated based on 60% of the Group's net worth.

Note 6: All intercompany gains and losses from investment have been eliminated upon consolidation.

AMPACS CORPORATION AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Amounts in Thousands of New Taiwan Dollars)**

No. (Note 1)	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transaction			% of Consolidated Net Revenue or Total Assets (Note 3)
				Financial Statement Item	Amount	Terms	
0	AMPACS Corporation	Ampacs International company Limited	1	Other receivables	\$ 478,299	Mutual agreement	6
		Ampacs International company Limited	1	Advance payment	1,519,365	Mutual agreement	19
		Tech. Pioneer, Ltd.	1	Sales	217,686	Mutual agreement	4
		Tech. Pioneer, Ltd.	1	Accounts receivable	37,008	Mutual agreement	-
1	Ampacs International Company Limited	AMPACS Corporation	2	Sales	3,093,200	Mutual agreement	61
2	Richmake International Limited	AMPACS Corporation	2	Sales	1,216,982	Mutual agreement	24
3	Fortune Channel Universal Limited	AMPACS Corporation	2	Sales	265,024	Mutual agreement	5
		AMPACS Corporation	2	Accounts receivable	10,529	Mutual agreement	-
4	Brilliance Investment Co., Ltd.	Richmake International Limited	3	Other receivables	244,787	Mutual agreement	3
5	Dongguan Yi Xing Electronics Co., Ltd.	Ampacs International company Limited	3	Sales	244,650	Mutual agreement	5
		Richmake International Limited	3	Sales	1,267,569	Mutual agreement	25
		Richmake International Limited	3	Accounts receivable	6,403	Mutual agreement	-
		Ampacs International company Limited	3	Accounts receivable	251,484	Mutual agreement	3
6	Modern Pioneer (Kunshan) Co., Ltd.	Fortune Channel Universal Limited	3	Sales	266,684	Mutual agreement	5
		Fortune Channel Universal Limited	3	Accounts receivable	61,828	Mutual agreement	1
7	Dongguan Yi Zhao Electronics Co., Ltd.	Brilliance Investment Co., Ltd.	3	Other receivables	150,093	Mutual agreement	2
8	Dong Guan Han Lei Electronics Co., Ltd.	Ampacs International company Limited	3	Sales	283,497	Mutual agreement	6
		Ampacs International company Limited	3	Accounts receivable	30,092	Mutual agreement	-

Note 1: The Company and its subsidiaries are coded as follows:

- The Company is coded “0”.
- The subsidiaries are coded consecutively beginning from “1” in the order presented in the table above.

Note 2: Nature of relationship is as follows:

- a. From the Company to its subsidiary.
- b. From a subsidiary to its parent company.
- c. Between subsidiaries.

(Continued)

Note 3: The percentage calculation is based on the consolidated total operating revenues or total assets. For balance sheet items, each item's period-end balance was shown as a percentage to consolidated total assets as of December 31, 2019. For profit or loss items, the cumulative amounts were shown as a percentage to consolidated total operating revenues for the year ended December 31, 2021.

Note 4: The above table only discloses each of the related-party transactions which material amount of total revenue or total assets, while the reverse flow of transactions are not additionally disclosed.

Note 5: The intercompany transactions have been eliminated upon consolidation.

(Concluded)

TABLE 9**AMPACS CORPORATION AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS****DECEMBER 31, 2022**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Huang, Chang-Ching	33,171,900	22.11
Lung An Investment Co., Ltd.	11,907,304	7.93
Chang An Investment Co., Ltd.	11,681,569	7.78
Hsiao, Hsiu-Ju	9,702,545	6.46

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustor who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to the Market Observation Post System website of the TWSE.

Appendix 2

Ampacs Corporation

Individual Financial Statements
and Auditor's Report
Year 2022 and Year 2021

Address: 3F., No.19-3, Sanchong Rd., Nangang Dist.,
Taipei City 115601, TAIWAN

Telephone: (02)2655-2798

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

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Accountant's audit report

Ampacs Corporation statements :

Audit opinion

The individual balance sheets of Ampacs Corporation as of December 31, Year 2022 and Year 2021, and the individual income statements, individual statement of changes in equity, individual cash flow statements, and notes to the financial statements (including a summary of significant accounting policies) for the period January 1, Year 2022 through December 31, Year 2022 and January 1, Year 2021 through December 31, Year 2021 have been audited by our auditors.

Based on the opinion of our auditors and other auditor's reports (please refer to the Other Matters section), the individual financial statements above have been prepared in accordance with the Financial Reporting Standards for Issuers of Securities and are adequate to represent the individual financial position of Ampacs Corporation as of December 31, Year 2022 and Year 2021, as well as the individual financial performance and cash flows for the period from January 1, Year 2022 through December 31, Year 2022 and January 1, Year 2021 through December 31, Year 2021, in all material respects.

Basis of Audit Opinion

We, as auditors, have conducted our audit work in accordance with the Regulations Governing the Audit Signatures of Certified Public Accountants and the Auditing Standards. The accountant's responsibility under these standards will be further explained in the paragraph of responsibility of the accountant for examining the individual financial report. Personnel of our accounting firm subject to the independent requirements have complied with the code of professional ethics of certified public accountants, stayed fully independent of Ampacs Co., Ltd., and fulfilled other responsibilities in accordance with the code. Based on our audit findings and the audit reports of other auditors, we believe that we have obtained sufficient and appropriate audit evidence to serve as the 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 Ampacs Corporation's individual financial statements for the year ended December 31, 2022. These matters were addressed during the audit of the overall parent company only financial statements and in the formation of our opinion. We do not express our opinion on these matters separately.

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit on the Ampacs Corporation's individual financial statements for the year ended December 31, 2022.

Sales Revenue Recognition

The main source of operating revenue for Ampacs Corporation comes from the production and sales of earphone products, with changes primarily driven by the volume of products manufactured for specific customer groups. As the recognition of revenue from specific sales has a significant impact on financial performance, the recognition of sales revenue from specific customers for Ampacs Corporation is identified as a key audit matter for the current year.

Audit procedures related to the occurrence of sales revenue are summarized as follows:

1. Understand the relevant internal control systems and operating procedures related to the sales transaction process, assess the design and implementation of internal controls, and perform internal control testing to obtain sufficient and appropriate audit evidence on the effectiveness of relevant control execution.
2. Determine appropriate sampling methods and sample sizes, audit internal and external evidence to verify the occurrence of sales transactions and confirm the accuracy of the annual sales revenue.
3. Review the records of receipts and their corresponding invoices to evaluate whether the amount of receipts and the recipient of funds are consistent with the shipping recipient to provide evidence of the occurrence of sales transactions.

Other Matters

The financial statements of the entity include an investment in a company, Ability Technology Co., Ltd. which is accounted for using the equity method. However, the financial statements of JAbility Technology Co., Ltd were audited by another auditor instead of our firm. Therefore, with respect to the investment accounted for using the equity method, the amount and disclosure in the financial statements of the entity are based on the audit report of the other auditor. The investment balance accounted for using the equity method in the aforementioned investee company as of December 31, 2022, was NTD 14,968 thousand, accounting for 0.24% of the total assets. The investment loss recognized for the investee company accounted for using the

equity method from January 1, 2022, to December 31, 2022, was (NTD 4,442 thousand), accounting for (3.67%) of the total comprehensive income.

Responsibility of the Management and the Governing Body for the Individual Financial Reports

The responsibilities of management are to prepare appropriately stated parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Management is also responsible for maintaining necessary internal control relevant to the preparation of the parent company only financial statements to ensure that the parent company only financial statements are free from material misstatement by fraud or error.

In preparing the individual financial statements, the management's responsibility also includes evaluating the ability of Ampacs Corporation to continue as a going concern, disclosing related matters, and adopting the going concern basis of accounting, unless the management intends to liquidate Ampacs Corporation or cease operations, or there are no other viable alternatives other than liquidation or cessation of operations.

The governing body of Ampacs Corporation (including the audit committee) is responsible for supervising the financial reporting process.

Account's responsibilities for the audit of parent company only financial statements

The objectives of accounts for auditing parent company only financial statements are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from any material misstatement due to fraud or error and to issue an accountant's report accordingly. It is reasonable assurance, which is a high level of assurance, but the audit work performed in accordance with the auditing standards cannot guarantee the detection of material misstatements in the individual financial statements. Misstatements may arise from fraud or errors. A misstated dollar amount, individually or in the aggregate, that could be reasonably predicted to influence the economic decision of the user of the parent company only financial statements can be viewed as material.

Our auditor exercised professional judgment and skepticism in accordance with the auditing standards. We also performed the following tasks:

1. We identified and assessed the risks of material misstatement of the parent company only Individual financial statements, whether due to fraud or errors, designed and performed audit procedures according to those risks, and obtained audit evidence that can sufficiently and appropriately form the basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for the one resulting from error because

fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. We obtained an understanding of internal control relevant to the audit in order to design audit procedures suitable for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Ampacs Corporation Co., Ltd.'s internal control.
3. We evaluated the appropriateness of accounting policies adopted and the reasonableness of accounting estimates and related disclosures made by management.
4. We concluded on the appropriateness of management's use of the going concern basis of accounting and whether a material uncertainty exists related to events or conditions that may cast significant doubt on Ampacs Corporation's ability to continue as a going concern based on the audit evidence we have obtained. If we conclude that a material uncertainty exists, we will need to draw attention in our accountant's report to the related disclosures in the parent company only financial statements or to modify our opinion if such disclosures are inadequate. Our conclusions are based on the audit evidence obtained up to the date of this accountant's report. However, future events or circumstances may cause Ampacs Corporation to cease to have the ability to continue as a going concern.
5. We evaluated the overall presentation, structure and contents of the parent company only financial reports, including the attached notes, and whether the parent company on financial statements represent the underlying transactions and events in a fair manner.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities within the Ampacs Corporation to cease to express an opinion on the consolidated financial statements. The auditor is responsible for directing, supervising, and performing the audit, and for forming an opinion on the financial statements of Ampacs Corporation.

We have communicated with those charged with governance regarding the planned scope and the timing of the audit as well as material audit findings (including significant internal control shortcomings identified in the audit).

We have also provided those charged with governance the statement that the personnel of our accounting firm subject to the requirements of independence have complied with the requirements of independence of the code of professional ethics of certified public accountants and communicate with those charged with governance relationships and other matters that may influence our independence (including related preventive measures).

From the matters communicated with the governing body, this auditor determined the key audit matters for the audit of the individual financial statements of Ampacs Corporation for the year 2022. We described these matters in the accountant's report, unless the laws and regulations

prohibit such disclosure or under rare condition that we decide not to communicate a given matter because the negative impact from such communication may override its public benefits under reasonable assumption.

Deloitte Taiwan

Accountant Liu Ming-Xian

Accountant Chen Yan-Jun

Approval Number from Financial
Supervisory Commission
Chin Kuan Cheng Shen Tzu
No.1100356048

Approval Number from Financial Supervisory
Commission
Chin Kuan Cheng Shen Tzu
No.1100356048

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Ampacs Corporation
Individual balance sheets
December 31, 2022 and 2021

Unit: NT\$1,000

C o d e	A s s e t s	December 31, 2022		December 31, 2021	
		A m o u n t	%	A m o u n t	%
	Current Assets				
1100	Cash (Note 6)	\$ 79,162	1	\$ 89,677	1
1136	Financial assets measured at amortized cost (Note 4, 8 and 26)	358,608	6	275,690	4
1170	Net Accounts Receivable (Note 4 and 9)	873,241	14	1,657,603	24
1180	Net Accounts Receivable - related parties (Note 25)	37,008	1	47,174	1
1200	Other receivables	319	-	170	-
1210	Net Accounts Receivable - related parties (Note 25)	478,299	8	2,006,876	29
130X	Net Inventory (Note 4 and 10)	14,727	-	15,374	-
1421	Prepayments for purchases (Note 25)	1,577,907	26	68,448	1
1470	Other Current Assets	<u>3,500</u>	<u>-</u>	<u>3,415</u>	<u>-</u>
11XX	Total Current Assets	<u>3,422,771</u>	<u>56</u>	<u>4,164,427</u>	<u>60</u>
	Non-Current Assets				
1517	Financial assets carried at fair value through other comprehensive income - non-current (Note 4 and 7)	3,043	-	4,196	-
1550	Investments Using Equity Method (Note 4 and 11)	1,261,105	20	1,285,119	19
1600	Real Estate, Plant, and Equipment (Note 4, 12 and 26)	1,322,768	22	1,396,955	20
1780	Net Intangible Assets (Note 4 and 15)	5,563	-	8,246	-
1840	Deferred Tax Assets (Note 4 and 21)	39,151	1	48,276	1
1915	Prepayments for equipment	310	-	310	-
1990	Other non-current assets (Note 4 and 14)	<u>59,198</u>	<u>1</u>	<u>73</u>	<u>-</u>
15XX	Total Non-Current Assets	<u>2,691,138</u>	<u>44</u>	<u>2,743,175</u>	<u>40</u>
1XXX	Total Assets	<u>\$ 6,113,909</u>	<u>100</u>	<u>\$ 6,907,602</u>	<u>100</u>
C o d e	L i a b i l i t y a n d E q u i t y				
	Current Liabilities				
2100	Short-Term Loans (Note 4 and 16)	\$ 1,742,348	28	\$ 2,414,693	35
2110	Short term notes payable (Note 4 and 16)	100,000	2	-	-
2170	Accounts payable	230,292	4	396,414	6
2180	Accounts payables - related parties (Note 25)	10,529	-	190,369	3
2200	Other Payables (Note 17)	49,595	1	38,753	1
2230	Current Income Tax Liabilities (Note 4 and 21)	143,751	2	136,021	2
2320	Long-Term Liabilities Due Within One Year (Note 4 and 16)	240,993	4	91,571	1
2399	Other Current Liabilities (Note 25)	<u>22,951</u>	<u>-</u>	<u>26,177</u>	<u>-</u>
21XX	Total current liabilities	<u>2,540,459</u>	<u>41</u>	<u>3,293,998</u>	<u>48</u>
	Non-current liabilities				
2540	Long-Term Loans (Note 4 and 16)	770,145	13	859,092	12
2645	Guarantee deposits received	<u>3,574</u>	<u>-</u>	<u>2,071</u>	<u>-</u>
25XX	Total non-current liabilities	<u>773,719</u>	<u>13</u>	<u>861,163</u>	<u>12</u>
2XXX	Total liabilities	<u>3,314,178</u>	<u>54</u>	<u>4,155,161</u>	<u>60</u>
	Equity (Note 19)				
3110	Common Stock	<u>1,500,000</u>	<u>24</u>	<u>1,500,000</u>	<u>22</u>
3200	Capital surplus	<u>1,097,937</u>	<u>18</u>	<u>1,161,362</u>	<u>17</u>
	Retained earnings				
3310	Legal reserve	175,449	3	175,449	3
3320	Special surplus reserve	191,736	3	174,422	2
3350	Retained earnings	<u>163,929</u>	<u>3</u>	<u>118,238</u>	<u>2</u>
3300	Total Retained Earnings	<u>531,114</u>	<u>9</u>	<u>468,109</u>	<u>7</u>
	Other equity				
3410	Exchange differences on translation of foreign financial statements	(115,816)	(2)	(165,115)	(3)
3420	Unrealized gains (losses) of financial assets are measured at fair value through other comprehensive income	(<u>28,210</u>)	<u>-</u>	(<u>26,621</u>)	<u>-</u>
3400	Total Other equity	(<u>144,026</u>)	(<u>2</u>)	(<u>191,736</u>)	(<u>3</u>)
3500	Treasury stock	(<u>185,294</u>)	(<u>3</u>)	(<u>185,294</u>)	(<u>3</u>)
3XXX	Total equity	<u>2,799,731</u>	<u>46</u>	<u>2,752,441</u>	<u>40</u>
	Total liabilities and equity	<u>\$ 6,113,909</u>	<u>100</u>	<u>\$ 6,907,602</u>	<u>100</u>

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

(Please refer to the audit report of Deloitte Taiwan, dated March 22, 2023.)

Chairman: Huang Chang Ching

Manager: Huang Chang Ching

Accounting Supervisor: Lin Renjie

Ampacs Corporation
Individual Statement of Comprehensive Income
Year 2022 and January 1 to December 31, 2021

Unit: NT\$ thousands, except
earnings (loss) per share in NT\$

C o d e		Year 2022		Year 2021	
		A m o u n t	%	A m o u n t	%
4000	Operating revenue (Note 25)	\$ 4,928,989	100	\$ 5,549,875	100
5000	Operating Cost (Note 10,20 and 25)	(4,603,923)	(94)	(4,607,061)	(83)
5900	Operating gross profit	325,066	6	942,814	17
	Operating expenses (Note 20)				
6100	Selling expenses	(40,610)	(1)	(49,179)	(1)
6200	Management expense	(97,785)	(2)	(95,966)	(2)
6300	Research and development expenses.	(113,923)	(2)	(108,978)	(2)
6450	Expected Credit Impairment Reversal Interest (Note 9)	-	-	434	-
6000	Total operating expenses	(252,318)	(5)	(253,689)	(5)
6900	Operating Net Profit	72,748	1	689,125	12
	Non-operating income and expenses (Note 20)				
7010	Other Revenue	16,571	-	7,840	-
7020	Other gains and losses	197,048	4	(24,871)	-
7050	Finance costs	(81,820)	(1)	(36,822)	(1)
7070	Share of loss of subsidiaries accounted for using the equity method	(97,695)	(2)	(644,354)	(11)
7000	Total non-operating income and expenses	34,104	1	(698,207)	(12)
7900	Profit (loss) before tax	106,852	2	(9,082)	-
7950	Income tax expense (Note 4 and 21)	(33,522)	(1)	(40,163)	(1)
8200	Profit (loss)	73,330	1	(49,245)	(1)

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C o d e		Year 2022		Year 2021	
		A m o u n t	%	A m o u n t	%
	other comprehensive profit (loss) (Note 19)				
	Items may be subsequently reclassified to profit/loss				
8361	Exchange differences on translation of foreign financial statements	\$ 49,889	1	(\$ 17,528)	-
8367	Unrealized gains and losses on debt instruments measured at fair value through other comprehensive income	(1,589)	-	214	-
8371	Exchange differences arising from the translation of the financial statements of foreign operations accounted for using the equity method	(590)	-	-	-
8360		<u>47,710</u>	<u>1</u>	(<u>17,314</u>)	<u>-</u>
8300	Other comprehensive income	<u>47,710</u>	<u>1</u>	(<u>17,314</u>)	<u>-</u>
8500	Total comprehensive income (loss)	<u>\$ 121,040</u>	<u>2</u>	(<u>\$ 66,559</u>)	(<u>1</u>)
	Earnings(loss)per share(Note 22)				
9750	Basic	<u>\$ 0.50</u>		(<u>\$ 0.33</u>)	
9850	Diluted	<u>\$ 0.50</u>		(<u>\$ 0.33</u>)	

The accompanying notes are an integral part of these individual financial statements.
(Please refer to the audit report of Deloitte Taiwan, dated March 22, 2023.)

Chairman: Huang Chang Ching

Manager: Huang Chang Ching

Accounting Supervisor: Lin Ren Jie.

Ampacs Corporation
Statement of Changes in Equity
Year 2022 and January 1 to December 31, 2021

Unit: NT\$1,000

Code		Capital stock (Note 19)		Capital surplus (Note 19)	R e t a i n e d E a r n i n g s (Note 19)		Other equity (Note 19)	Treasury stock (Note 19)	Total equity
		Number of shares (1000 shares)	A m o u n t		Legal reserve	Special surplus r e s e r v e			
A1	January 1, 2021 balance	122,000	\$ 1,220,000	\$ 1,446,762	\$ 126,591	\$ 91,552	\$ 493,811	(\$ 174,422)	\$ 3,204,294
	Distribution of earnings for the year 2020								
B1	Appropriation to legal reserve	-	-	-	48,858	-	(48,858)	-	-
B3	Appropriation to special earnings reserve	-	-	-	-	82,870	(82,870)	-	-
B5	Cash dividends - NT\$0.30 per share	-	-	-	-	-	(36,600)	-	(36,600)
B9	Stock dividends - NT\$1.2951 per share	15,800	158,000	-	-	-	(158,000)	-	-
	Other changes in capital surplus:								
C13	Distribution of stock dividends from capital surplus - NT\$1.00 per share.	12,200	122,000	(122,000)	-	-	-	-	-
C15	Capital surplus distribution in cash - NT\$1.3393 per share	-	-	(163,400)	-	-	-	-	(163,400)
D1	Net loss in 2021	-	-	-	-	-	(49,245)	-	(49,245)
D3	Other comprehensive loss in 2021	-	-	-	-	-	-	(17,314)	(17,314)
L1	stock repurchase	-	-	-	-	-	-	(185,294)	(185,294)
Z1	December 31, 2021 balance	150,000	1,500,000	1,161,362	175,449	174,422	118,238	(191,736)	2752441
	Distribution of earnings for the year 2021								
B3	Appropriation to special earnings reserve	-	-	-	-	17,314	(17,314)	-	-
B5	Cash dividends - NT\$0.07 per share	-	-	-	-	-	(10,325)	-	(10,325)
	Other changes in capital surplus:								
C15	Distribution of Cash dividends from capital surplus - NT\$0.43 per share.	-	-	(63,425)	-	-	-	-	(63,425)
D1	Net income in 2022	-	-	-	-	-	73,330	-	73,330
D3	Other comprehensive benefits in 2022	-	-	-	-	-	-	47,710	47,710
Z1	December 31, 2022 balance	<u>150,000</u>	<u>\$ 1,500,000</u>	<u>\$ 1,097,937</u>	<u>\$ 175,449</u>	<u>\$ 191,736</u>	<u>\$ 163,929</u>	<u>(\$ 144,026)</u>	<u>\$ 2,799,731</u>

The accompanying notes are an integral part of these individual financial statements. (Please refer to the audit report of Deloitte Taiwan, dated March 22, 2023.)

Chairman: Huang Chang Ching

Manager: Huang Chang Ching

Accounting Supervisor: Lin Ren Jie

Ampacs Corporation
Individual statement of cash flows
Year 2022 and January 1 to December 31, 2021

Unit: NT\$1,000

C o d e		Year 2022	Year 2021
	Cash flows from operating activities		
A10000	Profit (loss) before tax	\$ 106,852	(\$ 9,082)
A20010	Revenue, expense, and loss items		
A20100	Depreciation expenses	16,209	14,107
A20200	Amortization expense	3,653	3,820
A20300	Expected credit turnover benefits.	-	(434)
A20900	Finance costs	81,820	36,822
A21200	Interest income	(1,741)	(424)
A22400	Share of loss of subsidiaries accounted for using the equity method	97,695	644,354
A24100	Unrealized foreign exchange loss (gain)	23,751	(2,688)
A30000	Net Changes in Operating Assets and Liabilities		
A31150	Accounts receivable	765,305	(401,546)
A31160	Accounts receivable - related parties	9,419	(47,174)
A31180	Other receivables	(149)	36
A31190	Other accounts receivable - related parties	1,533,381	(998,798)
A31200	Inventories	647	3,120
A31230	Prepayments for purchases	(1,509,459)	44,706
A31240	Other Current Assets	(85)	172,254
A32150	Accounts payable	(167,012)	72,482
A32160	Accounts payable - related parties	(179,761)	(446,875)
A32180	Other accounts payable	5,852	(33,078)
A32230	Other current liabilities	(3,226)	3345
A33000	Operating Cash Inflows (Outflows)	783,151	(945,053)
A33100	Interests received	1,741	424
A33300	Financial cost paid	(76,571)	(35,953)
A33500	Income taxes paid	(21,049)	(161,951)
AAAA	Net cash inflows (outflows) from operating activities	<u>687,272</u>	<u>(1,142,533)</u>
	Cash flow from investing activities		
B00010	Acquisition of financial assets at fair value through other comprehensive income	-	(4,081)

B00040	Obtain Financial Assets Measured at Amortized Cost	(82,918)	(69,229)
B01800	Acquisition of long-term equity investments accounted for by the equity method	(20,000)	-
B02700	Purchase of property, plant and equipment	(1,336)	(974,478)

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C o d e		Year 2022	Year 2021
B04500	Purchase of intangible assets	(\$ 970)	(\$ 3,207)
B04600	Disposal of intangible assets.	-	41
BBBB	Net cash outflows from investment activities	(105,224)	(1,050,954)
	Cash flows from financing activities		
C00100	Increase in short-term borrowings	-	104,0524
C00200	Decrease in short-term borrowings	(680,791)	-
C00500	Increase in short-term notes and bills payable	100,000	-
C01600	Borrowing of long-term loans	150,000	577,708
C01700	Repayment of long-term loans	(89,525)	-
C03000	Increase in guarantee deposits received	1,503	2,071
C04500	Cash dividends paid	(73,750)	(200,000)
C04900	Stock repurchase cost	-	(185,294)
CCCC	Net cash inflows (outflows) from financing activities	(592,563)	1,235,009
EEEE	Net decrease in cash	(10,515)	(958,478)
E00100	Beginning cash balance	89,677	1,048,155
E00200	Ending cash balance	\$ 79,162	\$ 89,677

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

(Please refer to the audit report of Deloitte Taiwan, dated March 22, 2023.)

Chairman: Huang Chang Ching

Manager: Huang Chang Ching

Accounting Supervisor: Lin Ren Jie

Ampacs Corporation
Attached parent company only financial statements
Year 2022 and January 1 to December 31, 2021
(Unless otherwise indicated, amounts are expressed in thousands of New Taiwan Dollars.)

1. Company History

Ampacs Corporation (hereinafter referred to as "the Company") was established in July 1998, primarily engaged in the design and manufacture of plastic components and earphone products for consumer electronics. The Company's stock has been listed on the Taiwan Stock Exchange since December 14, 2020.

The financial statements of the Company are presented in New Taiwan dollars, which is the functional currency of the Company.

2. Date and procedure of approval of the financial report

The individual financial report was approved by the board of directors on March 22, 2023.

3. Application of Newly Issued or Revised Accounting Standards and Interpretations

- (1) The initial adoption of International Financial Reporting Standards (IFRSs), International Accounting Standards (IASs), Interpretations (IFRICs), and Standing Interpretations Committee (SICs) endorsed and issued by the Financial Supervisory Commission (FSC) (referred to as "IFRSs").

The application of the revised IFRSs endorsed and issued by the FSC will not result in significant changes in the Company's accounting policies.

- (2) IFRSs endorsed by the FSC for application in 2023.

<u>Applicability of newly issued / revised /amended s t a n d a r d s a n d i n t e r p r e t a t i o n s</u>	<u>Effective date of IASB i s s u a n c e</u>
Revision of IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Revision of IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 2)
The amendment to IAS 12 "Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction or Event".	January 1, 2023 (Note 3)

Note 1 : This amendment applies to annual reporting periods beginning on or after January 1, 2023.

Note 2 : The amendment shall be applied to changes in accounting estimates and accounting policies that occur during the reporting period beginning on or after January 1, 2023.

Note 3 : The amendment applies to transactions occurring on or after January 1, 2022, except for temporary differences relating to leases and decommissioning obligations recognized for deferred tax purposes as of January 1, 2022.

1. Revision of IAS 1 "Disclosure of Accounting Policies"

The amendment specifies that the Company should determine the significant accounting policy information to be disclosed based on the definition of "significant". An accounting policy information is considered significant if it can be reasonably expected to affect the decisions made by the primary users of the general purpose financial statements based on such financial statements. The amendment also clarifies that:

- Accounting policy information related to transactions, other events or conditions that are not significant is not significant, and The Company does not need to disclose such information.
- The Company may determine that related accounting policy information is significant due to the nature of transactions, other events, or conditions, even if the amount is not significant.
- Not all accounting policy information related to significant transactions, other matters, or circumstances is considered significant.

In addition, the amendment provides examples where accounting policy information may be considered significant if it is related to significant transactions, other matters, or circumstances and meets one of the following criteria:

- (1) This company has changed its accounting policy during the reporting period, and the change has resulted in a significant change in the information presented in the financial statements;
- (2) This company has selected one of the accounting policies permitted by the standard;

- (3) In the absence of specific guidance, this company has developed an accounting policy in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors";
- (4) This company discloses its significant accounting policies that require the use of significant judgment or assumptions.
- (5) It involves complex accounting treatment regulations and financial statement users rely on such information to understand the significant transactions, other matters, or situations.

2. Revision of IAS 8 "Definition of Accounting Estimates".

The amendment explicitly refers to monetary amounts in financial statements that are affected by measurement uncertainty. In applying accounting policies, the Company may need to measure financial statement items using estimated monetary amounts that cannot be directly observed, and therefore, it must use measurement techniques and input values to develop accounting estimates for this purpose. The impact of changes in measurement techniques or input values on accounting estimates, unless it relates to the correction of prior period errors, constitutes changes in accounting estimates.

As of the date of issuance of this financial report, the Company has assessed that any other amendments or interpretations of standards would not have a significant impact on the financial position and financial performance.

(3) IFRSs issued by the IASB but not yet approved and effective by FSC

<u>Applicability of newly issued / revised /amended standards and interpretations</u>	<u>Effective date of the IASB's issued (Note)</u>
Amendment to IFRS 10 and IAS 28 "Sales or Contributions of Assets between an Investor and its Associates or Joint Ventures"	Undecided
Amendment to IFRS 16 "Leases: Lease liability in a sale and leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendment to IFRS 17	January 1, 2023
The amendment of IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
The amendment of IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
The amendment of IAS 1 "Non-current Liabilities with Contractual Maturities"	January 1, 2024

Note 1 : Unless otherwise stated, the above new/revised standards or interpretations are effective for annual reporting periods beginning on or after the respective dates.

Note 2 : A seller-lessee shall apply the amendment to IFRS 16 to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Amendment to IAS 1 "Classification of liabilities as current or non-current" (2020 amendment) and "Non-current liabilities with contract terms" (2022 amendment)

The 2020 amendment clarifies that when determining whether a liability should be classified as non-current, the company should assess whether it has the right to defer settlement for at least 12 months after the end of the reporting period. If the company has this right at the end of the reporting period, regardless of whether it expects to exercise that right, the liability is classified as non-current.

In 2020, the amendment clarified that when determining whether a liability should be classified as non-current, the company should assess whether it has the right to deferred settlement for at least 12 months after the end of the reporting period. In 2022, the amendment further clarified that only contract terms that need to be complied with before the end of the reporting period would affect the classification of liabilities. Although contract terms that need to be complied with within 12 months after the reporting period would not affect the classification of liabilities, relevant information must be disclosed to enable financial report users to understand the risk that the company may not be able to comply with contract terms and must make repayments within 12 months after the reporting period.

In 2020, the amendment stipulated that for the purpose of classifying liabilities, the aforementioned settlement refers to the transfer of cash, other economic resources, or equity instruments of the entity to the counterparty to extinguish the liability. However, if the terms of the liability may be settled by the transfer of equity instruments of the entity to the counterparty, and the option to settle in that manner is classified as an equity instrument under IAS 32, the terms of the liability do not affect its classification.

As of the date of issuance of these consolidated financial statements, the Company is still assessing the impact of the above standards and the amendments to

the interpretations thereof on the financial position and financial performance, and will disclose the relevant impact when the assessment is completed.

4. Summary of Significant Accounting Policies

(1) Compliance Statement

This parent company only financial report is prepared in accordance with Regulations Governing Preparation of Financial Reports by Securities Issuers.

(2) Preparation Foundation

Except for financial instruments measured at fair value, the individual financial statements of the entity are prepared on a historical cost basis.

Fair value measurement is classified into Level 1 to Level 3 according to the observability and significance of relevant inputs:

1. The input values of the first level refer to the quoted prices for identical assets or liabilities in active markets on the measurement date (without adjustment).
2. The input values of the second level refer to observable input values for the asset or liability, other than quoted prices included in level 1, either directly or indirectly derived from prices.
3. The input values of the third level refer to unobservable input values for the asset or liability.

The Company applies the equity method in accounting for investments in subsidiaries or joint ventures when preparing its individual financial statements. To ensure that the profit or loss, other comprehensive income and equity for the current year presented in the individual financial statements are the same as those presented in the consolidated financial statements attributed to the owners of the Company, certain accounting treatment differences between the individual basis and consolidated basis are adjusted for "investments accounted for using the equity method," "share of profit or loss in associates and joint ventures accounted for using the equity method," "share of other comprehensive income in associates and joint ventures accounted for using the equity method" and related equity items.

(3) Classification of Assets and Liabilities as Current or Non-current.

Current assets include:

1. Primarily held for trading purposes.
2. Assets expected to be realized within 12 months after the balance sheet date.
3. Cash (excluding that which is restricted for exchange or settlement of liabilities beyond 12 months after the balance sheet date).

Current Liability includes:

1. Primarily held for the purpose of trading;
2. Liabilities due for settlement within 12 months after the balance sheet date.
3. Liabilities that cannot be unconditionally postponed beyond 12 months after the balance sheet date.

Non-current assets or liabilities are classified as such if they do not meet the criteria for current assets or liabilities mentioned above.

(4) Foreign Currency

When the Company conducts transactions in currencies other than its functional currency, the transactions are recorded in the functional currency using the exchange rate on the transaction date.

Foreign currency monetary items are translated into the functional currency using the closing exchange rate on each balance sheet date. Exchange differences arising from settlement of foreign currency monetary items or translation of foreign currency monetary items are recognized in profit or loss in the year in which they arise.

Foreign currency non-monetary items that are measured at fair value are translated into the functional currency using the exchange rate on the date when the fair value was determined. The exchange differences arising from this translation are recognized in profit or loss in the year in which they arise, except for those recognized in other comprehensive income as part of the fair value gain or loss.

Foreign currency non-monetary items that are measured at historical cost are translated into the functional currency using the exchange rate on the transaction date and are not re-measured.

In preparing the financial statements of the individual entity, the assets and liabilities of foreign operating entities (including subsidiaries operating in countries or using currencies different from the Company) are translated into New Taiwan Dollars at the exchange rates on each balance sheet date. The items of revenue and expenses are translated at the average exchange rates for the year, and the resulting exchange differences are recorded in other comprehensive income (allocated to the Company's owners and non-controlling interests separately).

(5) Inventories

Inventories consist of merchandise inventory. Inventories are measured at the lower of cost and net realizable value. When comparing cost and net realizable value,

individual items are assessed, and net realizable value refers to the estimated selling price under normal conditions, less the estimated cost of completion and the estimated costs necessary to make the sale. The cost of inventories is determined using the weighted average method.

(6) Investment in Subsidiaries

The Company adopts the equity method to account for investments in subsidiaries.

Subsidiaries refer to entities that the Company has control over.

Under the equity method, the investment is initially recognized at cost, and subsequently adjusted for the Company's share of the subsidiaries' income or loss and other comprehensive income, as well as profit distribution. Additionally, changes in other equity of the subsidiaries that the Company is entitled to are recognized based on the Company's proportionate interest.

When changes in the ownership of equity instruments of subsidiaries do not result in a loss of control by the Company, they are accounted for as equity transactions. The difference between the investment carrying amount and the fair value of consideration paid or received is directly recognized as equity.

When the Company's share of losses in a subsidiary equals or exceeds its equity investment, the losses are continued to be recognized based on the proportion of shareholding.

If the cost of investment exceeds the identifiable net assets' fair value of the subsidiary attributable to the business acquired by the Company at the acquisition date, the excess amount is recognized as goodwill. This goodwill is included in the investment's carrying amount and is not amortized. If the identifiable net assets' fair value exceeds the cost of investment, the excess amount is recognized as income for the current year.

When assessing impairment, the Company considers the overall financial report and compares the cash generating units' recoverable amount with their carrying amount. If the recoverable amount of an asset increases in subsequent periods, any impairment loss previously recognized will be reversed and recognized as income. However, the carrying amount of the asset after the impairment loss reversal cannot exceed the carrying amount that would have been determined had no impairment loss been recognized, less any depreciation or amortization that would have been recognized. Impairment losses on goodwill cannot be reversed in subsequent periods.

When control over a subsidiary is lost, the remaining investment in the former subsidiary is remeasured at its fair value at the date when control is lost, and any difference between the fair value of the remaining investment and the carrying amount of the investment on the date control is lost, as well as any proceeds from the disposal of the investment, is recognized in the income statement for the current period. Furthermore, any amounts recognized in other comprehensive income related to the subsidiary are accounted for on the same basis as required for the disposal of assets or liabilities directly related to the Company.

Unrealized gains and losses on upstream transactions between the Company and its subsidiaries are eliminated in individual financial statements. Gains and losses from downstream and lateral transactions between the Company and its subsidiaries are recognized only to the extent that they are not related to the Company's equity interests in the subsidiaries, and are recorded in individual financial statements.

(7) Investments in Associates and Joint Ventures

Associates refer to enterprises in which the Company has significant influence but are not subsidiaries or joint ventures. Joint ventures refer to agreements between the Company and other parties for the joint control of net assets.

The Company uses the equity method for investments in associates and joint ventures.

Under the equity method, investments in associates and joint ventures are initially recognized at cost, and subsequently adjusted for the Company's share of gains and losses, as well as other comprehensive income and profit distributions from the associates and joint ventures. Furthermore, changes in the equity of associated companies and joint ventures are recognized based on the percentage of ownership.

When the acquisition cost exceeds the identifiable net assets of associated companies and joint ventures, the excess is recognized as goodwill, which is included in the carrying amount of the investment and cannot be amortized. If the identifiable net assets of associated companies and joint ventures exceed the acquisition cost, the excess is recognized in the current period's profit or loss.

If the company does not subscribe to newly issued shares of associated companies and joint ventures based on its percentage of ownership, resulting in a change in ownership interest and a corresponding change in the carrying amount of the investment, the change is adjusted against the capital reserve, the change in ownership interest, and the investment accounted for using the equity method. However, if the company does not subscribe to or acquire shares based on its percentage of ownership, resulting in a reduction in its ownership interest in associated companies and joint ventures, the amount recognized in other comprehensive income related to the associated companies and joint ventures is reclassified based on the decrease in proportion. The accounting treatment is based on the same principles as when associated companies and joint ventures directly dispose of related assets or liabilities. If the adjustment requires a debit to the capital reserve and the balance of the capital reserve resulting from the investment accounted for using the equity method is insufficient, the difference is debited to retained earnings.

When the company's share of losses in an associated company or joint venture equals or exceeds its equity (including the carrying amount of investments in associated companies or joint ventures under the equity method and other long-term

equity components that essentially form part of the company's net investment in the associated company or joint venture), no further losses shall be recognized. The company recognizes additional losses and liabilities only within the scope of statutory obligations, presumed obligations, or payments made on behalf of associated companies or joint ventures.

When assessing impairment, the company regards the entire carrying amount of the investment (including goodwill) as a single asset and compares the recoverable amount to the carrying amount in conducting an impairment test. Any impairment loss recognized is not allocated to any asset forming part of the carrying amount of the investment, including goodwill. Any reversal of impairment losses shall be recognized within the scope of the subsequent increase in the recoverable amount of the investment.

From the date when the company no longer applies the equity method to an associated company or joint venture, the company measures any remaining interest in the associated company or joint venture at fair value, and the difference between the fair value and the carrying amount of the investment as of the date when the equity method is no longer applied, as well as the disposal proceeds, is recognized in profit or loss for the current period. In addition, the basis for accounting for all amounts related to associated companies or joint ventures recognized in other comprehensive income is the same as the basis that must be followed when directly disposing of assets or liabilities related to associated companies or joint ventures. If the investment in an associate becomes an investment in a joint venture or vice versa, the Company will continue to apply the equity method and will not reassess the carrying amount of the retained interest.

The gains and losses arising from upstream, downstream, and lateral transactions between the Company and its associates and joint ventures will only be recognized in the individual financial statements to the extent that they are not related to the Company's interests in the associates and joint ventures.

(8) Real Estate, Plant and Equipment

Property, plant, and equipment are recognized at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognized on a straight-line basis over the estimated useful lives of the assets, except for freehold land, and is allocated to each significant part of an asset separately. The estimated useful lives, residual values, and depreciation

methods are reviewed at least annually, and the effects of any changes in accounting estimates are deferred.

When real estate, factories, and equipment are disposed of, the difference between the net proceeds and the book value of the asset shall be recognized in the income statement.

(9) Investment properties

Investment properties are real estate (including right-of-use assets that meet the definition of investment properties) held for the purpose of earning rental income or capital appreciation, or both. Investment properties also include land held for future use, the intended use of which has not yet been determined.

Investment properties owned by the company are initially measured at cost (including transaction costs) and subsequently measured at cost less accumulated depreciation and accumulated impairment losses.

Depreciation for investment properties is calculated on a straight-line basis.

Real estate that was previously classified as property, plant and equipment or as right-of-use assets are transferred to investment properties at the carrying amount when it ceases to be used by the company.

When investment properties are disposed of, the difference between the net proceeds and the carrying amount of the asset shall be recognized in the income statement.

(10) Intangible Assets

1. Individually acquired

Intangible assets with limited useful lives acquired individually are initially measured at cost, and subsequently measured at cost less accumulated amortization and accumulated impairment losses. Intangible assets are amortized on a straight-line basis over their useful lives. The estimated useful lives, residual values and amortization methods are reviewed at each reporting date and adjusted prospectively if necessary to reflect the current expectations of the asset's useful life.

2. Disposal

When intangible assets are disposed of, the difference between the net disposal proceeds and the carrying amount of the assets is recognized in profit or loss for the year.

(11) Impairment of Property, Plant and Equipment, Investment Property and Intangible Assets

The Company assesses at each reporting date whether there is any indication that property, plant and equipment, investment property, and intangible assets may be impaired. If any impairment indicators exist, the recoverable amount of the asset is estimated. If 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.

The recoverable amount is the higher of the fair value less costs of disposal and the value in use. If the recoverable amount of an individual asset or cash-generating unit is less than its carrying amount, the carrying amount of the asset or the cash-generating unit is reduced to its recoverable amount, and the impairment loss is recognized in the statement of income.

When an impairment loss is reversed in a subsequent period, the carrying amount of the asset or cash-generating unit is increased to its revised recoverable amount, but not exceeding the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized in previous years. The reversal of impairment loss is recognized in the statement of income.

(12) Financial Instruments

Financial assets and financial liabilities are recognized in the individual balance sheet of the Company when they become one of the contractual terms of the tool.

When initially recognizing financial assets or financial liabilities, if they are not measured at fair value through profit or loss, they are measured at fair value plus transaction costs directly attributable to the acquisition or issuance of the financial asset or financial liability. Transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities measured at fair value through profit or loss are immediately recognized in profit or loss.

1. Financial assets

The customary transactions of financial assets are recognized and derecognized on the accounting date of the transaction.

(1) Types of measurement

The types of financial assets held by the Company are debt instruments measured at fair value through other comprehensive income and financial assets measured at amortized cost.

A. Financial Assets Measured at Amortized Cost

If a financial asset held by the Company simultaneously satisfies the following two conditions, it shall be classified as a financial asset measured at amortized cost:

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

After initial recognition, financial assets measured at amortized cost (including cash, receivables measured at amortized cost, and other receivables (including related parties)) are measured at the amortized cost using the effective interest method less any impairment losses. Any foreign exchange gains or losses are recognized in profit or loss.

Except for the following two situations, interest income is calculated as the product of the effective interest rate and the total carrying amount of financial assets:

- a. For financial assets with credit impairments that are purchased or originated, interest income is calculated by multiplying the amortized cost of the financial asset by the post-credit-adjusted effective interest rate.
- b. For financial assets that are not purchased or originated with credit impairments, but subsequently become credit-impaired, interest income shall be calculated by multiplying the amortized cost of the financial asset by the effective interest rate from the next reporting period after the credit impairment.

Credit-impaired financial assets refer to financial assets whose issuers or debtors have experienced significant financial difficulties, default, are likely to file for bankruptcy or other financial restructuring, or whose active market for financial assets has disappeared due to financial difficulties.

- B. Debt instrument investments measured at fair value through other comprehensive income

If the company's debt instrument investments meet the following two conditions at the same time, they shall be classified as financial assets measured at fair value through other comprehensive income:

- a. The financial assets are held under a business model where the objective is to generate cash flows from collecting contractual cash flows and selling the financial assets; and
- b. The contractual terms give rise to cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding.

Investments in debt instruments measured at fair value through other comprehensive income are measured at fair value, and changes in their carrying amount including interest income computed using the effective interest method, foreign exchange gains or losses, impairment losses or reversals thereof, are recognized in profit or loss, while other changes are recognized in other comprehensive income. Upon disposal of the investments, amounts previously recognized in other comprehensive income are reclassified to profit or loss.

(2) Impairment of Financial Assets

The Company recognizes impairment losses on financial assets (including accounts receivable) measured at amortized cost and debt instruments measured at fair value through other comprehensive income based on expected credit losses evaluated at each balance sheet date.

Allowance for impairment losses is recognized on accounts receivable based on the expected credit losses over their respective periods of existence. For other financial assets, the Company first assesses whether there has been a significant increase in credit risk since initial recognition. If there has not been a significant increase, the Company recognizes allowance for impairment losses based on 12-month expected credit losses. If there has been a significant increase, the Company recognizes allowance for impairment losses based on the expected credit losses over the respective periods of existence.

Expected credit losses are weighted average credit losses using the risk of default as the weight. 12-month expected credit losses represent the expected credit losses resulting from default events that are possible

within 12 months after the reporting date. The expected credit losses over the respective periods of existence represent the expected credit losses resulting from all possible default events during the expected periods of existence of the financial assets.

For the purpose of internal credit risk management, and without considering the collateral held, the Company determines that a financial asset has defaulted under the following circumstances:

- A. There is internal or external information indicating that the debtor is unlikely to repay the debt.
- B. The debt is overdue by more than one year, unless there is reasonable and verifiable information indicating that the criteria for delayed default are more appropriate.

The impairment loss for all financial assets is reduced by adjusting their carrying amount through the provision account. However, the provision for impairment loss on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and does not reduce their carrying amount.

(3) Disposal of Financial Assets

The Company only derecognizes financial assets when the rights to receive cash flows from the financial asset have expired or the Company has transferred the financial asset and has transferred substantially all risks and rewards of ownership to another entity.

When financial assets measured at amortized cost are derecognized as a whole, any difference between the carrying amount and the consideration received is recognized in profit or loss. When equity investments measured at fair value through other comprehensive income are derecognized as a whole, any difference between the carrying amount and the consideration received, plus any cumulative gain or loss previously recognized in other comprehensive income, is recognized in profit or loss.

2. Equity Instruments

Debt and equity instruments issued by the Company are classified as financial liabilities or equity instruments in accordance with the substance of

the contractual agreement and the definitions of financial liabilities and equity instruments.

Equity instruments issued by the Company are recognized at the amount of proceeds received, net of directly attributable issuance costs.

Treasury shares held by the Company are recognized in equity and deducted from equity, and their carrying amount is calculated on a weighted average basis by type of share. Purchase, sale, issuance, or cancellation of the Company's own equity instruments are not recognized in the income statement.

3. Financial Liabilities

(1) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

(2) Derecognition of financial liabilities

When financial liabilities are derecognized, the difference between the carrying amount and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in the income statement.

(13) Liabilities for provisions

The amount recognized for liabilities for provisions is the best estimate of the expenditure required to settle the obligation at the balance sheet date, taking into account the risks and uncertainties associated with the obligation. Liabilities for provisions are measured at the present value of estimated cash flows required to settle the obligation.

The warranty obligation for guaranteed products that meet the agreed specifications is recognized at the time of revenue recognition based on the best estimate of the expenditure required to settle the Company's obligations.

(14) Revenue recognition

After identifying performance obligations in customer contracts, this company allocates transaction prices to each obligation and recognizes revenue upon satisfying each obligation.

Sales of goods revenue

Revenue from sales of goods is generated from the sale of products. As the customer has established a price and the right to use the product upon delivery to the specified location, and bears the primary responsibility of resale and the risk of obsolescence, the company recognizes revenue and accounts receivable at that point in time.

(15) Leases

At the contract inception date, the Company evaluates whether the contract is or contains a lease.

1. The company is the lessor

If a lease transfers substantially all of the risks and rewards of ownership of an asset to the lessee, it is classified as a finance lease. All other leases are

classified as operating leases. For operating leases, lease payments, net of any lease incentives, are recognized as income on a straight-line basis over the lease term.

The initial direct costs incurred to acquire an operating lease are capitalized to the carrying amount of the underlying asset and recognized as expenses on a straight-line basis over the lease term. The direct incremental costs incurred in obtaining an operating lease are added to the carrying amount of the leased asset, and recognized as expenses on a straight-line basis over the lease term.

2. The Company as a lessee

Lease payments for leases of low-value assets and short-term leases that qualify for recognition exemptions are recognized as expenses on a straight-line basis over the lease term.

(16) Government Grants

Government grants are recognized only when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants will be received.

Government grants related to revenue are recognized as other income on a systematic basis over the periods in which the related costs for which the grant is intended to compensate are recognized as expenses. °

If a government grant is used to compensate for expenses or losses that have already occurred or to provide immediate financial assistance to the company without any future related costs, it should be recognized in the period in which it is receivable in the income statement.

(17) Employee Benefits

1. Short-term employee benefits

The related liabilities for short-term employee benefits are measured at the non-discounted amount expected to be paid in exchange for employee services.

2. Post-employment benefits

The determined amount of retirement benefits to be provided under the retirement plan should be recognized as expenses during the period in which the employees provide services.

(18) Income Taxes

Income tax expenses represent the sum of current income taxes and deferred income taxes.

1. Current Income Taxes

The company determines current income based on tax regulations and calculates the income tax payable accordingly.

The income tax surcharge calculated in accordance with the Taiwan Income Tax Act on the undistributed earnings is recognized annually upon resolution by the shareholders' meeting.

Adjustment for prior-year income tax payable has been included in the current year income tax.

2. Deferred income tax

Deferred income tax is calculated based on the temporary differences between the carrying amounts of assets and liabilities and the tax bases used for calculating taxable income.

Deferred income tax liabilities are generally recognized for all temporary differences that will result in taxable amounts in the future, while deferred income tax assets are recognized for temporary differences that will result in deductible amounts in the future, to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilized.

Deferred income tax liabilities are recognized for all temporary differences related to investment in subsidiaries, except for those temporary differences that the Company can control the timing of their reversal and it is probable that the temporary differences will not reverse in the foreseeable future. In relation to such investments, deductible temporary differences are recognized as deferred income tax assets only when it is probable that sufficient taxable income will be available to realize the temporary differences and when it is expected to reverse within a foreseeable future.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and is reduced for any portion that it is no longer probable to be realized. The carrying amount of items not previously recognized as deferred income tax assets is reviewed at each balance sheet date and is increased for any portion that it is probable to be realized in the future.

Deferred income tax assets and liabilities are measured at the enacted or substantively enacted tax rates and laws expected to apply to the period in which the deferred income tax assets and liabilities are expected to be settled or realized. The measurement of deferred income tax liabilities and assets reflects the tax consequences that would arise from the manner in which the company expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

3. Current and Deferred Income Taxes

Current and deferred income tax are recognized in profit or loss, except for items related to current and deferred income tax that are recognized in other comprehensive income or directly in equity, in which case the current and

deferred income tax are separately recognized in other comprehensive income or directly in equity.

5. Critical accounting judgments, estimates and key sources of assumption uncertainty

When adopting accounting policies, the management of the Company must make judgments, estimates and assumptions based on historical experience and other relevant factors for items that are not readily obtainable from other sources. Actual results may differ from estimates.

The recent development of the COVID-19 pandemic in Taiwan and its potential impact on the economic environment have been taken into account in assessing significant accounting estimates. The management will continuously review estimates and underlying assumptions. If the revision of estimates affects only the current period, it will be recognized in the current period. If the revision of accounting estimates affects both the current and future periods, it will be recognized in the current period and future periods.

6. Cash

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash in Treasury	\$ 200	\$ 200
Bank checks and demand		
deposits.	<u>78,962</u>	<u>89,477</u>
	<u>\$ 79,162</u>	<u>\$ 89,677</u>

Interest rate range of bank deposits as of the balance sheet date:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Bank deposit	0.385%-1.05%	0.001%-0.30%

7. Financial Assets Measured at Fair Value Through Other Consolidated Income

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Non-current</u>		
Debt securities investment	<u>\$ 3,043</u>	<u>\$ 4,196</u>
<u>Debt securities investment</u>		
<u>Non-current</u>		
Foreign investments		
Ford Motor Company bonds	<u>\$ 3,043</u>	<u>\$ 4,196</u>

In February 2021, the Company purchased 26-year corporate bonds issued by Ford Motor Company with a face value interest rate of 5.291% and a yield rate of 4.70%.

8. Decision- Financial assets measured at amortized cost

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Current</u>		
Pledged certificate deposit	\$ 151,417	\$ 117,795
Pledged current deposits	<u>207,191</u>	<u>157,895</u>
	<u>\$ 358,608</u>	<u>\$ 275,690</u>

Information on financial assets pledged at amortized cost is disclosed in Note 26.

9. Net accounts receivable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Accounts receivable</u>		
Measurement at amortized cost		
Total carrying amount	\$ 873,525	\$ 1,657,887
Loss allowance	(<u>284</u>)	(<u>284</u>)
	<u>\$ 873,241</u>	<u>\$ 1,657,603</u>

To mitigate credit risk, the management of the Company has assigned a dedicated team to make decisions on credit limits, credit approvals, and other monitoring procedures to ensure that appropriate actions have been taken for the recovery of overdue receivables. In addition, as of the balance sheet date, the Company has conducted a review of the recoverable amount of each receivable to ensure that adequate impairment losses have been provided for any unrecoverable receivables. Based on this, the management of the Company believes that the credit risk of the Company has significantly decreased.

The Company recognizes the provision for credit losses on accounts receivable based on the expected credit losses over the life of the receivables. The expected credit losses over the life of the receivables are determined by considering the customer's past default history and current financial condition, as well as the industry and economic situation. Since the Company's historical credit loss experience shows no significant difference in loss patterns among different customer groups, the Company did not further classify customer groups and only determined the expected credit loss rate based on the number of days the accounts receivable is past due.

If there is evidence that the counterparty is facing severe financial difficulties and the Company is unable to reasonably estimate the recoverable amount, the Company will fully provide for the allowance for doubtful accounts, but will continue its collection efforts, and the amount recovered will be recognized in profit or loss.

The aging analysis of accounts receivable is as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Within 30 days	\$ 865,962	\$ 1,637,153
31-120 days	5,286	20,450
121-240 days	1,993	-
241-360 days	-	-
Over 360 days	284	284
	<u>\$ 873,525</u>	<u>\$ 1,657,887</u>

The aging analysis is based on the number of days past due.

Changes in the allowance for loss for accounts receivables:

	<u>Year 2022</u>	<u>Year 2021</u>
Beginning balance	\$ 284	\$ 718
Expected credit turnover benefits.	<u>-</u>	(<u>434</u>)
Ending balance	<u>\$ 284</u>	<u>\$ 284</u>

Please refer to Note 24(5) for information on the amounts and terms of the company's sold and assigned receivables.

The company has also pledged some of its receivables as collateral for borrowings, please refer to Note 26.

10. Net inventory

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Commodities	<u>\$ 14,727</u>	<u>\$ 15,374</u>

The nature of cost of goods sold is as follows:

	<u>Year 2022</u>	<u>Year 2021</u>
Operating costs related to inventory	<u>\$ 4,603,923</u>	<u>\$ 4,607,061</u>

11. for Investments Using Equity Method

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Investment in subsidiaries	\$ 1,246,137	\$ 1,285,119
Investment in associates and joint ventures.	<u>14,968</u>	<u>-</u>
	<u>\$ 1,261,105</u>	<u>\$ 1,285,119</u>

(1) Investment in subsidiaries

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Tech. Pioneer, Ltd.	\$ 863,735	\$ 790,476
Ampacs International Company Limited	<u>382,402</u>	<u>494,643</u>
	<u>\$ 1,246,137</u>	<u>\$ 1,285,119</u>

	<u>Ownership interests and percentage of voting</u>	<u>Ownership interests and percentage of voting</u>
<u>S u b s i d i a r y N a m e</u>	<u>r i g h t s</u>	<u>r i g h t s</u>
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Tech. Pioneer, Ltd.	100.00%	100.00%
Ampacs International Company Limited	100.00%	100.00%

The share of profit or loss and other comprehensive income of subsidiaries accounted for using the equity method for the years 2022 and 2021 are recognized based on the audited financial reports of those companies for the same periods.

(2) Individually insignificant associated companies and joint ventures

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Individually insignificant associated companies and joint ventures		
Ability Technology Co., Ltd.	<u>\$ 14,968</u>	<u>\$ -</u>

Individually insignificant associated companies and joint ventures as follows:

<u>C o m p a n y n a m e</u>	<u>Nature of Business</u>	<u>Primary business v e n u e</u>	<u>Ownership equity and voting percentage</u>	
			<u>December 31, 2022</u>	<u>December 31, 2021</u>
Ability Technology Co., Ltd.	Manufacturing and trading of computer peripherals, photographic equipment, and electronic components	New Taipei City	40%	-

In April 2022, the Company signed an agreement with Ability Enterprise Co., Ltd to establish a joint venture named Ability Technology Co., Ltd. with a 40% equity interest by investing cash of NT\$20,000 thousand. The Company does not have substantive control over the joint venture.

The investments accounted for using the equity method, and the Company's share of their profit or loss and other comprehensive income are recognized based on the audited financial statements for the same period.

Summary information on individually immaterial affiliated companies and joint ventures

	December 31, 2022
Shares held by the company	
Net loss for the current year	(4,442)
Other comprehensive income	(590)
Total comprehensive profit and loss	(\$ 5,032)

12. Net Property, Plant and Equipment

	<u>L a n d</u>	<u>Buildings and structures</u>	<u>O f f i c e equipment</u>	<u>Machinery and equipment</u>	<u>T e s t equipment</u>	<u>O t h e r equipment</u>	<u>T o t a l</u>
<u>Cost</u>							
January 1, 2021 balance	\$ 374,681	\$ 42,054	\$ 9,902	\$ 446	\$ 26,083	\$ 7,866	\$ 461,032
Add	<u>831,844</u>	<u>107,508</u>	<u>3,604</u>	<u>-</u>	<u>26,071</u>	<u>3925</u>	<u>972,952</u>
December 31, 2021 balance	<u>\$ 1,206,525</u>	<u>\$ 149,562</u>	<u>\$ 13,506</u>	<u>\$ 446</u>	<u>\$ 52,154</u>	<u>\$ 11,791</u>	<u>\$ 1,433,984</u>
<u>Accumulated depreciation</u>							
January 1, 2021 balance	\$ -	\$ 2,944	\$ 6,724	\$ 291	\$ 8,398	\$ 4,565	\$ 22,922
Depreciation expenses	<u>-</u>	<u>2,431</u>	<u>2,665</u>	<u>37</u>	<u>7,075</u>	<u>1,899</u>	<u>14,107</u>
December 31, 2021 balance	<u>\$ -</u>	<u>\$ 5,375</u>	<u>\$ 9,389</u>	<u>\$ 328</u>	<u>\$ 15,473</u>	<u>\$ 6,464</u>	<u>\$ 37,029</u>
Net at December 31, 2021	<u>\$ 1,206,525</u>	<u>\$ 144,187</u>	<u>\$ 4,117</u>	<u>\$ 118</u>	<u>\$ 36,681</u>	<u>\$ 5,327</u>	<u>\$ 1,396,955</u>
<u>Cost</u>							
January 1, 2022 balance	\$ 1,206,525	\$ 149,562	\$ 13,506	\$ 446	\$ 52,154	\$ 11,791	\$ 1,433,984
Add	-	-	-	-	650	497	1,147
Reclassify	-	(61,321)	-	-	-	-	(61,321)
December 31, 2022 balance	<u>\$ 1,206,525</u>	<u>\$ 88,241</u>	<u>\$ 13,506</u>	<u>\$ 446</u>	<u>\$ 52,804</u>	<u>\$ 12,288</u>	<u>\$ 1,373,810</u>

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	<u>L a n d</u>	<u>Buildings and structures</u>	<u>O f f i c e equipment</u>	<u>Machinery and equipment</u>	<u>T e s t equipment</u>	<u>O t h e r equipment</u>	<u>T o t a l</u>
<u>Accumulated depreciation</u>							
January 1, 2022 balance	\$ -	\$ 5,375	\$ 9,389	\$ 328	\$ 15,473	\$ 6,464	\$ 37,029
Depreciation expenses	-	1,968	2,055	37	9,127	1,999	15,186
Reclassify	-	(1,173)	-	-	-	-	(1,173)
December 31, 2022 balance	<u>\$ -</u>	<u>\$ 6,170</u>	<u>\$ 11,444</u>	<u>\$ 365</u>	<u>\$ 24,600</u>	<u>\$ 8,463</u>	<u>\$ 51,042</u>
Net at December 31, 2022	<u>\$ 1,206,525</u>	<u>\$ 82,071</u>	<u>\$ 2,062</u>	<u>\$ 81</u>	<u>\$ 28,204</u>	<u>\$ 3,825</u>	<u>\$ 1,322,768</u>

Depreciation expenses are recognized on a straight-line basis over the following useful lives:

Buildings and structures	50 years
Office equipment	3 - 6 years
Machinery and equipment	3 - 5 years
Test equipment	3 - 10 years
Other equipment	2 - 5 years

Refer to Note 26 for the amount of real estate, plant, and equipment set as collateral for borrowings.

13. Lease Agreement

	<u>Year 2022</u>	<u>Year 2021</u>
Lease expenses for low-value assets	<u>\$ 104</u>	<u>\$ 69</u>
Total cash outflows from leases.	<u>\$ 104</u>	<u>\$ 69</u>

The Company chooses to apply an exemption to recognize related right-of-use assets and lease liabilities for office equipment leases that meet the low-value asset lease criteria.

14. Investment Properties (recorded as other non-current assets)

	<u>December 31, 2022</u>
<u>Cost</u>	
January 1, 2022 balance	\$ -
From Property plant, and equipment	<u>61,321</u>
December 31, 2022 balance	<u>\$ 61,321</u>
<u>Accumulated depreciation</u>	
January 1, 2022 balance	\$ -
Depreciation expenses	1,023
From Property plant, and equipment	<u>1,173</u>
December 31, 2022 balance	<u>\$ 2,196</u>
Net at December 31, 2022	<u>\$ 59,125</u>

The investment properties are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	50 years
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The fair value of investment properties located in the Taipei area that the Company holds has not been assessed by independent appraisers. The assessment of their fair values is based on market evidence of transactions for similar properties and is provided by the management of the Company. The fair values obtained are as follows:

	<u>December 31, 2022</u>
Fair value	<u>\$432,295</u>

Note 26 of the financial statements contains the amount of investment properties that have been designated as collateral for borrowings.

15. Intangible Assets - Net

	<u>P a t e n t</u>	<u>Trademarks</u>	<u>C o s t o f c o m p u t e r s o f t w a r e</u>	<u>T o t a l</u>
<u>Cost</u>				
January 1, 2021 balance	\$ 2,120	\$ 520	\$ 18,262	\$ 20,902
Acquisition	252	-	2,955	3,207
Disposition	(46)	-	-	(46)
December 31, 2021 balance	<u>\$ 2,326</u>	<u>\$ 520</u>	<u>\$ 21,217</u>	<u>\$ 24,063</u>
<u>Accumulated Amortization</u>				
January 1, 2021 balance	\$ 1,511	\$ 400	\$ 10,091	\$ 12,002
Amortization	74	33	3,713	3,820
Disposition	(5)	-	-	(5)
December 31, 2021 balance	<u>\$ 1,580</u>	<u>\$ 433</u>	<u>\$ 13,804</u>	<u>\$ 15,817</u>
Net at December 31, 2021	<u>\$ 746</u>	<u>\$ 87</u>	<u>\$ 7,413</u>	<u>\$ 8,246</u>
<u>Cost</u>				
January 1, 2022 balance	\$ 2,326	\$ 520	\$ 21,217	\$ 24,063
Acquisition	-	-	970	970
December 31, 2022 balance	<u>\$ 2,326</u>	<u>\$ 520</u>	<u>\$ 22,187</u>	<u>\$ 25,033</u>
<u>Accumulated Amortization</u>				
January 1, 2022 balance	\$ 1,580	\$ 433	\$ 13,804	\$ 15,817
Amortization	55	33	3,565	3,653
December 31, 2022 balance	<u>\$ 1,635</u>	<u>\$ 466</u>	<u>\$ 17,369</u>	<u>\$ 19,470</u>
Net at December 31, 2022	<u>\$ 691</u>	<u>\$ 54</u>	<u>\$ 4,818</u>	<u>\$ 5,563</u>

Depreciation expenses are recognized on a straight-line basis and calculated based on the following estimated useful lives:

Patent	1 - 19 years
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Trademarks
Cost of computer software

10 years
2 - 10 years

Amortization expenses are aggregated by function:

	<u>Year 2022</u>	<u>Year 2021</u>
Research and development expenses	\$ 3,582	\$ 3,761
Management expense	<u>71</u>	<u>59</u>
	<u>\$ 3,653</u>	<u>\$ 3,820</u>

16. Borrowings

(1) Short-term borrowings.

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Loans with collateral (Note 26)		
Bank-guaranteed loans	\$ 969,817	\$ 1,054,182
Receivables-backed loans	<u>504,995</u>	<u>926,343</u>
	<u>1,474,812</u>	<u>1,980,525</u>
<u>Unsecured loans</u>		
Bank borrowings	<u>267,536</u>	<u>434,168</u>
	<u>\$ 1,742,348</u>	<u>\$ 2,414,693</u>
Interest rate range	<u>1.718%~6.818%</u>	<u>1.08%~3.33%</u>

(2) Short-term tickets payable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Commercial paper payable	<u>\$ 100,000</u>	<u>\$ -</u>
Interest rate range	<u>2.258%</u>	<u>-</u>

(3) Long-term borrowings

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Loans with collateral (Note 26)		
Bank-guaranteed loans	\$ 951,138	\$ 860,663
Less: Portion due within 1 year	<u>(210,993)</u>	<u>(61,571)</u>
	<u>740,145</u>	<u>799,092</u>
<u>Unsecured loans</u>		
Credit Loan	60,000	90,000
Less: Portion due within 1 year	<u>(30,000)</u>	<u>(30,000)</u>
	<u>30,000</u>	<u>60,000</u>
	<u>\$ 770,145</u>	<u>\$ 859,092</u>
Interest rate range	<u>1.925%~2.224%</u>	<u>1.09%~1.337%</u>

17. Other payables

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accrued salaries and bonuses	\$ 23,331	\$ 22,123
Interests payable	8,406	3,157
Labor fees payable	3,211	3,551
Others (Note)	<u>14,647</u>	<u>9,922</u>
	<u>\$ 49,595</u>	<u>\$ 38,753</u>

Note: Other expenses are mainly insurance fees, sample fees, miscellaneous purchase and transportation costs.

18. Post-retirement benefits Plan

The retirement scheme adopted by the Company is governed by the Labor Retirement Pension Act, which is a government-managed defined contribution retirement plan. Retirement funds are allocated at a rate of 6% of employees' monthly salaries and deposited into individual accounts with the Labor Insurance Bureau.

19. Equity

(1) Capital stocks

Common Stock

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Rated number of shares (1000 shares)	<u>500,000</u>	<u>500,000</u>
Rated share capital	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>
Number of shares issued and fully received (1000 shares)	<u>150,000</u>	<u>150,000</u>
Issued share capital	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>

The Company's shareholders' meeting on July 29, 2021, resolved to increase the capital through capital surplus by issuing 12,200 thousand shares and through retained earnings by issuing 15,800 thousand shares, with a par value of NTD 10 per share. The record date for the capital increase is September 21, 2021. The paid-up capital after the increase amounts to NTD 1,500,000 thousand, and the change of registration has been completed.

(2) Capital surplus

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
May be used to cover losses, release cash or replenish share capital (1)		
Share issuance premium	\$ 1,092,275	\$ 1,155,700
Differences between actual acquisition or disposal price of subsidiary shares and their book values.	2,481	2,481
Repurchase stock trading	<u>801</u>	<u>801</u>
	<u>1,095,557</u>	<u>1,158,982</u>
<u>It can only be used to cover losses</u>		
Number of changes in ownership interests recognized in subsidiaries (2)	<u>2,380</u>	<u>2,380</u>
	<u>\$ 1,097,937</u>	<u>\$ 1,161,362</u>

1. Such capital surplus may be used to offset losses and, when the company has no losses, it may be used for cash distribution or capitalization, subject to a certain percentage of the paid-up capital when capitalizing.
2. The impact of equity transactions related to changes in subsidiary equity is recognized in this capital surplus when the Company does not actually acquire or dispose of subsidiary equity.

(3) Retention of surplus and dividend policy

In accordance with the Company's articles of incorporation, when there is a surplus in the annual financial statements, an estimate should be made for the provision of taxes and donations, offsetting losses as required by law, allocation to legal reserve funds, and the allocation or reversal of special reserve funds according to relevant laws and regulations. For the distribution of surplus in cash, it shall be determined by the Board of Directors. When distribution is made through the issuance of new shares, it shall be resolved by the shareholders' meeting as stipulated.

For the Company's policies on employee and director remuneration distribution, please refer to Note 20(6) Employee and Director Remuneration Explanation.

The legal reserve fund shall be allocated until its balance reaches the total amount of the Company's paid-up capital. The legal reserve fund may be used to offset losses. When the legal reserve fund exceeds 25% of the total paid-up capital

and there are no losses, the excess amount may be distributed in cash in addition to capitalization.

When allocating to the special reserve fund from the net balance of other accumulated comprehensive income in previous periods, if the undistributed earnings from previous periods are insufficient for allocation, the amount will be allocated from the current year's retained earnings, including items other than the current year's net profit after tax, into the undistributed earnings of the current period.

Earnings Distribution for the Years 2021 and 2020:

	<u>Earnings Distribution Plan</u>		<u>Dividend per share (NTD)</u>	
	<u>Year 2021</u>	<u>Year 2020</u>	<u>Year 2021</u>	<u>Year 2020</u>
Legal reserve	\$ -	\$ 48,858	\$ -	\$ -
Special surplus				
reserve	17,314	82,870	-	-
Cash dividends	10,325	36,600	0.07	0.30
Shareholder stock				
dividends	-	158,000	-	1.2951
Capital reserve				
distribution				
Cash dividends	63,425	163,400	0.43	1.3393
Capital reserve				
distribution				
Shareholder stock				
dividends	-	122,000	-	1

The cash dividends mentioned above were distributed on April 28, 2022, and March 25, 2021, respectively, as resolved by the Board of Directors. The remaining earnings distribution items were also resolved by the Shareholders' Meeting on June 14, 2022, and July 29, 2021.

As of the date of this financial report, the Board of Directors has not yet proposed the earnings distribution plan for the year 2022.

(4) Special surplus reserve

	<u>Year 2022</u>	<u>Year 2021</u>
Beginning balance	\$ 174,422	\$ 91,552
Appropriation to special earnings reserve		
Subtract from other equity items	<u>17,314</u>	<u>82,870</u>
Ending balance	<u>\$ 191,736</u>	<u>\$ 174,422</u>

(5) Other Equity Items

1. Exchange differences on translation of foreign financial statements

	<u>Year 2022</u>	<u>Year 2021</u>
Beginning balance	(\$ 165,115)	(\$ 147,587)
Produced in the current year		
Exchange differences on translation of foreign financial statements	49,889	(17,528)
Share of a joint venture using the	<u>(590)</u>	<u>-</u>

equity method		
Other consolidated gains		
and losses for the year	<u>49,299</u>	(<u>17,528</u>)
Ending balance	(<u>\$ 115,816</u>)	(<u>\$ 165,115</u>)

2. Unrealized gains (losses) of financial assets are measured at fair value through other comprehensive income

	<u>Year 2022</u>	<u>Year 2021</u>
Beginning balance	(\$ 26,621)	(\$ 26,835)
Produced in the current year		
Unrealized gains and losses		
Debt instruments	(1,589)	214
Other consolidated gains and losses for the year	(1,589)	214
Ending balance	<u>(\$ 28,210)</u>	<u>(\$ 26,621)</u>

(6) Treasury stock

<u>Reason for reacquisition</u>	<u>Proposed transfer of shares to employees (in thousands)</u>
January 1, 2022 Number of shares held	2,500
Increases this year	<u>-</u>
December 31, 2022 Number of shares held	<u>2,500</u>
January 1, 2021 Number of shares held	-
Increases this year	<u>2,500</u>
December 31, 2021 Number of shares held	<u>2,500</u>

In August 2021, the company's Board of Directors approved the repurchase of treasury shares for the purpose of transferring them to employees.

The treasury shares held by the company are subject to regulations under the Securities and Exchange Act, which prohibit pledging and restrict the rights to receive dividends and exercise voting rights.

20. Net profit

(1) Other income

	<u>Year 2022</u>	<u>Year 2021</u>
Interest income	\$ 1,741	\$ 424
Rental income	14,830	7,416
	<u>\$ 16,571</u>	<u>\$ 7,840</u>

(2) Other gains and losses

<u>Year 2022</u>	<u>Year 2021</u>
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Net foreign exchange gains (losses)	\$ 208,004	(\$ 28,048)
Investment property - depreciation expenses	(1,023)	-
Others	(<u>9,933</u>)	<u>3,177</u>
	<u>\$ 197,048</u>	<u>(\$ 24,871)</u>

(3) Finance costs

	<u>Year 2022</u>	<u>Year 2021</u>
Interest expenses of bank borrowings	\$ 76,628	\$ 31,042
Pledge receivables handling fee	<u>5,192</u>	<u>5,780</u>
	<u>\$ 81,820</u>	<u>\$ 36,822</u>

(4) Depreciation and amortization

	<u>Year 2022</u>	<u>Year 2021</u>
Depreciation expenses are summarized by function		
Operating expenses	\$ 15,186	\$ 14,107
Other gains and losses	<u>1,023</u>	<u>-</u>
	<u>\$ 16,209</u>	<u>\$ 14,107</u>
Amortization charges are aggregated by function		
Operating expenses	<u>\$ 3,653</u>	<u>\$ 3,820</u>

(5) Employee benefit expense

	<u>Year 2022</u>	<u>Year 2021</u>
Short-term employee benefits	\$ 174,251	\$ 163,139
Post-retirement benefits		
Defined contribution plans	7,091	7,342
Other Employee benefit	<u>3,037</u>	<u>3,701</u>
Total employee benefit expenses	<u>\$ 184,379</u>	<u>\$ 174,182</u>
Aggregated by function		
Operating expenses	<u>\$ 184,379</u>	<u>\$ 174,182</u>

(6) Employee and Director Remuneration

In accordance with the company's articles of incorporation, the company is required to allocate a portion of the pre-tax income, excluding employee and director compensation, for the payment of employee compensation, which shall not be less than 1%, and director compensation, which shall not exceed 3%. However, in the event of accumulated losses, they shall be offset first.

The estimated allocation for employee and director compensation in 2022 was approved by the Board of Directors on March 22, 2023, as follows:

Mention the scale

	<u>Year 2022</u>	<u>Year 2021</u>
Employee compensation	1%	-
Director Compensation	1%	-

Amount

	Year 2022		Year 2021	
	C a s h	S t o c k s	C a s h	S t o c k s
Employee compensation	\$ 1,090	\$ -	\$ -	\$ -
Director Compensation	1,090	-	-	-

Due to the net loss incurred by the company in 2021, no estimation or distribution was made for employee compensation and director compensation.

If the amount remains unchanged after the date of issuance of the annual individual financial report, it will be treated according to the change in accounting estimates and adjusted and recorded in the following year

The actual amount of employee and director compensation distributed in the year 2020 was consistent with the recognized amount in the individual financial statements for the same period.

For information on employee remuneration and directors' remuneration resolved by the Board of Directors of the Company, please visit the Taiwan Stock Exchange Public Information Observatory.

(7) Gains (losses) on foreign currency exchange

	Year 2022	Year 2021
Total foreign exchange gains	\$ 461,038	\$ 53,159
Total amount of foreign currency exchange (loss).	(253,034)	(81,207)
Net profit (loss)	<u>\$ 208,004</u>	<u>(\$ 28,048)</u>

21. Income Tax

(1) The main components of income tax expense recognized in profit or loss

	Year 2022	Year 2021
Current income tax		
Generator of the year	\$ 36,167	\$ 127,914
Tax on unappropriated earnings	-	8,113
Income tax adjustments for previous years	(7,388)	18
Deferred income tax.		
Generator of the year	<u>4,743</u>	<u>(95,882)</u>
Income tax expense recognized in profit or loss	<u>\$ 33,522</u>	<u>\$ 40,163</u>

The reconciliation of net profit (loss) before tax and income tax expense (profit) is as follows:

	Year 2022	Year 2021
Profit (loss) before tax	<u>\$ 106,852</u>	<u>(\$ 9,082)</u>
Income tax expense (benefit) of net profit before tax at statutory rate	\$ 21,370	(\$ 1,816)
Tax on unappropriated earnings	-	8,113
Temporary differences may be deducted if not recognized	19,540	33,848
Income tax adjustments for previous years	(<u>7,388</u>)	<u>18</u>
Income tax expense recognized in profit or loss	<u>\$ 33,522</u>	<u>\$ 40,163</u>

(2) Deferred tax assets and liabilities

Changes in deferred tax assets and liabilities are as follows:

Year 2022

	Beginning b a l a n c e	Recognized in (loss) income	Recognized in o t h e r comprehensive (loss) income	Ending balance
<u>Deferred tax assets</u>				
Transient differences				
Unrealized exchange loss	\$ 5,612	(\$ 4,887)	\$ -	\$ 725
Provision for short-term liabilities for warranty	3,018	144	-	3,162
Investment Credits Using the Equity Method	39,310	-	(4,382)	34,928
Asset impairment losses	22	-	-	22
Bonus for not taking leave	314	-	-	314
	<u>\$ 48,276</u>	<u>(\$ 4,743)</u>	<u>(\$ 4,382)</u>	<u>\$ 39,151</u>

Year 2021

	<u>B e g i n n i n g</u> <u>b a l a n c e</u>	<u>Recognized in</u> <u>(loss) income</u>	<u>Recognized in</u> <u>o t h e r</u> <u>comprehensive</u> <u>(loss) income</u>	<u>Ending balance</u>
<u>Deferred tax assets</u>				
Transient differences				
Unrealized exchange loss	\$ 6,150	(\$ 538)	\$ -	\$ 5,612
Provision for short-term liabilities for warranty	1,762	1,256	-	3,018
Investment Credits Using the Equity Method	-	34,928	4,382	39,310
Asset impairment losses	22	-	-	22
Bonus for not taking leave	174	140	-	314
	<u>\$ 8,108</u>	<u>\$ 35,786</u>	<u>\$ 4,382</u>	<u>\$ 48,276</u>
<u>Deferred income tax liabilities:</u>				
Temporary difference				
Investment Credits Using the Equity Method	<u>\$ 60,096</u>	<u>(\$ 60,096)</u>	<u>\$ -</u>	<u>\$ -</u>

(3) Approval conditions of income tax

The corporate income tax of the company has been filed and assessed by the tax authorities until the year ended 2020.

22. Earnings (loss) per share

	<u>Year 2022</u>	<u>Year 2021</u>
Basic earnings (losses) per share	<u>\$ 0.50</u>	<u>(\$ 0.33)</u>
Diluted Earnings (loss) per share	<u>\$ 0.50</u>	<u>(\$ 0.33)</u>

Unit: NTD per share

The earnings (loss) used in the calculation of earnings per share and the weighted average number of ordinary shares are as follows:

Profit (loss)

	<u>Year 2022</u>	<u>Year 2021</u>
The earnings (loss) and the weighted average number of common shares used to calculate earnings per share (loss) are as follows:	<u>\$ 73,330</u>	<u>(\$ 49,245)</u>

Number of shares Unit: 1000 shares

	<u>Year 2022</u>	<u>Year 2021</u>
The weighted average number of common shares used to calculate basic earnings per share	147,500	149,336

The impact of potential ordinary shares with dilutive effect :

Employee compensation	30	-
The weighted average number of common shares used to calculate Diluted earnings per share	<u>147,530</u>	<u>149,336</u>

When calculating diluted earnings per share, assuming the employee compensation is to be issued in the form of stock, and when the potential common shares have a dilutive effect, they are included in the weighted average number of diluted shares outstanding to calculate diluted earnings per share. When calculating diluted earnings per share before the decision on the issuance of employee compensation shares for the following year, the dilutive effect of such potential common shares continues to be considered. However, for the calculation of diluted loss per share for the year 2021, the potential common shares related to employee compensation are not included as they would have an anti-dilutive effect.

23. Capital risk management

The Company conducts capital management to ensure that the Company is able to make commitments prior to continuing operations by maximizing shareholder returns by optimizing debt and equity balances. There have been no material changes to the Company's overall strategy.

The Company is required to maintain capital to meet the needs of upgrading equipment. Therefore, the Company's capital management is to ensure that the necessary financial resources and operating plans are in place to meet the working capital, capital expenditure, research and development expenses, debt repayment and dividend expenses required for the next 12 months.

24. Financial instruments

(1) Measure the fair value of financial instruments at amortized cost

The Company's management considers that the carrying amount of financial assets and financial liabilities measured at amortized cost in these financial statements is approaching their fair value.

(2) Fair Value Information - Financial instruments measured at fair value on a repetitive basis

Fair value hierarchy

December 31, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>T o t a l</u>
<u>Unrealized losses on</u> <u>financial assets measured</u> <u>at fair value through</u> <u>other comprehensive</u> <u>income.</u>				
Debt securities investment	\$ 3,043	\$ -	\$ -	\$ 3,043

December 31, 2021

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>T o t a l</u>
<u>Unrealized losses on</u> <u>financial assets measured</u> <u>at fair value through</u> <u>other comprehensive</u> <u>income.</u>				
Debt securities investment	\$ 4,196	\$ -	\$ -	\$ 4,196

There were no transfers between Level 1 and Level 2 fair value measurements during the periods from January 1 to December 31 in 2022 and 2021.

(3) Types of financial instruments

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial Assets</u>		
Unrealized losses on financial assets measured at fair value through other comprehensive income.	\$ 3,043	\$ 4,196
Measurement at amortized cost (Note 1)	1,826,710	4,077,263
<u>Financial liabilities</u>		
Measurement at amortized cost (Note 2)	3,147,476	3,992,963

Note 1 : The balance includes cash, financial assets measured at amortized cost (including related parties), accounts receivable (including related parties), other receivables (including related parties), and deposits paid measured at amortized cost.

Note 2 : The balance includes short-term borrowings, accounts payable (including related parties), other payables, long-term borrowings (including the portion due within one year), and deposits received measured at amortized cost.

(4) Objectives and Policies of Financial Risk Management

The main financial instruments of the Company include accounts receivable, accounts payable, and short- and long-term borrowings. The Company's financial management department provides services to various business units, overseeing and managing financial risks related to the Company's operations through the analysis of internal risk reports on the degree and scope of potential risks. These risks include market risk (including foreign exchange risk, interest rate risk, and other price risks), credit risk, and liquidity risk.

1. Market Risk

The main financial risks that the company is exposed to as a result of its operations are foreign exchange rate risk (as described in (1) below) and interest rate risk (as described in (2) below).

There have been no changes in the company's exposure to financial market risks and its methods of managing and measuring such risks.

(1) Foreign exchange rate risk

The company engages in sales and purchases denominated in foreign currencies, thereby exposing the company to foreign exchange rate fluctuations. The company's management regularly monitors foreign exchange risk, and necessary measures will be considered to address significant exchange rate risks and manage the risks arising from foreign exchange fluctuations.

The amounts of monetary assets and monetary liabilities denominated in non-functional currencies as of the balance sheet date are disclosed in Note 28.

Sensitivity analysis

The company is primarily affected by fluctuations in the USD exchange rate.

The following table provides a detailed sensitivity analysis of the company's response to a 1% increase or decrease in the exchange rate between the New Taiwan Dollar (functional currency) and the US Dollar. The sensitivity analysis includes only foreign currency monetary items outstanding and debt instruments measured at fair value through other comprehensive income. In the table below, positive numbers indicate that a 1% appreciation of the US dollar against the New Taiwan Dollar will increase pre-tax net income by the corresponding amount. Conversely, a

1% depreciation of the US dollar against the New Taiwan Dollar will have an equal negative impact on pre-tax net income.

	Year 2022	Year 2021
profit (loss)	<u>\$ 18,343</u>	<u>\$ 15,096</u>

(2) Interest Rate Risk

Due to the company's borrowing of funds at floating interest rates, interest rate exposure arises. The company manages interest rate risk by maintaining an appropriate portfolio of floating interest rates.

As of the balance sheet date, the financial assets and financial liabilities subject to interest rate exposure are as follows:

	December 31, 2022	December 31, 2021
Fair value interest rate risk		
Financial Assets	\$ 151,417	\$ 117,795
Financial liabilities	100,000	-
Cash flow interest rate risk		
Financial Assets	286,020	247,242
Financial liabilities	2,753,486	3,365,356

Sensitivity analysis

The following sensitivity analysis is based on the interest rate exposure of derivative and non-derivative instruments on the balance sheet date. For floating rate liabilities, the analysis assumes that the outstanding liabilities on the balance sheet date remain outstanding throughout the reporting period. The management reports on interest rates to the key management personnel using a rate fluctuation of ± 100 basis points, which represents the assessed reasonable range of interest rate fluctuations by the management.

If the interest rates increase by 100 basis points, with all other variables held constant, the company's pre-tax income for the years 2022 and 2021 would decrease by NT\$24,675 thousand and NT\$31,181 thousand, respectively. Conversely, if the interest rates decrease by 100 basis points, the impact on pre-tax income would be the same amount but in negative. This is primarily due to the company's floating rate bank deposits and borrowings.

(3) Other price risks.

The company is exposed to price risk of debt instruments due to its investments in debt instruments. The primary objective of the company is to collect cash flows from bond instruments and evaluate their potential sale when necessary.

2. Credit Risk

Credit risk refers to the risk of financial loss to the company resulting from counterparties' failure to fulfill contractual obligations. As of the balance sheet date, the maximum credit risk exposure arising from counterparties' non-performance of obligations is primarily derived from the carrying amount of financial assets recognized on the balance sheet.

The company's credit risk is primarily concentrated in its top five customers. As of December 31, 2022, and December 31, 2021, the total accounts receivable from these customers accounted for 70% and 85%, respectively, of the total accounts receivable.

3. Liquidity Risk

The company manages and maintains sufficient cash positions to support its operations and mitigate the impact of cash flow fluctuations. The management oversees the utilization of bank financing facilities and ensures compliance with loan agreement terms.

Bank borrowings are an important source of liquidity for the company. As of December 31, 2022, and December 31, 2021, the unused financing facilities are detailed in the following explanation of (2) Financing Facilities.

(1) Liquidity and Interest Rate Risk of Non-Derivative Financial Liabilities Table

The analysis of remaining contractual maturities of non-derivative financial liabilities is based on the earliest possible repayment date when the company may be required to repay the financial liabilities, using undiscounted cash flows (including principal and estimated interest). Therefore, bank borrowings that may be required to be repaid immediately are listed within the earliest period in the table, without considering the probability of the bank exercising that right immediately. Other non-derivative financial liabilities are analyzed based on their contractual repayment dates.

The undiscounted interest amounts for interest cash flows paid at floating interest rates are derived based on the yield curve at the balance sheet date.

December 31, 2022

	<u>In 1 year</u>	<u>1 - 5 years</u>	<u>More than 5 y e a r s</u>
<u>Non-derivative financial liabilities</u>			
Non-Interest-Bearing Liabilities	\$ 282,010	\$ -	\$ -
Fixed Interest Rates instrument	100,000	-	-
Floating rate instruments	<u>2,002,857</u>	<u>342,528</u>	<u>490,208</u>
	<u>\$ 2,384,867</u>	<u>\$ 342,528</u>	<u>\$ 490,208</u>

December 31, 2021

	<u>In 1 year</u>	<u>1 - 5 years</u>	<u>More than 5 y e a r s</u>
<u>Non-derivative financial liabilities</u>			
Non-Interest-Bearing Liabilities	\$ 622,379	\$ -	\$ -
Floating rate instruments	<u>2,520,071</u>	<u>403,026</u>	<u>522,722</u>
	<u>\$ 3,142,450</u>	<u>\$ 403,026</u>	<u>\$ 522,722</u>

The amounts of non-derivative financial assets and liabilities relating to floating-rate instruments mentioned above may vary due to differences between the floating interest rates and the estimated rates on the balance sheet date.

(2) Credit limit

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Unsecured bank borrowing lines		
- Amount spent	\$ 327,536	\$ 524,168
- Unspent amount	<u>342,404</u>	<u>143,712</u>
	<u>\$ 669,940</u>	<u>\$ 667,880</u>
Secured bank borrowing line		
- Amount spent	\$ 2,525,950	\$ 2,841,188
- Unspent amount	<u>2,323,904</u>	<u>2,151,478</u>
	<u>\$ 4,849,854</u>	<u>\$ 4,992,666</u>

(5) Information on the transfer of financial assets

The company entered into agreements with banks at the end of 2022 and 2021 to sell uncollected receivables, with amounts of 569,835 thousand NTD and 1,059,124 thousand NTD, respectively. The company also received related liabilities from the banks in the amounts of 504,995 thousand NTD and 926,343 thousand NTD. According to the contract, if the receivables cannot be collected upon maturity, the banks have the right to request the company to pay the outstanding balance. Therefore, the company has not transferred the significant risks and rewards associated with these receivables. The company continues to recognize all receivables and uses the transferred receivables as collateral for borrowings. Please refer to Note 26 for further details.

25. Related Party Transactions

In addition to disclosures made in other notes, the following are transactions between the company and related parties.

(1) Names and relationships of related parties

<u>N a m e s o f r e l a t e d p a r t i e s</u>	<u>R e l a t i o n s h i p s w i t h t h e C o m p a n y</u>
Ampacs International Company Limited	Subsidiary
Brilliance Investment Development Ltd.	Subsidiary
Richmake International Limited	Subsidiary
FORTUNE CHANNEL UNIVERSAL LIMITED	Subsidiary
Dong Guan Yi Xin Electronics Co., Ltd.	Subsidiary
Dong Guan Yi Zhuo Electronics Co., Ltd.	Subsidiary
Tech. Pioneer, Ltd.	Subsidiary

(2) Operating Income

<u>Related person category/name</u>	<u>Year 2022</u>	<u>Year 2021</u>
Subsidiary		
Tech. Pioneer, Ltd.	<u>\$ 217,686</u>	<u>\$ 112,866</u>

(3) Purchase

<u>Related person category/name</u>	<u>Year 2022</u>	<u>Year 2021</u>
Subsidiary		
Ampacs International Company Limited	\$ 3,093,200	\$ 2,392,314
Richmake International Limited	1,216,982	1,946,441
FORTUNE CHANNEL UNIVERSAL LIMITED	265,024	320,703
Others	-	6,665
	<u>\$ 4,575,206</u>	<u>\$ 4,666,123</u>

The purchasing terms with related parties are determined through mutual negotiations, as there are no comparable transactions available for reference.

(4) Accounts receivable

<u>Related person category/name</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Subsidiary		
Tech. Pioneer, Ltd.	<u>\$ 37,008</u>	<u>\$ 47,174</u>

Outstanding receivables from related parties are not guaranteed. No allowance for doubtful accounts has been recognized for receivables from related parties for the years 2022 and 2021.

(5) Accounts payable

<u>Related person category/name</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Subsidiary		
Ampacs International Company Limited	\$ -	\$ 176,924
Richmake International Limited	-	13,445
FORTUNE CHANNEL UNIVERSAL LIMITED	<u>10,529</u>	<u>-</u>
	<u>\$ 10,529</u>	<u>\$ 190,369</u>

The balance of the amount payable to related parties in circulation is not guaranteed.

(6) Other receivables (excluding loans to related parties)

<u>Related person category/name</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Subsidiary		
Ampacs International Company Limited	\$ 478,299	\$ 1,946,312
Dong Guan Yi Xin Electronics Co., Ltd.	<u>-</u>	<u>60,564</u>
	<u>\$ 478,299</u>	<u>\$ 2,006,876</u>

Other receivables are mainly purchases and advances on behalf of related parties.

(7) Prepayments for purchases

<u>Related person category/name</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Subsidiary		
Ampacs International Company Limited	\$ 1,519,365	\$ -
FORTUNE CHANNEL UNIVERSAL LIMITED	-	54,705
Others	<u>17,004</u>	<u>-</u>
	<u>\$ 1,536,369</u>	<u>\$ 54,705</u>

(8) Advance receipts (accounting for other current liabilities)

<u>Related person category/name</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Subsidiary		
Brilliance Investment Development Ltd.	\$ 299	\$ -

The advance payment is mainly the advance payment received from the related party for the purchase.

(9) Remuneration of key management

	<u>Year 2022</u>	<u>Year 2021</u>
Short-term employee benefits	\$ 25,006	\$ 25,082
Post-retirement benefits	322	412
	<u>\$ 25,328</u>	<u>\$ 25,494</u>

The compensation of directors and other key management personnel is determined based on individual performance and market trends.

26. Pledges Assets

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts receivable	\$ 569,835	\$ 1,059,124
Property, plant, and equipment	1,288,596	1,350,712
Pledged bank deposits (financial assets measured at amortized cost)	358,608	275,690
Investment property	59,125	-
	<u>\$ 2,276,164</u>	<u>\$ 2,685,526</u>

27. Other Matters

The Board of Directors of the Company resolved on December 29, 2022, to increase the investment in its subsidiary, Ampacs International Company Limited, by USD 20,000 thousand (equivalent to TWD 614,200 thousand) in accordance with a 100% shareholding ratio.

The Company has been impacted by the global pandemic of COVID-19 and recent developments in our country. We have adjusted our production capacity in response, but the uncertainty surrounding the pandemic persists. The Company will continue to monitor the situation closely and respond promptly.

28. Significant foreign currency assets and liabilities

The following information is presented in foreign currencies other than the functional currency of the Company, and the disclosed exchange rates represent the conversion rates of these currencies into the functional currency. The significant foreign currency assets and liabilities are as follows:

December 31, 2022

	<u>F o r e i g n</u>		
<u>Foreign Currency</u>	<u>C u r r e n c y</u>	<u>E x c h a n g e</u>	<u>R a t e</u>
<u>A s s e t s</u>			<u>Book Value</u>
<u>Monetary items</u>			
USD	\$ 107,427	30.71 (USD: TWD)	<u>\$ 3,299,091</u>
<u>Non-Monetary</u>			
<u>Items</u>			
Investments			
Using Equity			
Method			
USD	28,126	30.71 (USD: TWD)	\$ 863,735
Vietnam	297,589,278	0.0013 (VND : TWD)	382,402
Non Derivative			
instruments			
USD	99	30.71 (USD: TWD)	<u>3,043</u>
			<u>\$ 1,249,180</u>

Foreign currency
l i a b i l i t i e s

<u>Monetary items</u>			
USD	47,797	30.71 (USD: TWD)	<u>\$ 1,467,853</u>

December 31, 2021

	<u>F o r e i g n</u>		
<u>Foreign currency</u>	<u>c u r r e n c y</u>	<u>E x c h a n g e</u>	<u>r a t e</u>
<u>a s s e t s</u>			<u>Book Value</u>
<u>Monetary items</u>			
USD	\$ 146,447	27.68 (USD: TWD)	<u>\$ 4,053,633</u>
<u>Non-Monetary</u>			
<u>Items</u>			
Investments			
Using Equity			
Method			
USD	28,558	27.68 (USD: TWD)	\$ 790,476
Vietnam	406,779,118	0.0012 (VND : NTD)	494,643
Non Derivative			
instruments			
USD	152	27.68 (USD: TWD)	<u>4,196</u>
			<u>\$ 1,289,315</u>

Foreign currency
l i a b i l i t i e s

<u>Monetary items</u>			
USD	92,061	27.68 (USD: TWD)	<u>\$ 2,548,256</u>

29. Supplementary disclosure

(1) Major transaction matters and (2) Information related to the transfer of investment business:

1. Funds to be lent to others: Schedule 1.
2. Endorsement Warranties for Others: Schedule 2.
3. Summary of Held Marketable Securities (excluding investments in subsidiaries and associated enterprises): Refer to Schedule 3.
4. Cumulative purchases or sales of the same marketable securities amounting to NT\$300 million or more, or exceeding 20% of the paid-in capital: None.
5. Acquisition of real estate amounting to NT\$300 million or more, or exceeding 20% of the paid-in capital: None.
6. Disposal of real estate amounting to NT\$300 million or more, or exceeding 20% of the paid-in capital: None.
7. Sales or purchases with related parties amounting to NT\$100 million or more, or exceeding 20% of the paid-in capital: Refer to Schedule 4.
8. Amounts due from related parties amounting to NT\$100 million or more, or exceeding 20% of the paid-in capital: Refer to Schedule 5.
9. Engagement in derivative instrument transactions: None.
10. Information on invested companies: Refer to Schedule 6.

(3) Information on investments in mainland China:

1. Mainland China Invested Companies - Includes the names of the mainland China invested companies, their main business activities, paid-in capital, investment methods, fund inflow/outflow status, ownership percentages, investment gains/losses, year-end investment book values, repatriated investment gains/losses, and investment limits in mainland China: Schedule 7.
2. Significant Transactions with Mainland China Invested Companies - Includes significant transactions with mainland China invested companies, whether directly or indirectly through a third region, along with their prices, payment terms, and unrealized gains/losses: Schedule 1, 2, 4, and 5.

(4) The information on major shareholders with a shareholding percentage of 5% or more can be found in Schedule 8.

Ampacs Corporation and its investment holding companies

Loans to others

Year 2022

Schedule 1

單位：除另予註明者外，為
新台幣及外幣仟元

Number (Note 1)	C o m p a n y Providing the L o a n	L o a n O b j e c t	C u r r e n t I t e m s	A related party or n o t	Current Maximum B a l a n c e (N o t e 5)	Closing balance (N o t e 5)	Actual Dealing A m o u n t	Interest rate range	Nature of loans and advances	Amounts of business transactions	Reasons for S h o r t - t e r m B o r r o w i n g	Itemized Allowance Amount for Bad Debts Amount of bad d e b t s	C o l l a t e r a l		Loan limit for individual entities	Total loan limit	Remarks
													N a m e	V a l u e			
1	Brilliance Investment Development Ltd.	Richmake International Limited	Other accounts receivabl e - related parties	Yes	\$ 270,248 (USD 8,800)	\$ 270,248 (USD 8,800)	\$ 244,787 (USD 7,971)	-	Short-term financing funds	\$ -	Operating Turnover	\$ -	-	\$ -	\$ 320,629 (USD 10,440)	\$ 320,629 (USD 10,440)	Note 3
2	Dong Guan Yi Zhuo Electronics Co., Ltd.	Brilliance Investment Development Ltd.	Other accounts receivabl e - related parties	Yes	154,778 (USD 5,040)	154,778 (USD 5,040)	150,093 (USD 4,887)	-	Short-term financing funds	-	Operating Turnover	-	-	-	201,915 (CNY 45,806)	201,915 (CNY 45,806)	Note 4

- Note 1: The numbering columns are described below: Invested companies are numbered sequentially by company type, starting from Arabic numeral 1.
- Note 2: The foreign currency amounts mentioned above are converted based on the exchange rates of US\$1 = \$30.71 and CNY\$1 = \$4.408 as of the end of the year 2022.
- Note 3: The total amount of funds lent to others is limited to 120% of the audited net worth at the end of the most recent financial statements of Brilliance Investment Development Ltd. The limit for a single entity is 120% of its audited net worth at the end of the reporting period.
- Note 4: The total amount of funds lent to others is limited to 120% of the audited net worth at the end of the most recent financial statements of Dongguan YiZhuo Electronic Technology Co., Ltd. The limit for a single entity is 120% of its audited net worth at the end of the reporting period.
- Note 5: The highest balance and the ending balance for the period are determined by the board of directors of the lending company as approved "credit limits."

Ampacs Corporation and its investment holding companies
Endorsing or guaranteeing for others.
Year 2022

Schedule 2

Unit: Unless otherwise specified, for
NTD and foreign currency thousand units

Number	Name of company providing endorsement g u a r a n t e e	Object of endorsement guarantee		L i m i t o f endorsement guarantee for individual enterprises (N o t e 2)	M a x i m u m endorsement guarantee balance for the current period (N o t e 3)	Endorsement g u a r a n t e e balance at the end of the p e r i o d (N o t e 3)	Actual Dealing A m o u n t N o t e 3 :	Amount of endorsement guarantees secured by a s s e t s (N o t e 3)	Accumulated r a t i o o f endorsement guarantees to the latest financial statement net w o r t h (%)	Maximum limit of endorsement guarantees (N o t e 2)	Guarante e s provided by the parent company to its subsidiari e s	Guarante e s provided by subsidiari es to the parent company	Pertainin g t o endorsem e n t guarantee s for the Mainland C h i n a r e g i o n	R e m a r k s
		Company name	R e l a t i o n (N o t e 1)											
1	MODERN PIONEER(KUNSH AN)CO., LTD.	Ampacs Corporation	2	\$ 230,433 (CNY 52,276)	\$ 199,615 (USD 6,500)	\$ 199,615 (USD 6,500)	\$ 184,260 (USD 6,000)	\$ 29,577 (CNY 6,710)	7.12%	\$ 230,433 (CNY 52,276)	N	Y	N	

Note 1: The relationships between the endorsement guarantor and the endorsed parties are as follows:

1. Companies with business relationships.
2. Companies in which the endorsement guarantor directly and indirectly holds more than 50% of the voting rights.
3. Companies in which the endorsement guarantor directly and indirectly holds more than 50% of the voting rights of the company.

Note 2: 1. In accordance with the "Funds Lending and Endorsement Guarantee Processing Procedures" established by the company, the total amount of endorsement guarantees and the limit of endorsement guarantees for individual enterprises shall not exceed 100% of the company's latest annual financial statement net worth.

2. The aforementioned net worth is based on the financial statements audited by the company's accountants.

Note 3: The exchange rate used is US\$1 = \$30.71 and CNY\$1 = \$4.408 as of the end of December 2022.

Ampacs Corporation and its investment holding companies
End-of-Period Securities Holdings Statement.
As of December 31, 2022

Schedule 3

Unit: NTD and thousand foreign currency units

H e l d C o m p a n i e s	Type and Name of Securities	Relationship with Issuers of Securities	A c c o u n t i n g I t e m	E n d i n g				R e m a r k s
				N u m b e r o f s h a r e s / u n i t s	C a r r y i n g a m o u n t	S h a r e h o l d i n g %	F a i r v a l u e	
Ampacs Corporation	<u>Bond</u> Ford Motor Company Bonds	—	Financial assets carried at fair value through other comprehensive income - non-current	130	\$ 3,043	-	\$ 3,043	
Richmake International Limited	<u>Stock</u> Iota Communications, Inc.	—	Financial assets carried at fair value through other comprehensive income - non-current	2,478,000	-	1.26%	-	
Dong Guan Yi Zhuo Electronics Co., Ltd.	<u>RMB wealth management products</u> China CITIC Bank-CITIC Wealth Management's win-win and stable Tiantian Li RMB wealth management products		Financial assets at fair value through profit or loss - Current	-	11,461	-	11,461	

Ampacs Corporation and its investment holding companies

Total purchases from or sales to related parties of at least NTD 100 million or 20% of the paid-in capital.

January 1 to December 31, 2022

Schedule 4

Unit: NT\$1,000

Company the goods are purchased from (sold to)	C o u n t e r p a r t y	Relation	T r a n s a c t i o n c o n d i t i o n				Deviations in Transaction Conditions and Reasons for D i f f e r e n c e s		Accounts and notes receivable (p a y a b l e)		Remarks
			(Purchases) S a l e s	A m o u n t	Total Ratio of Purchases / Sales (%)	Credit period	Unit price (\$)	Credit period	B a l a n c e	R a t i o o f Receivables/Payables to Total Notes and Accounts (%)	
Ampacs Corporation	Ampacs International Company Limited	Subsidiary	Purchase	(\$ 3,093,200)	(67%)	Approx. 120 days	At the agreed price	No material difference	\$ -	-	
	Richmake International Limited	Subsidiary	Purchase	(1,216,982)	(26%)	Approx. 120 days	At the agreed price	No material difference	-	-	
	FORTUNE CHANNEL UNIVERSAL LIMITED	Subsidiary	Purchase	(265,024)	(6%)	Approx. 120 days	At the agreed price	No material difference	(10,529)	-	
Tech. Pioneer, Ltd.	Ampacs Corporation	The Company	Purchase	(217,686)	(100%)	Approx. 120 days	At the agreed price	No material difference	(37,008)	(17%)	
Richmake International Limited	Dong Guan Yi Xin Electronics Co., Ltd.	Subsidiary	Purchase	(1,267,569)	(100%)	Approx. 180 days	At the agreed price	No material difference	(6,403)	(1%)	
FORTUNE CHANNEL UNIVERSAL LIMITED	MODERN PIONEER(KUNSHAN)CO., LTD.	Subsidiary	Purchase	(266,684)	(100%)	Approx. 180 days	At the agreed price	No material difference	(61,828)	(23%)	
Ampacs International Company Limited	Dong Guan Yi Xin Electronics Co., Ltd.	Intercompany	Purchase	(244,650)	(8%)	Approx. 180 days	At the agreed price	No material difference	(251,484)	(8%)	
Ampacs International Company Limited	Dong Guan Han Lei Electronics Co., Ltd.	Intercompany	Purchase	(283,497)	(9%)	Approx. 180 days	At the agreed price	No material difference	(30,092)	(1%)	
Ampacs International Company Limited	Ampacs Corporation	The Company	Sales	3,093,200	79%	Approx. 120 days	At the agreed price	No material difference	-	-	
Richmake International Limited	Ampacs Corporation	The Company	Sales	1,216,982	97%	Approx. 120 days	At the agreed price	No material difference	-	-	
FORTUNE CHANNEL UNIVERSAL LIMITED	Ampacs Corporation	The Company	Sales	265,024	100%	Approx. 120 days	At the agreed price	No material difference	10,529	-	
Ampacs Corporation	Tech. Pioneer, Ltd.	Subsidiary	Sales	217,686	4%	Approx. 120 days	At the agreed price	No material difference	37,008	1%	
MODERN PIONEER(KUNSHAN)CO., LTD.	FORTUNE CHANNEL UNIVERSAL LIMITED	Subsidiary	Sales	266,684	75%	Approx. 120 days	At the agreed price	No material difference	61,828	17%	
Dong Guan Yi Xin Electronics Co., Ltd.	Richmake International Limited	Intercompany	Sales	1,267,569	84%	Approx. 180 days	At the agreed price	No material difference	6,403	-	
Dong Guan Yi Xin Electronics Co., Ltd.	Ampacs International Company Limited	Intercompany	Sales	244,650	16%	Approx. 180 days	At the agreed price	No material difference	251,484	17%	
Dong Guan Han Lei Electronics Co., Ltd.	Ampacs International Company Limited	Intercompany	Sales	283,497	99%	Approx. 180 days	At the agreed price	No material difference	30,092	11%	

Ampacs Corporation and its investment holding companies
Receivables from Related Parties exceeding NT\$100 million or 20% of paid-in capital
December 31, 2022

Schedule 5

Unit: Unless otherwise specified,
in thousand New Taiwan Dollars

Companies with Accounts Receivable Recorded	C o u n t e r p a r t y	R e l a t i o n	B a l a n c e o f Receivables from Related Parties	Balance of Other Receivables from Related Parties	Turnover rate	O v e r d u e R e c e i v a b l e s from Related Parties		Amounts Collected for Receivables from Related Parties after Due D a t e	Provision for Losses Recorded
						A m o u n t	Handling Methods		
Dong Guan Yi Xin Electronics Co., Ltd.	Ampacs International Company Limited	Intercompany	\$ 251,484	\$ -	1.31	-	—	\$ 18,513	-
Dong Guan Yi Zhuo Electronics Co., Ltd.	Brilliance Investment Development Ltd.	Intercompany		150,093	Note 2	-	—	-	-
Ampacs Corporation	Ampacs International Company Limited	Subsidiary	-	478,299	Note 1	-	—	166,988	-
Brilliance Investment Development Ltd.	Richmake International Limited	Intercompany	-	244,787	Note 2	-	—	-	-

Note 1: The other receivables represent the purchase of raw materials on behalf of others.

Note 2: Represents funds lent.

Ampacs Corporation and its investment holding companies
Information about the invested company, region and other relevant information
January 1 to December 31, 2022

Schedule 6

Unit: Unless otherwise specified, for
NTD and foreign currency thousand units

Name of Investment C o m p a n y	Name of Investee	Location	Primary business i t e m s	Original Investment Amount		E n d - o f - P e r i o d H o l d i n g s			I n v e s t e e Current profit (l o s s)	I n v e s t m e n t (loss) profit and loss recognized in the current p e r i o d	R e m a r k s
				E n d i n g	B e g i n n i n g	Number of shares (1000 s h a r e s)	R a t i o	Carrying amount			
Ampacs Corporation	Tech. Pioneer, Ltd.	Samoa	General Investment Business	USD 21,780	USD 21,780	23,003	100.00	\$ 863,735	\$ 45,964	\$ 45,964	Subsidiary
	Ampacs International Company Limited	Vietnam	Manufacturing and trading of plastic products and consumer electronics	HKD 9,500	HKD 9,500	-	100.00	382,402	(USD 1,542)	(139,217)	Subsidiary
				USD 30,000	USD 30,000				(VND -109,189,841)		
Tech. Pioneer, Ltd.	Ability Technology Co., Ltd.	Taipei	Manufacturing and trading of computer peripherals, photographic equipment, and electronic components	TWD 20,000	TWD -	2,000	40.00	14,968	(11,105)	(4,442)	Investment Credits Using the Equity Method
	Brilliance Investment Development Ltd.	Samoa	General investment industry and sale of plastic products	USD 1,050	USD 1,050	1,050	100.00	267,192	9,077 (USD 305)	9,077	Subsidiary
	Sunlight Ocean Holding Limited	Samoa	General Investment Business	USD 850	USD 850	850	100.00	55,551	3,094 (USD 104)	3,094	Subsidiary
	Richmake International Limited	Samoa	General investment and consumer electronics trading	HKD 9,500	HKD 9,500	1,224	100.00	155,301	74,338 (USD 2,495)	74,338	Subsidiary
	FORTUNE CHANNEL UNIVERSAL LIMITED	Seychelles	General investment industry and sale of plastic products	USD 16,000	USD 16,000	16,000	100.00	386,403	(39,229) (USD -1,316)	(39,229)	Subsidiary

Note 1 : For mainland investment information, please refer to Schedule 7

Ampacs Corporation and its subsidiaries

Investment in mainland China

January 1 to December 31, 2022

Schedule 7

Unit: NTD and foreign currency thousand

Name of invested company in Mainland China	Primary business items	Paid-in capital Note 3	Investment method	Beginning accumulated investment amount exported from Taiwan (Note 3)	Amount of Investment Remitted or Recovered in the Current Period Investment amount		Accumulated investment amount remitted from Taiwan as of the end of the period (Note 3)	Profit or loss of the invested company for the current period (Note 4)	Percentage of shareholding in the invested company directly or indirectly by the consolidated company	Investment income recognized in the current period (Note 4)	Book value of investments at the end of the period (Note 3)	Investment returns repatriated as of the end of the current period
					Remitted out	Recovered						
Dong Guan Yi Zhuo Electronics Co., Ltd.	Manufacture and trading of plastic products	\$ 32,246 (USD 1,050)	Note 1	\$ 32,246 (USD 1,050)	\$ -	\$ -	\$ 32,246 (USD 1,050)	\$ 8,939 (CNY 2,022)	100%	\$ 8,939 (USD 300)	\$ 168,263 (USD 5,479)	\$ -
Dong Guan Han Lei Electronics Co., Ltd.	Manufacturing and trading of plastic products and consumer electronics	26,104 (USD 850)	Note 1	26,104 (USD 850)	-	-	26,104 (USD 850)	3,124 (CNY 707)	100%	3,124 (USD 105)	54,063 (USD 1,760)	-
Dong Guan Yi Xin Electronics Co., Ltd.	Manufacturing and trading of plastic products and consumer electronics	37,411 (HKD 9,500)	Note 1	37,411 (HKD 9,500)	-	-	37,411 (HKD 9,500)	75,298 (CNY 17,029)	100%	75,298 (USD 2,527)	231,785 (USD 7,548)	-
MODERN PIONEER(KUN SHAN)CO., LTD.	Manufacture and trading of plastic products	414,585 (USD 13,500)	Note 1	414,585 (USD 13,500)	-	-	414,585 (USD 13,500)	(32,354) (CNY -7,317)	100%	(39,158) (USD -1,314)	398,311 (USD 12,970)	-
Dongguan Qijun Electronics Technology Co., Ltd	Manufacture and trading of headphone cables	8,816 (CNY 2,000)	Note 2 :	Note 2 :	-	-	Note 2 :	1,396 (CNY 316)	51%	712 (CNY 161)	12,626 (CNY 2,864)	-

End-of-period cumulative amount of investment remitted from Taiwan to Mainland China (Note 3)	Investment amount approved by the Investment Commission, Ministry of Economic Affairs (Note 3)	Investment limit for investment in Mainland China as regulated by the Investment Commission, Ministry of Economic Affairs
\$ 510,345 (USD 15,400) (HKD 9,500)	\$ 510,345 (USD 15,400) (HKD 9,500)	\$1,687,117 (Note 5)

Note 1 Investment in Mainland China made through establishing companies in third-party regions and further investing in Mainland China companies.

Note 2: The capital of Dongguan Hongjun Electronic Technology Co., Ltd. is remitted from the self-owned funds of Dong Guan Han Lei Electronics Co., Ltd.

Note 3: As of December 31, 2022, the exchange rates used for conversion were US\$1 = \$30.71, HKD\$1 = \$3.938, and CNY\$1 = \$4.408.

Note 4: The average exchange rates used for conversion in the year 2022 were US\$1 = \$29.8, HKD\$1 = \$3.8055, and CNY\$1 = \$4.4218.

Note 5: The calculation is based on 60% of the consolidated net worth of the Company.

Ampacs Corporation
Major Shareholders' Information
December 31, 2022

Schedule 8

M a j o r S h a r e h o l d e r N a m e	S h a r e s	
	Number of Shares H e l d	Percentage of Ownership (%)
Huang, Chang-ching	33,171,900	22.11%
Long An Investment Co., Ltd.	11,907,304	7.93%
Chang An Investment Co., Ltd.	11,681,569	7.78%
Xiao, Xiu-ru	9,702,545	6.46%

Note 1 : The information regarding major shareholders in this table is based on data provided by the Taiwan Depository & Clearing Corporation as of the last business day of the quarter, considering shares of common and preferred stock held by shareholders that have completed non-physical registration transfer (including treasury shares) and account for 5% or more of the total shares. The recorded share capital in the company's financial report may differ due to variations in calculation bases or other factors impacting the completion of non-physical registration transfers.

Note 2 : If the shareholders have entrusted their shares for custody, the details will be disclosed separately in the trustee's trust account. Regarding shareholders who hold more than 10% of the shares and are required to declare their equity holdings under securities laws and regulations, their holdings include personal holdings and shares held through entrusted custody, with decision-making power over the trust property. For information on the declaration of equity holdings by insiders, please refer to the Public Information Observation System.

§Detailed Table of Important Accounting Items§

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Ampacs Corporation
Cash statement
December 31, 2022

Schedule 1

Unit: Unless otherwise specified,
in thousand New Taiwan Dollars

N a m e	A m o u n t
Cash in Treasury	\$ 200
Bank deposit	
Checking Deposit	133
Demand Deposits (Note 1 and 2)	<u>78,829</u>
Total	<u>\$ 79,162</u>

Note 1: Including USD 2,207 thousand and HKD 2 thousand.

Note 2: The above-mentioned foreign currencies are converted based on the exchange rates of USD 1 = \$30.71 and HKD 1 = \$3.938.

Ampacs Corporation
Accounts receivable schedule
December 31, 2022

Schedule 2

Unit: NT\$1,000

<u>C u s t o m e r N a m e</u>	<u>A m o u n t</u>
Company A	\$ 429,159
Company B	103,983
Company C	64,207
Company D	47,511
Others (Note 1)	<u>228,665</u>
	873,525
Less: Allowance for Doubtful Accounts	<u>284</u>
Net amount	<u><u>\$ 873,241</u></u>

Note 1: None of the client's balances exceed 5% of the balance of this account.

Ampacs Corporation
Inventory schedule
December 31, 2022

Schedule 3

Unit: Unless otherwise specified,
in thousand New Taiwan Dollars

<u>I</u> <u>t</u> <u>e</u> <u>m</u>	<u>A</u> <u>m</u> <u>o</u>	<u>u</u> <u>n</u> <u>t</u>
	<u>C</u> <u>o</u> <u>s</u> <u>t</u>	<u>Net realizable value</u>
Commodities	\$ 14,727	\$ 17,043
Allowance for inventory impairment loss	-	-
Total	<u>\$ 14,727</u>	<u>\$ 17,043</u>

Ampacs Corporation
Schedule of advances
December 31, 2022

Schedule 4

Unit: NT\$1,000

<u>M a n u f a c t u r e r ' s n a m e .</u>	<u>A m o u n t</u>
Related party	
Ampacs International Company Limited	\$ 1,519,365
Others (Note)	<u>17,004</u>
	1,536,369
Non-related party:	
Others (Note)	<u>41,538</u>
Total	<u>\$ 1,577,907</u>

Note: The balance of each vendor does not exceed 5% of the balance of this project.

Ampacs Corporation
Statement of changes in investments using the equity method
January 1 to December 31, 2022

Schedule 5

Unit: Unless otherwise specified,
in thousand New Taiwan Dollars

	<u>B e g i n n i n g b a l a n c e</u>		<u>I n c r e a s e s d u r i n g t h e y e a r</u>		<u>D e c r e a s e d u r i n g t h e y e a r</u>		Share of (loss) income from subsidiaries accounted for using the equity m e t h o d	E x c h a n g e d i f f e r e n c e s a r i s i n g f r o m t h e t r a n s l a t i o n o f f i n a n c i a l s t a t e m e n t s o f f o r e i g n o p e r a t i n g e n t i t i e s	Realized sales profit between a f f i l i a t e d c o m p a n i e s	Share of other comprehensive l o s s f r o m s u b s i d i a r i e s a c c o u n t e d f o r u s i n g t h e e q u i t y m e t h o d	<u>E n d i n g b a l a n c e</u>			Equity value	Provision of guarantees or p l e d g e s
	<u>N u m b e r o f s h a r e s (1 0 0 0 s h a r e s)</u>	<u>A m o u n t</u>	<u>N u m b e r o f s h a r e s (1 0 0 0 s h a r e s)</u>	<u>A m o u n t</u>	<u>N u m b e r o f s h a r e s (1 0 0 0 s h a r e s)</u>	<u>A m o u n t</u>					<u>N u m b e r o f s h a r e s (1 0 0 0 s h a r e s)</u>	<u>Shareholding%</u>	<u>A m o u n t</u>		
Tech. Pioneer, Ltd.	23,003	\$ 790,476	-	\$ -	-	\$ -	\$ 45,964	\$ 27,295	\$ -	\$ -	23,003	100%	\$ 863,735	\$ 863,735	None
Ampacs International Company Limited	-	494,643	-	-	-	-	(139,217)	26,976	-	-	-	100%	382,402	382,402	None
Ability Technology Co., Ltd.	-	-	2,000	20,000	-	-	(4,442)	-	-	(590)	2,000	40%	14,968	14,968	None
Total		<u>\$ 1,285,119</u>		<u>\$ 20,000</u>		<u>\$ -</u>	<u>(\$ 97,695)</u>	<u>\$ 54,271</u>	<u>\$ -</u>	<u>(\$ 590)</u>			<u>\$ 1,261,105</u>	<u>\$ 1,261,105</u>	

Ampacs Corporation
Statement of Short-Term Loan
January 1 to December 31, 2022

Schedule 6

Unit: NTD and foreign currency thousand

	<u>Contract period</u>	<u>Annual interest rate . (%)</u>	<u>Ending balance</u>	<u>credit limit</u>		<u>P l e d g e s o r c o l l a t e r a l s</u>
E.SUN Bank	2022.9.22-2023.5.26	5.581%-6.607%	\$ 442,145	USD	50,000	Receivables-backed loans
BANK SINOPAC	2022.9.21-2023.9.30	5.9%	56,198	USD	9,000	Receivables-backed loans
CTBC Bank	2022.8.18-2023.7.17	5.127%-5.719%	6,652	USD	6,000	Receivables-backed loans
Mega Bank	2022.9.2-2023.1.10	6.765%-6.818%	100,826	USD	5,000	Bank-guaranteed loans
Bank of Taiwan	2022.6.9-2023.6.9	1.985%	60,000	NTD	60,000	Bank-guaranteed loans
Bank of Taiwan	2022.6.9-2023.6.9	4.176%-4.598%	108,888	USD	6,300	Bank-guaranteed loans
BANK SINOPAC	2022.11.8-2023.2.21	1.75%	77,000	NTD	77,000	Bank-guaranteed loans
BANK SINOPAC	2022.8.26-2023.2.24	1.75%	45,000	NTD	45,000	Bank-guaranteed loans
DBS Bank	2022.10.12-2023.3.30	1.85%-2.17%	140,000	NTD	150,000	Bank-guaranteed loans
Chang Hwa Bank	2022.9.12-2023.1.18	4.764%-5.135%	23,218	USD	5,000	Bank-guaranteed loans
Hua Nan Bank	2022.12.1-2023.1.1	2.12%	50,000	NTD	50,000	Bank-guaranteed loans
Hua Nan Bank	2022.9.20-2023.3.21	5.082%-6.49%	8,319	USD	5,000	Bank-guaranteed loans
Cathay United Bank	2022.12.2-2023.6.27	2.03%	30,000	NTD	30,000	Bank-guaranteed loans
Far Eastern Bank	2022.9.12-2023.4.12	4.704%-6.501%	142,306	USD	5,000	Bank-guaranteed loans
CTBC Bank	2022.9.5-2023.4.28	5.634%	184,260	USD	6,000	Bank-guaranteed loans
CTBC Bank	2022.9.5-2023.4.28	5.285%-5.877%	90,251	USD	6,000	Unsecured loans
BANK SINOPAC	2022.8.26-2023.2.24	1.718%-1.875%	75,000	NTD	75,000	Unsecured loans

BANK SINOPAC	2022.11.2-2023.2.2 0	5.97%-6.25%	12,711	USD	3,000	Unsecured loans
BANK SINOPAC	2022.8.26-2023.2.2 4	1.718%-1.75%	34,538	NTD	40,000	Unsecured loans
BANK SINOPAC	2022.10.14-2023.2. 21	5.46%-6.38%	<u>55,036</u>	USD	5,000	Unsecured loans
Total			<u>\$ 1,742,348</u>			

Ampacs Corporation
Accounts payable statement
December 31, 2022

Schedule 7

Unit: NT\$1,000

<u>C u s t o m e r n a m e</u>	<u>A m o u n t</u>
Relationship person	
FORTUNE CHANNEL UNIVERSAL LIMITED	\$ 10,529
	<u>10,529</u>
Non-related persons	
A supplier	73,111
B supplier	38,971
C supplier	15,777
D supplier	14,374
E supplier	10,088
Other (Note 1)	<u>77,971</u>
	<u>230,292</u>
Total	<u>\$ 240,821</u>

Note 1: None of the balances exceeds 5% of the balance of this account.

Ampacs Corporation
Schedule of Long-term Borrowings
December 31, 2022

Schedule 8

Unit: NT\$1,000

<u>C r e d i t o r B a n k</u>	<u>Loan Amount</u>	<u>Repayment Method</u>	<u>Contract Period</u>	<u>A n n u a l interest rate. (%)</u>	<u>Mortgage or Collateral</u>
Secured Borrowings					
BANK SINOPAC	\$ 211,767	Monthly average repayment of principal and interest begins from the month of borrowing	106.7~113.7	1.9979%	Note 1
BANK SINOPAC	484,966	Monthly repayment of principal is TWD 665 thousand, with the remaining balance due in full upon maturity	110.6~117.6	1.925%	Note 1
CTBC Bank	104,405	Monthly average repayment of principal and interest begins from the month of borrowing.	110.1~115.1	1.97%	Note 1
YUANTA Bank	150,000	Monthly interest payments, and the principal can be repaid at any time.	2021.6~2023.6	2.224%	Note 2
Less: the portion that expires within 1 year	(<u>210,993</u>)				
	740,145				
Unsecured loans					
CTBC Bank	<u>60,000</u>	Repayment is made every three months starting from the day of borrowing. Each installment consists of TWD 7,500 thousand of principal, with the remaining balance due in full upon maturity.	2022.12~2025.12	1.95%	Note
Less: the portion that expires within 1 year	(<u>30,000</u>)				
Total	<u>\$ 770,145</u>				

Note 1: Providing self-owned land, buildings, and parking spaces as collateral.

Note 2: Utilizing 20% of the remaining balance to establish compensatory deposits as collateral.

Ampacs Corporation
Sales Detail Schedule
Year 2022

Schedule 9

Unit: NT\$1,000

<u>I t e m</u>	<u>A m o u n t</u>
Operating revenue	
Consumer electronics products	\$ 4,643,508
Plastic components	<u>285,481</u>
Net operating revenue	<u>\$ 4,928,989</u>

Ampacs Corporation
Schedule of Cost of Goods Sold
For the Years 2022

Schedule 10

Unit: NT\$1,000

<u>I t e m</u>	<u>A m o u n t</u>
Cost of Goods Sold	
Add: Beginning Inventory	\$ 15,374
Purchases during the year	4,602,555
Less: Ending Inventory	(14,727)
Repair and Maintenance Costs	<u>721</u>
Total	<u>\$ 4,603,923</u>

Ampacs Corporation
Schedule of Operating Expenses
For the Years 2022

Schedule 11

Unit: NT\$1,000

N a m e	S e l l i n g E x p e n s e s	M a n a g e m e n t e x p e n s e	R e s e a r c h a n d d e v e l o p m e n t e x p e n s e s	T o t a l
Salary Expenses	\$ 27,194	\$ 65,514	\$ 76,008	\$ 168,716
Insurance Expenses	3,470	4,823	6,248	14,541
Depreciation Expenses	129	4,353	10,704	15,186
Others (Note)	<u>9,817</u>	<u>23,095</u>	<u>20,963</u>	<u>53,875</u>
	<u>\$ 40,610</u>	<u>\$ 97,785</u>	<u>\$ 113,923</u>	<u>\$ 252,318</u>

Note: Amounts of each item do not exceed 5% of the balance of this account.

Ampacs Corporation
Schedule of Employee Benefits, Depreciation, and Amortization Expenses
For the Years 2022 and 2021

Schedule 12

Unit: NT\$1,000

	Year 2022			Year 2021		
	<u>Cost of</u> <u>Goods</u> <u>Sold</u>	<u>Operating</u> <u>expenses</u>	<u>Total</u>	<u>Cost of</u> <u>Goods</u> <u>Sold</u>	<u>Operating</u> <u>expenses</u>	<u>Total</u>
Employee Benefits						
Expenses						
Salary Expenses	\$ -	\$154,808	\$154,808	\$ -	\$144,806	\$144,806
Labor and Health Insurance Expenses	-	12,626	12,626	-	12,933	12,933
Retirement Benefit Expenses	-	7,091	7,091	-	7,342	7,342
Director Compensation	-	6,817	6,817	-	5,400	5,400
Other Employee benefit	-	3,037	3,037	-	3,701	3,701
	<u>\$ -</u>	<u>\$184,379</u>	<u>\$184,379</u>	<u>\$ -</u>	<u>\$174,182</u>	<u>\$174,182</u>
Depreciation expenses	<u>\$ -</u>	<u>\$ 15,186</u>	<u>\$ 15,186</u>	<u>\$ -</u>	<u>\$ 14,107</u>	<u>\$ 14,107</u>
Amortization expense	<u>\$ -</u>	<u>\$ 3,653</u>	<u>\$ 3,653</u>	<u>\$ -</u>	<u>\$ 3,820</u>	<u>\$ 3,820</u>

Note :

- The number of employees for the year 2022 and 2021 was 147 and 153 respectively, with 6 and 5 directors not concurrently serving as employees.
- For companies whose stocks are listed on a stock exchange or traded on the over-the-counter market, the following information should be disclosed:
 - Average employee benefits expense for the current year: \$1,259 thousand. Average employee benefits expense for the previous year: \$1,140 thousand.
 - Average employee salary expense for the current year: \$1,098 thousand. Average employee salary expense for the previous year: \$978 thousand.
 - Percentage change in average employee salary expense adjustment: 12.27%.
- The company has adopted an Audit Committee to replace the supervisory board system.
- The company's remuneration policy for directors, executives, and employees is as follows:
 - Directors: Based on the company's articles of incorporation, the Compensation Committee considers the overall performance of the board of directors, company's operational performance, and future operations. It then proposes a distribution plan to the board of directors, taking into account the individual directors' level of involvement and contribution to the company.
 - Managers: Based on industry salary levels, the remuneration of executives is determined by their level of involvement and contribution to the company, as well as their performance. The remuneration proposal is reviewed by the Compensation Committee and then presented to the board of directors for approval.

- (3) Employees: The company is committed to providing employees with salaries and benefits above the industry average. The amount allocated to each employee is determined based on their position, contribution, and performance. The proposed remuneration is presented by the highest-level executive unit and approved by the Chairman of the Board.

AMPACS CORPORATION

Chairman: Huang Chang Ching