

Stock Code: 3048

EDOM Technology Co., Ltd.

2022

Annual Report

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Company Website: <https://www.edomtech.com/>

Printed on April 30, 2023

I. Spokesperson and Acting Spokesperson of the Company:

Spokesperson: Huang Hsiu-Ling

Title: Senior Manager

Tel: (02)2657-8811 Email: Public@edomtech.com

Acting Spokesperson: Chien Hsien-Yung

Title: Chief Financial Officer (CFO)

Tel: (02)2657-8811 Email: Public@edomtech.com

II. Addresses and Telephone Numbers of the Company's Headquarters and Branches

1. Address of Headquarters: 8F, No. 50, Lane 10, Jihu Road, Neihu District, Taipei City

Tel: 886-2-2657-8811

2. Address of Hong Kong Branch: 13F, Watson Centre, 16-22 Chung Chung Industrial Street, Kwai Chung, New Territories, Hong Kong

Tel: 852-2763-0965

3. Address of Singapore Branch: Block 4012 Ang Mo Kio Avenue 10 #07-08 Techplace 1 Singapore 569628

Tel: 65-6346-5198

4. Address of Korean Branch: 16th Fl., Posco P&S Tower, Teheran-ro 134, Gangnam-gu, South Korea, 06235

Tel: 82-2-2015-7930

III. Stock Transfer Agency:

Name: Capital Securities Corp.

Address: B2, No. 97, Section 2, Dunhua South Road, Daan District, Taipei City
(DunnTower)

Tel: (02)2702-3999 Website: <http://www.capital.com.tw>

IV. Certificated Public Accountants (CPAs) Auditing Financial Reports of Recent Year:

Names of CPA: Cheng Chin-Chung and Chiu Meng-Chieh.

Name of Accounting Firm: Deloitte Taiwan

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

Tel: (02)2725-9988 Website: <http://www.deloitte.com.tw>

V. Name of the Overseas Securities Exchange and Method to Inquire about Overseas Securities Information: None.

VI. Company Website:

<https://www.edomtech.com/tw/>

EDOM Technology Co., Ltd.

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Chapter 1 Letter to Shareholders

I. 2022 Business Report

(I) Implementation Results of Business Plan

Since the second half of last year, the impact of the new crown pneumonia on the world has gradually faded, and European and American countries have returned to normal life; after China has no longer blocked the new crown pneumonia and adopted measures to open up, the uncertain factors for people's livelihood and economy have also come to an end. Instead, the US Federal Reserve has adopted a violent interest rate hike policy to suppress inflation. In 2022, it has raised interest rates by 17 yards. For semiconductor distributors, the pressure on interest costs is self-evident; since the second quarter of 2022 Since then, borrowing rates have risen sharply. As of the fourth quarter of 2022, the financing cost in a single quarter has been several times that of the same period last year. In addition, during the epidemic period, the demand for consumer electronics has increased significantly, resulting in weak demand and prolonged inventory sales. Therefore, it has a significant adverse impact on profitability; however, the final 2022 revenue and profit amount are different from those of last year. In 2021, NT\$108.23672 billion will grow. In 2022, the consolidated pre-tax net profit will be NT\$1.06952 billion. It is the second highest level in the past ten years.

In 2023, it is expected to face sluggish demand in the consumer market and the sharp rise in US dollar borrowing rates. The overall revenue and profit will face unprecedented challenges. The management team will follow the principle of prudence and conservatism, internally integrate the internal organization into a battle formation, and externally collect markets and customers Information to analyze demand, taking into account the healthy development of product structure, continue to improve operating performance and reduce various unfavorable factors, so as to face the highly uncertain challenges in the coming year.

Here, I sincerely thank all advanced and shareholders, ladies and gentlemen, for your love and advice.

(II) Budget Execution

The Company did not publicly disclose the financial forecast for 2022. Therefore, no information regarding budget execution and achievement is available.

(III) Analysis of Financial Revenue, Cost and Profitability

Unit: NT\$ thousand

Analysis	Item	2022	2021
Financial revenue and cost	Net operating revenue	118,707,037	108,236,723
	Gross profit	3,967,282	3,426,380
	Operating profit	1,767,654	1,616,530
	Profit before income tax	1,069,517	1,423,254
	Net income	824,050	1,135,157
	Interest expenses	959,266	270,094
Profitability	Return on total assets	5.44%	5.40%
	Return on equity	16.78%	28.28%
	Ratio of operating profit to paid-in capital	65.51%	66.03%
	Ratio of income before tax to paid-in capital	39.64%	58.13%
	Net profit ratio	0.69%	1.05%
	Earnings per share (NT\$)	3.11	4.63

(IV) Research and Development

New Suppliers in 2022	Application Area
Taiyo Yuden	Smartphones, Computers, TVs, Consumer Electronics
Nippon Plate Glass	Medical, Communication, Automotive
Fibocom Industrial	Wireless communication modules, networking application solutions
Wise-integration	power supply
Aike Microelectronics	power supply
Enovix	Smartphones, Computers, Consumer Electronics
EGGTRONIC	power supply
Suzhou Zhengge	Automobile DC charging pile, power supply

II. 2023 Operational Plan

(I) Business policy and significant production and marketing policies

The impact of the new coronavirus in the past three years is no longer the key factor this year. Instead, the original production capacity and market demand will reverse to an oversupply situation. In addition, the inventory level of semiconductor distributors is already high. The market The sluggish demand will seriously affect the inventory digestion time, and the U.S. Federal Reserve will raise interest rates sharply to suppress inflation, which will also affect the development of market terminal demand. To sum up, the following is proposed as the business direction for this year:

1. Negotiate with the original factory on the balance point of inventory and purchase according to market demand.
2. Strengthen credit risk control and account receivable insurance ratio.
3. Actively develop the Southeast Asian and Indian markets, prudently manage the Chinese market, and simultaneously explore business opportunities in Northeast Asia.
4. Focus on cloud data center, big data, 5G transmission and artificial intelligence products and customer layout.
5. Improve the value-added ability of professional technology, and integrate application platform needs and business opportunities.
6. Improve the capital structure and seek opportunities for upstream, downstream and peer strategic cooperation.

(II) Anticipated sales volume and basis

Main sales products of the company are various electronic components, and the market and sales prices of different manufacturers vary significantly. In terms of overall sales expectations, with regards to the forecast of the global economy and market trends, supplemented by the products development of manufacturers and the customers demand, the company's overall sales volume is expected to continue to show a steady growth trend in the next year.

(III) Future development strategy of the company

1. Adjust the inventory to a reasonable level.
2. Negotiate gross profit margin and payment terms with the original factory.
3. Increase insurance coverage of accounts receivable.
4. Actively represent and sell cloud data center, big data, 5G transmission and artificial intelligence related production lines.
5. Introduce strategic product lines and partners.

(IV) Impact of external competitive environment, regulatory environment and overall business environment

The environment this year is quite different from that of the past three years. Except for Evergrande, which has continued to consolidate the original European and American factories, the new challenge is that the supply of chips has returned to normal, but the demand in the consumer market is weak and weak, and the supply and demand are not balanced; The interest rate on borrowing remains high, and the external environment is difficult to effectively change with our own efforts. At present, we can only reduce the chance of mistakes, reduce operating costs, improve our own management capabilities, and strengthen the efficiency of logistics support to increase competitiveness. As far as the regulatory environment is concerned, the company works closely with external experts to grasp the changes in domestic and foreign laws and regulations, and develops various supporting measures and methods, hoping to follow the laws and regulations and achieve the goal of corporate governance.

EDOM's management team and all staff would like to thank all shareholders for your support and encouragement, and would like for all shareholders to continue your support, encouragement, and your kind advice and opinions. Sincerely,
To your health and happiness,

Chairman Tseng Yu-I

Chapter 2 Company Profile

I. Date of Founding: July 11, 1996

II. Company History:

1. In July 1996, the Company was founded with a paid-in capital of NT\$30 million
2. In 1997, the Company obtained the right to be the agent of the following suppliers:
Silicon Motion, LUXSONOR, PMC, VERTEX (which was merged by Mitel and subsequently renamed as Zarlink by Mitel), CIRRUS LOGIC
3. In 1998, the Company increased the capital by NT\$15 million by cash, and increased the paid-in capital to NT\$45 million.
In the same year, the Company obtained the right to be the agent of the following suppliers:
DATA TRANSIT, iVi, IDT, nVIDIA, SILICON LABORATORIES
4. In 1999, the Company bought the office at Jihu Road, Neihu District for business purpose and was authorized to serve as the agent of the following suppliers:
ACQIS, IC MEDIA, Colorado (Zight)
5. In 2000, the Company increased the capital by NT\$88.5 million from retained earnings, and NT\$166.5 million by cash, resulting increase in the paid-in capital to NT\$300 million. The Company set up Hong Kong Branch and was authorized to serve as the agent of the following suppliers:
Micro Linear, BSI, PLL, SILICON BRIDGE, Biteck
MKNET, Accelent, GR Global
6. In 2001, the Company increased the capital by NT\$220 million from retained earnings and increased the paid-in capital to NT\$520 million. The Company made an investment to set up a 100%-owned subsidiary ACCU Technologies Ltd. Through ACCU Technologies Ltd., the Company invested in a second-tier subsidiary, namely Eager Associates Limited, and also obtained the agency rights to the following suppliers:
Massana International, SEMTECH, RadarSync LTD., PalmPalm, Netergy
Venkel LTD., Silicon Optix, IXI
7. In 2002, the Company increased the capital by NT\$364 million from retained earnings and increased the paid-in capital to NT\$884 million. The Company's shares were approved by the Securities and Futures Commission of the Ministry of Finance to go public in July, and started trading at the Taiwan Stock Exchange on October 1.
The Company invested in second-tier subsidiary EDOM Technology (Mauritius) Co., Ltd. through the subsidiary ACCU Technologies Ltd. and obtained the agency right of the following suppliers:
OAK, ARCHCOM, Bermai, Transmeta
8. In 2003, the Company increased the capital by NT\$316 million from retained earnings and increased the paid-in capital to NT\$1.2 billion. Also, through second-tier EDOM Technology (Mauritius) Co., Ltd., the Company invested in EDOM (Shanghai) International Trade Co., Ltd., a sub-sub-subsidiary, and obtained the agency rights of the following suppliers:
Motorola S/W Modem, Andigilog, OKI, F3, Ethertronics, Sunext, Brilliant.
9. In 2004, the Company increased the capital by NT\$246 million from retained earnings and increased the paid-in capital to NT\$1,446 million. In the same year, the Company obtained the right to be the agent of the following suppliers:

AMD, Ample, Global Locate, Greenfield, Opcom, Trident, WIS, Waveseat.

10. In 2005, the Company obtained the right to be the agent of the following suppliers:
Authen Tec, Genesis, Innolux, Marvell.
11. In 2006, the Company increased the capital by NT\$165 million from retained earnings and increased the paid-in capital to NT\$1,611 million. In the same year, the Company obtained the right to be the agent of the following suppliers:
Chimei, SigmaTel, Analogix, Akustica.
12. In 2007, the Company invested in EDOM Trading (Shenzhen) Ltd. and EDOM Technology (Shanghai) Ltd., two third-tier subsidiaries, through second-tier subsidiaries Honest Rich Trading and Massive Strong Investment, respectively, and obtained the right to be the agent of the following suppliers:
Telegent, NXP, Broadcom, Cavium, and so on.
13. In 2008, the Company made a capital injection into AMOD Technology Co., Ltd. invested in ILDO Korea Co., Ltd., and obtained the agency rights of the following suppliers:
SiliconBlue, Silicon Motion, Skyworks, InvenSense, Impinj, Mavrix, Qspeed, Montage, and more.
14. In 2009, the Company obtained the agency rights of the following suppliers:
STMicroelectronics, Akros, Lucid, Cypress, Rfaxis, Jmicron, Terminus, AXElite, and so on.
15. In 2010, the Company made a capital injection into AMOD Technology Co., Ltd. and obtained the agency rights of the following suppliers:
ApusOne, LensVector, Panovel, Rfaxis, Fitivision Technology, and more.
16. In 2011, the Company invested in two third-tier subsidiaries, EDOM Trading (Shenzhen) Ltd. and EDOM Technology (Shanghai) Ltd., through sub-subsidiaries Honest Rich Trading and Massive Strong Investment, respectively, and obtained the right to be the agent of the following suppliers:
Aptina, Metrodyne, Micron, Power Integration (PI), UPI (UPI Semiconductor), WiSpry, Hsincheng Technology, GCT, AATI, Packet Digital, Eastspring, and more.
17. In 2012, the Company acquired the shares of AMOD Technology Co., Ltd. and obtained the agency rights of the following suppliers:
Assem, Aviacomm, C-Media, CyberTan, LarView, Qualcomm, Silego, Xingtera, Morgan Touch (Hong Kong), and more.
18. In 2013, the Company invested in two third-tier subsidiaries, EDOM Trading (Shenzhen) Ltd. and EDOM Technology (Shanghai) Ltd., through sub-subsidiaries Honest Rich Trading and Massive Strong Investment, respectively, and obtained the right to be the agent of the following suppliers:
Amlogic, Fortemedia, Hutchinson, Pixelworks, Rohde&Schwarz, Sandisk, Siward, Solomon Systech, Teradici, Troex, and more
19. In 2014, the Company increased the capital by NT\$157 million with the surplus reserve, wrote off the treasury shares in an amount of NT\$40 million and converted the corporate bonds in an amount of NT\$33.98 million into ordinary shares, and increased the paid-in capital to NT\$1,762.08 million. The Company invested in the third-tier subsidiary EDOM Technology (Shanghai) Ltd., through the second-tier subsidiary Massive Strong Investment and obtained the agency right of the following suppliers:

> Audience, Cambridge CMOS, Dragonchip, Eleven Engineering, Gemalto, HannStar (Hon Yu Crystal), Johnson Components & Equipment Co., Ltd, LedEngin, Megachips, RF Code, and more.

20. In 2015, the Company increased its capital by NT\$215.33 million, converted corporate bonds in an amount of NT\$45.90 million into ordinary shares, and increased the paid-in capital to NT\$2,023.39 million. The Company obtained the agency right of the following suppliers:

> Dioo, Merus Audio, IntersilGPI, Nextinput, Valencell, QuickLogic, Molex, and more.

21. In 2016, the Company increased the capital by NT\$202.34 million and increased the paid-in capital to NT\$2,225.73 million. The Company acquired 99.85% of the stocks of Sunjet Components Corp. and obtained the agency rights of the following suppliers:

> Advanced Analog Technology, Inc., Sinopower Semiconductor, KEC, Suzhou Oriental Semiconductor, ACTIVE-SEMI

> Silergy, Integrated Silicon Solution, Conexant, Mitsumi, Sound Solutions International, RAMBUS, LUXTERA, Nexperia, and more.

22. In 2017, the Company's convertible bonds had matured. The Company acquired 8.13% of the shares of AMOD Technology Co., Ltd., and increased the equity ratio from 91.62% to 99.75%. Also, the Company invested in two sub-sub-subsidiaries, EDOM Trading (Shenzhen) Ltd. and EDOM Technology (Shanghai) Ltd., through sub-subsidiaries Honest Rich Trading and Massive Strong Investment, respectively, and obtained the right to be the agent of the following suppliers:

> POLIGHT AS, SMK, Advanced Energy, SiTime, ChargEdge, Libre, Nanusens, Marvell, N&C, Airgain, SOLARFLARE, CNEX Labs, Inc., and so on.

23. In 2018, the Company acquired 92.73% of the stocks of iPro Technology Inc, and Sunjet Components Corp. had merged with AMOD Technology Co., Ltd., and the Company's shareholding in Sunjet Components Corp. had decreased to 99.83% from 99.85%. Korean Branch was established to develop foreign businesses. Also, the Company obtained the right to be the agent of the following suppliers:

>GLOBALTECH, ARTILUX, SYNC POWER, INJOINIC, GIGADEVICE, Credo KINETIC, Dialog, ATLab, NIDEC, ADESTO, and more.

24. In 2019, the Company acquired 7.27% of the shares from iPro Technology Inc., increasing the Company's shareholding in iPro Technology Inc. to 100%. Organizational restructuring and subsidiaries including AMOD Technology (Shenzhen) Ltd. and Freeland Worldwide have been liquidated. Japanese Branch was established to develop foreign businesses. Also, the Company obtained the right to be the agent of the following suppliers:

>Canyon, Smart IOPS, Steligent, Efinix, CerebrEX, MPS, Cimetrix, Akoustis, LatticeWork, Shenzhen Longsys Electronics, Celeno, Qorvo, Astera, Avalanche, Shenzhen Neoway, Boreas, and more.

25. In 2020, the Company acquired 0.17% shares of Sunjet Components Corp. increasing the Company's shareholding Sunjet Components Corp. to 100% and acquired 90% of the stocks of GoldenFlash Electronics Co., Ltd. Also, the Company obtained the right to be the agent of the following suppliers:

> Prophesee、XILINX、XMEMS、Asahi Kasei Microdevices、CHANGXIN MEMORY、Framos、Litrinium、Fidelix、CyberLink、Astera Labs、CCP、Enchip、Fast SiC、ITE、HiLight、Datang NXP and more.

26. In 2021, the capital increase was TWD 222.57 million, and the paid-in capital amounted to TWD 2,448.29 million. The Company acquired 7% shares of

GoldenFlash Electronics Co., Ltd. increasing the Company's shareholding Sunjet Components Corp. to 97% and acquired 100% of the stocks of Promaster Technology Corp. Also, the Company obtained the right to be the agent of the following suppliers:

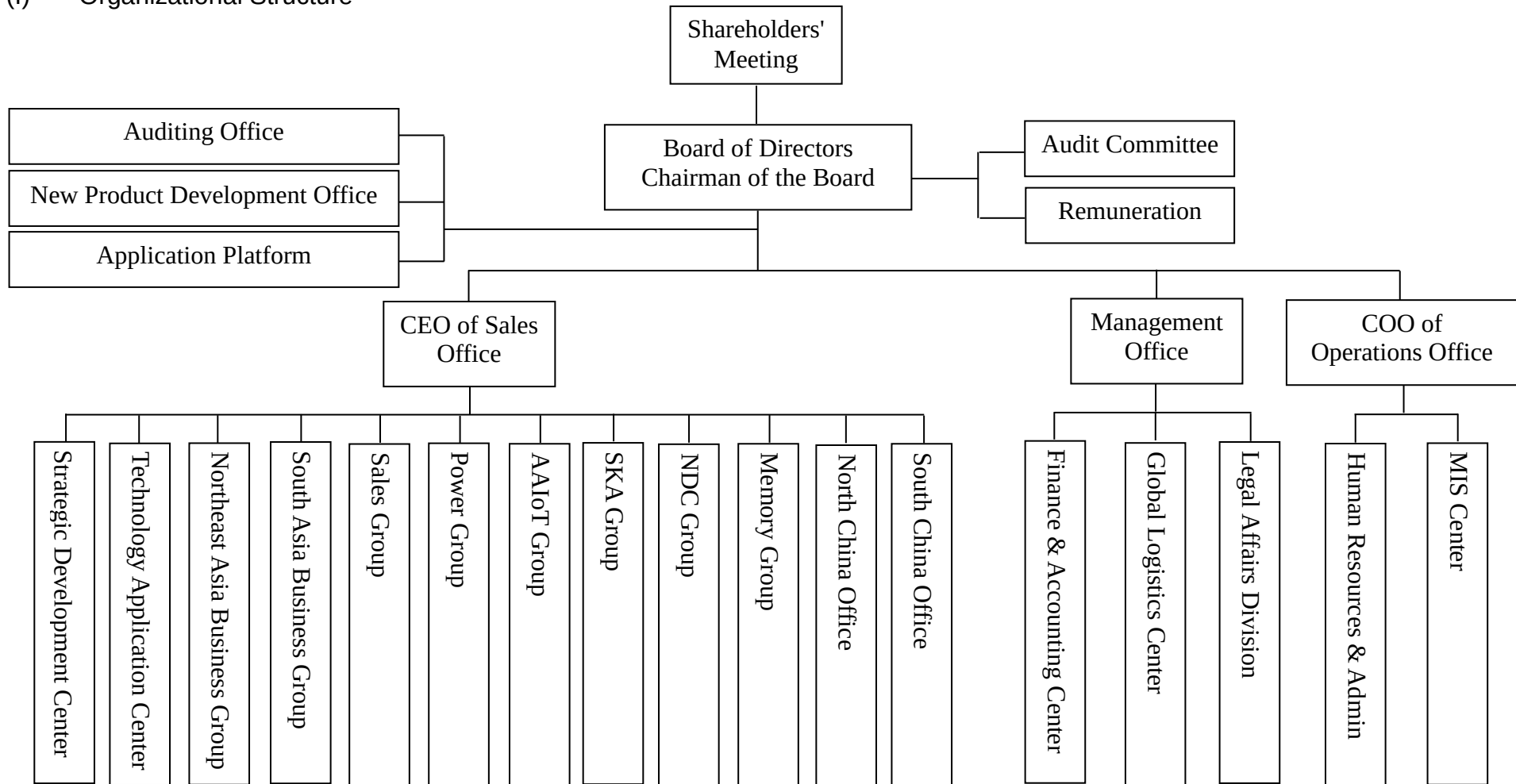
> Baraja 、Ethernity 、Graid 、Innoviz 、Lorom 、MONTAGE LZ 、Spark 、YMTC 、ZOWIE and more.

27. In 2022, the capital increase was TWD 250 million by issue private common stock. The Company acquired 3% shares of GoldenFlash Electronics Co., Ltd. increasing the Company's shareholding to 100%. Also, the Company obtained the right to be the agent of the following suppliers:

> Taiyo Yuden 、Nippon Plate Glass 、Fibocom Industrial 、Wise-integration 、Aike Microelectronics 、Enovix 、EGGTRONIC 、Suzhou Zhengge and more..

Chapter 3 Corporate Governance Report

I. Organizational Structure (I) Organizational Structure



(II) Responsibilities and Functions of Major Departments

Auditing Office	Formulate the Company's audit system and plan, implement various operation audits and abnormality analysis, and put forward improvement suggestions
New Product Development Office	Responsible for the development and agency of new suppliers
Application Platform	Classifies and sorts end-user applications, comprehensively propose product marketing strategies.
Strategic Development Center	Responsible for planning and marketing strategies for the Company's business and products
Technology Application Center	(1) Services for corporate entities and public relations (2) Research technology and market trends, develop new businesses and expand partners
Overseas Business Department	Comprehensively oversees business developments from overseas operations
Sales Business Department	Comprehensive management of customer development and sales related matters in Taiwan
Products Business Department	Comprehensively manage product agency, arrange purchase and technical support related matters
China Business Group	Manage customer development and sales in China, product agency, arranging purchases and technical support related matters
Finance & Accounting Center	Responsible for the Company's long-term investment, financial management, accounting, budget management, share transfer tasks, and salary allocations.
Global Logistics Center	Coordinate global operations, procurement, and warehousing logistics management
Legal Affairs Division	Coordinate legal affairs of the Company
Human Resources & Admin Center	(1) Planning and implementation of matters related to human resources (2) Asset management, general purchasing, and various insurance operations

MIS Center	Responsible for management and maintenance of MIS, network and other information related systems of the Company
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II. Information of Directors, President, Vice Presidents, Assistant Vice Presidents, and Managers of Various Departments and Branches

(I) Directors:

1. Directors' Information:

As of March 30, 2021

Unit: Shares; %

Position	Nationality or Place of Registration	Name	Gender	Date Elected (Appointed) Date	Term	Date First Elected	Shares held when elected		Shares Currently Held		Shares Held By Spouse and Minor Children		Shares Held in the Name of Other Persons		Education and Work Experience	Positions Currently Held in the Company and Other Companies	If spouse or second-degree family members also serve as supervisors or directors		
							Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Position	Name	Relation
Chairman of the Board	Taiwan	Tseng Yu-I	Male,63	2022.05.26	3 years	1996.7.3	27,766,059	10.29%	27,766,059	10.29%	8,766,116	3.25%	0	0%	Department of Industrial Engineering, Chung Yuan Christian University Marketing Assistant Vice President of Taiwan Branch of Cirrus Logic of America	Director of Largan Health Technology Director of AcSiP Technology Corp.	None	None	None
Vice Chairman	Taiwan	Lin Fei-Hung	Male,63	2022.05.26	3 years	1998.6.15	5,542,963	2.05%	5,242,963	1.94%	4,316,976	1.60%	0	0%	Department of Physics, Chung Yuan Christian University Vice President of ASEC International Corporation President of EDOM Technology Co., Ltd.	Managing Director of Puren Youth Care Foundation	None	None	None
Director	Taiwan	Hsieh Yueh Co., Ltd.	—	2022.05.26	3 years	2016.6.24	13,019,880	4.83%	13,733,880	5.09%	0	0%	0	0%	—	—	None	None	None
	Taiwan	Representative: Po-I Li	Male,71			2016.6.24	0	0%	0	0%	71,336	0.03%	0	0%	Master of Electronic Engineering, University of California, Santa Barbara Vice President of Tekmina Inc.	Co-Founder of Visible Energy Inc.	None	None	None
Director	Taiwan	Hsieh Yueh Co., Ltd.	—	2022.05.26	3 years	2016.6.24	13,019,880	4.83%	13,733,880	5.09%	0	0%	0	0%	—	—	None	None	None
	Taiwan	Representative: Hou Ching-Chi	Male,59			2020.1.14	0	0%	0	0%	0	0%	0	0%	Mater of Electrical Engineering, Georgia Institute of Technology President of CoAsia Microelectronics Corp.	President of EDOM Technology Co., Ltd. Director of Data Cosmos Corp. Director of Data Intelligence Corp.	None	None	None
Director	Taiwan	Pai Yueh Co., Ltd.	—	2022.05.26	3 years	2016.6.24	5,750,000	2.13%	6,083,000	2.25%	0	0%	0	0%	—	—	None	None	None
	Taiwan	Representative: Lu Mei-Tzu	Female,60			2016.6.24	0	0%	0	0%	0	0%	0	0%	Vice President of Fuh Hwa Securities Investment Trust	None	None	None	None
Director	Taiwan	Pai Yueh Co., Ltd.	—	2022.05.26	3 years	2016.6.24	5,750,000	2.13%	6,083,000	2.25%	0	0%	0	0%	—	—	None	None	None
	Taiwan	Representative: Wu,Ming-Xiong	Male,67			2022.05.26	0	0%	0	0%	0	0%	0	0%	Master of Advanced Management, National Yang Ming Chiao Tung University Department of Computer Science, National Yangming Chiao Tung University Chairman and general manager of Promaster Technology Co., Ltd.	Chairman and general manager of Promaster Technology Co., Ltd. Chairman and general manager of Promaster Technology International Trade (Shanghai) Co., Ltd. Chairman and General Manager of Promaster (Brunei) Technology Corp. Chairman of Mingyang Industrial Co., Ltd. Chairman of Hengyang Investment Co., Ltd.	None	None	None
Independent Director	Taiwan	Cheng Tun-Chien	Male,61	2022.05.26	3 years	2004.6.11	0	0%	0	0%	0	0%	0	0%	Master of Business Administration, Business School of Columbia University, USA President of UMC Capital Corporation Managing Director of United Management Consulting Co., Ltd. Executive Director and President of Morgan Stanley Asia Limited Executive Director of Goldman Sachs Asia L.L.C.	Chairman of Hong Ding Capital Co., Ltd. Chairman of Shih Ding Venture Capital Investment Co., Ltd. Chairman of LuxNet Corp. Director of Advanced Energy Solution Holding Co., Ltd. Independent Director of Asia Polymer Corporation Director of Fusheng Precision Co., Ltd. Independent Director of Elite Material Co.,Ltd. Director of Minson Integration, Inc. Director of ACSIP Technology Corporation.	None	None	None
Independent Director	Taiwan	Liu Shih-Liang	Male,58	2022.05.26	3 years	2007.6.13	0	0%	0	0%	0	0%	0	0%	Business Management Institute, University of Michigan Vice President of Finance of ASE Technology Holding Co., Ltd. Vice President of Corporate Finance of Citibank	Senior Vice President & Chief Strategy Officer of TPK Holding Co., Ltd. Supervisor of Chenhong Technology (Xiamen) Co., Ltd. Supervisor of Xiangda Optical (Xiamen) Co., Ltd. Supervisor of Baochen (Xiamen) Photoelectric Technology Co., Ltd. Supervisor of Changhong Optoelectronics (Xiamen) Co., Ltd. Supervisor of Chenhong Technology (Pingtan) Co., Ltd. Supervisor of Chenmei (Xiamen) Optoelectronics Co., Ltd. Supervisor of Chenxin Technology (Xiamen) Co., Ltd. Supervisor of TPK Material Solutions(Xiamen)INC. Supervisor of Chuancheng Electronic Technology (Xiamen) Co., Ltd. Supervisor of Yiqun Electronic Technology (Xiamen) Co., Ltd. Supervisor of Quande Technology (Xiamen) Co., Ltd. Director of TPK Asia Pacific Sdn. Bhd. Director of Ray-Star Universal Solutions Limited Director of Optera TPK Holding Pte. Ltd. Director of Just Kitchen Holdings Corp. Director of Casual Restaurants Inc. Independent Non-Executive Director of Pou Sheng International (Holdings) Limited	None	None	None
Independent Director	Taiwan	Fan Yuan-Ming	Male,60	2022.05.26	3 years	2013.6.11	0	0%	0	0%	0	0%	0	0%	Master of Electronic Science, National Taiwan Institute of Industrial Technology Vice President of UMC Capital Chairman of Exojet Technology Corporation	Consultant of Darwin Venture Management Inc.	None	None	None

2. Major Shareholders of the Corporate Shareholders
As of April 9, 2023

Name of Corporate Shareholders	Major Shareholders of the Corporate Shareholders
Hsieh Yueh Co., Ltd.	Tseng Po-Chuan 32%, Tseng Hsiao-Han 32%, Tseng Po-Cheng 32%, Sun Chien-Wen 4%
Pai Yueh Co., Ltd.	Tseng Po-Chuan 17%, Tseng Hsiao-Han 17%, Tseng Po-Cheng 17%, WANG,TE-MING 16%

3. Disclosure of Professional Qualifications of Directors and Independence of Independent Directors:

Name	Professional qualifications and experience (Note 1)	Independence situation (Note 2)	Number of independent directors of other public companies
TSENG,YU-I	Department of Industrial Engineering, Chung Yuan University More than five years of work experience required in business, corporate management, finance or semiconductor fields and the channel industry.	N/A	None
LIN, FEI-HUNG	Department of Physics, Chung Yuan University More than five years of work experience required in business, corporate management, finance or semiconductor fields and the channel industry.	N/A	None
LI,PO-I	MS in Electrical Engineering, University of California, Santa Barbara More than five years of work experience required in business, corporate management, finance or semiconductor fields and the channel industry	N/A	None
HOU, CHING-CHI	MS in Electrical Engineering, Georgia Institute of Technology More than five years of work experience required in business, corporate management, finance or semiconductor fields and the channel industry	N/A	None
LU,MEI-TZU	More than five years of work experience required in business, corporate management, finance or semiconductor fields and the channel industry	N/A	None

WU,MING-XI ONG	Master of Advanced Management, National Yang Ming Chiao Tung University More than five years of work experience required in business, corporate management, finance or semiconductor fields and the channel industry	N/A	None
CHENG, TUN-CHIEN	MBA, Columbia University Business School More than five years of work experience required in business, corporate management, finance or semiconductor fields and the channel industry	Note 2	2
LIU, SHIH-LIANG	University of Michigan Business Administration More than five years of work experience required in business, corporate management, finance or semiconductor fields and the channel industry	Note 2	None
FAN, YUAN-MING	Master of Electronics, National Taiwan Institute of Technology More than five years of work experience required in business, corporate management, finance or semiconductor fields and the channel industry	Note 2	None

Note 1: None of the directors has any of the conditions specified in Article 30 of the Company Law.

Note 2: There are three independent directors, accounting for 1/3 of the board of directors.

- (1) Not employed by the Company or an affiliate.
- (2) Not serving as a Director or Supervisor of the Company.
- (3) Not a natural-person shareholder who holds more than 1% of issued shares or is ranked top 10 in terms of the total quantity of shares held, including the shares held in the name of the person's spouse, minor children, or in the name of others.
- (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the fifth degree of kinship in the three preceding items.
- (5) Not a director, supervisor or employee of a company that has a specific relationship with the company.
- (6) No amount of remuneration for providing business, legal, financial, accounting and other services to the company or its affiliates in the last two years..

4. Implementation of Board Diversity Policy:

To strengthen the Board's diversified management capacity, the Board has set out the "Corporate Governance Best Practice Principles" and has formulated appropriate diversification guidelines for its operations, operational patterns and development needs.

Members should possess knowledge, skills, and qualities that are necessary to perform their duties. To achieve the ideal goal of corporate governance, the overall abilities of the Board of Directors are analyzed as follows:

Core projects of diversity Name of Director	Gender	Operating Judgment Capacity	Accounting and Financial Analysis Ability	Operating Management Ability	Crisis Response Capacity	Industrial Knowledge	International Market Perspective	Leadership	Decision Making Ability
Tseng Yu-I	Male	V		V	V	V	V	V	V
Lin Fei-Hung	Male	V		V	V	V		V	V
Li Po-I	Male	V		V	V	V	V	V	V
Hou Ching-Chi	Male	V		V	V	V	V	V	V
Lu Mei-Tzu	Female	V	V	V	V			V	V
Wu, Ming-Xiong	Male	V		V	V	V		V	V
Cheng Tun-Chien	Male	V	V	V	V		V	V	V
Liu Shih-Liang	Male	V	V	V	V		V	V	V
Fan Yuan-Ming	Male	V		V	V	V		V	V

The Company's current Board of Directors has 9 Directors with the following diversified executions:

Project	Persons (percentage)
Type of Director	Non-independent Directors: 6 seats (67%); Independent Directors: 3 seats (33%)
Gender	Male: 8 persons (89%); female: 1 person (11%)
Employee position	Concurrently serve as Company employees: 3 persons; not a Company employee: 6 persons
Nature of Director	Corporate Directors: 4 persons (44%); Individual Directors: 5 persons (56%)

(II) Information of Directors, President, Vice Presidents, Assistant Vice Presidents, and Managers of Various Departments and Branches

As of Apr 8, 2023; Unit: shares; Thousand NT\$

Position	Nationality	Name	Gender	Date Elected (Appointed)	Number of Shares Held		Shares Held By Spouse and Minor Children		Shares Held in the Name of Other Persons		Education and Work Experience	Positions Currently Held in Other Companies	Managers who have spousal or second-degree family relationships within the Company		
					Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Position	Name	Relation
CEO President	Taiwan	Hou Ching-Chi	Male	2020.1	0	0%	0	0%	0	0%	Mater of Electrical Engineering, Georgia Institute of Technology President of CoAsia Electronics Corp.	Director, TAIFLEX Scientific Co., Ltd.	None	None	None
Vice President	Taiwan	Yu Chun-Chieh	Male	2018.10	73,484	0.03%	0	0%	0	0%	Electrical and Computer Engineering from the University of Delaware E-Vehicle Semiconductor Technology Co., Ltd.	None	None	None	None
Vice President	Taiwan	Tseng Lun-Pin	Male	2018.10	445,797	0.17%	0	0%	0	0%	Master of Business Administration at University of Illinois at Urbana-Champaign President of Yubantec Corporation	Independent Director of Radiant Opto-Electronics Corporation. Independent Director of GIO Optoelectronics Corp. Representative of Corporate Director Energer Packing Corp.	None	None	None
Vice President of Accounting Department	Taiwan	Chien Hsien-Yung	Male	2010.7	19,765	0.01%	0	0%	0	0%	Department of Accounting, Soochow University Deloitte Taiwan	None	None	None	None
Senior Assistant Vice President	Taiwan	Chang Chia-Chi	Female	2008.1	546,847	0.20%	0	0%	0	0%	Department of Tourism, Ming Chuan University Manager of Customer Service Department of EDOM Technology Co., Ltd.	None	None	None	None
Senior Manager	Taiwan	Fan Hui-Chi	Female	2004.4	397,553	0.15%	565	0%	0	0%	Secretary Department, Chihlee Institute of Commerce College Manager of Customer Service Department of EDOM Technology Co., Ltd.	None	None	None	None
Spokesperson	Taiwan	Huang Hsiu-Ling	Female	2009.3	22,984	0.01%	0	0%	0	0%	Department of Journalism, National Chengchi University Chief Editor of New Electronics/New Communication Magazine	None	None	None	None
Manager	Taiwan	LI,QI-HONG	Male	2022.8	0	0%	0	0%	0	0%	Department of Accounting, National Chengchi University Deputy Manager of Deloitte	None	None	None	None

III. Remunerations paid to Directors, President, and Vice Presidents in Recent Years

(I) Remunerations paid to Directors (including Independent Directors) as of December 31, 2022; Unit: 1,000 NT\$/1,000 shares

Position	Name	Directors' Remunerations								Ratio of the total of 4 items A, B, C, and D to net income after taxes		Compensations Paid to Concurrent Employees								Percentage of the total sums of A, B, C, D, E, F, and G to net income after tax		Remunerations Paid to Directors from an Invested Company Other than the Company's Subsidiary	
		Compensations (A)		Severance Pay (B)		Directors' Remunerations (C)		Allowances (D)				Salaries, bonuses, and allowances (E)		Severance Pay (F)		Employee Compensation (G)							
		The Company (merge)	All companies listed in this Financial Statement	The Company (merge)	All companies listed in this Financial Statement	The Company (merge)	All companies listed in this Financial Statement	The Company (merge)	All companies listed in this Financial Statement	The Company (merge)	All companies listed in this Financial Statement	The Company (merge)	All companies listed in this Financial Statement	The Company (merge)	All companies listed in this Financial Statement	The Company		All companies listed in this Financial Statement		The Company (merge)	All companies listed in this Financial Statement		
																		Cash Amount	Share amount	Cash Amount	Share amount		
Director	Tseng Yu-I	0	0	0	0	17,497	17,497	410	410	17,907 2.2%	17,907 2.2%	20,297	24,629	0	0	0	0	0	0	38,204 4.6%	42,536 5.2%	None	
	Lin Fei-Hung																						
	Hsieh Yueh Co., Ltd. Representative : Li Po-I																						
	Hsieh Yueh Co., Ltd. Representative : Hou Ching-Chi																						
	Pai Yueh Co., Ltd. Representative : Lu Mei-Tzu																						
	Pai Yueh Co., Ltd. Representative : Wu,Ming-Xiong																						
Independent Director	Cheng Tun-Chien	0	0	0	0	10,627	10,627	200	200	10,827 1.3%	10,827 1.3%	0	0	0	0	0	0	0	0	10,827 1.3%	10,827 1.3%	None	
	Liu Shih-Liang																						
	Fan Yuan-Ming																						
1. Please describe the policy, system, standard and structure of remunerations for Independent Directors, and describe the correlations between factors such as Independent Directors' duties, risks, and time committed and the amount of their respective remunerations: The Company has established Regulations for Evaluating the Performance of the Board of Directors, and uses the Regulations as guidelines for conducting annual performance evaluation for Directors. The Remuneration Committee maintains a principle of professional objectivity, and proposes recommendations to the Board of Directors after taking various aspects including performance evaluation, management participation, levels of contribution, risks associated with tasks and responsibilities into consideration and referecing relevant industry standards and the Company's management performance. Allocations of relevant remunerations are then made pursuant to the Company's Articles of Incorporation and approval from the Board of Directors. 2. Except as disclosed in the above chart, remuneration to directors received due to the service provided to all companies listed in the financial statement in the most recent year: None																							

Table of Range of Remuneration

Range of Remuneration Paid to Each Director	Name of Director			
	Total of first four items (A+B+C+D)		Total of first four items (A+B+C+D+E+F+G)	
	The Company	All companies listed in this Financial Statement	The Company	All companies listed in this Financial Statement
Less than NT\$ 1,000,000				
NT\$1,000,000 (inclusive) to NT\$2,000,000 (exclusive)				
NT\$2,000,000 (inclusive) to NT\$3,500,000 (exclusive)	Lin Fei-Hung, Li Po-I from Hsieh Yueh Co., Ltd., Hou Ching-Chi from Hsieh Yueh Co., Ltd., Lu Mei-Tzu from Pai Yueh Co., Ltd., Wu,Ming-Xiong from Pai Yueh Co., Ltd.	Lin Fei-Hung, Li Po-I from Hsieh Yueh Co., Ltd., Hou Ching-Chi from Hsieh Yueh Co., Ltd., Lu Mei-Tzu from Pai Yueh Co., Ltd., Wu,Ming-Xiong from Pai Yueh Co., Ltd.	Lin Fei-Hung, Li Po-I from Hsieh Yueh Co., Ltd., Lu Mei-Tzu from Pai Yueh Co., Ltd., Wu,Ming-Xiong from Pai Yueh Co., Ltd.	Lin Fei-Hung, Li Po-I from Hsieh Yueh Co., Ltd., Lu Mei-Tzu from Pai Yueh Co., Ltd.,
NT\$3,500,000 (inclusive) to NT\$5,000,000 (exclusive)	Tseng Yu-I, Cheng Tun-Chien, Liu Shih-Liang, Fan Yuan-Ming	Tseng Yu-I, Cheng Tun-Chien, Liu Shih-Liang, Fan Yuan-Ming	Cheng Tun-Chien, Liu Shih-Liang, Fan Yuan-Ming	Cheng Tun-Chien, Liu Shih-Liang, Fan Yuan-Ming
NT\$5,000,000 (inclusive) to NT\$10,000,000 (exclusive)				Wu,Ming-Xiong from Pai Yueh Co., Ltd.
NT\$10,000,000 (inclusive) - NT\$15,000,000			Hou Ching-Chi from Hsieh Yueh Co., Ltd.,	Hou Ching-Chi from Hsieh Yueh Co., Ltd.,

(exclusive)				
NT\$15,000,000 (inclusive) - NT\$30,000,000 (exclusive)			Tseng Yu-I	Tseng Yu-I
NT\$ 30,000,000 (inclusive) - NT\$50,000,000 (exclusive)				
NT\$50,000,000 (inclusive) - NT\$100,000,000 (exclusive)				
Over NT\$100,000,000				
Total	9 persons	9 persons	9 persons	9 persons

(II) Remuneration of President and Vice Presidents as of December 31, 2022; Unit: 1,000 NTD/1,000 shares

Position	Name	Salary (A)		Severance Pay (B)		Bonuses and Allowances (C)		Employees' Remuneration (D)				Proportion of A, B, C, and D in net profit after tax (%)		Remunerations Paid to Directors from an Invested Company Other than the Company's Subsidiary
		The Company	All companies listed in this Financial Statement	The Company	All companies listed in this Financial Statement	The Company (merge)	All companies listed in this Financial Statement	The Company		All companies listed in this Financial Statement		The Company (merge)	All companies listed in this Financial Statement	
								Cash Amount	Share amount	Cash Amount	Share amount			
President	Hou Ching-Chi	12,301	12,301	0	0	7,500	7,500	4,000	0	4,000	0	23,801 2.9%	23,801 2.9%	None
Vice President	Yu Chun-Chieh													
Vice President	Tseng Lun-Pin													
Vice President	Chien Hsien-Yung													

Table of Range of Remuneration

Range of Remuneration Paid to the President and Vice Presidents of the Company	Name of President and Vice Presidents	
	The Company	All companies listed in this Financial Statement
Less than NT\$ 1,000,000	0	0
NT\$1,000,000 (inclusive) to NT\$2,000,000 (exclusive)	0	0
NT\$2,000,000 (inclusive) to NT\$3,500,000 (exclusive)	0	0
NT\$3,500,000 (inclusive) to NT\$5,000,000 (exclusive)	Tseng Lun-Pin	Tseng Lun-Pin
NT\$5,000,000 (inclusive) to NT\$10,000,000 (exclusive)	Chien Hsien-Yung, Yu Chun-Chieh, Hou Ching-Chi,	Chien Hsien-Yung, Yu Chun-Chieh, Hou Ching-Chi,
NT\$10,000,000 (inclusive) - NT\$15,000,000 (exclusive)	0	0
NT\$15,000,000 (inclusive) - NT\$30,000,000 (exclusive)	0	0
NT\$ 30,000,000 (inclusive) - NT\$50,000,000 (exclusive)	0	0
NT\$50,000,000 (inclusive) - NT\$100,000,000 (exclusive)	0	0
Over NT\$100,000,000	0	0
Total	4 persons	4 persons

Names of Managers and the Distribution of Employee's Profit sharing bonus

As of December 31, 2022; Unit: 1,000 NTD

	Position	Name	Share amount	Cash Amount	Total	Ratio of total compensations on after-tax net profit (%)
Manager	CEO/President	Hou Ching-Chi	-	5,800	5,800	0.70%
	Vice President	Chien Hsien-Yung				
	Vice President	Yu Chun-Chieh				
	Vice President	Tseng Lun-Pin				
	Senior Assistant Vice President	Chang Chia-Chi				
	Senior Manager	Fan Hui-Chi				
	Senior Manager	Huang Hsiu-Ling				
	Manager	LI,QI-HONG				

Note 1: Refers to compensations paid to the Managers (including stock and cash) approved by the Board of Directors in the most recent year; If such compensations cannot be estimated, an estimation for this year shall be calculated in proportion of the compensations paid last year. Net profit after tax refers to those acquired from recent years. According to the International Financial Reporting Standards (IFRS) employed for this report, net profit after tax shall refer to that of the most recent fiscal year of the entity in the individual or consolidated financial report.

- (III) The Company and its consolidated financial statements are analyzed as the percentage of total remuneration paid to the Directors, Supervisors, Presidents, and Vice Presidents in the most recent two years, as compared to the total amount of remuneration paid to the Company's Directors, Supervisors, Presidents, and Vice Presidents in the most recent two fiscal years, as compared to the earnings per the financial statements and the correlation between the remuneration and future risks.

1. Total Remuneration, as a Percentage of After Tax Net Income During the Past 2 Fiscal Years to Directors, Supervisors, the President, and Vice Presidents, with Analysis and Description of Remuneration Policies, Standards, and Packages, Procedure for Determining Remuneration, and Linkage Thereof to Operating Performance and Future Risk Exposure

Year	Total remuneration paid to Directors, Supervisors, Presidents, and Vice Presidents (in Thousand NT\$)		Ratio of total amount to the net income after tax (NIAT) (%)	
	The Company	All companies in the consolidated report	The Company	All companies in the consolidated report
2021	68,268	68,268	6.02%	6.01%
2022	65,394	69,726	7.94%	8.46%

2. Remuneration Policy for the Company
 - A. Remuneration for Directors and Supervisors: Besides the Directors' attendance allowance of NT\$10,000 per meeting, if the Company has made a profit in the year, the Board of Directors may resolve to set aside no more than three percent of the total remuneration for Directors. However, if the Company has accumulated losses, the amount shall be set aside to make up the deficit, before distributed to the Directors in accordance with the aforementioned percentage.
 - B. Remuneration paid to the President and Vice Presidents: Set with reference to pay scale of the employees in the market, scope of their duties within the Company, and contribution to the Company's operational objectives. The remuneration is determined in accordance with overall operational performance of the Company, personal performance fulfillment, and contribution to the Company's performance.
 - C. The Remuneration Committee shall assess the remuneration determined in the aforesaid manner from an objective and professional perspective and submit suggestions to the Board of Directors as a decision-making reference for the latter.

IV. Implementation of Corporate Governance

(I) Corporate Governance Officer

According to the resolution of the Board of Directors on March 8, 2019, the Company appointed Mr. Chien Hsien-Yung, the Chief Accounting Officer, to concurrently serve as the Corporate Governance Officer.

Terms of Reference	Promote corporate governance policy and effectively exert the functions of the Board.
Key Points for the Annual Business	Strengthen transparency in Company decision-making and enhance standard of corporate governance. Assist the Board of Directors to fulfill corporate governance and legal compliance. Assist the Board of Directors to exercise the due care of a good administrator to achieve benefits in strengthening the Board's efficiency and executive skills.
Status of Continuing Education (Note)	Please see Page34

(II) Information on operation of the Board of Directors

The Board of Directors met 7 times (A) in the most recent year. The attendance of Directors is as follows:

Position	Name	Number of Actual Attendance (B)	Number of Attendance by Proxy	Rate of Actual Attendance (%) [B/A]	Note
Chairman of the Board	Tseng Yu-I	7	0	100%	Re-elected on by-elections held on May 26, 2022
Vice Chairman	Lin Fei-Hung	7	0	100%	Re-elected on by-elections held on May 26, 2022
Director C	Hsieh Yueh Co., Ltd. Representative: Li Po-I	7	0	100%	Re-elected on by-elections held on May 26, 2022
Director D	Hsieh Yueh Co., Ltd. Representative: Hou Ching-Chi	7	0	100%	Re-elected on by-elections held on May 26, 2022
Director E	Pai Yueh Co., Ltd. Representative: Lu Mei-Tzu	7	0	100%	Re-elected on by-elections held on May 26, 2022
Director F	Pai Yueh Co., Ltd. Representative: Wang Le-Chun	4	0	100%	Re-elected on by-elections held on May 26, 2022, old representative
Director F	Pai Yueh Co., Ltd. Representative: Wu, Ming-Xiong	2	1	67%	Re-elected on by-elections held on May 26, 2022, new representative
Independent Director A	Cheng Tun-Chien	7	0	100%	Re-elected on by-elections held on May 26, 2022
Independent Director B	Liu Shih-Liang	6	1	86%	Re-elected on by-elections held on May 26, 2022
Independent Director C	Fan Yuan-Ming	7	0	100%	Re-elected on by-elections held on May 26, 2022
Other required disclosure:					
1. Where matters listed in Article 14-3 of the Securities and Exchange Act and if any of the Independent Directors issued a dissenting or qualified opinion, which were recorded or in written statement, the date and session of the Board of Directors' Meeting, contents of the proposal, opinions of all Independent Directors, and the Company's actions in response to the opinions of Independent Directors: None.					
2. In regards to the recusal of Independent Directors from voting due to conflict of interests, the name of the					

Independent Directors, the proposal, reasons for recusal due to conflict of interests and voting outcomes should be stated:

1. Board of Directors Meeting on January 25, 2021

- Proposal: Performance-based bonus for current managers in 2021

Recused Director: Tseng Yu-I

Reasons for recusal and participation in voting: Due to the fact that the Chairman Tseng Yu-I (who concurrently serves as the President) is the Chairman of the Board, he shall abstain from voting on the proposal as a result of the reasons for the conflict of interests. The Chairman Mr. Tseng Yu-I assigned the Acting Chairman Cheng Tun-Chien to ask the other Directors for their opinions, and all Directors adopted the proposal without dissidence.

3. Self (or peer) evaluation from the Board of Directors:

Evaluation cycle	Period of Evaluation	Scope	Evaluation methods	Assessment Content
Executed every six months.	January 1, 2022 to December 31, 2022	Individual members of the Board of Directors	Self-evaluation from members of the Board	Control over the Company's goals and tasks Understanding of Directors' duties Degree of participation in the Company's operations Internal relationship management and Communication Directors' professional skills and continuing education Internal control

4. Goals to strengthen the functions of the Board for the current and most recent year

1. Update status on legal amendments from the government from time to time to strengthen legal compliance in Directors.
2. Arrange continuing education courses for Directors in each year to strengthen Directors' professionalism in areas outside of their respective expertise.
3. Prepare information related to proposals and the Company's status during Board meetings for Directors to check and review at all times.
4. Implement corporate governance in practice and strive to enhance governance performance.
5. Carry out performance evaluation for the Board of Directors regularly and to submit the evaluation results to Board of Directors meeting.

(III) Operations of the Audit Committee:

The Audit Committee met seven (7) times (A) in the most recent year. The attendance of Independent Directors was as follows:

Position	Name	Number of attendance in person (B)	Number of Attendance by Proxy	Rate of actual attendance (%) (B/A)	Note
Independent Director A	Cheng Tun-Chien	7	0	100%	Re-elected on by-elections held on May 26, 2022
Independent Director B	Liu Shih-Liang	6	1	86%	Re-elected on by-elections held on May 26, 2022
Independent Director C	Fan Yuan-Ming	7	0	100%	Re-elected on by-elections held on May 26, 2022

Other required disclosure:

- If the items listed in Article 14-5 of the Securities and Exchange Act and other resolutions passed by two-thirds of the total number of Directors are approved by the Audit Committee, the date and session of the Board of Directors' Meeting, the resolutions, resolutions of the Audit Committee and the Company's actions in response to the opinions of the Audit Committee shall be stated:

Major resolutions of the Audit Committee

Date	Content of Motion and Follow-up Actions	Resolution	Any resolution not approved by the Audit Committee but approved by two thirds or more of all Directors instead

2022/01/25	1. Provision of endorsement/guarantee credit to investee subsidiary 2. Provision of lending funds to investee subsidiary	All members present at the meeting adopted the resolution without dissidence	None
2022/03/08	1. 2021 Financial Statements 2. 2021 "Evaluation for Effectiveness of Internal Control System" and "Statement of Internal Control System" 3. Proposal on re-election of directors 4. Nomination of the list of candidates for election of directors (including independent directors) for 2022. 5. The case of lifting the non-competition restriction of the new director and his representative 6. Amendments to some articles of the "Articles of Association" 7. Amendments to some of the texts of the "Procedures for Acquiring or Disposing of Assets" 8. Amendments to the text of some articles in the "Operating Procedures for Fund Loan and Endorsement Guarantee" 9. Handled the first issue of private equity common stock in 2022 10. Plan to handle cash capital increase private placement of ordinary shares and/or private placement of domestic conversion corporate bonds	All members present at the meeting adopted the resolution without dissidence	None
2022/04/01	1. Proposal on distribution of surplus for 2021 2. The unraised amount of the 2021 private placement case will not continue to be discussed 3. Review the list of nominated directors (including independent directors) candidates for the Company's 2022 Annual General Meeting of Shareholders	All members present at the meeting adopted the resolution without dissidence	None
2022/05/13	1. Q1 2022 Financial Report 2. Provision of endorsement/guarantee credit to investee subsidiary	All members present at the meeting adopted the resolution without dissidence	None
2022/06/01	1. Elect the convener and chairman of the audit committee of the company	All members present at the meeting adopted the resolution without dissidence	None
2022/08/12	1. Retirement and new appointment of the internal audit supervisor of the company 2. Q2 2021 Financial Report 3. Provision of endorsement/guarantee credit to investee subsidiary 4. Provision of lending funds to investee subsidiary	All members present at the meeting adopted the resolution without dissidence	None
2022/11/08	1. Provision of the replacement of the certified public accountant due to the need for internal adjustment of the firm and the evaluation of its independence and suitability 2. Q3 2021 Financial Report.	All members present at the meeting adopted the resolution without dissidence	None
The Company's actions in response to the opinions of the Audit Committee: All Directors present voted in favor of the resolution.			

II.	For the implementation and state of the Independent Director's recusal on conflict of interest, describe the director's name, contents of the motion, reasons for the required recusal, and participation in the voting process: No such incident.	
III.	Communication among Independent Directors, internal audit supervisors, and CPA (including important matters, methods, and results of the Company's finance and operations): 1. Independent Directors have access to fluent channels of communication with the internal audit supervisors and CPA. Discussions and communications can be made via telephone or e-mail on a day-to-day basis, and meetings can also be held to discuss material issues as needed. 2. The Independent Directors communicate with the internal audit supervisor and CPA whenever the need arises in a year. A summary of communications during meetings this year is as follows:	
	Date of meeting	Meeting minutes
	2022/03/08	Explanation of CPA's 2021 audit results 2021 Internal Audit Plan implementation status report
	2022/05/13	Internal Audit Plan implementation status report
	2022/08/12	Explanation of CPA's Q2 2022 audit results Internal Audit Plan implementation status report
	2022/11/08	Internal Audit Plan implementation status report
IV.	Annual work priorities of the Audit Committee 1. Review annual/quarterly financial reports 2. Review matters related to fund loans and endorsement guarantees between affiliated companies 3. Check the effectiveness and implementation results of the internal control system	

(IV) Corporate Governance Execution Status and Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons

Evaluation Item	State of Operations			Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summary	
I. Has the Company formulated and disclosed its "Corporate Governance Best Practice Principles" in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies"?	V		In order to formulate a positive governance system, the Company has established the Corporate Governance Best Practice Principles and has been approved and enacted by the Board of Directors meeting on February 6, 2018.	Comply with regulations listed under the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies."
II. Shareholding structure and shareholders' rights				
(I) Does the Company establish an internal procedure for handling shareholder proposals, inquiries, disputes, and litigations? Are such matters handled according to the internal procedure?	V		(I) Besides commissioning professional share transfer agency to be in charge of questions related to shareholders, the Company has also set up dedicated spokesperson/deputy spokesperson/share transfer/legal personnel to handle opinions, concerns, disputes, and litigations from shareholders. A Stakeholder section has also been set up on the Company website to provide immediate channels to respond to suggestions and questions from stakeholders.	Comply with regulations listed under the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies."
(II) Does the Company maintain a register of major shareholders with controlling power as well as a register of persons exercising ultimate control over those major shareholders?	V		(II) The Company also maintains a shareholder's registry to monitor shareholding status from substantial shareholders at all times, and maintains positive, interactive relations with these shareholders.	
(III) Does the Company establish and enforce risk control and firewall	V		(III) The Company has established Corporate Governance	

Evaluation Item	State of Operations			Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summary	
systems with its affiliates? (IV) Does the Company stipulate internal rules that prohibit company insiders from trading securities using information not disclosed to the market?	V		Best Practice Principles in line with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and other applicable laws and regulations, and has stipulated clear scope of responsibility and functional authority between affiliated companies, and acts in line with the internal control system and related rules. (IV) Besides fully specifying Company insiders to abide by the Securities and Exchange Act and other applicable laws, in order to prevent insiders from exploiting information asymmetry to undertake insider trading, the Company has also enacted regulations such as the Procedures for the Prevention of Insider Trading, and Codes of Ethical Conduct, which are also announced on the Company website.	
III. Composition and Responsibilities of the Board of Directors (I) Has the Board of Directors drawn up policies on diversity of its members and implemented them? (II) In addition to the Remuneration Committee and Audit Committee set according to law, has the	V	V	(I) Pursuant to the Company's Procedures for Election of Directors, diversity shall be a factor of consideration in the composition of the Board, and appropriate diverse objectives shall be proposed based on the Company's own operations, type of business, and development needs. Please see Page12 for relevant information. (II) The Company will set up other functional committees in view of the scale of business and actual needs in the future.	The Company will set up other functional committees in view of its scale of business in the future.

Evaluation Item	State of Operations			Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summary	
Company voluntarily set up other functional committees? (III) Does the Company formulate rules and procedures for the Board of Directors to regularly perform assessments of the Board of Directors in each year, and submits the results of such assessments to the Board meeting, and to use them as reference toward compensations for individual Board members and nominations for re-elections? (IV) Does the Company regularly evaluate the independence of the CPA engaged by the Company?	V V		(III) To promote and evaluate the implementation results of the Board of Directors, the Regulations for Evaluating the Performance of the Board of Directors has been approved by the Board meeting. The performance assessment of the Board of Directors for 2021 has been completed, and has been reported to the Board meeting on January 13, 2022. Assessment results from the Board of Directors and functional committee are fairly positive. (IV) The board of directors of the company evaluates and discusses the independence of accountants every year (once a year). Qiu Mengjie's accountants are in compliance with Article 47 of the "Accountants Law" and "Professional Ethics Bulletin" No. 10 "Integrity, Fairness, Objectivity and Independence".	
IV. Does the TWSE/TPEX listed company have an adequate number of corporate governance personnel with appropriate qualifications based on the size of the company, business situations and management needs, and to appoint a chief corporate governance officer as the most senior officer to be in charge of corporate	V		The Company has appointed Vice President Mr. Chien Hsien-Yung to concurrently serve as the Company's Corporate Governance Officer, in which he will coordinate the provision of information needed by Directors and designate personnel to handle matters relating to Board meetings and Shareholders' Meetings according to laws, and produce minutes of Board meetings and Shareholders' Meetings. Company registration and changes in registration are also handled by dedicated personnel assigned by the	Comply with regulations listed under the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies."

Evaluation Item	State of Operations			Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summary	
governance affairs (including but not limited to furnishing information required for business execution by directors and supervisors, handling matters relating to Board meetings and Shareholders' Meetings according to laws, and producing minutes of Board meetings and Shareholders' Meetings)?			Corporate Governance Officer, and relevant documents shall be approved by the Corporate Governance Officer before issuance. Vice President Mr. Chien Hsien-Yung has more than 10 years of management experience in financing, share transfer, or conferencing, and is equipped with adequate professional knowledge and experience. 2023 Key implementations include the following: (I) Calling Board meetings and each functional meeting, providing information, and preparing and retaining the minutes to aforementioned meetings. (II) Preparing information related to Shareholders' Meeting to ensure content and time of information upload comply with legal regulations. (III) Tasks related to changes in Company registration. (IV) Provision of business/financial information needed by Directors. (V) Review and improvements for meeting corporate governance evaluation indicators. (VI) Corporate Sustainability and Corporate Social Responsibility	
V. Has the company established a channel to communicate with stakeholders (including but not limited to the shareholders, employees, customers and suppliers), and set up a stakeholder section on the	V		The Company has established a Stakeholder section on the Company website to provide stakeholders with contact channels, and dedicated personnel have been appointed to respond to relevant issues. Internally, the Company has also established employee mailbox and hotline so that employees can have access to fluent channels whether for	Comply with regulations listed under the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed

Evaluation Item	State of Operations			Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summary	
Company's website, and appropriately responded to the important corporate social responsibility issues that are essential to stakeholders?			reporting grievances or issues.	Companies."
VI. Has the Company commissioned a professional stock affair agency to manage Shareholders' Meetings and other relevant affairs?	V		The Company has appointed Share Agency Department of Capital Securities Corp. to handle affairs related to the Shareholders' Meeting.	Comply with regulations listed under the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies."
VII. Information Disclosure (I) Does the Company establish a website to disclose information on financial operations and corporate governance? (II) Does the Company adopt other means of information disclosure (such as establishing an English language website, delegating a professional to collect and disclose Company information, implement a spokesperson system, and disclosing the process of investor conferences on the Company website)?	V V		(I) The Company has set up a website and discloses relevant information on the website. (II) The Company has designated personnel to be responsible for the collection and disclosure of company information, the setting up of the English website, and implementation of a spokesperson system. The information is also disclosed in the Company's website.	Comply with regulations listed under the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies."

Evaluation Item	State of Operations			Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summary	
(III) Does the Company publish and report its annual financial report within two months after the end of a fiscal year, and publish and report its financial reports for the first, second and third quarters as well as its operating status for each month before the specified deadline?		V	(III) The Company's financial statements are yet to be announced within 2 months after the end of a fiscal year. Annual and quarterly financial reports and monthly operational status are all published and reported before their specified deadlines.	
VIII. Does the Company have other important information on the implementation of corporate governance (including but not limited to rights and interests of employees, employee care, investor relations, supplier relations, rights of stakeholders, continuing education of Directors and Supervisors, implementation status of risk management policies and risk measurement standards, implementation status of customer policies, and purchase of liability insurance for Directors and Supervisors)		V	(I) Implementation of employee rights and employee care: Besides participating in labor insurance and national health insurance in accordance with the law, Company employees also enjoy the group commercial insurance, health checkup, spring dinner and year-end banquet activities. The Company has established the "Supervision Committee for Labor Retirement Reserve" handling accrual and management of the pension fund according to the law. Starting from July 1, 2005, the Company has monthly transferred pension funds to the personal pension account of employees. The Company has also established the "Employee Welfare Committee" and accrued employee welfare funds according to the law. Besides, the Company organizes diverse club activities, employee travels and family day events, and invites family members of the	Comply with regulations listed under the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies."

Evaluation Item	State of Operations			Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summary	
			employees to participate. The Company keeps in place education and training programs, and provides training plans for employees to develop their occupational ability. (II) Implementation of employee workplace environment and safety protection measures: The Consolidated Company provides a safe and healthy workplace environment for employees. Besides providing generic employee health checkup more thorough than the minimal requirements from the Regulations Governing the Labor Health Protection in each year, the Company also advocates safety and health educational information to employees for at least once a year. For instance, the Company stays up-to-date on developments in disease-stricken areas for the current impacts from COVID-19, and cautions employees to take relevant preventive measures. Before the outbreak can be subdued, employees in China are all working from home, while employees at other regions continue to practice response measures. In addition, the Company is also distributing free protective gear for all employees to care for the health of employees and their families. (III) Implementations of investor relations, supplier relations, rights of stakeholders and customer policies: The Company maintains good communication channels with customers and vendors, and observes	

Evaluation Item	State of Operations			Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summary	
			the principle of honesty and integrity in operation. In addition, the Company makes an honest disclosure of corporate information in accordance with the law to assure basic rights and interest of investors and to fulfill corporate social responsibilities. (IV) Implementations of risk management policy and risk evaluation standards: in terms of finances, in addition to hedging the purchasing prices against one another to create natural hedging effects on exchange rate fluctuations, the Company also utilizes information on real-time forex changes from transacting banks as reference to hedging against forex changes. Moreover, the Company also continuously develops new product lines and agency brands in addition to developing new customer groups to prevent problems with large ratios of single suppliers or customers, thus effecting solving the problem with sales/purchasing concentration. Additionally, in terms of risk control, the Company has designated auditing personnel to audit the internal control regularly and as needed, and to issue reports on audit results to assist in evaluating and managing risks. (V) Continuing education of Directors and liability insurance purchased by the Company for the Directors: The consolidated Company has bought a liability insurance for the Directors and important	

Evaluation Item	State of Operations			Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summary	
			employees, and the cumulative insurance amount is up to US\$10 million. Moreover, the Company reported relevant insurance contents to the Board of Directors on January 13, 2023. For details of continuing education of the Directors in 2022, please check the schedule on Page 34	
IX. Improvement status of the Company's corporate governance evaluation in the most recent year based on evaluation results, and specify priorities and measures to improve those items that have not been improved yet.	V		Please refer to Table on Page36 for details.	Comply with regulations listed under the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies."

Continuing education from the Directors, CFO, Corporate Governance Officer

Position	Name	Continuing education Date	Organizer	Course Name	Training Hours	The study meets the requirements
Chairman of the Board	Tseng Yu-I	2022/08	Taiwan Corporate Governance Association	Looking at Corporate Sustainability Governance from the Perspective of Risk - From Corporate Governance to ESG	3	Yes
		2022/11	Taiwan Corporate Governance Association	Looking at the Information Security Governance Strategies of Listed Companies from the Perspective of Sustainable Development of ESG Enterprises	3	Yes
Vice Chairman	Lin Fei-Hung	2022/08	Taiwan Corporate Governance Association	Looking at Corporate Sustainability Governance from the Perspective of Risk - From Corporate Governance to ESG	3	Yes
		2022/11	Taiwan Corporate Governance Association	Looking at the Information Security Governance Strategies of Listed Companies from the Perspective of Sustainable Development of ESG Enterprises	3	Yes
Director	Li Po-I	2022/08	Taiwan Corporate Governance Association	Looking at Corporate Sustainability Governance from the Perspective of Risk - From Corporate Governance to ESG	3	Yes
		2022/11	Taiwan Corporate Governance Association	Looking at the Information Security Governance Strategies of Listed Companies from the Perspective of Sustainable Development of ESG Enterprises	3	Yes
Director	Hou Ching-Chi	2022/08	Taiwan Corporate Governance Association	Looking at Corporate Sustainability Governance from the Perspective of Risk - From Corporate Governance to ESG	3	Yes
		2022/11	Taiwan Corporate Governance Association	Looking at the Information Security Governance Strategies of Listed Companies from the Perspective of Sustainable Development of ESG Enterprises	3	Yes

Position	Name	Continuing education Date	Organizer	Course Name	Training Hours	The study meets the requirements
Director	Lu Mei-Tzu	2022/08	Taiwan Corporate Governance Association	Looking at Corporate Sustainability Governance from the Perspective of Risk - From Corporate Governance to ESG	3	Yes
		2022/11	Taiwan Corporate Governance Association	Looking at the Information Security Governance Strategies of Listed Companies from the Perspective of Sustainable Development of ESG Enterprises	3	Yes
Director	Wu, Ming-Xiong	2022/07	Republic of China Securities and Futures Market Development Foundation	Carbon management trends and responses towards net-zero emissions	3	Yes
		2022/10	Republic of China Securities and Futures Market Development Foundation	Under the threat of ransomware, the legality of information security management law	3	Yes
Independent Director	Liu Shih-Liang	2022/05	Taiwan Corporate Governance Association	International Double Summit Online Forum	3	Yes
		2022/08	Taiwan Corporate Governance Association	Looking at Corporate Sustainability Governance from the Perspective of Risk - From Corporate Governance to ESG	2	Yes
		2022/10	Republic of China Securities and Futures Market Development Foundation	2022 annual insider equity transaction legal compliance publicity briefing	3	Yes
		2022/10	Republic of China Securities and Futures Market Development Foundation	2022 Annual Insider Trading Prevention Promotion Conference	3	Yes
		2022/11	Taiwan Corporate Governance Association	Global Trend Analysis – Risks and Opportunities	3	Yes
		2022/11	Taiwan Sustainable Energy Research Foundation	GCSF International Online Forum -Strive Towards Sustainable Developments	1	Yes
Independent Director	Cheng Tun-Chien	2022/04	Taiwan Corporate Governance Association	Analyze ransomware threats and construct information security protection strategies for listed companies	3	Yes
		2022/05	Taiwan Institute of Directors	The Response of the Board of Directors of China-US Convergence Future	3	
		2022/07	Republic of China Securities and Futures Market Development Foundation	Risks and Opportunities of Climate Change and Net Zero Emissions Policies to Business Operations	3	Yes

Position	Name	Continuing education Date	Organizer	Course Name	Training Hours	The study meets the requirements
		2022/08	ROC Corporate Management and Sustainable Development Association	Discussion on Taiwanese Businessmen's Management and M&A Strategies from the Perspective of Global Political and Economic Situation	2	Yes
Independent Director	Fan Yuan-Ming	2022/08	Taiwan Corporate Governance Association	Looking at Corporate Sustainability Governance from the Perspective of Risk - From Corporate Governance to ESG	3	Yes
		2022/11	Taiwan Corporate Governance Association	Looking at the Information Security Governance Strategies of Listed Companies from the Perspective of Sustainable Development of ESG Enterprises	3	Yes
CFO/Corporate Governance Officer	Chien Hsien-Yung	2022/08	Taiwan Corporate Governance Association	Looking at Corporate Sustainability Governance from the Perspective of Risk - From Corporate Governance to ESG	3	Yes
		2022/11	Taiwan Corporate Governance Association	Looking at the Information Security Governance Strategies of Listed Companies from the Perspective of Sustainable Development of ESG Enterprises	3	Yes
		2022/07	Accounting Research and Development Foundation	Continuing training course for accounting supervisors of issuers, securities firms and stock exchanges	12	Yes

Explanation on Corporate Governance Evaluation Results

Improvement Status		
Number	Project	Improvement Method
1	Does the company regularly disclose the specific promotion plans and implementation results of corporate social responsibility on the company's website or annual report?	Completed the preparation of the corporate social responsibility report and disclosed it on the company website
2	Does the company compile and upload the corporate social responsibility report on the MOPS and the company's website before the end of September in accordance with the internationally accepted report preparation guidelines?	Completed the preparation of the corporate social responsibility report and disclosed it on the company website
3	Has the corporate social responsibility report prepared by the company obtained third-party verification?	Completed the preparation of the corporate social responsibility report
Items to be Strengthened First and Relevant Measures		
Number	Project	Improvement Method
1	Does the company formulate greenhouse gas reduction, water reduction or other waste management policies, including reduction goals, promotion measures and achievement status, etc.?	Develop a waste management policy and implement it accordingly
2	Do the company's website, annual report, or sustainability report disclose the established supplier management policies, requiring suppliers to follow relevant norms on issues such as environmental protection, occupational safety and health, or labor rights, and explain the implementation situation?	Formulate supplier management policies and implement them accordingly
3	Does the company disclose relevant information on corporate governance, strategies, risk management, indicators, and targets for climate-related risks and opportunities in accordance with the Climate-related Financial Disclosure Recommendation (TCFD) framework?	Develop the structure of TCFD, and arrange related operations such as data collection and risk assessment

(V) Operations of the Remuneration Committee:

1. Profiles of the Members of the Compensation Committee

Identity (Note 1)	Conditions Name	Does the person have more than 5 years of work experience and the following professional qualifications?	Compliance with Criteria of independence (Note 2)												Number of Other Public Companies in which the Person Serves as Member of the Remuneration Committee	Note
		and the following professional qualifications? An instructor or higher position in a department of commerce, law, finance, accounting, or other academic department related to the business needs of the Company in a public or private junior college, college or university	Judge, prosecutor, lawyer, accountant, or other professional specialist or technician that must undergo national examinations and obtain specialized license	Work experience in business administration, legal affairs, finance, accounting, or other sector that is necessary the Company's operations	1	2	3	4	5	6	7	8	9	10		
Independent Director	Cheng Tun-Chien			V	V	V	V	V	V	V	V	V	V	V	1	
Independent Director	Liu Shih-Liang			V	V	V	V	V	V	V	V	V	V	V	0	
Independent Director	Fan Yuan-Ming			V	V	V	V	V	V	V	V	V	V	V	0	

Note 1: For identity, please identify whether the person is a Director, Independent Director or others.

Note 2: For any committee member who fulfills the relevant condition(s) 2 years before being elected or during the term of office, please provide the V sign in the field next to the corresponding condition(s).

1. Is not an employee of the Company or any of its affiliates.
2. Not a Director or Supervisor of the Company or any of its affiliates (does not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent).
3. Is not a natural-person who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.
4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs.
5. Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the Company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act (does not apply to independent directors appointed in accordance with the Act or the laws and

regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent).

6. No condition of where majority of the Company's director seats or voting shares and those of any other company are controlled by the same person: a director, supervisor, or employee of that other company (does not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent).
7. No condition of where the Chairperson, President, or person holding an equivalent position of the Company and a person in any of those positions at another company or institution are the same person or are spouses: a Director (or governor), Supervisor, or employee of that other company or institution (does not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent).
8. Is not a Director, Supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the Company (does not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent).)
9. Is not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof. Provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.
10. No circumstances in the subparagraphs of Article 30 of the Company Act.

2. Information on the Operations of the Remuneration Committee
- (1) This Company has a Remuneration Committee composed of three (3) members.
- (2) Term of office of the current Remuneration Committee: from June 13, 2019 to June 4, 2022. The Remuneration Committee has convened 3 meetings in the most recent year.
- Attendance (A) and qualifications of the members in the most recent year are disclosed as follows:

Position	Name	Number of Actual Attendance (B)	Number of Attendance by Proxy	Rate of actual attendance (%) (B/A) (Note)	Note
Convenor	Cheng Tun-Chien	3	0	100%	Re-elected on 2022/06/01
Member	Liu Shih-Liang	2	1	67%	Re-elected on 2022/06/01
Member	Fan Yuan-Ming	3	0	100%	Re-elected on 2022/06/01

Other required disclosure:

- I. If the Board of Directors decline to adopt, or will modify, a recommendation of the Remuneration Committee, the date and number of the Board meeting, the content of the motion, and resolution from the Board and the method the opinion from the Remuneration Committee was handled (e.g. if the salaries and compensations approved by the Board was higher than the suggested levels from the Remuneration Committee, please state the differences and reasons): None.
- II. Resolutions of the Remuneration Committee objected to by members or expressed reservations and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion shall be specified: None.
- III. Discussions and results of resolutions of the Remuneration Committee and the Company's handling of opinions of the committee members:

Date	Proposals	Resolution	The Company's Handling of Opinions
2022/01/25	Discuss the amount of performance bonus issued by current managers in 2021	Unanimously approved by all attending Directors without dissent	Submitted to Board of Directors, and approved by all attending Directors without dissent or modifications
2022/03/08	The Company's Directors' Compensation and Staff Compensation Amount Proposal for the year of 2021	Unanimously approved by all attending Directors without dissent	Submitted to Board of Directors, and approved by all attending Directors without dissent or modifications
2022/08/12	The Company's Managers' Salary Adjustment Proposal for the year of 2022	Unanimously approved by all attending Directors without dissent	Submitted to Board of Directors, and approved by all attending Directors without dissent or modifications

(VI) Implementation of Corporate Social Responsibility (CSR), Deviations from "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons

Evaluation Item	State of Operations			Deviations from the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summary	
I. Has the company established a governance structure to promote sustainable development, and set up a dedicated (part-time) unit to promote sustainable development, which is authorized by the board of directors to handle senior management, and supervised by the board of directors?	V		The company established the ESG Implementation Committee in May 2022, with Mr. Jian Xianyong, the director of corporate governance and accounting director, as the chairman, and has completed the 2011 ESG sustainability report and obtained third-party certification and announced it on the company's website. The ESG Implementation Committee has three special task groups under the jurisdiction of the economy/environment and society, which review and improve the sustainable development of the company on the projects they are responsible for, such as corporate governance, business performance, energy conservation and carbon reduction, friendly environment, public welfare activities, labor relations and Issues related to occupational safety. After completing the corporate sustainable development report every year, it will report to the board of directors in the latest board meeting. The Sustainable	Comply with the relevant specifications of the Code of Practice for the Sustainable Development of Listed OTC Companies.

Evaluation Item	State of Operations			Deviations from the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summary	
			Development Committee convenes review meetings from time to time to discuss the progress of relevant issues and issues found. Directors are invited to attend the meeting for supervision. If the directors think it is necessary, they will order the committee to report to the board of directors.	
II. Does the Company conduct risk assessment for environmental, social, and governance issues related to its operations, and establish relevant risk management policy or strategy?	V		The Company is an electronic component retail business and the nature of our operations do not entail product manufacturing or production, thus we pose very limited impacts on the environment. Nevertheless, the Company still strives to practice environmentally-friendly policies, actively advocate for energy conservation and carbon reduction, and to enhance the environmental awareness in employees, vendors, and customers to do what we can for the planet. The Company has enacted the Corporate Social Responsibility Best Practice Principles, and has specified regulations and guidelines regarding fulfilling	Comply with the relevant specifications of the Code of Practice for the Sustainable Development of Listed OTC Companies.

Evaluation Item	State of Operations			Deviations from the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summary	
			corporate governance, developing a sustainable environment, protecting the social welfare, and strengthening CSR disclosures. We will continue to use the Principles as a basis to be more aligned with the world in the future.	
III. Environmental Issues (I) Does the Company establish proper environmental management systems based on the characteristics of their industries? (II) Does the Company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	V V		(I) The Company conducts voluntary environmental management based on the nature of our business and has established environmentally-friendly carbon reduction goals. In the future, the company's sustainable development report will be prepared in accordance with the GRI Standards, and will be verified by a third party to the GRI AA1000 standard. (II) When purchasing, the company fully considers the green building materials label, environmental protection label, energy saving label and other products that have been tested by the state and are environmentally friendly. In addition, by	Comply with the relevant specifications of the Code of Practice for the Sustainable Development of Listed OTC Companies.

Evaluation Item	State of Operations			Deviations from the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summary	
(III) Does the Company monitor the impact of climate change on its current and future operations and establish relevant response measures?	V		replacing old electrical appliances with new ones, such as energy-saving LED lamps and air-conditioning equipment, energy efficiency is effectively improved. The company is not a manufacturing industry, so saving paper on recycled materials is the main goal of the company. In addition to considering the use of recycled paper, the electronic system of various systems to reduce paper waste is also the main work content in the near future. (III) Due to the nature of our business, the effects of climate change on the Company are more limited. However, the Company is still very focused on its impacts on our suppliers and customers to minimize relevant risks.	
(IV) Does the Company calculate the amount of greenhouse gas emission, water consumption, and waste production in the past two years and implement	V		(IV) Internally, the Company advocates the importance of energy conservation and carbon reduction from time to time, and documents the	

Evaluation Item	State of Operations			Deviations from the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons																				
	Yes	No	Summary																					
policies to cut down energy and water consumption, carbon and greenhouse gas emissions, and waste production?			power and water consumption in each year. In case of abnormal increases, the Management Department will immediately inspect the consumption to make necessary revisions. The electricity consumption and estimated GHG emissions for the past three years are as follows: <table> <tr> <th>Year</th> <th>Electricity consumption</th> <th>CO2 emission (mt)</th> </tr> <tr> <td>2020</td> <td>926,097</td> <td>464.90</td> </tr> <tr> <td>2021</td> <td>865,600</td> <td>440.49</td> </tr> <tr> <td>2022</td> <td>906,338</td> <td>461.33</td> </tr> </table> The above table is converted from the conversion rate of Taiwan Power Company. <table> <tr> <th>Year ended Dec.31</th> <th>Water consumption (million liters)</th> </tr> <tr> <td>2020</td> <td>3.10</td> </tr> <tr> <td>2021</td> <td>3.02</td> </tr> <tr> <td>2022</td> <td>5.15</td> </tr> </table> The company is not a manufacturing company and has no demand for industrial water. In 2022, the water consumption will increase due to the public water use of the building where the company is located.	Year	Electricity consumption	CO2 emission (mt)	2020	926,097	464.90	2021	865,600	440.49	2022	906,338	461.33	Year ended Dec.31	Water consumption (million liters)	2020	3.10	2021	3.02	2022	5.15	
Year	Electricity consumption	CO2 emission (mt)																						
2020	926,097	464.90																						
2021	865,600	440.49																						
2022	906,338	461.33																						
Year ended Dec.31	Water consumption (million liters)																							
2020	3.10																							
2021	3.02																							
2022	5.15																							

Evaluation Item	State of Operations				Deviations from the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons								
	Yes	No	Summary										
				<table><tr><th>Year ended Dec.31</th><th>Waste weight (mt)</th></tr><tr><td>2020</td><td>1.02</td></tr><tr><td>2021</td><td>9.07</td></tr><tr><td>2022</td><td>1.04</td></tr></table> The company is not a manufacturing company and has no industrial waste, etc., so it records the recycling data of waste paper generated in daily affairs, and implements conservation control for daily paper use. In 2021, due to insufficient storage space, the documents and materials that have reached the storage period over the years will be destroyed. Therefore, the weight of waste in 2021 will increase significantly.	Year ended Dec.31	Waste weight (mt)	2020	1.02	2021	9.07	2022	1.04	
Year ended Dec.31	Waste weight (mt)												
2020	1.02												
2021	9.07												
2022	1.04												
IV. Social Issues					Comply with the relevant specifications of the Code of Practice for the Sustainable Development of Listed OTC Companies.								
(I) Does the Company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	V		(I) The Company upholds the principle of respecting international generally accepted human rights of employees, observes related labor laws and keeps in place appropriate management methods and procedures to safeguard legitimate rights and interests of employees.										
(II) Has the Company established and	V		(II) The Company has established and implements employee benefit measures based on the Labor										

Evaluation Item	State of Operations			Deviations from the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summary	
offered proper employee benefits (including compensation, leave, and other benefits) and reflected the business performance or results in employee compensation appropriately? (III) Does the Company provide a healthy and safe work environment and organize training on health and safety for its employees on a regular basis?	V		Standards Act, and each of our benefit policy is more competitive than market standards. Based on statistical results of salaries for full-time employees in non-managerial roles, the Company has outperformed many other companies listed on the TWSE and TPEX in this aspect. In addition, in case of profit, the Company allocates no less than 3% of the profit as employees' compensations in line with the Company's Articles of Incorporation, and also adjusts employee salaries and provides performance-based bonuses based on operating performance and employee performance. (III) The Consolidated Company provides a safe and healthy workplace environment for employees. Besides providing generic employee health checkup more thorough than the minimal requirements from the Regulations Governing the Labor Health Protection in each year, the	

Evaluation Item	State of Operations			Deviations from the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summary	
(IV) Does the Company provide its employees with career development and training sessions?	V		Company also advocates safety and health educational information to employees for at least once a year. For instance, the Company stays up-to-date on developments in disease-stricken areas for the current impacts from COVID-19, and cautions employees to take relevant preventive measures. The Company also assists employees in fighting the pandemic through sharing personal protective resources. (IV) The Company has set up a dedicated education and training unit, and made comprehensive training programs, including internal training, external training, career development and other courses, to help employees develop their knowledge and skills in the future and encourage continuous learning and growth of employees.	
(V) Does the Company comply with relevant regulations and international standards regarding customer health and safety, right to privacy, marketing and labeling of its products and services and set up	V		(V) The Company upholds the principle of providing well-rounded customer service, complies with relevant laws and regulations, and protects	

Evaluation Item	State of Operations			Deviations from the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summary	
relevant consumer protection policies and complaint procedures? (VI) Does the Company formulate supplier management policies that require suppliers to comply with relevant regulations on environmental protection, occupational safety and health, and labor rights and request their reporting on the implementation of such issues?	V		customer privacy and security. Comprehensive firewall mechanism is in place for the Company's email server and offers a certain degree of protection against information leakage. Moreover, besides telephone and visits, the Company's website also offers a Stakeholder section that provides comprehensive channels for customers to report their opinions and complaints. (VI) The Company has established Procurement Management Procedures and fully understands the backgrounds of suppliers. We evaluate suppliers on issues including legal compliance and fair trade, environmental, safety and health cautions and regulations, and fulfillment of corporate social responsibilities, and audits suppliers and contractors from time to time.	
V. Does the Company, following internationally recognized guidelines, prepare and publish	V		The company has completed the compilation of the corporate sustainable development report for 2021 and	Comply with the relevant

Evaluation Item	State of Operations			Deviations from the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summary	
reports such as its Sustainable Development Report to disclose its non-financial information? Has the company received assurance or certification of the aforesaid reports from a third party accreditation institution?			has obtained a third-party certification. The relevant report is also simultaneously disclosed on the public information observation station and the company's website.	specifications of the Code of Practice for the Sustainable Development of Listed OTC Companies.
VI. The state of the Company's performance of social responsibilities, any variance from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such variance: No variance.				
VII. Other important information that facilitates the understanding of CSR operations: The Company regularly contributes to the Taiwan World Expo, which contributes to the disadvantaged children in Taiwan, and makes donations for the case.				

(VII) The state of the Company's performance in the area of ethical corporate management, any deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such deviation.

Evaluation Item	State of Operations			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary	
I. Formulating policies and plans for ethical corporate management				
(I) Has the Company established the ethical corporate management policies approved by the Board of Directors and specified in its rules and external documents the ethical corporate management policies and practices and the commitment of the board of directors and senior management to rigorous and thorough implementation of such policies?	V		(I) The Company has established the management measures in accordance with relevant regulations and complies with applicable laws in promoting the ethical management policy. Board of Directors and the management adhere to the principle of self-discipline. The letter of appointment of the Company's internal management stipulates relevant regulations. The contract with major suppliers and customers also specifies the compliance with the ethical corporate management policy.	Comply with regulations listed under the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies."
(II) Has the Company established a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within its business scope which are at a	V		(II) The Company has established the Ethical Corporate Management Best Practice Principles and the Code of Conduct, and has set up grievance channels in line with these	

higher risk of being involved in unethical conduct, and establish prevention programs accordingly, which shall at least include the preventive measures specified in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"? (III) Has the Company specified in its prevention programs the operating procedures, guidelines, punishments for violations, and a grievance system and implemented them and review the prevention programs on a regular basis?	V		regulations. (III) The Company has established the Ethical Corporate Management Best Practice Principles to specify rigorous reviews over of various donations and sponsorship.	
II. Fulfilling the Ethical Corporate Management Policy (I) Does the Company evaluate business counterparty's ethical records and include ethics-related clauses in business contracts? (II) Has the Company set up a dedicated unit under the Board of Directors to promote ethical corporate management and regularly (at least once every year) report to the Board of Directors the	V V		(I) The Company has conducted necessary credit investigation on its main customers and suppliers, and specified ethical management clauses in transacting contracts or agreements. (II) The Company's business operations are carried out by the Finance & Accounting Center and the Legal Affairs Division. The Audit Office shall perform the supervision and report relevant audit results to the Board of	Comply with regulations listed under the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies."

implementation of the ethical corporate management policies and prevention programs against unethical conduct?	V		Directors every year.	
(III) Does the Company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	V		(III) The Company also provides appropriate channels to prevent conflicts of interest in practice.	
(IV) Has the Company established effective accounting systems and internal control systems to implement ethical corporate management and had its internal audit unit, based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans and audit the compliance with the prevention programs accordingly or entrusted a CPA to conduct the audit?	V		(IV) The Company has comprehensive and effective accounting and internal control systems based on applicable laws and regulations. Besides basic inspection stipulated by laws, the internal auditor of the Company also actively exercise his/her due care and takes the initiative to identify potential fraud.	
(V) Does the Company regularly hold internal and external educational training on ethical corporate management?			(V) The Company regularly holds various training courses and integrates the ethical corporate management principles into courses. The relevant courses are published in the form of video and audio files on the website for employees to study on their own.	
III. Operation of the whistleblowing channel				
(I) Has the company established a specific	V		(I) The Company has assigned dedicated	Comply with regulations listed under

whistleblowing and reward system, set up convenient whistleblowing channels and designated appropriate personnel to investigate those being reported? (II) Does the Company establish standard investigation operation and procedure for whistleblowing matters and relevant protective mechanisms? (III) Has the Company adopted protection against inappropriate disciplinary actions taken against the whistleblower?	V V		personnel to receive various reports, and relevant contact channels are provided on the Company's website. (II) Pursuant to the Company's Ethical Corporate Management Best Practice Principles and the Code of Conduct, protection of the safety of whistleblower(s) and ensuring confidentiality shall be a priority concern. The Company's whistleblowing channels are barrier-free and dedicated personnel are assigned to investigate related matters. (III) The Company encourages whistleblowing for any illegal conduct or violations of the Ethical Corporate Management Best Practice Principles. Based on the principle of whistleblower protection, comprehensive protective measures are taken in regards to the whistleblowing case to ensure that no inappropriate disciplinary actions are taken against the whistleblower.	the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies."
IV. Strengthening information disclosure Does the Company disclose its ethical corporate management policies and the results of its implementation on the Company's	V		The Company has established and disclosed its Ethical Corporate Management Best Practice Principles on its website.	Comply with regulations listed under the "Ethical Corporate Management Best

website and MOPS?				Practice Principles for TWSE/TPEX Listed Companies."
V. If the Company has established its own Ethical Corporate Management Best Practice Principles according to the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, please specify deviations of its implementation from the Principles: The Company has established and effectively adhered to and implemented the Ethical Corporate Management Best Practice Principles.				
VI. Any other important information on the Company's implementation of ethical corporate management (such as the status of its reviews and amendments of its Ethical Corporate Management Best Practice Principles): The Company regularly reviews the Ethical Corporate Management Best Practice Principles and uses relevant contents as case studies to emphasize on its importance to the management, and to improve its operations through these experience-sharing lessons.				

- (VIII) If the Company has established the "Corporate Governance Best Practice Principles" and relevant regulations, the means to search for inquiry shall be disclosed:

The Company has set up the Code of Practice on the Company's website and the Market Observation Post System (MOPS).

- (IX) Other significant information that will provide a better understanding of the state of the Company's implementation of corporate governance may also be disclosed:

The Company has established the Ethical Corporate Management Best Practice Principles, the Code of Conduct, and the Guidelines for Prevention of Insider Trading and announced and effectively implemented the aforementioned rules and principles. Relevant regulations have been published on the Company's website for the references of stakeholders.

The Company holds investor conferences in each year to share its management results with the media and the public, as well as to provide direct channels for discussion to promote information transparency.

- (X) Implementation of Internal Control System (ICS)

1. Statement of Internal Control System: Please see Page 119 for details.

2. Where a CPA has been hired to carry out a special audit of the internal control system, the CPA audit report shall be disclosed: None.

- (XI) If there has been any legal penalty against the Company or its internal personnel, or any disciplinary penalty by the company against its internal personnel for violation of the internal control system, during the most recent fiscal year or during the current fiscal year up to the publication date of the Annual Report, where the result of such penalty could have a material effect on shareholder equity or securities prices, the annual report shall disclose the penalty, the main shortcomings, and condition of improvement: No material impact.

- (XII) Material resolutions of a Shareholders' Meeting or a Board of Directors meeting during the most recent fiscal year or during the current fiscal year up to the date of publication of the Annual Report:

1. Material Resolutions of the Board of Directors Meeting

Date	Discussion matters	resolution
Jan.25,2022	1. Discuss the amount of performance bonuses for current managers in 2021 2. Provide endorsement guarantee quota for reinvestment in subsidiary 3. Provide capital loan quota for reinvestment in subsidiary 4. New Disposition of Credo Technology Group Holding, Ltd Stock Investment Quota 5. Bank financing quota application	Approved by all the directors present

Date	Discussion matters	resolution
Mar.8,2022	1. The company's profit distribution director's remuneration amount and employee remuneration amount and payment method for the year ended Dec.31,2021 2. The company's financial statements for the year ended Dec.31,2021 3. The operating plan and operating budget for the year ended Dec.31,2022 4. The "Internal Control System Effectiveness Assessment" and "Internal Control System Declaration" case for the year ended Dec.31,2021 5. Re-election of directors 6. Nomination list of candidates for elected directors (including independent directors) in 2022 7. Removal of non-compete restrictions on newly appointed directors and their representatives 8. Accepting matters related to the proposal of shareholders holding more than 1% 9. Accepting nomination list of candidates for elected directors (including independent directors) related to the proposal of shareholders holding more than 1% 10. Amendments to some articles of the "Articles of Association" 11. Amendments to some articles of the " Procedures for acquiring or disposing of assets" 12. Amendments to some articles of the "Fund loan and endorsement guarantee procedures" 13. The company has resolved the private placement price and related matters of private placement of capital increase and issuance of ordinary shares 14. The company intends to handle cash capital increase private placement of ordinary shares and/or private placement of domestic corporate bonds conversion 15. Convening time, venue, closing period and motion of 2022 Annual General Meeting of Shareholders 16. Proposal for the Deliberation of the Bank's Joint Loan Quota	Approved by all the directors present
Apr.1,2022	1. Proposal of 2021 Annual Earnings Distribution 2. Discussion of suspension to handle the un-raised quota of 2021 annual private placement case 3. Reviewing the list of candidates for directors (including independent directors) nominated by the Company's 2022 Annual General Meeting of Shareholders 4. Follow-up status of private equity fund PHI FUND, L.P. case 5. Bank Financing Quota Application	Approved by all the directors present
May.13,2022	1. The company's financial report for the first quarter of 2022 2. The company provides an endorsement guarantee line to the application of the investment company 3. Application for bank financing line	Approved by all the directors present
Jun.1,2022	1. It is proposed to hire three members of the remuneration committee 2. Formulate the ex-dividend base date for the company's cash dividends 3. Formulate the schedule plan for the company's greenhouse gas inventory and verification	Approved by all the directors present
Aug.12,2022	1. The company's 2022 annual manager salary adjustment case 2. Retirement and new appointment of the internal audit supervisor of the company 3. The company's financial report for the second quarter of 2022 4. The company and its subsidiaries provide an endorsement guarantee line to the application of the investment company 5. The company and its subsidiaries provide capital loans and quotas to the application for sub-investment companies 6. The company's tariff endorsement guarantee quota extension case 7. Bank financing line application and ratification case	Approved by all the directors present
Nov.8,2022	1. The company's financial report for the third quarter of 2022 2. Review of the case of appointing a visa accountant in 2022, independence, competence and visa fees 3. The "Internal Audit Annual Plan" case for the 2023 year 4. Application and ratification of bank financing line	Approved by all the directors present
Jan.13,2023	1. Discuss the amount of the current manager's 2022 performance bonus 2. Bank financing line application and ratification case	Approved by all the directors present
Mar.15,2023	1. Proposal on the amount of directors' remuneration and employee's remuneration distributed from the company's 2022 annual profit and	Approved by all the

Date	Discussion matters	resolution
	distribution method 2. The company's 2022 annual financial statement 3. 2023 year operating plan and operating budget 4. Cases of "Evaluation of the Effectiveness of the Internal Control System" and "Statement of the Internal Control System" in 2022 5. Proposal on distribution of surplus for the 2022 year 6. The company will no longer continue to discuss the unraised amount of the 2022 private placement case 7. Accept matters related to the proposals of shareholders holding more than 1% 8. The time, place, closing period and proposals of the 2023 Annual General Meeting of Shareholders 9. Revision of some articles of the company's "Board of Directors' Rules of Procedure" 10. Drafting the company's "General Principles of Pre-approval Non-Confidence Service Policy" 11. Change of the seal of the supervisor of the special backup account of Mega International Commercial Bank 12. Application and ratification of bank financing line	directors present
Apr.27,2023	1. Amendments to some articles of the "Articles of Association" 2. Added 2023 Annual General Meeting of Shareholders Convocation Proposal	Approved by all the directors present

2. Major Resolutions from the Shareholders' Meeting and Implementations

Date	Major Resolutions	Status of implementation
May. 26, 2022	1. Approved the 2021 final accounts list 2. Approved the 2021 surplus distribution plan 3. Approved the revision of some articles of the "Articles of Association" 4. Approved the revision of some articles of the "Procedures for Acquisition or Disposal of Assets" 5. Approved the revision of some articles of the "Operating Procedures for Fund Loan and Endorsement Guarantee" 6. Approved the company's proposed cash capital increase private placement of ordinary shares and/or private placement of domestic conversion corporate bonds 7. Election of directors 8. Approved the case of lifting the non-competition restriction of the new director and his representative	1. The relevant final accounts have been announced in accordance with the law. 2. The distribution of surplus has been fully distributed. 3. The change of the company's articles of association has been announced on the company's website and the change registration has been completed. 4. The procedures for acquiring or disposing of assets have been announced on the Public Information Observatory and implemented accordingly. 5. The operating procedures for capital lending and endorsement guarantees have been announced on the Public Information Observatory and implemented accordingly. 6. The unissued portion of the private placement is resolved by the board of directors not to continue to issue. 7. The change registration of the director election has been completed. 8. Execute according to the results of the resolution

(XIII) Where, during the most recent fiscal year or during the current fiscal year up to the date of publication of the Annual Report, a director or a member of the Audit Committee has expressed a dissenting opinion with respect to a material resolution passed by the Board of Directors, and said dissenting opinion has been recorded or prepared as a written declaration, disclose the principal content thereof: None.

(XIV) A summary of resignations and dismissals, during the most recent fiscal year or during the current fiscal year up to the date of publication of the Annual Report, of the Company's Chairman, President, chief accounting officer, chief financial officer, chief internal auditor, chief corporate governance officer, and chief research and development officer: The Board of Directors of the Company decided on 2020/1/14 to appoint Mr. Hou Ching-Chi as the Chief Executive Officer and General Manager.

V. Information on CPA professional fees

(I) Fee range of CPA professional fees

Name of accounting firm	Name of CPA	Audit period	Note
Deloitte Taiwan	Cheng Chin-Chung and Chiu Meng-Chieh	2022.01.01-2022.12.31	

Unit: Thousand NT\$

Fee range	Items	Audit Fees	Non-Audit Fees	Total
1	Less than NT\$ 2,000,000	-	1,080	1,200
2	NT\$ 2,000,000 (inclusive) - NT\$ 4,000,000	-	-	-
3	NT\$ 4,000,000 (inclusive) - NT\$ 6,000,000	6,000	-	6,000
4	NT\$ 6,000,000 (inclusive) - NT\$ 8,000,000	-	-	-
5	NT\$ 8,000,000 (inclusive) - NT\$ 10,000,000	-	-	-
6	Over NT\$ 10,000,000 (inclusive)	-	-	-

- (II) When non-audit fees paid to the CPA, to the accounting firm of the CPA, and/or to any affiliated enterprise of such accounting firm are one quarter or more of the audit fees paid thereto:

(III) Unit: Thousand NT\$

Name of accounting firm	Name of CPA	Audit Fees	Non-Audit Fees					Audit Period	Note
			System Design	Business Registration	Human Resource	Others (Note)	Sub-total		
Deloitte Taiwan	Cheng Chin-Chung and Chiu Meng-Chieh	6,000	0	0	0	1,080	1,080	2022	1. Transfer pricing report NT\$380 thousand 2. Information Security Confidence Service NT\$600 thousand 3. Protocol program NT\$100 thousand

- (IV) When the Company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed: Not Applicable.
- (V) When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 15 percent or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) therefor shall be disclosed: Not Applicable.

VI. Replacement of Certified Public Accountant:

(I) Former CPA

Date of Replacement	November 11, 2021		
Date and reason for replacement	Due to internal job rotations at Deloitte Taiwan, the CPA for the Company have been switched from Ke Chih-Hsien and Cheng Chung-Chin (Peter), to Cheng Chin-Chung and Chiu Meng-Chieh.		
Whether it was the certified public accountant that voluntarily ended the engagement or declined further engagement, or the Company that terminated or discontinued the engagement:	Contracting parties	CPA	Commissioner
	Condition		
	Voluntary ending of the engagement	Not applicable	Not applicable
	Declined further engagement	Not applicable	Not applicable
If the former CPA issued an audit report expressing other than an unqualified opinion during the 2 most recent years, furnish the opinion and reason	None		
Any disagreement between the Company and the former CPA	Yes	-	Generally Accepted Accounting Principles (GAAP) or practices
		-	Disclosure of financial reports
		-	Scope or procedure of audits
		-	Others
	None	V	
	Explanation	Not applicable	
Other items to be disclosed (items that shall be disclosed as prescribed by Article 10 Paragraph 5 Item 1 Point 4)	None		

(II) Regarding the successor Certified Public Accountants

Name of the accounting firm	Deloitte Taiwan
Name of CPA	Cheng Chin-Chung and Chiu Meng-Chieh
Date of engagement	November 2021
Accounting treatment or accounting principle for specific transactions as well as consultation items and results on audit assessment on the financial report prior to formal engagement	Not applicable
Written views from the successor CPA regarding the matters on which the Company did not agree with the former certified public accountant	Not applicable

VII. Where the Company's Chairman, President, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm, the name and position of the person, and the period during which the position was held, shall be disclosed: None.

VIII. Any transfer of equity interests and/or pledge of or change in equity interests by a Director, managerial officer, or shareholder with a stake of more than 10 percent during the most recent fiscal year or during the current fiscal year up to the date of publication of the Annual Report:

(I) Change of equity held by Directors, Managers and Substantial Shareholders

Unit: Shares

Position	Name	2022		As of Apr. 9, 2023	
		Number of shares held Increases (decreases)	Equity pledge Increases (decreases)	Number of shares held Increases (decreases)	Equity pledge Increases (decreases)
Chairman of the Board Shareholder holding more than 10% of shares	Tseng Yu-I	0	0	0	0
Vice Chairman	Lin Fei-Hung	(300,000)	0	0	0
Director	Hsieh Yueh Co., Ltd.	0	0	714,000	0
Representative of Corporate Director	Li Po-I	0	0	0	0
Representative of Corporate Director President	Hou Ching-Chi	0	0	0	0
Director	Pai Yueh Co., Ltd.	16,000	0	317,000	0
Representative of Corporate Director	Lu Mei-Tzu	0	0	0	0
Representative of Corporate Director	Wu, Ming-Xiong	0	0	0	0
Independent Director	Cheng Tun-Chien	0	0	0	0
Independent Director	Liu Shih-Liang	0	0	0	0
Independent Director	Fan Yuan-Ming	0	0	0	0
Vice President	Yu Chun-Chieh	0	0	0	0
Vice President	Tseng Lun-Pin	0	0	0	0
Vice President of Accounting Department	Chien Hsien-Yung	(3,419)	0	0	0
Senior Assistant Vice President	Chang Chia-Chi	0	0	0	0
Senior Manager	Fan Hui-Chi	0	0	0	0
Spokesperson	Huang Hsiu-Ling	0	0	0	0
Manager	LI, QI-HONG	0	0	0	0

(II) Information on transfer of equity to related party: None

(III) Information on pledge of equity to related parties: None

IX. Relationship information, if among the Company's 10 largest shareholders any one is a related party or a relative within the second degree of kinship of another:

As of Apr 9, 2023

Name	Shares Held in Person		Shares Held By Spouse and Minor Children		Shares Held in the Name of Other Persons		The names and relations for those top 10 shareholders who are related parties, spouses or relatives within the second degree of kinship of another top 10 shareholder.		Note
	Number of Shares	Shareholding Ratio (merge)	Number of Shares	Shareholding Ratio (merge)	Number of Shares	Shareholding Ratio	Name	Relation	
Tseng Yu-I	27,766,059	10.29%	8,766,116	3.25%	0	0.00%	Sun Chien-Wen Tseng Po-Chuan	Spouse Immediate family members	
WPG Holdings Limited Person in Charge: Huang, Wei-Hsiang	25,000,000	9.27%	0	0.00%	0	0.00%	None	None	
Hsieh Yueh Co., Ltd. Person in Charge: Sun Chien-Wen	13,733,880	5.09%	0	0.00%	0	0.00%	None Tseng Yu-I Tseng Po-Chuan/	None Spouse Immediate family members	
Sun Chien-Wen	8,766,116	3.25%	27,766,059	10.29%	0	0.00%	Tseng Yu-I Tseng Po-Chuan	Spouse Immediate family members	
Pai Yueh Co., Ltd. Person in Charge: Tseng Chien-Hua	6,083,000	2.25%	0	0.00%	0	0.00%	None Tseng Yu-I	None Second-degree relative	
Lin Fei-Hung	5,242,963	1.94%	4,316,976	1.60%	0	0.00%	Chang Mei-Ling	Spouse	
Chang Mei-Ling	4,316,976	1.60%	5,542,963	2.05%	0	0.00%	Lin Fei-Hung	Spouse	
Chang Chieh	4,101,627	1.52%	0	0.00%	0	0.00%	None	None	
Tseng Po-Chuan	3,910,539	1.45%	0	0.00%	0	0.00%	Tseng Yu-I/Sun Chien-Wen Tseng	Immediate family members	
Liancheng Investment Development Co., Ltd. Person in Charge: Lin, Kao-Huang	3,850,000	1.43%	0	0.00%	0	0.00%	None	None	

- X. The total number of shares and total equity stake held in any single enterprise by the Company, its directors, managerial officers, and any companies controlled either directly or indirectly by the Company

December 31, 2022
Unit: Shares; %

Name of Invested Enterprise	Investments of the Company		Investments of Directors, Managers, and Directly or Indirectly Controlled Businesses		Total Ownership	
	Number of Shares	Shareholding Ratio (%)	Number of Shares	Shareholding Ratio (%)	Number of Shares	Shareholding Ratio (%)
ACCU TECHNOLOGIES LTD.	14,748,179	100.00	0	0%	14,748,179	100.00
ILDO KOREA CO., LTD	74,083	25.00	0	0%	74,083	25.00
Sunjet Components Corp.	34,767,559	100.00	0	0%	34,767,559	100.00
iPro Technology Inc.	7,000,000	100.00	0	0%	7,000,000	100.00
Kinghold Technology Co., Ltd.	2,716,000	33.95	0	0%	2,716,000	33.95
Goldenflash electronics Co., Ltd.	12,394,126	100.00	0	0%	12,394,126	100.00
Promaster Technology Corp.	46,401,534	100.00	0	0%	46,401,534	100.00
EDOM Technology Japan	2,000	100.00	0	0%	2,000	100.00

Chapter 4 Funding Status

I. Capital and Shares (I) Source of Capital

Unit: Thousand Shares; Thousand NT\$

Year and Month	Issue price (NT\$)	Authorized Capital		Paid-in Capital		Note		
		Number of Shares	Amount	Number of Shares	Amount	Sources of Share Capital	Equity-settled share-based payments	Others
1996.07	10	3,000	30,000	3,000	30,000	Capital Structure of Incorporation	None	-
1998.12	10	4,500	45,000	4,500	45,000	Capital increase of NT\$ 15,000,000	None	-
2000.08	10	45,000	450,000	15,000	150,000	Capital increase by cash: NT\$16,500,000 Capital increase from retained earnings: NT\$88,500,000	None	-
2000.11	10	45,000	450,000	30,000	300,000	Capital increase by cash: NT\$150,000,000	None	Note 1
2001.06	10	60,000	600,000	52,000	520,000	Capital increase from retained earnings: NT\$220,000,000	None	Note 2
2002.03	10	120,000	1,200,000	88,400	884,000	Capital increase from retained earnings: NT\$364,000,000	None	Note 3
2003.07	10	200,000	2,000,000	120,000	1,200,000	Capital increase from retained earnings: NT\$316,000,000	None	Note 4
2004.08	10	200,000	2,000,000	144,600	1,446,000	Capital increase from retained earnings: NT\$246,000,000	None	Note 5
2006.09	10	200,000	2,000,000	161,100	1,611,000	Capital increase from retained earnings: NT\$165,000,000	None	Note 6
2008.06	10	163,700	1,637,000	161,100	1,611,000	None	None	Note 7
2014.07	10	163,700	1,637,000	157,100	1,571,100	Wrote-off Treasury stock	None	Note 8
2014.08	10	250,000	2,500,000	172,810	1,728,100	Capital increase from retained earnings: NT\$157,000,000	None	Note 9
2014.12	10	250,000	2,500,000	175,179	1,751,786	Corporate bonds converted to ordinary shares	None	Note 10
2015.04	10	250,000	2,500,000	176,208	1,762,083	Corporate bonds converted to ordinary shares	None	Note 11
2015.06	10	250,000	2,500,000	180,624	1,806,235	Corporate bonds converted to ordinary shares	None	Note 12

Year and Month	Issue price (NT\$)	Authorized Capital		Paid-in Capital		Note		
		Number of Shares	Amount	Number of Shares	Amount	Sources of Share Capital	Equity-settled share-based payments	Others
2015.08	10	250,000	2,500,000	180,806	1,808,057	Corporate bonds converted to ordinary shares	None	Note 13
2015.09	10	250,000	2,500,000	202,339	2,023,387	Capital increase from retained earnings: NT\$ 215,330,000	None	Note 14
2016.09	10	250,000	2,500,000	222,573	2,225,726	Capital increase from retained earnings: NT\$ 202,339,000	None	Note 15
2019.07	10	350,000	3,500,000	222,573	2,225,726	None	None	Note 16
2021.09	10	400,000	4,000,000	244,830	2,448,298	Capital increase from retained earnings: NT\$ 222,573,000	None	Note 17
2022.03	10	400,000	4,000,000	269,830	2,698,298	Private stock shares: NT\$ 250,000,000	None	Note 18

Note 1: Approved date and document number of capital increase case in November 2000: October 2, 2000 per Letter No. (89) Taiwan-Finance-Securities-1-113321 of the Securities and Exchange Commission, Ministry of Finance

Note 2: Approved date and document number of capital increase case in June 2001: June 13, 2001 per Letter No. (90) Taiwan-Finance-Securities-1-37136 of the Securities and Exchange Commission, Ministry of Finance

Note 3: Approved date and document number of capital increase case in March, 2002: March 27, 2002 per Letter No. (91) Taiwan-Finance-Securities-1-113321 of the Securities and Exchange Commission, Ministry of Finance

Note 4: Approved date and document number of capital increase case in July 2003: June 6, 2003 per Letter No. (92) Taiwan-Finance-Securities Taiwan-Finance-Securities-1-0920124805 of the Securities and Exchange Commission, Ministry of Finance

Note 5: Approved date and document number of capital increase case in August 2004: June 24, 2004 per Letter No. (93) Taiwan-Finance-Securities Taiwan-Finance-Securities-1-0930128030 of the Securities and Exchange Commission, Ministry of Finance

Note 6: Approved date and document number of capital increase case in September 2006: June 12, 2006 per Letter No. (95) Financial-Supervisory-Securities-Auditing-0950123603 of the Financial Supervisory Commission

Note 7: Passed in the Shareholders' Meeting on June 13, 2008 and approved by the Ministry of Economic Affairs on June 27, 2008 per Letter No. 09701151680

Note 8: Passed in the Shareholders' Meeting on June 3, 2014 and approved by the Ministry of Economic Affairs on June 3, 2014 per Letter No. 10301129310

Note 9: Approved by the Shareholders' Meeting on June 17, 2014 and 2014. The MOEA's Letter 10,301,162,720 Letter of Business was approved by the MOEA.

Note 10: Approved by the Ministry of Economic Affairs on December 2, 2014 per Letter No. 10301245390

Note 11: Approved by the Ministry of Economic Affairs on April 10, 2015 per Letter No. 10401059310

Note 12: Approved by the Ministry of Economic Affairs on June 2, 2015 per Letter No. 10401100810

Note 13: Approved by the Ministry of Economic Affairs on August 18, 2015 per Letter No. 10401171380

Note 14: Approved by the Ministry of Economic Affairs on September 4, 2015 per Letter No. 10401185470

Note 15: Approved by the Ministry of Economic Affairs on September 5, 2016 per Letter No. 10501217350

Note 16: Approved by the Ministry of Economic Affairs on July 17, 2019 per Letter No. 10801096700

Note 17: Approved by the Ministry of Economic Affairs on September 24, 2021 per Letter No. 11001174140

Note 18: Approved by the Ministry of Economic Affairs on March 25, 2022 per Letter No. 11101046400

Unit: Thousand Shares

Type of Shares	Authorized Capital			Note
	Outstanding Shares (listed)	Unissued shares	Total	
Ordinary Share	269,830	130,170	400,000	The number of outstanding shares includes 25,000,000 private ordinary shares, and the relevant shares have not yet been issued.

(II) Shareholder Structure

As of March 28, 2022

Shareholder Structure	Government Agencies	Financial Institutions	Other Legal Persons	Foreign Institutions and Foreigners	Individual	Total
Number of Shares						
Number of individuals	1	2	230	76	42,580	42,889
Number of shares held	20,000	13,000	54,038,158	8,132,562	207,626,074	269,829,794
Shareholding Percentage	0.01%	0.00%	20.03%	3.01%	76.95%	100.00%

(III) Dispersion of Equity Ownership

Par value NT\$10

As of Apr. 9, 2023

Shareholding Range	Number of Shareholders	Number of shares held	Shareholding Percentage
1 to 999	24,487	1,193,034	0.44%
1,000 to 5,000	12,895	27,886,593	10.34%
5,001 to 10,000	2,658	19,605,084	7.27%
10,001 to 15,000	1,081	13,351,881	4.95%
15,001 to 20,000	479	8,662,367	3.21%
20,001 to 30,000	485	11,942,382	4.43%
30,001 to 40,000	244	8,545,083	3.17%
40,001 to 50,000	118	5,331,931	1.98%
50,001 to 100,000	260	18,379,189	6.81%
100,001 to 200,000	93	12,370,867	4.59%
200,001 to 400,000	42	11,275,973	4.17%
400,001 to 600,000	18	8,654,339	3.20%
600,001 to 800,000	6	4,351,406	1.61%
800,001 to 1,000,000	7	6,353,139	2.35%

1,000,001 or more	16	111,926,526	41.48%
Total	42,889	269,829,794	100.00%

Note: Unissued shares of the Company

- (IV) List of major shareholders: Names of shareholders who hold more than 5% of the total shares or shareholders whose shareholding ratio accounts for the top ten, the amount and proportion of shares held:

As of Apr. 9, 2023

Names of the Substantial Shareholders	Shares	Number of Shares held	Shareholding Ratio (%)
Tseng Yu-I		27,766,059	10.29%
WPG Holdings Limited		25,000,000	9.27%
Hsieh Yueh Co., Ltd.		13,733,880	5.09%
Sun Chien-Wen		8,766,116	3.25%
Pai Yueh Co., Ltd.		6,083,000	2.25%
Lin Fei-Hung		5,242,963	1.94%
Chang Mei-Ling		4,316,976	1.60%
Chang Chieh		4,101,627	1.52%
Tseng Po-Chuan		3,910,539	1.45%
Liancheng Investment Development Co., Ltd.		3,850,000	1.43%

- (V) Provide share prices for the past 2 fiscal years, together with the Company's net worth per share, earnings per share, dividends per share, and related information:

Unit: NT\$; Thousand Shares

Project		Year	As of March 31, 2023	2022	2021
Market price per share (Note 1)	Highest		29.90	38.95	40.05
	Lowest		26.65	26.50	21.80
	Average		28.26	31.64	32.03
Net worth per share (Note 2)	Before distribution		(Note 9)	20.43	17.58
	After distribution		(Note 9)	(Note 8)	14.18
Earnings per share	Weighted average shares		(Note 9)	264,830	244,830
	Earnings per share (Note 3)	Before adjustment	(Note 9)	3.11	4.63
		After adjustment	(Note 9)	3.11	4.63
Dividends per share	Cash dividend		-	2.0 (Note 8)	3.4
	Stock dividends	Dividends from retained earnings	-	-	-
		Dividend for paid-in capital	-	-	-
	Accumulated dividend not paid out (Note 4)		-	-	-
ROI Analysis	Price-to-earnings (P/E) ratio (Note 5)		-	10.17	6.92
	Price/dividend ratio (Note 6)		-	15.82	9.42
	Yield on cash dividend (Note 7)		-	6.32%	10.62%

* If the Company had contributed earnings or additional paid-in capital to capital increase, the market price and cash dividend retrospectively adjusted for the distribution of the number of shares shall be disclosed based on the number of shares released.

Note 1: the annual maximum and minimum market value of ordinary share. The annual average market value was calculated based on each year's transaction value and quantity.

Note 2: Fill the shares based on the number of shares that had been issued by the end of the year and the distribution of the Shareholders' Meeting in the following year.

Note 3: If there was any retrospective adjustment required due to stock grants, earnings per share before and after adjustment should be disclosed.

Note 4: If the conditions of equity securities issuance allowed unpaid dividends to be accumulated to the subsequent years in which there was profit, the accumulated unpaid dividends respectively up to that year shall be disclosed.

Note 5: P/E Ratio = Average closing price for each share in the year/earnings per share

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

Note 7: Cash dividend yield = cash dividend per share / current year average per share closing price

Note 8: The resolution was passed by the Board of Directors on March 15, 2023 and is pending resolution from the Shareholders' Meeting.

Note 9: The first quarter financial statements of 2023 were not yet reviewed by the CPAs, nor approved by the Board of Directors as of the date of publication of this Annual Report. Please refer to the related announcements on the website of Market Observation Post System (MOPS).

(VI) Dividend Policy and Its Implementation

1. Dividend Policy:

If there was any surplus in the annual final accounts of the Company, items listed below shall be distributed in the following order:

- (1) Tax paid;
- (2) Offset previous losses;
- (3) Appropriated 10% as legal capital reserve; however, when the said reserve has reached the amount of paid-in capital, the Company no longer has to distribute accordingly.
- (4) Appropriation or reversal of special capital reserves according to the laws or actual needs;
- (5) If there is still surplus, the Board of Directors shall, together with the cumulative undistributed earnings of the previous year, submit proposal of bonus distribution to the Shareholders' Meeting for resolution.

The dividend policy adopted by the Company is Balanced Dividend Policy. Under such policy, before submitting to the Shareholders' Meeting, after passed by the Board of Directors, for resolving the amount of earnings distribution and types and ratio of dividend, factors such as current and future investment environment, capital needs, domestic and foreign competition and budget of the Company need to be considered; meanwhile, the Company shall also take into account the interests of shareholders, balance of dividend and long term financial plan of the Company. The only limitation is that the ratio of cash dividends to be distributed shall not be less than 20% of the total dividends.

2. Implementation Status:

Year \ Project	Stock dividends	Cash Dividends
2018	-	NT\$ 0.70
2019	-	NT\$ 1.00
2020	NT\$ 1.00	NT\$ 1.90
2021	-	NT\$ 3.40
2022(Proposed)	-	NT\$ 2.00

(VII) The impact of stock grants on the Company's business performance, earnings per share and shareholder's return on investment: None. There were no stock grants this time, therefore it is not applicable.

(VIII) Compensation to Employees and Remunerations to Directors:

1. The percentages or ranges of the compensation to employees and remunerations to Directors set forth in the Articles of Incorporation of the Company:

If the Company has made a profit in the year, no less than 3% of the said profit shall be set aside for employee compensation. The Board of Directors shall determine whether to issue in stocks or cash. Recipients of the said compensation shall include the controlling company and subordinate companies' employees who meet specific criteria. The employees of the reinvested companies of the Company (or the controlling company and subordinate companies' employees who meet specific criteria) may receive the aforementioned distribution of employee compensation under the requirement and means set by the Board of Directors; The Company may appropriate no more than three percent of the profit as Directors' remuneration under the resolution passed of the Board of Directors. Proposals for the distribution of employee compensation as well as Directors remuneration shall be submitted to the Shareholders' Meeting. However, if the Company has accumulated losses, the amount shall be set aside to make up the deficit, before distributed to the employees and Directors in accordance with the aforementioned percentage.

2. Accounting treatment for the basis of estimating the amount of the employee compensation and Directors' remuneration for this fiscal period, the basis of calculating the number of stocks to be distributed as employee compensation, and for any discrepancy between the actual amount distributed and the estimated figures:

employee compensation and Directors' remuneration shall be calculated and distributed according to the Company's Articles of Incorporation. When the aforementioned amount is different from the amounts approved by the Board of Directors and the Remuneration Committee, such discrepancy shall be considered as the changes in accounting estimates and shall be adjusted in the relevant year.

3. Allocation of compensation/remuneration approved by the Board of Directors:

(1) Employee compensation and Directors' remuneration to be paid cash or stocks. If there was any discrepancy between the recognized amount and estimated amount of expenses for the current fiscal year, the amount, causes and treatment of such discrepancy shall be disclosed. Compensations for employees and Directors have been approved by the Board of Directors meeting and the Remuneration Committee on March 15, 2023, and the Company plans to distribute NT\$56,247 thousand as compensations for employees, and NT\$28,124 thousand as compensations for Directors. All of the preceding sums will be distributed in cash. Distributions may include employees of the reinvested companies or the controlling company and subordinate companies' employees who meet specific criteria. Discrepancies are found between the amount distributed as relevant compensations and

the amount recognized in the financial statements for the year ended 31 December, 2021.

- (2) The amount of the employee compensation distributed by stocks, and the proportion it accounted for in the total net profit after tax and the total amount of employee compensation in the current period.

No employee compensation is paid in the form of stock dividends. Therefore, this is not applicable.

4. Actual compensations paid to employees, directors, and supervisor in the previous period (including share dividends, amounts, and share prices) and the difference to the estimated amount, stating the amount of difference, cause and reconciliation.

The 2021 compensations to employees and Directors distribution proposal was approved by the Board of Directors on March 8, 2022. The employee compensation was NT\$75,246 thousand and NT\$37,623 thousand for Directors' remuneration. There were no discrepancies between the recognized and actual distribution.

- (IX) Repurchase of shares by the Company: The Company did not repurchase shares in the most recent fiscal year, therefore it is not applicable.

II. Issuance of Corporate Bonds (including overseas corporate bonds): None

III. Preferred Shares: None

IV. Issuance of Overseas Depository Receipts: None

V. Issuance of Employee Stock Options: None

VI. New Restricted Employee Stocks: None

VII. Issuance of New Stocks in Connection with the Merger or Acquisition of Other Companies: None

VIII. Execution Process of Capital Utilization Plan

Any uncompleted public issue or private placement of securities, or any issues and placements that were completed in the most recent 3 years but have not yet fully yielded the planned benefits: The 2022 private placement of ordinary shares has received full price and completed the issuance, and the relevant funds has been used as planned.

Chapter 5 Operation Overview

I. Business Activities

(I) Scope of Business:

1. Main content of business operations:

- (1) Wholesale of information software.
- (2) Wholesale of electronic materials.
- (3) Manufacturing and duplicating of data storage media.
- (4) Electronic parts manufacturing.
- (5) Information software service.
- (6) Product design.
- (7) Computer equipment installation.
- (8) International trade.
- (9) Electronic material retail.
- (10) Import of controlled telecommunication radio frequency equipment.
- (11) Restrained Telecom Radio Frequency Equipments and Materials Manufacturing
- (12) All business items that are not prohibited or restricted by law, except those that are subject to special approval.

2. Proportion of business

Unit: Thousand NT\$; %

Main Products	2022	
	Sales	Percentage (%)
Integrated circuits	95,830,244	80.73%
Electronic components	11,167,375	9.41%
Memory	7,024,467	5.92%
CPU	521,879	0.44%
Others (Note)	4,163,072	3.51%
Total	118,707,037	100.00%

Note: Others include distributed components, linear components, software, and commission income.

3. Current product items of the Company

The main business items of the Company are the sales of semiconductor parts and components on an agency basis, and products can be broadly divided into integrated circuits, memory, CPU, electronic components, distributed components and other components. Please see Page 75 for details on the use of various products.

4. New Products to be Developed

As the COVID-19 epidemic is gradually brought under control, European and American countries have returned to normal life; after Mainland China no longer blocks the COVID-19 and adopts opening-up measures, the uncertain factors for people's livelihood and economy have also come to an end. Instead, the US Federal Reserve adopted a strong interest rate hike policy to suppress inflation. In addition, compared with the surge in demand for consumer electronics during the epidemic, the recent economic reversal has led to a slowdown in demand and prolonged inventory sales. Profitability poses certain challenges. However, in terms of long-term trends, artificial intelligence, the Internet of Things, electric vehicles, and energy-saving

technologies continue to make breakthroughs, which are expected to drive demand for various electronic products and create a new wave of business opportunities.

(II) Industry Overview

1. Current state and development of the industry

The main business items of the company are agency sales of semiconductor components, information software services and product design. Since the industry prospects of the semiconductor component distributors are closely related to the semiconductor industry, the current situation and development of the industry are analyzed.

Semiconductor is a small silicon device used to control the current channels of electronic devices. It is the main foundation of modern electronic devices and systems. It is widely used in personal computers, electronic communications, various consumer electronics, automobiles, industrial automation, and control systems, etc. Due to the high application and importance of semiconductors in the modern electronics industry, the semiconductor industry is still an indispensable part of the electronics industry even though it was being affected by global economic fluctuations and industrial cycles.

Tracing back at the most noticeable international trade in 2019, the disputes between China and the United States, although China is still synonymous with the world's factories, patent wars including technology transfer, manufacturing industry relocation, and future intellectual property rights should not be underestimated of its influence. How to stay competitive in the Chinese market, develop potential markets and maintain good relations with major technological countries will be the stage for distributors to show their added value.

In addition, the company pays close attention to changes in the market and actively seeks out agency opportunities for high-quality product lines, supplemented by existing customer resources and years of experience in the industry, and believes that it can still have a role in the evolution of the semiconductor industry.

2. Relations among upstream, midstream and downstream industries

In the production and sales of the electronic information industry, the semiconductor component distributor plays a role as a bridge between upstream semiconductor suppliers and downstream product manufacturers, and maintains the harmonious relationship among these three parties. For upstream manufacturers, the distributors can establish an intensive and complete marketing channel, develop new markets and enhance the market share among downstream customers. Also, the distributors will help them avoid directly facing customers and save marketing expenses. For downstream manufacturers, distributors can quickly provide parts and technical supports they need, reduce their inventory, transport risk and R&D spending. Moreover, the distributor can analyze the market trend and advise them. Meanwhile, the distributor plays multiple roles like supplier, advisor and analyst to help customers realize smooth production and manufacturing. The midstream distribution agent also can integrate demands of downstream manufacturers and buy from upstream manufacturers to seek a bigger price advantage. Further counting on flexible inventory management and diversification of brands under agency, the agent can sell products to downstream manufacturers. Such division of labor among different participants can effectively increase the operation

efficiency of the overall electronic information and communication industries. Therefore, the distribution maintains frequent communication with upstream and downstream manufacturers, thereby forming a community of life, instead of pure trading relationships.

The following lists the upstream, midstream and downstream links of the industry:

Upstream	Midstream	Downstream
Domestic and overseas semiconductor component manufacturers	Semiconductor component dealership agent	Information/Communication/ Consumer Electronics manufacturers

3. Product development trends and competition status

(1) Integrated circuits

Integrated circuits include a wide range of varieties and the iteration of various products influences gross profit margins of different products a lot. The main integrated circuits of the consolidated Company include power amplifier, communication chip and radio frequency chip. The Company mainly sells Silicon Labs' mixed signal chips, Skyworks' power amplifiers, and other integrated circuits. Judging from current industrial trend, the industry will see a declining demand for terminals, including smart phones. In future, the key applications driving semiconductor application will be AI, IoT, 5G and other technical links. It will be essential for the industry how to master the latest technical evolution trend in recent years.

(2) Memory

The memory products the Company mainly sells mainly include NAND flash memory. Like the semiconductor industry, the sector also faces fierce competition and suffers the impact on the basic demand for smart phones, tablet computers and other mobile devices as well as entertainment products. However, the sector still has certain market scale and will embrace a predictable prospect amid technical progress.

(3) Electronic components

The main products include electronic components and testing instruments, and existing products will maintain a stable sales trend.

(4) Distributed components

Mainly include the busbar exchange control chips, TTL (Transistor-Transistor Logic) and other electronic components. The TTL electronic components feature one-off adequate procurement and the absolute amount of sales revenue is expected to have a positive trend every year.

(5) Commission income

Commission income mainly comes from the provision of order processing, sales, document transport services to suppliers or customers on an agency basis, or from assisting upstream suppliers to provide technical support services for downstream vendors. It is collected in the manner agreed by both parties or at certain proportion of sales amount.

(III) Technology and R&D Overview

1. R&D expenses and technologies or products that have been successfully developed in the most recent year up to the publication date of the annual report:

(1) R&D expenses in the most recent year (FAE)

Unit: Thousand NT\$; %

Project	January - March 2023	2022	2021
Research and development expenses	46,591	213,007	200,754
Net operating income	24,216,271	118,707,037	108,236,723
Ratio of R&D expenses to net operating revenue	0.19%	0.18%	0.19%

(2) Successfully developed technologies or products

So far, the Company has successfully developed many product lines under agency, and the ones developed in the most recent year are stated in the table below:

New Suppliers in 2020	Applications Field
Taiyo Yuden	Smartphones, Computers, TVs, Consumer Electronics
Nippon Plate Glass	Medical, Communication, Automotive
Fibocom Industrial	Wireless communication modules, networking application solutions
Wise-integration	power supply
Aike Microelectronics	power supply
Enovix	Smartphones, Computers, Consumer Electronics
EGGTRONIC	power supply
Suzhou Zhengge	Automobile DC charging pile, power supply

- (IV) Short/long-term business development plans
1. Short-term Plans
 - (1) Adjust the inventory to a reasonable water level.
 - (2) Negotiate gross profit margin and payment terms with the original factory.
 - (3) Increase the insurance coverage of accounts receivable.
 - (4) Continue talent training, enhance professional technology value-added capabilities, and integrate application platform requirements.
 - (5) Maintain existing product lines and develop new product lines.
 2. Long-term Plans
 - (1) Actively develop the Southeast Asian and Indian markets, prudently manage the Chinese market, and simultaneously explore business opportunities in Northeast Asia.
 - (2) Focus on the product and customer layout of cloud data center, big data, 5G transmission and artificial intelligence.
 - (3) Improve the capital structure and seek opportunities for upstream, downstream and peer strategic cooperation

II. Market and Operation Overview

(I) Market Analysis

1. Sales regions of major products

Unit: Thousand NT\$; %

Sales Region		2022		2021	
		Amount	Percentage (%)	Amount	Percentage (%)
Domestic	Taiwan	36,893,282	31%	30,301,513	28%
Export sales	China	52,794,291	45%	48,881,252	45%
	Hong Kong	12,190,345	10%	11,805,038	11%
	Others	16,829,119	14%	17,248,920	16%
Total		118,707,037	100%	108,236,723	100%

2. Market share

According to the estimates of the world-renowned consulting firm Gartner, the global semiconductor market will reach US\$601.7 billion in 2022, an increase of 1.13% compared to the US\$595 billion global semiconductor industry in 2021, and the global semiconductor market will hit a record high. The company's 2022 revenue is approximately US\$3.983 billion, accounting for 0.66% of the global market.

3. Future supply and demand of the market and its growth

Research institutions including Gartner, SIA, and IC Insights have all predicted that after global semiconductor sales hit a record high in 2022, they will fall into recession in 2023, with a decline of about 5%, mainly due to market demand and the cyclical nature of the overall economy. Under the changing environment, short-term fluctuations in the semiconductor industry chain are unavoidable to a certain extent. Although it is generally believed in the market that the semiconductor industry will undergo fluctuations and adjustments, the innovation and application of the industry will continue to introduce new ones. With the support of new fields or technologies, there are still opportunities for growth and development. The company adheres to continuous innovation and

provides customers with With complete services and solutions, we are fully prepared to face future challenges.

4. Competitive Niches

(1) Excellent technical support capabilities

The current agency of distributors is required to provide excellent technical support capabilities in addition to the current market trends and leading the industry to enhance the added value of products. In addition to planning and development of high-tech talents, the Company will constantly introduce new products, technologies and new trends to the customers, so that customers can keep abreast of new products, new ideas, and new concepts. Besides, the Company employs professional technical personnel to assist clients in handling of issues. The Company has a long-term development and training plan for technical personnel, and has accumulated precious professional knowledge during seamless partnerships with renowned brands including ST, NXP, Silicon Labs and Skyworks. Therefore, the technical competences of professional workers at the Company far surpass the standards that original manufacturers require for when selecting agents. In addition, the Company can immediately provide the best product mixes to customers and help them with product planning through technical support, while also facilitate original manufacturers to respond to market trends to immediately update the designs for key components, thereby coordinating upstream vendors and downstream customers and serving in a technical marketing-oriented function.

(2) Comprehensive agency product line

The completeness of product mix affects the customers' intention to place orders. Having a comprehensive product line is an important contributing factor for the Company to acquire customer orders. Hence, figuring out ways to acquire and maintain diverse, complete and competitive product mixes is critical for industry operators to securing customer orders and product sales. In recent years, EDOM's sales units strove to research and develop based on market demand and to seize market trends. The Company actively seeks for agency opportunities to competitive suppliers with our remarkable and complete retail channels. Currently, we have more than a dozen agency product lines and can fulfill customers' need for one-stop shop convenience. Furthermore, the Company's Field Application Engineers (FAE) conduct appropriate design-in on agency components to provide customers with total solutions, which helps to gradually enhance the Company's industry competitiveness.

(3) Stability of agency rights

The stability of the agency rights is to provide customers with stable source of supply, and to provide customers with a solid foundation for the Company's profitability and the key factors for the distribution of semiconductor components. The Company has observed the principle of win-win and mutual benefit with upstream suppliers. Products that are sold by the Company can achieve excellent performance and have been recognized by upstream manufacturers. The Company has won the best agency awards in the past. This shows that the Company has performed remarkably well in stabilizing agency rights.

(4) Excellent marketing strategies

For professional semiconductor components agents, through our strength in terms of professionalism and logistics management, we effectively and quickly provide diverse services to satisfy our customers. Also, we take just-in-time (JIT) as the essential element of our services, which is the necessary key to keep abreast of the market. The Company has established the global distribution system (Japanese branch, Korean branch, Hong Kong Branch, Singapore Branch, and Shenzhen and Shanghai-based company) meet customers' needs for one-stop shop. We will also improve products' mobility and enhance negotiation stakes with new suppliers.

5. Favorable and Unfavorable Factors of Development Prospect and Response Strategies

(1) Favorable factors

A. The products of the nominee of the brand are recognized by the market recognition.

The Company's agency brands and products, such as high-performance analog and mixed signal IC from Silicon Labs, amplifiers from Skyworks, sensor and power technology from STMicroelectronics, are all leading firms in their respective fields, and are highly sought after by domestic and foreign businesses, indicating that the Company's agency products are fairly well-acknowledged by the market.

B. Professional pre- and after-sale service

Relying on our professional technical support competences, not only can the Company provide real-time market demand to suppliers and assist customers to quickly solve problems and create new products; moreover, the planning and consulting team, comprised of the Company's dedicated marketing and application engineers, can also assist customers to achieve their planning through the most economic and effective means. We can also provide total solution through joint development or providing original development, therefore, the Company has developed positive and stable partnership with both upstream suppliers and downstream customers.

C. The Company's sales channels are the value of the industry's vertical data industry

The current situation of the electronic industry is in the advantageous situation of the industry. The Company's dollar agent distributors can help them reduce the selling and selling costs. The market-related information is available to facilitate the consolidated Company's sales and purchase of goods, and thus provides timely and timely access to the required components and technical support. The role of the semiconductor parts and components is also highly appreciated and the value of the downstream customers can be seen as the consolidated Company's downstream customers are highly dependent on the market. The Company is recognized and awarded by upstream suppliers for our positive performance, and the downstream customers also acknowledge the values of our assistance. It is obvious that the Company has fortified a solid and irreplaceable market stature over the years.

(2) Unfavorable Factors

- A. The competitive price of the price is intense and the gross profit is low.
 - B. Short product life cycle.
 - C. The products are mainly imported from the main business and the exchange rate risk is mainly generated.
 - D. The uncertainty of agency rights to agency products.
 - E. Impact on the interest rate on the fund turnover.
- (3) Response measures:
- A. The Company will actively expand the market for large-scale bulk components, actively expand the market of bulk procurement and customized price. The Company will also gradually increase distribution channel of special purpose components. Due to its irreplaceability and higher gross profit, the Company will enjoy reduction in risk due to price competition, and enhance the Company's market competitiveness. In addition, the Company also continuously added to the transaction terms and credit line management to prevent the crisis from abnormal accounts.
 - B. Maintain good interaction with the upstream and downstream customers and maintain the market trend and product trends through the application of engineering personnel, business personnel and the first line contact with the customer. The Company also regularly holds management meetings to determine sales plans and revises sales estimates based on sales, orders, and inventory levels to achieve accurate sales forecast. In addition, the Company will also strive to pursue product integrity and diversification to avoid the market risks of single products and to eliminate the characteristics of the electronic products cycle generally.
 - C. During purchase and sales, the Company strives to transact using the same currency to achieve natural hedging and to mitigate possible losses from exchange rate fluctuations as needed.
 - D. General contracts and suppliers entered into the agency business contracts with suppliers in general, generally one to two years, and if the agreement is renewed by both parties, there is no risk of co-operation between the channels and suppliers. The Company has invested in equity investment in certain major electronic parts and components, which enhances the cooperation between the original manufacturers to ensure the stability of the agency rights and supply sources. In addition, the Company also provides comprehensive and maximum channel business values to strengthen our agency rights through exceptional technical support competences and by real-time report on demands from downstream customers.
 - E. Due to the characteristics of the industry, distributors of electronic components have rapid inventory turnover, and on the other hand, they have strong capital needs. Due to this feature, the company has close contacts with banks, and the news that the Fed will continue to raise interest rates this year will inevitably have an impact on the company's financial costs. Looking ahead, the company will seek appropriate opportunities to expand capital to improve its capital structure and reduce its reliance on banks in order to create better profit performance.

(II) Major applications and production process of the primary products

1. Major uses of the primary products

Main Products	Functions and Uses
Integrated circuits	Including drawing chip and wireless RF frequency-forming devices, mainly applied to: host board, personal computers, tablet computers, drawing cards, mobile phones, smart phones, mobile phones, online devices, mobile devices, mobile devices, etc.
CPU	The CPU type product is a high-end smart card chip and a variety of microprocessors that are built-in, the high-end smart cards and various types of processors, which are used to perform the data encryption calculations, Mainly used for the financial card products and various electronic products in the high safety class.
Memory	Mainly used for static access memory (SRAM) and flash memory (Flash), the main application is: the main business unit, personal computer, drawing card, memory card, mobile phone, notebook computers, etc.
Electronic components	Mostly computer testing instruments, mainly used in: main board, personal computers, notebook computers, computer displays, etc.
Distributed components	Mainly used for the logic component and exchange control system (IC), the main purpose is to: main board, personal computers, notebook computers, etc.
Others	Mainly used for each type of software, mainly for: personal computers, graphics cards, tablet computers, smart phones, smart phones, notebook computers, etc.

2. Production process: Omitted (the Company is not a manufacturing company).

(III) Supply of primary raw materials: Omitted (the Company is not a manufacturing company).

(IV) List of major customers accounting for 10 percent or more of the Company's total procurement and sales in either of the two most recent years:

1. Names, sales amounts and proportions of customers accounting for 10 percent or more of the Company's total sales amount in either of the two most recent years, and specify changes thereof:

Unit: Thousand NT\$; %

Project	2022				2021			
	Name	Amount	Percentage of net sales in the year (%)	Relationship with the issuer	Name	Amount	Percentage of Net Sales (%) (%)	Relationship with the issuer
1	Customer A	21,698,143	18%	None	Customer A	17,942,975	17%	None
2	Others	97,008,894	82%		Others	90,293,748	83%	
	Net sales	118,707,037	100%		Net sales	108,236,723	100%	

In 2022, the sales volume of major customers was approximately 21.7 billion, which was an increase compared with 2021. The main reason is that the global semiconductor market is

hotter than in previous years, and the demand in the terminal consumer market is booming. In addition, the transfer of foundry rights has boosted the customer's revenue.

2. Names, purchase amounts and proportions of vendors accounting for 10 percent or more of the Company's total purchase amount in either of the two most recent years, and specify changes thereof:

Unit: Thousand NT\$; %

Project	2022				2021			
	Company Name	Amount	Percentage of total annual procurement (%)	Relationship with the issuer (merge)	Company Name	Amount	Percentage of total annual procurement (%)	Relationship with the issuer (merge)
1	Vendor A	45,109,315	39%	None	Vendor A	34,029,512	32%	None
2	Vendor B	19,410,577	17%	None	Vendor B	18,919,051	18%	None
3	Vendor C	11,214,254	10%	None	Vendor C	13,252,415	13%	None
	Others	39,005,609	34%		Others	38,609,365	37%	
	Net purchase	114,739,755	100%		Net purchase	104,810,343	100%	

The main supplier A's sales growth in 2022 is mainly due to the strong demand for electronic products due to the continuous change of generations, and the company's products have a good reputation in the market, resulting in continuous growth in performance.

Major supplier B will see a slight increase in sales in 2022, with a stable market share.

The sales amount of major supplier C will decline slightly in 2022, which is mainly due to the change of generations of products in the end consumer market, which makes the originally imported products gradually come to an end. Table of output values in the past two years: Not applicable (not the manufacturing sector).

(V) Sales volume in the most recent two fiscal years

Unit: Thousand NT\$

Main Products	Year	2022	2021
Integrated circuits		95,830,244	82,832,632
Memory		11,167,375	11,082,061
Electronic components		7,024,467	10,893,931
CPU		521,879	315,264
Others		4,163,072	3,112,835
Total		118,707,037	108,236,723

Note: The Company has a large number of product categories, which involve different quantitative units and no uniform quantitative data. Therefore, they are only expressed in sales value for different product categories.

III. Number of Employee in the Most Recent Two Years and Up to the Publication Date of the Annual Report as well as Their Distribution Ratios in Terms of Average Years of Service, Average Age, and Academic Qualification

	Year	Ended until April, 30, 2023	2022	2021
Number of employees	Business unit	581	602	577
	Management unit	299	313	303
	Total	880	915	880
Average age		41	40	40
Average Year of Services		7.2	6.8	6.5
Academic degree distribution ratio	Doctor	0.11%	0.11%	0.11%
	Master	10.91%	10.93%	11.36%
	University/College	82.84%	82.95%	78.07%
	High school	5.23%	5.14%	8.30%
	Below Senior High	0.91%	0.87%	2.16%
	Total	100.00%	100.00%	100.00%

IV. Disbursements for Environmental Protection

Any losses suffered by the Company in the most recent fiscal year and up to the Annual Report publication date due to environmental pollution incidents, and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken: The Company is an electronic channel operator and not a manufacturer. Therefore, the Company has not suffered any losses due to environmental pollution. Nevertheless, upholding the value to care for the planet Earth, the Company implements various energy conservation and carbon reduction measures in line with government policies, and procured products all comply with environmental regulations and standards.

V. Employee Relations Management

(I) Specify the Company's employee welfare policies, continuing education, training, retirement systems and implementation status, the agreement between employees and employer, and measures to assure employees' rights and interests:

1. Employee welfare policies, continuing education, training, retirement systems and implementation status thereof:

(1) Competitive compensation and benefits system:

- ◆ Guarantees 14-month annual salary.
- ◆ Performance-based bonuses based on the Company's management performance and employee's individual performance.
- ◆ Complete insurance planning (labor insurance, national health insurance, group insurance that includes spouse insurance options, and travel insurance).
- ◆ Welfare plan (regular health checkup, car park, telecom/transportation aids, education stipends for children of expat employees, and congratulatory/consolation prizes).
- ◆ Exciting Company activities (spring dinner, year-end gala, EDOM singing contest, and Family Day).
- ◆ Massage service from visually-impaired massage therapists to relief employees of their stress.

(2) The Employee Welfare Committee has been established to provide birthday, childbirth, funeral allowance and subventions, in-hospitalization allowance, birthday and traditional holiday bonuses,

and to regularly organize employee travel and diverse club activities including basketball, board game, arts and crafts, and badminton.

(3) The Company has set up procedures for promoting training plans, and provides training plans for employees to develop their occupational ability, and publishes regular announcements thereof. The Company also arranges employees to take training courses, and provides subsidies for them to participate in external training programs. To enhance the global perspective in employees, the Company enhances individual employee's professional skills and competences through assigning global tasks and through experience sharing and teaching from senior industry associates.

(4) Comprehensive retirement system: pension funds are appropriated at 6% per month from employees' total monthly salaries toward pension reserve pursuant to the old pension scheme starting in July 2005. However, since the implementation of the new pension scheme in September 2005, after calculations from actuaries, 2.3% of employees' monthly salaries are appropriated toward pension reserve, which is supervised by the Company's Supervision Committee for Labor Retirement Reserve, and then deposited at Bank of Taiwan under the name of the committee. In addition, since July 2005, for employees eligible for the new pension scheme, no less than 6% of the employee's monthly salary is appropriated and deposited toward the employee's dedicated retirement fund account set up by the Bureau of Labor Insurance.

2. Agreement between employees and employer, and measures to assure employees' rights and interests:

(1) For employees to fully understand their rights and interests and to abide by relevant rules, work rules and various management measures have been established to clearly specify the rights and obligations of both the employer and employees.

(2) Dedicated personnel and internal audit supervisor are assigned to receive grievances from employees. Employees can enjoy bi-lateral communications with the Company based on various Company systems and issues related to their workplace environment, through internal email or the Company website.

(3) According to the Articles of Incorporation, if the Company makes a profit, the Company shall set aside no less than 3% of the profits as employee compensation to reward employees.

As of the date of publication of the Annual Report, the Company has maintained the rights and interests of employees, and hopes to continue to achieve harmonious employer-employee relations through good communications.

(II) Specify losses arising as a result of labor disputes in the most recent year up to the publication date of this Annual Report, and disclose potential losses in the current and future periods as well as and countermeasures:

The Company convenes employment relations meetings in each quarter and has established an effective and harmonious employer-employee relations. The Company did not suffer any loss arising out of labor disputes in 2021 and 2022. With the exception of external factors affecting the employee relations, the Company does not expect to suffer any relevant losses in the future.

VI. Information security management

- (I) Describe the information security risk management framework, the information security policy, the specific management plan and the resources invested in the information security management, etc.

1. Cyber Security Risk Management Framework

At present, the information center is responsible for the security risk management of the company's information communication. The Information Center has a Chief Information Officer, under the jurisdiction of Information Offices 1, 2 and 3, responsible for hardware equipment such as servers and personal computers / ERP system / Workflow system, etc. The company is also planning to establish an information security committee to coordinate the planning, planning, implementation and review of information security, in order to further improve the company's information security prevention plan, implementation and review under the current structure. In order to further improve the company's ability to protect information security under the current structure.

2. Cyber Security Policy

The company follows the spirit and norms of ISO 27001 to carry out the inspection and notification of information security, and formulates business secret management measures and personal data management measures with reference to government regulations. In the future, the Information Security Committee will also develop an information security policy to protect the company's information assets and ensure the security of information collection, processing, transmission, storage and circulation.

3. Specific management plan and resources invested in the cyber security management

With the rapid development of technology, the attack methods against customer privacy are also constantly updated. In order to effectively improve customer privacy protection, SIEM/SOC will be evaluated in 2023 in combination with the event management process, and an early warning mechanism for information security information will be established to achieve pre-prevention rather than post-processing. Through more sensitive defense measures, comprehensively improve the protection ability to avoid malicious virus attacks, and at the same time, through the assistance of the information security consulting service team, complete various information security health checks, such as: penetration testing, packet detection and vulnerability Scanning, etc., to meet the standards of information security management and control; the hardware aspect is to enhance the management mechanism of the Data Center computer room, as the best basis to ensure service quality and customer satisfaction, upgrade the SAP hardware host and virtualize the server host to complete the host The mutual fault-tolerant mechanism ensures uninterrupted system services, and expands the scope of the system to the information security management and control guidelines of listed OTC companies, continuously maintains and implements operations, improves information security protection capabilities, and ensures that customer privacy is better protected.

- (II) List the losses, possible impacts and countermeasures of major information security incidents in the most recent year and up to the date of publication of the annual report. If it cannot be reasonably estimated, the fact that it cannot be reasonably estimated shall be stated: None.

VII. Important Contracts

Nature	Contracting parties	Starting and Ending Dates	Main Content	Restrictive Provision
Distribution Contract	Ams AG	July 22, 2016 to July 21, 2017 Both parties can negotiate to extend the effective period	Distribution of Ams AG's products	Restriction over region of distribution
Distribution Contract	Astera Labs, Inc.	July 23, 2019 onward Terminates when either party actively terminates the contract.	Distribution of Astera 's products	Restriction over region of distribution
Distribution Contract	Invensense Inc.	August 20, 2008 to August 19, 2009. The contract will be automatically extended if neither parties actively terminate the contract when it expires.	Distribution of all product lines of Invensense	Restriction over region of distribution
Distribution Contract	Marvell Asia Pte. Ltd.	September 22, 2017 onward Both parties can negotiate to extend the effective period	Distribution of Marvell products	Restriction over region of distribution
Distribution Contract	MPS International Ltd.	2022/11/01- 2023/10/31 Terminates when either party actively terminates the contract.	Distribution of MPS products	Restriction over region of distribution
Distribution Contract	NVIDIA International, Inc.	July 1, 2000 to June 30, 2001. The contract will be automatically extended if neither parties actively terminate the contract when it expires.	Distribution of all product lines of Nvidia	Restriction over region of distribution
Distribution Contract	SanDisk International Limited	April 1, 2013 to December 31, 2014. Both parties can negotiate to extend the term.	Distribution of SanDisk products	Restriction over region of distribution
Distribution Contract	Silicon Laboratories Inc.	January 1, 2019 to December 31, 2019. The contract will be automatically extended if neither parties actively terminate the contract when it expires.	Silicon Laboratories Distribution of all product lines	Restriction over region of distribution
Distribution Contract	Skyworks Solutions Inc.	March 1, 2008 to February 28, 2009. Both parties can negotiate to extend the term.	Distribution of all product lines of Skyworks	Restriction over region of distribution
Distribution Contract	Sony Taiwan Limited	November 12, 2014 to November 11, 2015. The contract will be automatically extended if neither parties actively terminate the contract when it expires.	Distribution of Sony products	Restriction over region of distribution

Nature	Contracting parties	Starting and Ending Dates	Main Content	Restrictive Provision
Distribution Contract	STMicroelectronics Asia Pacific Pte Ltd	January 1, 2010 to December 31, 2010. The contract will be automatically extended if neither parties actively terminate the contract when it expires.	STMicroelectronics Distribution of all product lines	Restriction over region of distribution
Distribution Contract	Synaptics Incorporated	August 12, 2021 to August 11, 2021. The contract will be automatically extended if neither parties actively terminate the contract when it expires.	Distribution of Synaptics products	Restriction over region of distribution
Distribution Contract	Western Digital Technologies, Inc.	2018/07/06-2021/07/05 contract will be automatically extended if neither parties actively terminate the contract when it expires.	Distribution of WD's products	Restriction over region of distribution
Long-term Loan Contract	Six banks	August 8, 2022 (first drawdown date) – August 8, 2027	bolster the medium-term working capital for material purchase in an amount of NT\$2,500 million or equivalent of US Dollars	
Long-term Loan Contract	Six banks	January 15, 2021 (first drawdown date) - January 15, 2026	bolster the medium-term working capital for material purchase in an amount of NT\$1,000 million or equivalent of US Dollars	

Chapter 6 Financial Information

- I. Condensed Balance Sheet and Comprehensive Income Statement of the Most Recent Five Years
- (I) Condensed Balance Sheet and Comprehensive Income Statement
1. Information of Individual Condensed Balance Sheet – IFRS

Unit: Thousand NT\$

Item \ Year		Financial information in most recent five years				
		2022	2021	2020	2019	2018
Current Assets		26,703,468	21,865,360	20,983,393	16,897,723	15,139,142
Property, Plant, and Equipment		455,391	467,223	473,829	457,865	454,380
Intangible Assets		11,015	11,702	12,674	7,431	16,244
Other assets		2,740,363	2,627,916	1,519,218	1,272,612	1,069,410
Total Assets		29,910,237	24,972,201	22,989,114	18,635,631	16,679,176
Current Liabilities	Before distribution	23,411,754	19,915,823	18,064,313	14,282,613	12,618,452
	After distribution (Note)	23,411,754	20,833,244	18,487,201	14,505,186	12,774,253
Non-current Liabilities		984,859	753,479	1,213,526	908,509	752,380
Total Liabilities	Before distribution	24,396,613	20,669,302	19,277,839	15,191,122	13,370,832
	After distribution (Note)	24,396,613	21,586,723	19,700,727	15,413,695	13,526,633
Share capital		2,698,298	2,448,298	2,225,726	2,225,726	2,225,726
Capital reserve		736,939	124,676	127,400	127,414	122,316
Retained Earnings	Before distribution	2,037,586	2,121,548	1,619,150	1,141,247	927,454
	After distribution (Note)	2,037,586	1,204,127	1,196,262	918,674	771,653
Other equities		40,801	(391,623)	(261,001)	(49,878)	32,848
Treasury stock		0	0	0	0	0
Total Equity	Before distribution	5,513,624	4,302,899	3,711,275	3,444,509	3,308,344
	After distribution (Note)	5,513,624	3,385,478	3,288,387	3,221,936	3,152,533

Note: The 2023 Shareholders' Meeting has not been convened, and the profit distribution plan for 2022 has not been determined yet. Hence, the amounts before and after distribution are the same.

2. Condensed Individual Statement of Comprehensive Income - IFRS

Unit: Thousand NT\$

Item \ Year	Financial information in most recent five years				
	2022	2021	2020	2019	2018
Operating Revenue	111,561,908	105,325,799	107,135,365	95,214,634	77,002,699
Gross profit	3,468,089	3,209,351	2,785,053	2,649,598	2,293,160
Operating margin	1,590,321	1,480,719	1,267,253	1,113,350	822,204
Non-operating income and expenses	(549,745)	(88,675)	(374,472)	(647,902)	(527,950)
Pretax profit	1,040,576	1,392,044	892,781	465,448	294,254
Net Income for Continuing Operations	1,040,576	1,392,044	892,781	465,448	294,254
Loss from discontinued operations	0	0	0	0	0
Net income	823,731	1,133,373	697,249	367,792	243,428
Other comprehensive (loss) income (after-tax net amount) in current period	442,110	(116,137)	(207,896)	(80,924)	78,698
Total comprehensive income (loss)	1,265,841	1,017,236	489,353	286,868	322,126
Earning per share (Note 1)	3.11	4.63	2.85	1.65	1.09

Note 1: Calculated in line with the number of shares after of capital increase with surplus reserve after retroactive adjustment.

3. Information of Consolidated Condensed Balance Sheet – IFRS

Unit: Thousand NT\$

Item \ Year		Financial information in most recent five years				
		2022	2021	2020	2019	2018
Current Assets		29,817,106	24,741,856	21,985,221	17,808,318	16,315,129
Property, Plant, and Equipment		697,919	701,865	655,462	636,271	645,526
Intangible Assets		310,160	334,130	59,167	44,416	53,598
Other assets		919,315	971,741	632,931	492,767	303,909
Total Assets		31,744,500	26,749,592	23,332,781	18,981,772	17,318,162
Current Liabilities	Before distribution	25,141,486	21,548,944	18,380,411	14,607,686	13,214,349
	After distribution (Note)	25,141,486	22,466,365	18,803,299	14,830,259	13,370,150
Non-current Liabilities		1,089,390	899,902	1,231,697	928,948	783,047
Total Liabilities	Before distribution	26,230,876	22,442,857	19,612,108	15,536,634	13,997,396
	After distribution (Note)	26,230,876	23,360,278	20,034,996	15,759,207	14,153,197
Equity attributable to owners of parent company		5,513,624	4,302,899	3,711,275	3,444,509	3,308,344
Share capital		2,698,298	2,448,298	2,225,726	2,225,726	2,225,726
Capital reserve		736,939	124,676	127,400	127,414	122,316
Retained Earnings	Before distribution	2,037,586	2,121,548	1,619,150	1,141,247	927,454
	After distribution (Note)	2,037,586	2,121,548	1,196,262	918,674	771,653
Other equities		40,801	(391,623)	(261,001)	(49,878)	32,848
Treasury stock		0	0	0	0	0
Non-controlling equity		0	3,836	9,398	629	12,422
Total Equity	Before distribution	5,513,624	4,306,735	3,720,673	3,445,138	3,320,766
	After distribution (Note)	5,513,624	4,306,735	3,297,785	3,222,565	3,164,965

Note: The 2023 Shareholders' Meeting has not been convened, and the profit distribution plan for 2022 has not been determined yet. Hence, the amounts before and after distribution are the same.

4. Consolidated Condensed Comprehensive Income Statement – IFRS

Unit: Thousand NT\$

Item	Year	Financial information in most recent five years				
		2022	2021	2020	2019	2018
Operating Revenue		118,707,037	108,236,723	108,522,967	96,876,837	80,259,405
Gross profit		3,967,282	3,426,380	2,926,455	2,833,812	2,542,674
Operating margin		1,767,654	1,616,530	1,303,069	1,176,992	891,831
Non-operating income and expenses		(698,137)	(193,276)	(394,596)	(683,532)	(577,622)
Pretax profit		1,069,517	1,423,254	908,473	493,460	314,209
Net Income for Continuing Operations		824,050	1,423,254	697,196	368,219	243,627
Loss from discontinued operations		0	0	0	0	0
Net income (loss)		824,050	1,423,254	697,196	368,219	243,627
Other comprehensive (loss) income (after-tax net amount) in current period		442,110	(116,099)	(207,896)	(80,925)	78,676
Total comprehensive income (loss)		1,266,160	1,019,058	489,300	287,294	322,303
Net profit attributable to owners of parent company		823,731	1,133,373	697,249	367,792	243,428
Net profit attributable to non-controlling interests		319	1,784	(53)	427	199
Total comprehensive income or loss attributable to the owner of the parent company		1,265,841	1,017,236	489,353	286,868	322,126
Total comprehensive income attributable to non-controlling interests		319	1,822	(53)	426	177
Earning per share (Note 1)		3.11	4.63	2.85	1.65	1.09

Note 1: Calculated in line with the number of shares after of capital increase with surplus reserve after retroactive adjustment.

(II) Names of certified public accountant in the five most recent years and audit opinions

Year of Audit	Name of CPA	Audit opinion
2018	CPA Lin An-Hui and Ke Chih-Hsien of Deloitte Taiwan	Unqualified opinion
2019	CPA Ke Chih-Hsien and Cheng Ching-Chun of Deloitte Taiwan	Unqualified opinion
2020	CPA Ke Chih-Hsien and Cheng Ching-Chun of Deloitte Taiwan	Unqualified opinion
2021	CPA Cheng Chin-Chung and Chiu Meng-Chieh of Deloitte Taiwan	Unqualified opinion
2022	CPA Cheng Chin-Chung and Chiu Meng-Chieh of Deloitte Taiwan	Unqualified opinion

II. Financial Analysis for the Most Recent Five Years

(I) Financial Analysis - IFRS (Consolidated)

Year Analysis Item		Financial analysis for the most recent five years				
		2022	2021	2020	2019	2018
Financial Structure	Debt-to-asset ratio	82.63%	83.90%	84.05%	81.85%	80.82%
	Ratio of long-term capital to property, plant and equipment	946.10%	743.67%	755.55%	687.46%	635.72%
Debt-paying ability	Current ratio	118.60%	114.82%	119.61%	121.91%	123.47%
	Quick ratio	44.61%	55.25%	75.72%	67.40%	48.41%
	Interest coverage ratio	211.49%	626.95%	342.49%	171.45%	150.96%
Operating ability	Receivables turnover ratio (times)	13.02	10.08	10.44	14.47	16.83
	Average Collection Days	28	36	35	25	22
	Inventory Turnover Rate (times)	7.50	10.33	13.43	10.64	8.76
	Payables Turnover Rate (times)	9.32	8.35	9.10	10.69	12.63
	Average days of sales	49	35	27	34	42
	Property, Plant and Equipment Turnover Rate (Times)	169.61	159.69	168.03	151.16	124.90
	Total Asset Turnover Rate (Times)	4.06	4.32	5.13	5.34	5.02
Profitability	Return on assets (%)	5.44%	5.40%	4.71%	5.07%	4.61%
	Return on equity (%)	16.78%	28.28%	19.46%	10.88%	7.40%
	Ratio of profit before tax to paid-in capital (%)	39.64%	58.13%	40.82%	22.17%	14.12%
	Net profit margin (%)	0.69%	1.05%	0.64%	0.38%	0.30%
	Earnings per share (NT\$)	3.11	4.63	3.13	1.65	1.09
Cash Flow (Note)	Cash flow ratio (%)	-	-	-	9.45%	6.90%
	Cash flow adequacy ratio (%) (Note 1)	-	16.40%	31.26%	38.39%	-
	Cash re-investment ratio (%)	-	-	-	27.82%	16.56%
Degree of leverage	Operating leverage	1.08	1.16	1.06	1.05	1.05
	Financial leverage	2.19	1.20	1.40	2.42	3.24

Reasons for changes in the financial ratios in the past two years. (analysis is not required if the change is within 20%)

- I. The increase in the ratio of long-term funds to real estate, plant and equipment compared to last year is mainly due to the improvement of the capital structure of private equity.
- II. The interest coverage ratio dropped sharply from last year mainly due to the continuous interest rate hike in the financial market.
- III. The turnover rate of accounts receivable and the average number of cash collection days are better than last year, mainly due to the improvement of the credit period of major customers and the undertaking of accounts receivable financing with banks.
- IV. The decrease in the inventory turnover rate compared with last year was mainly due to the recession of the terminal consumer market, which resulted in a backlog of inventory in the entire electronic components market.
- V. The turnover rate of accounts payable increased compared with last year, mainly due to the improvement of payment terms with suppliers.
- VI. The decline in various indicators of profitability compared with last year was mainly due to the soaring interest rate in the financial market, which eroded the profit from the capital cost.
- VII. The significant increase in financial leverage compared to last year was mainly due to the increase in interest rates in the financial lending market.

Note: A negative number will not be listed.

(II) Financial Analysis - IFRS (individual)

Analysis Item		Financial Analysis for the Most Recent Five Years (Note 1)				
		2022	2021	2020	2019	2018
Financial Structure	Debt-to-asset ratio	81.50%	82.77%	83.86%	81.52%	80.16%
	Ratio of long-term capital to property, plant and equipment	1427.01%	1082.22%	1039.36%	950.72%	893.68%
Debt-paying ability	Current ratio	114.17%	109.79%	116.16%	118.31%	119.98%
	Quick ratio	40.82%	50.48%	72.87%	63.65%	42.77%
	Interest coverage ratio	215.64%	624.55%	340.16%	167.82%	148.36%
Operating ability	Receivables turnover ratio ((times))	13.06	10.15	10.44	15.31	18.94
	Average Collection Days	28	36	35	24	19
	Inventory Turnover Rate (times)	7.53	10.52	13.47	10.62	8.68
	Payables Turnover Rate (Times)	9.04	8.25	9.03	10.63	12.64
	Average days of sales	48	35	27	34	42
	Property, Plant and Equipment Turnover Rate (Times)	241.84	223.85	229.98	208.75	169.42
	Total Asset Turnover Rate (Times)	4.06	4.39	5.15	5.39	5.08
Profitability	Return on assets (%)	5.62%	5.61%	4.78%	5.19%	4.81%
	Return on equity (%)	16.78%	28.28%	19.49%	10.89%	7.41%
	Income before tax to paid-up capital ratio (%)	38.56%	56.86%	40.11%	20.91%	13.22%
	Net margin (%)	0.74%	1.08%	0.65%	0.39%	0.32%
	Earnings per share (NT\$)	3.11	4.63	3.13	1.65	1.09
Cash Flow (Note)	Cash flow ratio (%)	-	-	-	6.85%	7.15%
	Cash flow adequacy ratio (%) (Note 1)	-	8.92%	9.23%	16.05%	-
	Cash flow reinvestment ratio (%)	-	-	-	19.44%	17.17%
Degree of leverage	Operating leverage	1.05	1.04	1.04	1.04	1.03
	Financial leverage	2.30	1.22	1.42	2.61	3.85
Reasons for changes in the financial ratios in the past two years. (analysis is not required if the change is within 20%)						
I. The increase in the ratio of long-term funds to real estate, plant and equipment compared to last year is mainly due to the improvement of the capital structure of private equity.						
II. The interest coverage ratio dropped sharply from last year mainly due to the continuous interest rate hike in the financial market.						
III. The turnover rate of accounts receivable and the average number of cash collection days are better than last year, mainly due to the improvement of the credit period of major customers and the undertaking of accounts receivable financing with banks.						
IV. The decrease in the inventory turnover rate compared with last year was mainly due to the recession of the terminal consumer market, which resulted in a backlog of inventory in the entire electronic components market.						
V. The decline in various indicators of profitability compared with last year was mainly due to the soaring interest rate in the financial market, which eroded the profit from the capital cost.						
VI. The significant increase in financial leverage compared to last year was mainly due to the increase in interest rates in the financial lending market.						

Note: A negative number will not be listed.

Note 1: Financial information for the above years has been audited and attested by CPAs.

Note 2: The following lists the calculation formulas:

1. Financial structure

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

2. Solvency

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

3. Operating ability

- (1) Receivables turnover rate (including bills receivable resulting from accounts receivable and business operations) = Net sales / Average accounts receivable in various periods (including bills receivable resulting from accounts receivable and business operations).
- (2) Average Collection Days = 365 / Receivables Turnover Rate.
- (3) Inventory Turnover Rate = Cost of Sales / Average Inventory.
- (4) Payables turnover rate (including bills payable resulting from accounts payable and business operations) = Cost of sales / Average accounts payable in various periods (including bills payable resulting from accounts payable and business operations).
- (5) Average Days for Sale = 365 / Inventory Turnover Rate.
- (6) Property, Plant, and Equipment Turnover Rate = Net Sales / Average Net Property, Plant, and Equipment.
- (7) Total Asset Turnover Rate = Net Sales / Average Total Assets.

4. Profitability

- (1) Return on assets (ROA) = [Gain (loss) after tax + Interest expenses x (1 - interest rate)] / Average total asset value.
- (2) Return on equity = net income after tax / average equity
- (3) Net margin = net income / net sales.
- (4) Earnings per share = (net income (loss) attributable to owners of parent company – dividends on preferred shares) / weighted average number of issued shares. (Note 4)

5. Cash flow

- (1) Cash flow ratio = net operating cash flow / current liabilities.
- (2) Net cash flow adequacy ratio = Net cash flow from operating activities for the most recent five years / (capital expenditures + inventory increase + cash dividend) for the most recent five years.
- (3) Cash re-investment ratio = (Net cash flow from operating activities – cash dividend) / (gross property, plant and equipment + long-term investment + other non-current assets + working capital). (Note 5)

6. Leverage:

(1) Operating Leverage = (Net Operating Revenue - Variable Operating Costs and Expenses) / Operating Income (Note 6).

(2) Financial Leverage = Operating Income / (Operating Income - Interest Expenses).

Note3: Special attention shall be paid to the following matters when using the calculation formula of earning per share above:

1. Based on the weighted average number of shares of ordinary share, rather than the number of issued shares at the end of the year.
2. In case of cash capital increase or transaction of treasury stocks, the circulation period should be considered when calculating the weighted average number of shares.
3. For capital increase with retained earnings or capital surplus, the Company shall retrospectively adjust the earnings per share for the past fiscal year and the semi-annual earnings ratio retrospectively, without considering the issuance period of the capital increase.
4. If the preferred shares are nonconvertible cumulative preferred shares, its dividend of the year (whether is being distributed or not) shall add or subtract the net loss from the net income. If the preferred share is non-cumulative, the dividend of the preferred share should be deducted from the net profit after tax if the Company has net profit after tax; if the company is loss-making, it shall not be adjusted.

Note 4: Special attention should be paid to the following matters when measuring cash flow analysis:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the statement of cash flows.
2. Capital expenditure is the annual cash outflow of capital investment.
3. The increase in inventory is included only when the balance at the end of the period is greater than the balance at the beginning of the period. If the inventory decreases at the end of the year, it is counted as zero.
4. Cash dividends include cash dividends from ordinary shares and preferred shares.
5. Gross property, plant and equipment refers to the total value of PP&E minus accumulated depreciation.

Note 5: The issuer shall classify the operating costs and operating expenses as fixed or variable in accordance with their nature. If it involves estimation or subjective judgment, the issuer shall pay attention to their reasonableness and keep them consistent.

Note 6: Relevant ratios of a foreign company to the paid-in capital are now replaced with the ratios to net value.

III. The Audit Committee's Audit Report on the Financial Report of the Most Recent Year

EDOM Technology Co., Ltd.
Audit Committee's Review Report

For your reference,

The Board of Directors of the Company has submitted the 2022 Financial Statements (including the consolidated financial statements), which have been audited and issued an audit report by certified public accountants Cheng Chin-Chung and Chiu Meng-Chieh from Deloitte Taiwan, along with the 2022 Business Report and Distribution of Net Income. The Audit Committee has reviewed the aforementioned reports and determined them to be correct and accurate. This Report is duly submitted in accordance with Article 219 of the Company Act.

Please proceed to examine.

To

EDOM Technology Co., Ltd. 2023 Shareholders' Meeting

Convener of Audit Committee, Cheng Tun-Chien

April 1, 2023

- IV. Financial Report of the Most Recent Year
Please refer to Taiwan Market Observation Post System or EDOM website.
<http://mops.twse.com.tw> Taiwan Market Observation Post System
<http://www.edomtech.com.tw> EDOM website
- V. Individual Financial Report Audited and Attested by CPAs for the Most Recent Year
Please refer to Taiwan Market Observation Post System or EDOM website.
<http://mops.twse.com.tw> Taiwan Market Observation Post System
<http://www.edomtech.com.tw> EDOM website
- VI. Any Financial Difficulties Experienced by the Company and Its Affiliate Businesses During the Most Recent Year and Up to the Publication Date of the Annual Report:
None.

Chapter 7 Review and Analysis of Financial Position and Financial Performance, and Risk Management

I. Financial Position:

In the accounting items of the balance sheet for the latest year, regarding the situation whereby the amount changes by 20% or more and NT\$10 million, the reasons for the changes are as follows:

Unit: Thousand NT\$; %

Accounting Item \ Year	2022	2021	Difference		Explanation of Reasons
			Amount	Percentage of Change	
Current Assets	29,817,106	24,741,856	5,075,250	21%	Explanation1
Funds and Investments	432,904	439,571	(6,667)	-2%	
Property, Plant, and Equipment	697,919	701,865	(3,946)	-1%	-
Intangible Assets	310,160	334,130	(23,970)	-7%	-
Other Non-current Assets	486,411	532,170	(45,759)	-9%	-
Total Assets	31,744,500	26,749,592	4,994,908	19%	-
Current Liabilities	25,141,486	21,548,944	3,592,542	17%	-
Non-current Liabilities	1,089,390	893,913	195,477	22%	Explanation2
Total Liabilities	26,230,876	22,442,857	3,788,019	17%	-
Share Capital	2,698,298	2,448,298	250,000	10%	-
Retained Earnings	2,037,586	2,121,548	(83,962)	-4%	-
Total Equity	5,513,624	4,306,735	1,206,889	28%	Explanation3
Explanation:					
1. Mainly due to the decline in the terminal consumer market, the inventory amount has increased compared with previous years. 2. Mainly due to the signing of the new syndicated loan contract, the amount of long-term loans increased compared with last year. 3. Mainly due to the improvement of capital structure through private placement in 2022, which resulted in the increase of share capital.					

II. Financial Performance

Unit: Thousand NT\$

	2022	2021	Amount Increased (Decreased)	Percentage of Change (%)
Net operating income	118,707,037	108,236,723	10,470,314	10%
Operating Costs	114,739,755	104,810,343	9,929,412	9%
Gross profit	3,967,282	3,426,380	540,902	16%
Operating Expenses	2,199,628	1,809,850	389,778	22%
Operating profit	1,767,654	1,616,530	151,124	9%
Non-Operating Income and Expenses	(698,137)	(193,276)	(504,861)	261%
Pre-tax Interest	1,069,517	1,423,254	(353,737)	-25%
Income Tax	245,467	288,097	(42,630)	-15%
Net Profit	824,050	1,135,157	(311,107)	-27%

- (I) Analysis of Increase or decrease of change:
The company's turnover this year has increased by about 10% compared to last year. Due to the adjustment of product mix, the gross profit margin has been effectively improved, and the operating gross profit has increased by 16% compared to last year. Operating expenses increased by 22% compared with last year, mainly because all business visits were suspended due to the epidemic last year, and travel and communication expenses were significantly reduced. The part of non-industry income and expenditure is mainly due to the sharp increase in interest expenses due to the continuous soaring interest rates in the financial lending market. To sum up, the company's profit in 2022 reached 824 million yuan, a decrease of 27% compared to last year.
- (II) Reason for changes in main business contents of the Company: the Company has not changed the main business contents.
- (III) Expected sales volume and its basis, possible impact on the Company's future financial operations and response plans:
The products sold by the company mainly include various electronic components, and the market and sales prices of different product lines vary a lot. Therefore, it is not recommended to use the sales volume as the basis for measurement. According to the current market forecast that the semiconductor and electronic components industry will still be out of stock in the first half of the year ended Dec.31, 2022. Since the market demand is strong, the company will be more cautious in the control of the accounts receivable and interest rate risks; and it will continue to develop more competitive product line in order to surpass the performance of market growth.

III. Cash Flow

Cash Flow Review and Analysis:

(1) Analysis of Cash Flow Changes in the Most Recent Fiscal Year:

Unit: Thousand NT\$

Cash Balance at the Beginning of Year ①	Net Cash Flow from Operating Activities Throughout the Year	Annual Cash Inflows ②	Cash Balance, End of Year ① + ②	Remedial Measures for the Anticipated Shortage of Cash	
				Investment Plan	Financial Plan
2,115,396	(3,288,419)	(400,863)	1,714,533	—	—

1. The net outflow of operating activities was 3,288,419 thousand yuan, mainly due to the fluctuation of the terminal consumption market, which caused the inventory level at the end of the period to rise sharply compared with the end of last year.
2. The net outflow from investment activities of RMB 672,294,000 was mainly due to the cash outflow from the acquisition of subsidiary equity.
3. The net inflow of financing activities was 3,901,074 thousand yuan, mainly due to the increase in short-term borrowings to meet the needs of purchasing materials and stocking up.

(2) Improvement plans for liquidity shortage: Not Applicable.

(3) Analysis of the cash liquidity of the coming year

Unit: Thousand NT\$

Cash Balance at the Beginning of Year ①	Net Cash Flow from Operating Activities Throughout the Year	Annual Cash Inflows ②	Cash Balance, End of Year ① + ②	Remedial Measures for the Anticipated Shortage of Cash	
				Investment Plan	Financial Plan
1,714,533	1,321,620	1,272,465	2,986,998	—	—

1. Operating activities: Operating activities: It is expected that the cash from operating activities in the year 2022 will be cash outflows. This is due to the estimated future performance growth and comprehensive consideration of the stocking situation, payment and cash collection speed.
2. Investing activities: Cash outflow is expected in reference to capital needs from reinvestments in China and diversified investments in innovative technologies with development potentials.
3. Financing activities: Cash outflow is expected in reference to increases in loans or financing based on the Company's capital needs.
4. Remedial measures for expected short of cash: Not applicable.

IV. Impact of Material Capital Expenditures on Corporate Finances and Business in the Most Recent Year: None.

V. Investment Policy for the Most Recent Year, the Main Reasons for the Profits/Losses Generated thereby, the Improvement Plans, and Investment Plans for the Coming Year:

The company's reinvestment policy is mainly based on the consideration of future development and strategic cooperation. This year's recognition of the interests of related companies under the equity method is NT\$2,992,000. The main reason is that the reinvestment companies are making stable profits. We will continue to assist relevant reinvestment companies to share experience and resources, so that the reinvestment companies can continue to grow.

The investment plan for the next year will be based on the relevant industries of the industry and the company's future development. If the corresponding product line can produce complementary synergies with the company, mergers and acquisitions will be carried out or the amount of reinvestment will be increased depending on market conditions.

VI. Risk Assessment and Analysis

(I) The impact of interest rate, exchange rate fluctuations and inflation on corporate profits and losses and future countermeasures:

1. The impact of interest rate and exchange rate fluctuations in the most recent year on the Company's profits and losses and future response measures:

(1) The ratio of interest income and expenditure and exchange gains and losses as to the consolidated Company's operating income in the years 2022 and 2021:

Unit: Thousand NT\$

	2022	2021
Exchange (Loss) Gain (A)	79,449	(29,530)
Net Interest Income (Expenditure) (B)	(956,165)	(267,694)
Operating Income (C)	118,707,037	108,236,723
A/C	0.07%	0.03%
B/C	0.81%	0.25%

(2) The Company's specific measures in response to the changes in interest rates and exchange rates fluctuations:

A. Since the purchases and sales transactions of the Company are mostly denoted in the USD, fluctuations in exchange will pose a direct impact on the Company's gain or loss. However, since the purchasing amounts can hedge against each other, natural hedging effect can be created. In addition, the Company also utilizes information on real-time forex changes from transacting banks as reference to hedging against forex changes.

B. Evaluate bank borrowing rates regularly and keep close contact with banks to obtain more favorable borrowing rates. Borrowing costs in the capital market continued to be revised in 2022; and the ratio of interest expenses to revenue has dropped to 0.25%. The company will continue to pay close attention to changes in market interest rates in the future.

2. Impact of inflation on the Company's profit or loss in the most recent year and future response measures:

As the Company is a semiconductor components and electronic components agent, life cycles of relevant products are short and technology

continues to improve. Therefore, inflation has less impact on relevant industries. The Company also maintains close relations with suppliers and customers, and stays up-to-date on the changes in the relevant market. Inflation is not expected to affect the Company's operations in 2021.

- (II) Policies for engaging in high-risk and high-leverage investments, capital loans to others, endorsements and guarantees, and derivatives transactions in the most recent year, the main reasons for profits or losses and future response measures:

The Company focuses on the development of its core business and has not engaged in high-risk and highly leveraged investments and derivative transactions. In addition, the transactions of loans to others, and endorsements and guarantees, all are conducted in line with the Company's Regulations Governing Lending of Funds and Making of Endorsements/Guarantees. The funds and endorsements/guarantees needed for short-term financing are provided within the set limits for the subsidiaries - Sunjet Components Corp., iPro Technology Inc. and Goldeflash electronics Co., Ltd.. No material abnormal matters have occurred.

- (III) Future R&D plans and expected R&D expenses:

1. Future R&D plans:

The Company is a professional semiconductor and electronic component distributor. Our dedicated application engineers will complete the product plan by the most economical and effective means, provide the suppliers with the real-time market demand with the professional technical support ability, and assist the customers to solve the new product problem, or develop the Total Solution on behalf of the customer. In the future, the Company will seek professional talents as needed and in reference to trend of changes in electronic products, and to invest resources toward accurate R&D plans.

2. Expected R&D Expenditure:

With rapid technological changes in the semiconductor industry and the short life cycle of products, the Company maintains our position as a market leader in technology and continuously invests in professionals, equipment or key technologies to meet the needs of business development. Based on past experience, the research and development expenses for 2022 are estimated to be NT\$78,278 thousand.

- (IV) The impact of changes in important domestic and foreign policies adopted and legal environment on the Company's financial operations and countermeasures:

The legal and accounting personnel of the Company shall have sufficient professional knowledge to keep abreast of changes in various laws and regulations, and to work closely with law firms, accounting firms and other professional consultants to propose contingency measures and plans in case of changes in laws.

- (V) Impact of technological and market changes on the Company's finances and business and countermeasures:

1. Impact on the Company's financial operations:

The Company is a professional semiconductor and electronic component distributor, and technological changes and industry changes will help the Company to achieve agency over more innovative products and to bring more business opportunities. The Company also upholds professionalism, provides quality customer service, and maintains positive relations with

customers in the hopes of becoming a leading supplier when innovative applications are launched.

2. Proactive measures:

By visiting customers, information exchange, and organizing seminars to maintain positive interactions with downstream customers, the Company can rapidly seize market trends. In addition, through introducing new agency product lines, the Company can also diversify its agency products and satisfy customer demand with a one-stop shop and service through diversified products.

(VI) The impacts of change of corporate image on the enterprise crisis management and the countermeasures:

The Company has won numerous awards from Commonwealth Magazine, Business Weekly, and other media, and has been selected as the best distribution partner by various suppliers. We will continue to maintain a positive image of providing professional services as we expand our scale of business.

As of the date of publication of the Annual Report, the Company maintains a positive corporate image and there has been no relevant impacts on our crisis management.

(VII) Expected benefits, possible risks, and response measures for mergers and acquisitions:

The Company acquired 100% of shares from Promaster Technology Corp. in December, 2021. It is estimated that in 2022, it will contribute 6 billion operating income and increase the company's earnings per share by NT\$0.5. Promaster has developed rapidly in recent years, and needs the support of the parent company in terms of capital to expand its business. The company intends to assist the subsidiary to expand its business by means of capital loan and endorsement guarantee.

(VIII) Expected benefits and potential risks of any plant expansion and response measures:

The company did not purchase fixed assets for business use in the most recent year and the most recent quarter.

(IX) Risks associated with any concentration of sales or purchasing operations and response measures being or to be taken:

Risks associated with sales are very dispersed at the Company. Only one customer has had sales figures that exceeded 10% of the net operating revenue, showing that there is no concentration of sales. In terms of purchasing, the top 2 suppliers accounted for approximately 50% of total purchases in 2021. Since the relevant products are more competitive and are mainstream products at the consumer electronics market at the top 2 suppliers, their purchasing ratios are also relatively high. The Company also continues to develop other product agency rights for products with future potential. We believe that we can disperse risks from suppliers on the Company's operations as we develop more agency products in the future.

(X) The impact and risks of a substantial transfer or change of shares of Directors or major shareholders holding more than 10% of the Company's shares, and related response measures:

The Directors and major shareholders holding more than 10% of the shares of the Company are stable and optimistic about the operation and future prospects of the Company. Although there may be share transfers from relevant personnel due to personal factors (such as investment planning and tax considerations), there has not been any material transfer in the near future causing risks to the Company.

- (XI) The effect upon and risk to the Company associated with any change in governance personnel or top management and response measures being or to be taken: Not applicable.
- (XII) If there has been any substantial impact upon shareholders' equity or prices for the Company's securities as a result of any litigation, non-litigious proceeding, or administrative dispute involving the company that was finalized or remained pending, the facts in dispute, amount in dispute, commencement date, main parties involved, and current status of the case up to the publication date of this Annual Report shall be disclosed: None.
- (XIII) Other material risks and countermeasures:

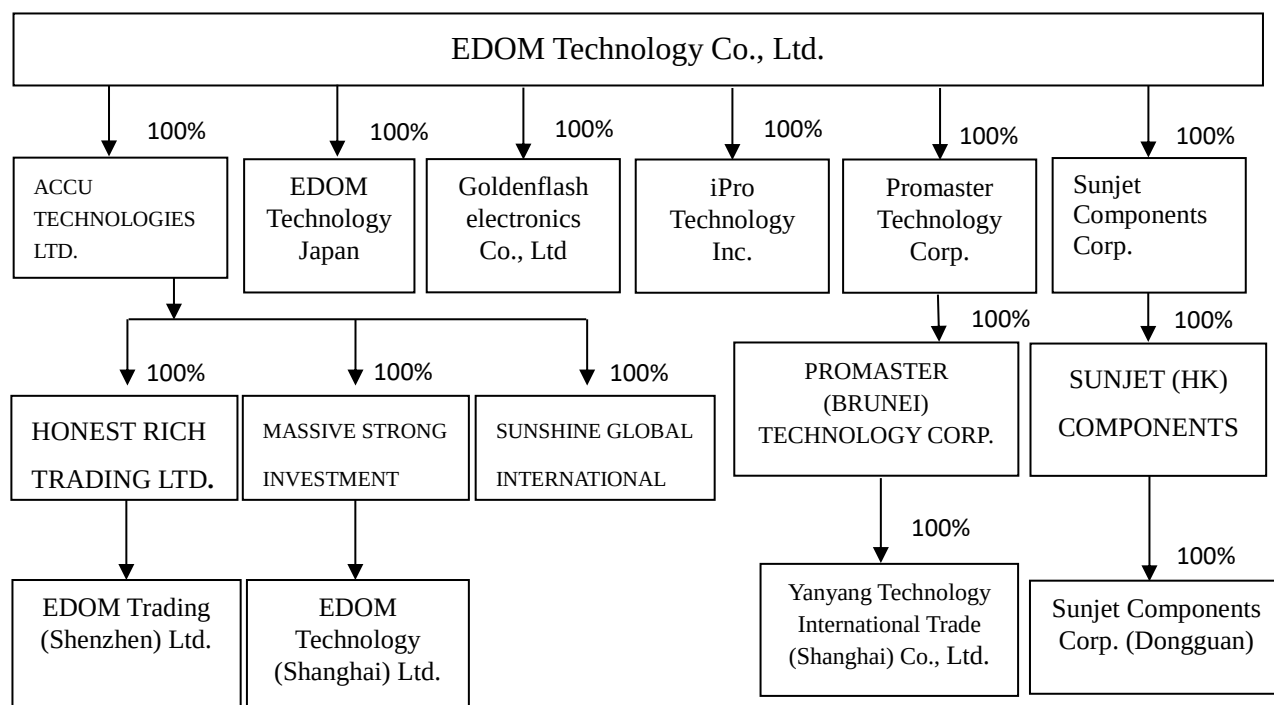
The COVID-19 epidemic broke out in the world in the early of 2020, and it has not been controlled so far. The impact on the global economy cannot be underestimated. The company pays close attention to changes in the epidemic and implements decisions and orders more cautiously in a turbulent environment to avoid unnecessary losses. In addition to the business side, the company also provides sufficient resources for epidemic prevention to protect the health of its employees and their families.

With the recent news that the US Federal Reserve will raise interest rates in response to inflation, the increase in capital costs is bound to erode the Company's profits. In addition to maintaining a good relationship with the bank, the company also seeks to improve the capital structure at an appropriate time to reduce interest expenses, in order to create maximum shareholder benefits.

VII. Other Important Matters: None.

Chapter 8 Special Notes

- I. Information on Affiliates
 - (I) Consolidated Business Report of Affiliates
 - 1. Organization Chart of Affiliates



2. Basic information of all affiliates

Unit: Thousand NT\$
December 31, 2020

Name of Affiliates	Date of Establishment	Address	Paid-in capital	Main Business Projects
ACCU TECHNOLOGIES LTD.	90.4	Note 1	USD 14,748	General investment and trading
SUNSHINE GLOBAL INTERNATIONAL LTD.	95.4	Note 2	USD 1,975	General investment and trading
HONEST RICH TRADING CO., LTD.	96.1	Note 2	USD 5,501	General investment and trading
MASSIVE STRONG INVESTMENT LTD.	96.7	Note 2	USD 9,000	General investment and trading
EDOM Trading (Shenzhen) Ltd.	96.2	Note 3	USD 5,500	Import/export of IC, computer hardware and its peripheral devices
EDOM Technology (Shanghai) Ltd.	96.11	Note 4	USD 9,000	Import and export trading and research and development of IC, computer hardware and software and peripheral equipment
iPro Technology Inc.	94.6	Note 5	NTD 70,000	Distribution and trading of various electronic parts and components
Sunjet Components Corp.	86.5	Note 5	NTD 347,676	Distribution and trading of various electronic parts and components
SUNJET (HK) COMPONENTS LTD.	91.2	Note 6	HKD 25,114	General investment and trading
Sunjet Components Corp. (Dongguan)	101.5	Note 7	USD 3,147	Trading of power electronic equipment, computers and peripheral devices and software
Goldenflash electronics Co., Ltd.	108.8	Note 5	NTD 100,000	Distribution and trading of various electronic parts and components
Promaster Technology Corp.	83.12	Note 5	NTD 464,015	Distribution and trading of various electronic parts and components
PROMASTER (BRUNEI) TECHNOLOGY CORP.	91.8	Note 8	USD 2,550	Distribution and trading of various electronic parts and components
Promaster Technology International Trade (Shanghai) Co., Ltd.	91.11	Note 4	USD 6,180	Distribution and trading of various electronic parts and components
EDOM Technology Japan	111.05	Note 9	JPY 20,000	Distribution and trading of various electronic parts and components

Note 1: British Virgin Islands

Note 2: Samoa

Note 3: Shenzhen

Note 4: Shanghai

Note 5: Taiwan

Note 6: Hong Kong

Note 7: Dongguan

Note 8: Seychelles

Note 9: Japan

3. For those who are concluded as the existence of the controlling and subordinate relation, the information of the same shareholders: None.
4. Description of business relationship
 - (1) Overall business scope of affiliates
EDOM Technology Co., Ltd. and its subsidiaries are mainly engaged in the import and export business of various electronic parts, computer software, hardware, and peripheral devices.
 - (2) Businesses and division of labor of affiliates:
 - 1) ACCU TECHNOLOGIES LTD.: The investment holding company of the Company to develop overseas markets.
 - 2) HONEST RICH TRADING CO., LTD.: Is mainly an investment holding company for the expansion of the Southern China market.
 - 3) SHARP STRONG INVESTMENT LTD.: Is mainly an investment holding company for the expansion of the Northern China market.
 - 4) SUNSHINE GLOBAL INTERNATIONAL LTD.: Is mainly an investment holding company engages in the acquisition of real estate in Mainland China.
 - 5) EDOM Technology (Shanghai) Ltd.: Mainly engages in the import and export and research and development business of various electronic parts, computer software, hardware and its peripheral devices.
 - 6) EDOM Trading (Shenzhen) Ltd.: Mainly engages in the import and export business of various electronic parts, computer software, hardware and its peripheral devices.
 - 7) iPro Technology Inc.: Mainly engages in the distribution and trading of electronic parts and components.
 - 8) Sunjet Components Corp.: Mainly engages in the distribution and trading of electronic parts and components.
 - 9) SUNJET (HK) COMPONENTS LTD.: is an investment holding company mainly engages in the expansion of the Southern China market.
 - 10) Sunjet Components Corp. (Dongguan): Mainly engages in the trading of power electronic equipment, computers and peripheral devices and software.
 - 11) Goldenflash electronics Co., Ltd. : Mainly engages in the distribution and trading of electronic parts and components.
 - 12) Promaster Technology Corp. : Mainly engages in the distribution and trading of electronic parts and components.
 - 13) PROMASTER (BRUNEI) TECHNOLOGY CORP : Mainly engages in the distribution and trading of electronic parts and components.
 - 14) Promaster Technology International Trade (Shanghai) Co., Ltd. : Mainly engages in the distribution and trading of electronic parts and components.

5. Information of Directors, Supervisors and Presidents in all affiliated companies

Unit: Shares; %

Name of Business	Position	Name or Representative	Number of Shares Held	
			Number of Shares	Shareholding Percentage
ACCU TECHNOLOGIES LTD.	Shareholders	EDOM Technology Co., Ltd.	14,748,179	100
	Chairman of the Board	Tseng Yu-I (Corporate Representative of EDOM Technology Co., Ltd.)	—	—
HONEST RICH TRADING CO., LTD.	Shareholders	ACCU TECHNOLOGIES LTD.	5,501,000	100
	Chairman of the Board	Tseng Yu-I (Corporate Representative of ACCU TECHNOLOGIES LTD.)	—	—
MASSIVE STRONG INVESTMENT LTD.	Shareholders	ACCU TECHNOLOGIES LTD.	9,000,000	100
	Chairman of the Board	Tseng Yu-I (Corporate Representative of ACCU TECHNOLOGIES LTD.)	—	—
SUNSHINE GLOBAL INTERNATIONAL LTD.	Shareholders	ACCU TECHNOLOGIES LTD.	1,975,000	100
	Chairman of the Board	Tseng Yu-I (Corporate Representative of ACCU TECHNOLOGIES LTD.)	—	—
EDOM Trading (Shenzhen) Ltd.	Shareholders	Honest Rich Trading	—	100
	Chairman of the Board	Chan Li-Yen (Corporate Representative of Honest Rich Trading)	—	—
	Supervisors	Chien Hsien-Yung (Corporate Representative of Honest Rich Trading)	—	—
	President	Chan Li-Yen (Corporate Representative of Honest Rich Trading)	—	—
EDOM Technology (Shanghai) (merge)	Shareholders	Massive Strong Investment	—	100
	Chairman of the Board	Chan Li-Yen (Corporate Representative of Massive Strong Investment)	—	—
	Supervisors	Chien Hsien-Yung (Corporate Representative of Massive Strong Investment)	—	—
	President	Chan Li-Yen (Corporate Representative of Massive Strong Investment)	—	—
iPro Technology Inc.	Shareholders	EDOM Technology Co., Ltd.	7,000,000	100
	Chairman of the Board	Huang Ta-Wei (Corporate Representative of EDOM Technology Co., Ltd.)	—	—
	President	Huang Ta-Wei	—	—
Sunjet Components Corp.	Shareholders	EDOM Technology Co., Ltd.	34,709,305	100
	Chairman of the Board	Liu Chiang-Jung (Corporate Representative of EDOM Technology Co., Ltd.)	—	—
	President	Liu Chiang-Jung	—	—
SUNJET (HK) COMPONENTS LTD.	Shareholders	Sunjet Components Corp.	25,113,810	100
	Chairman of the Board	Lin Wu-Hung (Corporate Representative of Sunjet Components Corp.)	—	—
Sunjet Components Corp. (Dongguan)	Shareholders	SUNJET (HK) COMPONENTS LTD	—	100
	Chairman of the Board	Lin Wu-Hung (Corporate Representative of SUNJET (HK) COMPONENTS LTD)	—	—
Goldenflash electronics Co., Ltd.	Shareholders	EDOM Technology Co., Ltd.	9,000,000	90
	Chairman of the Board	FAN,HUNG-TA	300,000	3
	Director	CHEN,SHU-YUN	—	—
	Director	LIN,PO-KAI	—	—
	Supervisors	WU,SHU-HUA	—	—
Promaster Technology Corp.	President	FAN,HUNG-TA	300,000	3
	Shareholders	EDOM Technology Co., Ltd.	46,401,534	100
	Chairman of the Board	Wu Ming-Hsiung(Corporate Representative of EDOM Technology Co., Ltd.)	—	—
	Director	Chien Hsien-Yung(Corporate Representative of EDOM Technology Co., Ltd.)	—	—
	Director	Tseng Po-Chuan (Corporate Representative of EDOM Technology Co., Ltd.)	—	—
	Supervisors	Chan Li-Yen (Corporate Representative of EDOM Technology Co., Ltd.)	—	—
	President	Wu Ming-Hsiung	—	—

PROMASTER (BRUNEI) TECHNOLOGY CORP.	Chairman of the Board	Wu Ming-Hsiung (Corporate Representative of Promaster Technology Corp.)	2,550,001 —	100 —
Promaster Technology International Trade (Shanghai) Co., Ltd.	Chairman of the Board	Wu Ming-Hsiung (Corporate Representative of PROMASTER (BRUNEI) TECHNOLOGY CORP.)	— —	100 —
EDOM Technology Japan	Chairman of the Board	Chan Li-Yen (Corporate Representative of EDOM Technology Co., Ltd.)	2,000	100

6. Operating Situation of Affiliated Companies

Unit: Thousand NT\$

Project Name of Business	Capital	Total Assets	Total Liabilities	Net Value	Operating Revenue	Operating Profit (Loss)	Gains (Losses) in Current Period
ACCU	496,322	464,957	57,582	407,375	0	0	23,354
HONEST RICH	169,716	108,553	0	108,553	0	0	13,026
MASSIVE STRONG	312,863	269,666	0	269,666	0	0	7,906
SUNSHINE GLOBAL	63,236	32,364	0	32,364	0	0	1,774
EDOM (Shenzhen)	169,686	187,477	78,956	108,521	456,050	229,468	7,906
EDOM (Shanghai)	312,863	351,304	81,638	269,666	425,075	172,056	13,026
iPro Technology	74,900	198,065	40,953	157,112	317,272	40,617	897
Sunjet	347,676	462,003	88,835	373,169	452,107	34,669	31,601
SUNJET (HK)	98,899	7,174	22,861	(15,688)	63,356	311	(10,954)
Sunjet (Dongguan)	96,644	17,366	37,831	(20,465)	24,152	(873)	(11,132)
Goldenflash electronics	123,941	502,252	361,761	140,490	1,647,141	50,549	12,476
Promaster	522,910	2,448,593	1,834,556	614,037	4,518,504	263,839	47,495
Promaster (Brunei)	83,305	539,822	267,216	272,606	877,537	17,566	(24,498)
Promaster (Shanghai)	192,636	161,207	118,611	42,596	552,470	60,014	(33,148)
EDOM Japan	4,612	10,231	5,243	4,988	8,665	5,073	310

Note: Preceding financial information have been audited by CPA.

(II) Consolidated Financial Statements of Affiliates:

In year 2022 (from January 1 to December 31, 2022), pursuant to Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises, the Company's entities that shall be included in preparing the Consolidated Financial Statements for Affiliates and the Parent-Subsidiary Consolidated Financial Statements for International Financial Reporting Standards (IFRS) 10 are the same. Moreover, the disclosure information required for the Consolidated Financial Statements for Affiliates has been fully disclosed in the aforementioned Parent-Subsidiary Consolidated Financial Statements, and a separate Consolidated Financial Statements for Affiliates will not be prepared. For the Consolidated Financial Reports of the parent company and subsidiaries, please refer to Taiwan Market Observation Post System or EDOM website.

(III) Report of affiliates: Not Applicable.

- II. Private Placement of Securities in the Most Recent Year and up to the Publication Date of the Annual Report: The Company shall disclose the passing date of and amount resolved by the Shareholders' Meeting or Board of Directors' Meeting, basis and rationality of pricing, selection method for specific personnel and necessary reason for private offering, private offering object, qualifications, subscription amount, relations with the Company, participation in Company's operation, actual subscription (or conversion) price, difference between actual subscription (or conversion) price and reference price, effect of private offering on shareholders' equity, completion of fund application program upon sufficient collection of share capital or price, fund application of fund raised from securities, progress of implementation, and benefit revealed:

Item	The first private placement in 2021 Date of issue: April 14, 2022				
Type of privately placed negotiable securities	private placement of common shares				
Date and amount approved in the shareholders' meeting	July 15, 2021 within the limit of 50 million common shares				
Basis and reasonableness of price setting	(1) March 08, 2022, the date on which this Board is convened, is the price determination date of the issuance of the Private Placement:(I)the simple average closing price of the common shares for either the 1, 3,or 5 business days before the price determination date are respectively NT\$ 37.95, 38.10, 38.15. Based on the simple average closing price of the common shares for five business days before the price determination date, deducting any distribution of stock dividends or cash dividends, and adding back the share price after capital reduction, the price is NT\$ 38.15;(II)The simple average closing price of the common shares for the 30 business days before the price determination date, deducting any distribution of stock dividends or cash dividends, and adding back the share price after capital reduction, is NT\$ 35.02. The higher price among the above two calculation bases is set as the reference price. Therefore, the reference price of the Private Placement is NT\$ 38.15. The actual private placement price of the issuance of the Private Placement is set as NT\$ 34.50 per share, which is not lower than 80% of the reference price. (2) The price per share of the private placement common stock is determined based on the average closing price of the company's common stock in the centralized trading market for a period of time, and meet the requirements under Directions for Public Companies Conducting Private Placements of Securities, so it should be reasonable.				
Method for selecting designated persons	The subscribers of the private placement is limited to those who meet the requirements under Article 43-6 of the Securities and Exchange Act ("SEA") and the Explanation issued by Financial Supervisory Commission about the regulation of the specific persons, and the subscribers must be a strategic investor. The subscriber of the private placement is WPG Holdings Limited., which has no relationship with the Company.				
Reason the private placement is necessary	Considering factors such as the relative timeliness and convenience of private placement methods, and that the provision that private placement securities cannot be freely transferred within three years will ensure the long-term relationship between the Company and the applicant, and, in addition, that the authorization of the board of directors to deal with the matter based on the actual needs of the Company's operations will effectively increase the flexibility of fund raising, private placement is necessary.				
Date of payment was completed	March 14, 2022				
Information on	Subscriber	Qualifications	Subscription	Relationship	Participate in

Subscribers			quantity	with the company	the operation of the company
	WPG Holdings Limited	meet the requirements under Article 43-6 of the Securities and Exchange Act ("SEA") and the Explanation issued by Financial Supervisory Commission about the regulation of the specific persons, and the subscribers must be a strategic investor	25,000,000 Shares	Not an insider or related party of the company	None
Actual subscription (or conversion) price	34.5				
Difference between the actual subscription (or conversion) price and reference price	The actual private placement price of the issuance of the Private Placement is set as NT\$ 34.50 per share, which is not lower than 80% of the reference price.				
Impact of private placement on shareholders	The issue price of 34.5 is higher than the face value, which will increase the capital reserve and help to increase the net value per share.				
Utilization of funds from private placement and project implementation progress	Used to replenish working capital and repay bank borrowings, and the implementation has been completed in the first quarter of 2022				
Benefits obtained from the private placement	Repaying bank borrowings will help reduce interest expenses and improve the Company's profitability.				

Item	The first private placement in 2022 Date of issue:Not yet issued
Type of privately placed negotiable securities	private placement of common shares and/or private placement of domestic convertible corporate bonds
Date and amount approved in the shareholders' meeting	Not yet resolved by the shareholders' meeting
Basis and reasonableness of price setting	(1) The reference price set for the subscription price of private placement common shares is calculated based on the simple arithmetic average of the price at one, three or five business days before the pricing date and the simple arithmetic average of the common shares closing prices on the 30 business days prior to the pricing date, minus the free allotment ex-rights and dividend, and adding back the capital reduction reverse ex-rights, and the higher of which is the reference price. (2) It is proposed to request the shareholders' meeting to authorize the board of directors to, in accordance with the above regulations, determine the private placement common shares subscription price on a basis of not lower than 80% of the reference price, and the issuance price of the private placement convertible corporate bonds on a basis of not lower than 80% of the theoretical price. It is proposed to request the shareholders' meeting to authorize the board of directors to determine the actual price, within the range of not less than what was approved by the resolution of the shareholders' meeting, and based on the circumstances of the specific person and market conditions in the future. (3) The aforementioned subscription prices for privately placed common shares and for privately placed convertible corporate bonds are determined with reference to the Company's stock price and theoretical price respectively, and are in accordance with the regulations on matters to be noted by public issuing companies when handling privately placed securities, so they should be reasonable.
Method for selecting designated persons	(1) The target of this private placement is limited to a specific person who meets the regulations of Article 43-6 of the Securities and Exchange Act, and who is a strategic investor. Priority is given to those who can generate benefits for the Company's long-term development and competitiveness, and for existing shareholders' rights. (2) The purpose, necessity, and expected benefits of selecting strategic investors are, based on the needs of the Company's operations and development, via the direct or indirect assistance from the strategic investors, to improve the Company's finance, business, production, technology, procurement, management, and strategy development, etc., in order to strengthen the Company's competitiveness and enhance operational efficiency and long-term development, which should be beneficial to shareholders' rights. (3) The Company currently does not have a specific person under negotiation, and it intends to fully authorize the board of directors to deal with matters related to the specific person.
Reason the private placement is necessary	Considering factors such as the relative timeliness and convenience of private placement methods, and that the provision that private placement securities cannot be freely transferred within three years will ensure the long-term relationship between the Company and the applicant, and, in addition, that the authorization of the board of directors to deal with the matter based on the actual needs of the Company's operations will effectively increase the flexibility of fund raising, private placement is necessary.
Date of payment was	Not yet issued

completed	
Information on Subscribers	Subscribers have not yet been determined
Actual subscription (or conversion) price	Not yet issued
Difference between the actual subscription (or conversion) price and reference price	Not yet issued
Impact of private placement on shareholders	If the price per share and the conversion price are lower than the face value, it is expected that the Company's book capital reserve or retained earnings will decrease, which will be compensated in the future based on actual operating conditions. In addition, the issue price and conversion price will be determined in accordance with the regulations of the competent authority. After the benefits of the capital increase manifest, the Company's financial structure will be effectively improved, which is beneficial to the Company's long-term development, and there should be no adverse effects on shareholders' rights.
Utilization of funds from private placement and project implementation progress	Not yet issued
Benefits obtained from the private placement	Not yet issued

III. Holding or Disposal of the Company's Stocks by the Subsidiaries in the Most Recent Year and up to the Publication Date of the Annual Report: None.

IV. Other Necessary Supplements: None.

Chapter 9 Any Event Results in Material Impact on the Shareholders' Equity or Securities Prices as Prescribed in Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act that Has Occurred in the Most Recent Year and up to the Publication Date of the Annual Report: None.

EDOM Technology Co., Ltd.

Statement on Internal Control System (ICS)

Date: March 8, 2022

The Company makes the following statement according to the self-evaluation conducted of its internal control system of 2021:

- I. The Company acknowledges that the establishment, implementation and maintenance of an internal control system is the responsibility of the Board of Directors and managers, and the Company has established an internal control system. The objectives of internal control system (ICS) include achieving various objectives in business benefits and efficiency (including profitability, performance, and protection of assets and safety); ensuring the reliability, timeliness, transparency, and regulatory compliance of reporting; and providing reasonable assurance.
- II. The internal control system has innate limitations. No matter how robust and effective the internal control system, it can only provide reasonable assurance of the achievement of the foregoing three goals; in addition, the effectiveness of the internal control system may vary due to changes in the environment and conditions. However, the Company's ICS contains self-supervision mechanisms and the Company will take corrective actions immediately, once the deficiency is identified.
- III. The Company uses the assessment items specified in the Regulations Governing Establishment of Internal Control Systems by Public Companies (hereinafter referred to as the "Regulations") to determine whether the design and implementation of the internal control system are effective. The ICS judgment item adopted by the Regulations is to divide the ICS into 5 components in accordance with the procedures of management control: (1) Control Environment; (2) Risk Assessment; (3) Control Activities; (4) Information and Communication; and (5) Monitoring Activities. Each constituent element includes a number of categories. For the aforementioned projects, please refer to the provisions of the Regulations.
- IV. The Company has already adopted the aforementioned Regulations to evaluate the effectiveness of its internal control system design and operating effectiveness.
- V. Based on the aforementioned audit findings, the Company holds that as of December 31, 2021, its internal control procedures (including the procedures to monitor subsidiaries), effectiveness and efficiency of operations, reliability, timeliness, transparency of reporting, and compliance with relevant legal regulations, and design and enforcement of internal controls, are effective. The aforementioned goals can be achieved with reasonable assurance.
- VI. This statement will constitute the main content of the Company's annual report and the prospectus and will be disclosed to the public. If any of the contents disclosed above contain falsehood, concealment, or other illegality will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. This Statement has been passed in the Board of Directors meeting on March 8, 2022 with none of the nine attending Directors expressing objections; all Directors affirmed the content of this Statement.

EDOM Technology Co., Ltd.

Chairman: Tseng Yu-I (signed or sealed)

President: Hou Ching-Chi (signed or sealed)