

UNIFLEX TECHNOLOGY INC.
PARENT COMPANY ONLY FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
DECEMBER 31,2022 AND 2021

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

UNIFLEX TECHNOLOGY INC.
DECEMBER 31, 2022 AND 2021 PARENT COMPANY ONLY FINANCIAL
STATEMENTS AND INDEPENDENT AUDITORS' REPORT
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INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Uniflex Technology Inc.

Opinions

We have audited the accompanying parent company only balance Sheets of Uniflex Technology Inc. (the “Company”) as at December 31, 2022 and 2021, and the related parent company only statements of comprehensive Income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

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

Basis for opinion

We conducted our audit of the parent company only financial statements in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the Auditors’ responsibilities for the audit of the parent company only financial statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountants in the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the parent company only financial statements of the year ended December 31, 2022. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company’s parent company only financial statements of the current period are stated as follows:

Valuation of allowance for inventory valuation losses

Description

Refer to Note 4(11) for accounting policy on inventory valuation, Note5(2) for accounting estimates and assumption uncertainty in relation to inventory valuation, and Note 6(4) for description of allowance for inventory valuation losses. Note 6(5) for details of investments accounted for using equity method, and Table 5, 6 for information related to the investment using equity method.

As at December 31, 2022, the Company's inventory and allowance for valuation loss amounted to NT\$184,550 thousand and NT\$98,388 thousand, respectively, and its investment using the equity method accounted to NT \$654,274 thousand as of December 31, 2022, with the 100% owned subsidiary Uniflex Technology (JiangSu) Ltd. as its main operating entity. The Company is primarily engaged in the manufacturing and sales of various kinds of printed circuit boards and other related products. As the inventories of such products are subject to rapid changes in science and technology and are susceptible to market price volatility, there is a high risk of inventory losses due to market value decline or obsolescence. The Group's inventories are measured at the lower of cost and net realisable value. Inventory that is over certain age and individually identified as obsolete or damaged inventory is measured at net realisable value, which is calculated based on historical data on the inventory turnover. The net realisable value which was used in the individual identification and valuation of allowance for inventory valuation losses, involved subjective judgment and uncertainty of estimation. The Group's inventory and allowance for inventory valuation losses are significant to the consolidated financial statements. We identified the valuation of allowance for inventory valuation loss as a key audit matter.

How our audit addressed the matter

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

1. Assessed the reasonableness of policies and procedures related to the provision of allowance for inventory valuation losses based on our understanding of the Company's operations and the characteristics of its industry and consistently applied in all the periods.
2. Review the Company's internal control process of inventory management and participate in the annual inventory count in order to assess the effectiveness of the classification of obsolete inventory and internal control over obsolete inventory.
3. Verify the logical appropriateness of the inventory statement used to evaluate to confirm that the information in the statements is consistent with its policies.
4. Verify if the market basis for measuring the net realisable value is consistent with the Company's policies, randomly check if the selling prices and net realisable values of individual inventories are calculated correctly, and recalculated and evaluated the reasonableness of allowance for inventory valuation losses.

Impairment assessment of Property, Plant and Equipment

Description

Refer to Note 4 (16) for accounting policy on impairment assessment of non-financial assets, Note 5 (2) for accounting estimates and assumption uncertainty in relation to the impairment assessment of property, plant and equipment, Note 6 (6) for a description of accounting items on property, plant and equipment.

As at December 31, 2022, the Company's property, plant and equipment amounted to NT \$1,990,388 thousand, constituting 19% of the parent company only total assets. The accumulated depreciation and accumulated impairment amounted to NT \$1,536,087 thousand and NT \$58,000 thousand, respectively. The Company applies the value-in-use model to evaluate the recoverable amount of the aforesaid property, plant and equipment. When determining the cash flows for future operations, it considered the forecasted sales growth rate by its outlook for future operations and calculated the weighted average capital cost rate as the discount rate.

Since the impairment assessment process involves subjective judgements and may lead to inappropriate accounting estimates, which is also an area where judgement must be exercised during the audit process, we identified the impairment assessment of property, plant and equipment as a key audit matter.

How our audit addressed the matter

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

1. Obtain the Group's form for self-assessment on impairment of property, plant and equipment for the cash generating unit.
2. Assess the reasonableness of the sales growth rate used by the management in estimating the cash flows for future operations and compare it with historical data and industry trends.
3. Verify if the weighted average capital cost rate used by the management, including assumptions such as the risk-free rate of return and risk premium, is consistent with the current situation of the Group and the industry, and re-execute and verify the calculation.

Responsibilities of management and those charged with governance for the parent

company only financial statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' responsibilities for the audit of the parent company only financial statements

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

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

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

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

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

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

Chou, Hsiao-Tzu

Wu, Han-Chi

For and on behalf of PricewaterhouseCoopers, Taiwan
February 20, 2023

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

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

UNIFLEX TECHNOLOGY INC.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

			December 31, 2022		December 31, 2021			
			AMOUNT	%	AMOUNT	%		
Assets								
Notes								
Current assets								
1100	Cash and cash equivalents	6(1)	\$	246,543	12	\$	69,959	3
1150	Notes receivable, net	6(3)		2,762	-		4,200	-
1170	Accounts receivable, net	6(3)		596,449	29		928,685	37
1180	Accounts receivable - related parties	6(3) and 7		1,587	-		1,197	-
1200	Other receivables			6,130	-		13,456	-
130X	Inventories	6(4) and 8		86,162	4		114,814	5
1470	Other current assets			23,642	1		26,414	1
11XX	Total current assets			963,275	46		1,158,725	46
Non-current assets								
1517	Financial assets at fair value through other comprehensive income - non-current	6(2)		-	-		-	-
1550	Investments accounted for under equity method	6(5)		654,274	32		664,441	27
1600	Property, plant and equipment	6(6)(8) and 8		396,301	19		595,160	24
1755	Right-of-use assets	6(7)		7,466	-		10,213	-
1780	Intangible assets			830	-		1,532	-
1840	Deferred income tax assets	6(22)		50,649	3		53,261	2
1915	Prepayments for equipment	6(6)		7,439	-		10,825	1
1990	Other non-current assets - others			997	-		1,129	-
15XX	Total non-current assets			1,117,956	54		1,336,561	54
1XXX	Total assets		\$	2,081,231	100	\$	2,495,286	100

(Continued)

UNIFLEX TECHNOLOGY INC.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity			December 31, 2022		December 31, 2021	
			AMOUNT	%	AMOUNT	%
Current Liabilities						
2100	Short-term borrowings	6(9)	\$ 260,000	12	\$ 77,670	3
2150	Notes payable		-	-	1	-
2170	Accounts Payable		76,627	4	140,427	6
2180	Accounts payable - related parties	7	599,119	29	657,469	26
2200	Other payables	6(10)	112,113	5	134,894	5
2280	Lease liabilities - current	6(7)	3,615	-	3,300	-
2320	Long-term liabilities, current portion	6(11) and 8	125,080	6	235,226	10
2399	Other current liabilities - others		2,079	-	1,205	-
21XX	Total current liabilities		1,178,633	56	1,250,192	50
Non-current Liabilities						
2540	Long-term borrowings	6(10) and 8	305,278	15	385,923	16
2570	Deferred income tax liabilities	6(22)	32	-	-	-
2580	Lease liabilities - non-current		3,850	-	6,914	-
2600	Other non-current liabilities		45	-	45	-
25XX	Total non-current liabilities		309,205	15	392,882	16
2XXX	Total liabilities		1,487,838	71	1,643,074	66
Equity						
Share capital						
3110	Share capital - common shares	6(13)	1,561,448	75	1,561,448	62
Capital surplus						
3200	Capital surplus	6(14)(15)	395	-	395	-
Retained earnings						
3350	Accumulated deficit	6(15)	(889,851)	(43)	(623,350)	(25)
Other equity interest						
3400	Other equity		(78,599)	(3)	(86,281)	(3)
3XXX	Total equity		593,393	29	852,212	34
Significant contingent liabilities and unrecognised contract commitments			9			
Significant events after the balance sheet date			11			
3X2X	Total liabilities and equity		\$ 2,081,231	100	\$ 2,495,286	100

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

UNIFLEX TECHNOLOGY INC.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

	Item	Notes	Year ended December 31			
			2022		2021	
			AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(16) and 7	\$ 1,599,709	100	\$ 2,129,736	100
5000	Operating costs	6(4)(20)(21) and 7	(1,663,445)	(104)	(2,077,416)	(98)
5900	Net operating margin		(63,736)	(4)	(52,320)	(2)
	Operating expenses	6(20)(21)				
6100	Selling expenses		(37,871)	(2)	(39,877)	(2)
6200	General and administrative expenses		(70,203)	(4)	(79,217)	(4)
6300	Research and development expenses		(23,374)	(2)	(23,387)	(1)
6450	Impairment loss determined in accordance with IFRS 9		(142)	-	(7,985)	-
6000	Total operating expenses		(131,590)	(8)	(150,466)	(7)
6900	Operating loss		(195,326)	(12)	(98,146)	(5)
	Non-operating income and expenses					
7100	Interest income	6(17)	338	-	135	-
7010	Other income	6(18)	3,421	-	6,156	-
7020	Other gains and losses	6(8)(19)	(40,001)	(3)	(6,308)	-
7050	Finance costs		(14,440)	(1)	(13,633)	(1)
7070	Share of profit (loss) of subsidiaries, associates, and joint ventures accounted for under equity method	6(5)	(19,770)	(1)	(32,341)	-
7000	Total non-operating income and expenses		(70,452)	(5)	(18,691)	(1)
7900	Loss before income tax		(265,778)	(17)	(79,455)	(4)
7950	Income tax expense	6(22)	(723)	-	(5,452)	-
8200	loss for the year		(\$ 266,501)	(17)	(\$ 84,907)	(4)
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8316	Unrealised gain or loss from investment in equity instruments measured by fair value through other comprehensive income		\$ -	-	\$ -	-
8310	Other comprehensive income(loss) that will not be reclassified to profit or loss		-	-	-	-
	Components of other comprehensive income (loss) that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		9,603	1	(3,171)	-
8399	Income tax related to items that may be reclassified	6(22)	(1,921)	-	635	-
8360	Components of other comprehensive income(loss) that will be reclassified to profit or loss		7,682	1	(2,536)	-
8300	Total other comprehensive income(loss) for the year		\$ 7,682	1	(\$ 2,536)	-
8500	Total comprehensive loss for the year		(\$ 258,819)	(16)	(\$ 87,443)	(4)
	Basic earnings per share	6(23)				
9750	Total basic loss per share		(\$ 1.71)		(\$ 0.54)	
	Diluted earnings per share	6(23)				
9850	Total diluted earnings per share		(\$ 1.71)		(\$ 0.54)	

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

UNIFLEX TECHNOLOGY INC.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Share capital - common stock	Capital surplus			Other equity interest		Total
			Capital surplus - additional paid-in capital	Capital surplus - Recognised value of changes in equity of ownership of subsidiaries	Accumulated deficit	Financial statements translation differences of foreign operations	Unrealised Gains (Losses) on financial assets measured at fair value through other comprehensive income	
<u>Year 2021</u>								
Balance at January 1, 2021		\$ 1,561,448	\$ 54,894	\$ 395	(\$ 593,337)	(\$ 48,987)	(\$ 34,758)	\$ 939,655
Loss for the year		-	-	-	(84,907)	-	-	(84,907)
Other comprehensive loss for the year		-	-	-	-	(2,536)	-	(2,536)
Total comprehensive loss for the year		-	-	-	(84,907)	(2,536)	-	(87,443)
Loss covered by capital surplus		-	(54,894)	-	54,894	-	-	-
Balance at December 31, 2021		\$ 1,561,448	\$ -	\$ 395	(\$ 623,350)	(\$ 51,523)	(\$ 34,758)	\$ 852,212
<u>Year 2022</u>								
Balance at January 1, 2022		\$ 1,561,448	\$ -	\$ 395	(\$ 623,350)	(\$ 51,523)	(\$ 34,758)	\$ 852,212
Loss for the year		-	-	-	(266,501)	-	-	(266,501)
Other comprehensive income for the year		-	-	-	-	7,682	-	7,682
Total comprehensive income(loss) for the year		-	-	-	(266,501)	7,682	-	(258,819)
Balance at December 31, 2022		\$ 1,561,448	\$ -	\$ 395	(\$ 889,851)	(\$ 43,841)	(\$ 34,758)	\$ 593,393

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

UNIFLEX TECHNOLOGY INC.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2022	2021
<u>CASH FLOWS FROM OPERATING</u>			
<u>ACTIVITIES</u>			
Loss before tax		(\$ 265,778)	(\$ 79,455)
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense (including right-of-use assets)	6(6)(20)	156,699	184,674
Amortisations	6(20)	702	885
Expected impairment loss (gain)		142	7,985
Interest expenses		14,440	13,633
Interest income	6(17)	(338)	(135)
Share of loss (gain) of associates accounted for using equity method	6(5)	19,770	(32,341)
Loss (gain) on disposals of property, plant and equipment	6(19)	234	(421)
Impairment loss on non-financial assets	6(8)(19)	58,000	-
Changes in operating assets and liabilities			
Change in operating assets			
Notes receivable,net		1,438	(3,366)
Accounts receivable		332,094	(148,000)
Accounts receivable - related parties		(390)	9,022
Other receivables		7,326	(6,428)
Inventories		28,652	(6,372)
Other current assets		2,772	(8,912)
Change in operating liabilities			
Notes payable		(1)	-
Accounts Payable		(63,800)	(2,676)
Accounts payable - related parties		(58,350)	34,008
Other payables		(19,110)	352
Other current liabilities		874	(1,643)
Cash inflow (outflow) generated from operations		215,376	(39,190)
Interest received		338	135
Interest paid		(14,179)	(13,607)
Net cash inflows(outflows) from operating activities		201,535	(52,662)

(Continued)

UNIFLEX TECHNOLOGY INC.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2022	2021
<u>CASH FLOWS FROM INVESTING</u> <u>ACTIVITIES</u>			
Acquisition of property, plant, and equipment	6(24)	(\$ 12,700)	(\$ 24,070)
Proceeds from disposal of property, plant, and equipment		1,822	20,196
Increase in prepayments for equipment		(1,618)	(6,944)
Decrease in refundable deposits		132	691
Net cash outflows from investing activities		(12,364)	(10,127)
<u>CASH FLOWS FROM FINANCING</u> <u>ACTIVITIES</u>			
Proceeds from short-term borrowings		312,579	192,974
Repayments of short-term borrowings		(130,249)	(165,304)
Proceeds from long-term borrowings		-	560,456
Repayments of long-term borrowings		(190,791)	(637,566)
Repayments of principal portion of lease liabilities		(4,126)	(4,309)
Net cash outflows from financing activities		(12,587)	(53,749)
Net increase (decrease) in cash and cash equivalents		176,584	(116,538)
Cash and cash equivalents at the beginning of year		69,959	186,497
Cash and cash equivalents at the end of year		\$ 246,543	\$ 69,959

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

UNIFLEX TECHNOLOGY INC.
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANISATION

Uniflex Technology Inc. (the “Company”) was incorporated on November 19, 1990. The Company is primarily engaged in the manufacturing, processing, and sales of various printed circuit boards and electronic components. On August 19, 1999, the Company merged with Qiaosheng Industrial Co., Ltd.; on June 30, 2006, the Company merged with Shengtai Technology Co., Ltd. and Uniflex Dasheng Electronics Co., Ltd.; on June 30, 2014, the Company merged with Yaan Industrial Co., Ltd., after which the Company operates as a surviving company. The Company’s common stock was listed on the Taiwan Stock Exchange on December 15, 2015.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE PARENT COMPANY ONLY FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These parent company only financial statements were authorized for issuance by the Board of Directors on February 20, 2023.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC effective from 2022 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 3, ‘Reference to the conceptual framework’	January 1, 2022
Amendments to IAS 16, ‘Property, plant and equipment: proceeds before Intended Use’	January 1, 2022
Amendments to IAS 37, ‘Onerous contracts - cost of fulfilling a contract’	January 1, 2022
Annual improvements to IFRS Standards 2018-2020	January 1, 2022

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

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

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

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Initial application of IFRS 17 and IFRS 9—comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

The parent company only financial statements of the Company have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuer".

(2) Basis of preparation

- A. Except for the financial assets measured at fair value through other comprehensive income, the parent company only financial statements have been prepared under the historical cost convention.
- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the parent company only financial statements are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The parent company only financial statements are presented in New Taiwan dollars, which is the Company's functional and the Company's presentation currency.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are

translated using the historical exchange rates at the dates of the initial transactions.

- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of Foreign Operations

- (a) The operating results and financial position of all the company entities and associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
- ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
- iii. All resulting exchange differences are recognised in other comprehensive income.

- (b) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Company retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(4) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

- (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
- (b) Assets held mainly for trading purposes;
- (c) Assets that are expected to be realised within twelve months from the balance sheet date;
- (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

- (a) Liabilities that are expected to be settled within the normal operating cycle;
- (b) Liabilities arising mainly from trading activities;
- (c) Liabilities that are to be settled within twelve months from the balance sheet date;
- (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5)Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(6)Financial assets at fair value through profit or loss

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets and liabilities at fair value. All related transaction costs are recognised in profit or loss. The Company subsequently measures these financial assets and liabilities at fair value with any gain or loss recognised in profit or loss.

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

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:
 - (a) The objective of the Company's business model is achieved both by collecting contractual cash flows and selling financial assets; and
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value:
 - (a) The changes in fair value of equity investments that were recognized in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.
 - (b) Except for the recognition of impairment loss, interest income and gain or loss on foreign exchange which are recognised in profit or loss, the changes in fair value of debt instruments are taken through other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

(8) Accounts and notes receivable

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

(9) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and financial assets at amortised cost, at each reporting date, the Company recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Company recognises the impairment provision for lifetime ECLs.

(10) Derecognition of financial assets

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

(11) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads allocated based on normal operating capacity. It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(12) Investments accounted for using equity method

- A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- B. Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Company are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to

recognise losses proportionate to its ownership.

- D. Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.
- E. When the Company loses control of a subsidiary, the Company remeasures any investment retained in the former subsidiary at its fair value. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Company loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.
- F. Pursuant to the Relations Governing the Preparation of Financial Reports by Securities Issuers, profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall equal to the amount attributable to owners of the parent in the financial statements prepared with basis for consolidation. Owners' equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the financial statements prepared with basis for consolidation

(13) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	10~50	years
Machinery and equipment	3~7	years
Leased assets	5~10	years
Other facilities	2~5	years

(14) Leasing arrangements (lessee) - right-of-use assets/lease liabilities

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable;
The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.
- C. At the commencement date, the right-of-use asset is stated at cost comprising the amount of the initial measurement of lease liability;
The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.
- D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset and remeasure the lease liability to reflect the partial or full termination of the lease, and recognise the difference in profit or loss.

(15) Intangible assets

Intangible assets are computer software stated at cost and amortized on a straight-line basis over its estimated useful life of 3 to 5 years.

(16) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(17) Borrowings

A. Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

B. Expenses paid at the time of the establishment of the borrowing line shall be recognized in the transaction cost of borrowing when it is likely to be partially or fully withdrawn, and recognized in the adjustment of effective interest rate when deferred to the time of the occurrence of the withdrawal; when it is unlikely to be partially or fully withdrawn, the expenses shall be recognized in prepayments and amortized during the relevant period of the line.

(18) Accounts and notes payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(19) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expires.

(20) Offsetting of financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(21) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions

Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

C. Employees' and directors' remuneration

Employees' and directors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(22) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognized as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-market vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognized is based on the number of equity instruments that eventually vest.

(23) Income Tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts

in the consolidated balance sheet. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(24) Share capital

- A. Common shares are classified as equity. The incremental cost directly attributable to the issuance of new shares or stock options is included in the net amount after deduction of income tax as a deduction from the price in equity.
- B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(25) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(26) Revenue recognition

- A. The Company manufactures and sells various printed circuit boards and related products of electronic components. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer to sell the products, and there is no occurs

when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.

- B. A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

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

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

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

None.

(2) Critical accounting estimates and assumptions

A. Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Company must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Company evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

As of December 31, 2022, the carrying amount of inventories was \$86,162.

B. Assessment on impairment of tangible assets

During the assessment of impairment process, the Company relies on subjective judgment and determines the independent cash flow, asset useful life and possible future gains and losses of a specific asset group based on the asset usage mode and industry characteristics. Any changes in economic conditions or changes in estimates brought about by the Company's strategies may cause significant impairment in the future.

At December 31, 2022, the Company's property, plant and equipment net of impairment loss was \$396,301.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash:		
Cash on hand and petty cash	\$ 110	\$ 110

Demand and checking accounts deposits	<u>30,632</u>	<u>69,849</u>
	<u>30,742</u>	<u>69,959</u>
Cash equivalents:		
Including repurchased bonds	<u>215,801</u>	<u>-</u>
	<u>\$ 246,543</u>	<u>\$ 69,959</u>

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

B. The Company has no cash and cash equivalents pledged to others.

(2) Financial assets measured at fair value through other comprehensive income

<u>Item</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Non-current items:		
Equity instruments:		
Unlisted stocks	\$ 25,666	\$ 25,666
Debt instrument:		
Ordinary corporate bonds	<u>9,092</u>	<u>9,092</u>
Subtotal	34,758	34,758
Valuation adjustments	<u>(34,758)</u>	<u>(34,758)</u>
	<u>\$ -</u>	<u>\$ -</u>

A. The Company has elected to classify equity instruments that are considered to be strategic investments and debt instrument as financial assets at fair value through other comprehensive income. As at December 31, 2022 and 2021, the fair values of these investments were both \$0.

B. As at December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's holdings measured at fair value through other comprehensive income were both \$0.

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

D. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(2).

(3) Accounts and notes receivable, net

	<u>December 31, 2022</u>		<u>December 31, 2021</u>	
	<u>Non-related party</u>	<u>Related party</u>	<u>Non-related party</u>	<u>Related party</u>
Notes receivable	<u>\$ 2,762</u>	<u>\$ -</u>	<u>\$ 4,200</u>	<u>\$ -</u>
Accounts receivable	\$ 599,418	\$ 1,587	\$ 938,090	\$ 1,197

Less: Allowance for bad debts	(2,969)	-	(9,405)	-
	<u>\$ 596,449</u>	<u>\$ 1,587</u>	<u>\$ 928,685</u>	<u>\$ 1,197</u>

A. The aging analysis of accounts and notes receivable that were past due but not impaired is as follows:

	December 31, 2022		December 31, 2021	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not Past Due	\$ 564,065	\$ 2,762	\$ 925,879	\$ 4,200
Up to 30 days	23,003	-	10,306	-
31 to 90 days	10,592	-	3,102	-
91 to 180 days	3,314	-	-	-
Over 181 days	31	-	-	-
	<u>\$ 601,005</u>	<u>\$ 2,762</u>	<u>\$ 939,287</u>	<u>\$ 4,200</u>

The above is an aging analysis was based on past due date.

- B. As at December 31, 2022 and 2021, accounts and notes receivable were all from contracts with customers. And as of January 1, 2021, the balance of receivables from contracts with customers amounted to \$686,626.
- C. Information relating to credit risk of accounts and notes receivable are provided in Note 12(2).
- D. As at December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's accounts receivable was \$596,449 and \$928,685, respectively.

(4) Inventories

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 42,739	(\$ 12,699)	\$ 30,040
Work in progress	46,699	(20,355)	26,344
Finished goods	94,307	(64,529)	29,778
Merchandise	805	(805)	-
Total	<u>\$ 184,550</u>	<u>(\$ 98,388)</u>	<u>\$ 86,162</u>

	December 31, 2021		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 66,623	(\$ 7,626)	\$ 58,997
Work in progress	52,938	(16,068)	36,870
Finished goods	82,996	(64,049)	18,947
Merchandise	2	(2)	-
Total	<u>\$ 202,559</u>	<u>(\$ 87,745)</u>	<u>\$ 114,814</u>

The cost of inventories recognized as expense for the year:

	Years ended December 31	
	2022	2021
Cost of goods sold	\$ 1,533,622	\$ 2,004,573
Loss on decline in market value (gain from price recovery)	10,643 (	23,748)
Scrap loss	39,906	25,527
Revenue from sale of scraps	(11,186) (	22,492)
Low capacity utilization	90,460	93,556
	<u>\$ 1,663,445</u>	<u>\$ 2,077,416</u>

A. For the year ended December 31, 2021, the Company actively handled the on decline in market value and slow-moving inventory, resulting in a gain from price recovery.

B. As at December 31, 2022 and 2021, the inventory were pledged to others as collateral were \$40,812 and \$131,433, respectively.

(5) Investments accounted for using equity method

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Uniflex Investment Limited	<u>\$ 654,274</u>	<u>\$ 664,441</u>

1. The information on subsidiaries of the Company, please refer to Note 4 (3) to the Company's consolidated financial Statements for the year ended December 31, 2022.
2. For the year ended December 31, 2022 and 2021, the investments using equity method by the Company recognized investment (losses) income were (\$19,770) and \$32,341, respectively, which according to the financial statements audited by the accountants for investee corporation with the same period.
3. The investments using equity method that the Company has the ability to control have been included in the consolidated financial statements of the Company, and the consolidated financial reports have been prepared separately.

(6) Property, plant and equipment

	2022				
	Land	Buildings and structures	Machinery and equipment	Others facilities	Total
<u>January 1</u>					
Cost	\$ 132,495	\$ 576,527	\$ 1,125,704	\$ 143,792	\$ 1,978,518
Accumulated depreciation	-	(391,699)	(871,496)	(120,163)	(1,383,358)
	<u>\$ 132,495</u>	<u>\$ 184,828</u>	<u>\$ 254,208</u>	<u>\$ 23,629</u>	<u>\$ 595,160</u>
January 1	\$ 132,495	\$ 184,828	\$ 254,208	\$ 23,629	\$ 595,160
Additions	-	488	8,100	180	8,768
Disposal	-	-	(2,056)	-	(2,056)
Depreciation charge	-	(27,823)	(118,201)	(6,705)	(152,729)
Impairment loss			(58,000)		(58,000)

Transfer	-	-	5,158	-	5,158
At December 31	<u>\$ 132,495</u>	<u>\$ 157,493</u>	<u>\$ 89,209</u>	<u>\$ 17,104</u>	<u>\$ 396,301</u>

December 31

Cost	\$ 132,495	\$ 577,015	\$ 1,136,906	\$ 143,972	\$ 1,990,388
Accumulated depreciation and impairment	-	(419,522)	(1,047,697)	(126,868)	(1,594,087)
	<u>\$ 132,495</u>	<u>\$ 157,493</u>	<u>\$ 89,209</u>	<u>\$ 17,104</u>	<u>\$ 396,301</u>

	2021					
	Land	Buildings and structures	Machinery and equipment	Construction-in-progress	Other facilities	Total
<u>January 1</u>						
Cost	\$ 132,495	\$ 571,032	\$ 1,174,876	\$ 1,199	\$ 145,399	\$ 2,025,001
Accumulated depreciation	-	(361,120)	(782,071)	-	(115,326)	(1,258,517)
	<u>\$ 132,495</u>	<u>\$ 209,912</u>	<u>\$ 392,805</u>	<u>\$ 1,199</u>	<u>\$ 30,073</u>	<u>\$ 766,484</u>
<u>2021</u>						
January 1	\$ 132,495	\$ 209,912	\$ 392,805	\$ 1,199	\$ 30,073	\$ 766,484
Addition	-	2,844	20,845	803	200	24,692
Disposal of	-	-	(19,775)	-	-	(19,775)
Depreciation charges	-	(31,559)	(142,162)	-	(6,644)	(180,365)
Transfer	-	3,631	2,495	(2,002)	-	4,124
At December 31	<u>\$ 132,495</u>	<u>\$ 184,828</u>	<u>\$ 254,208</u>	<u>\$ -</u>	<u>\$ 23,629</u>	<u>\$ 595,160</u>
<u>December 31,</u>						
Cost	\$ 132,495	\$ 576,527	\$ 1,125,704	\$ -	\$ 143,792	\$ 1,978,518
Accumulated depreciation	-	(391,699)	(871,496)	-	(120,163)	(1,383,358)
	<u>\$ 132,495</u>	<u>\$ 184,828</u>	<u>\$ 254,208</u>	<u>\$ -</u>	<u>\$ 23,629</u>	<u>\$ 595,160</u>

A. Impairment information about the property, plant and equipment is provided in Note 6(8).

B. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

C. As of December 31, 2022 and 2021, the amount prepaid by the Company for the purchase of equipment amounted to \$7,439 and \$10,825, respectively (listed as 'Prepayments for equipment' in the balance sheet of non-current assets).

(7) Leasing arrangements — lessee

A. The Company leases various assets including buildings, (including land) and business vehicles. Rental contracts are typically made for periods of 1 to 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	Years ended December 31	
	2022	2021
	Carrying amount	Carrying amount
Building (including land)	\$ 6,937	\$ 10,080
Transportation equipment (Business vehicles)	529	133
	<u>\$ 7,466</u>	<u>\$ 10,213</u>

	Years ended December 31	
	2022	2021
	Depreciation expenses	Depreciation expenses
Building (including land)	\$ 3,883	\$ 3,883
Transportation equipment (Business vehicles)	87	426
	<u>\$ 3,970</u>	<u>\$ 4,309</u>

C. For the years ended December 31, 2022 and 2021, the additions to right-of-use assets were \$1,239 and \$0, respectively.

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

	Years ended December 31	
	2022	2021
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 157	\$ 202
Expense on short-term lease contracts	2,096	2,247

E. The lease period of premises and machinery leased by the Company shall not exceed 12 months. In addition, as of December 31, 2022 and 2021, the Company's lease payments for short-term lease commitments were \$2,096 and \$2,247, respectively.

F. For the years ended December 31, 2022 and 2021, the Company's total cash outflow for leases were \$6,379 and \$6,758, respectively.

(8) Impairment of non-financial assets

The Company recognised impairment loss for the years ended December 31, 2022 was \$58,000. Details of such loss are as follows:

	Year ended December 31, 2022		Year ended December 31, 2021	
	Recognized in profit or loss	Recognized in other comprehensive income	Recognized in profit or loss	Recognized in other comprehensive income
Impairment loss - Machinery	<u>\$ 58,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(9) Short-term borrowings

Type of borrowings	December 31, 2022	Interest rate range	Collateral
Bank borrowings			
Credit borrowings	\$ 140,000	2.08%~2.38%	None
Secured borrowings	<u>120,000</u>	2.04%	Land and plant
	<u>\$ 260,000</u>		

Type of borrowings	December 31, 2021	Interest rate range	Collateral
Bank loans			
Credit borrowings	\$ 50,000	1.55%	None
Secured borrowings	<u>27,670</u>	1.23%	Land and plant
	<u>\$ 77,670</u>		

The Company's unused borrowing line is as follows:

	December 31, 2022	December 31, 2021
Floating interest rate		
Due within one year	<u>\$ 120,000</u>	<u>\$ 88,500</u>

(10) Other payables

	December 31, 2022	December 31, 2021
Salaries and bonuses payable	\$ 44,302	\$ 48,478
Outsourcing expense payable	6,388	9,298
Mold expense payable	5,622	7,518
Repair expense payable	3,704	5,909
Import and export expenses payable	7,244	8,093
Payable on machinery and equipment	1,450	5,382
Others	<u>43,403</u>	<u>50,216</u>
	<u>\$ 112,113</u>	<u>\$ 134,894</u>

(11) Long-term borrowings

	December 31, 2022	December 31, 2021
Bank secured borrowings	\$ 331,945	\$ 348,612
Bank credit borrowings	57,000	137,000
Non-bank business borrowings	41,413	135,537
Less: current portion	(125,080)	(235,226)
	<u>\$ 305,278</u>	<u>\$ 385,923</u>
Interest rate range	<u>2.23%~3.7911%</u>	<u>1.45%~3.7911%</u>

- A. In August 2015, the Company signed a five-year joint credit agreement with 11 banks, including the Bank of Taiwan, with a total amount of NT \$1,800,000, including a medium-term secured loan of NT \$600,000 and a medium-term unsecured loan of NT \$1,200,000. In February 2016, the Company actually appropriated funds for the purchase of machinery and equipment and ancillary facilities, and increase of medium-term operating working capital. The Company has obtained an approval letter for a one-year extension of the unsecured loans of NT \$800,000 in the aforementioned credit case. The Company promises that during the duration of this credit case, the semi-annual consolidated financial statement reviewed by the accountant and the annual consolidated financial statement reviewed by the accountant shall maintained the specific financial ratios (current ratio, debt ratio, interest coverage ratio, etc.). The Company has obtained an exemption letter issued by Bank of Taiwan and other joint credit banking groups, exempting the Company from its liability under the joint credit contract for the first half of 2020 and the consolidated financial statement ratio for 2020. The Company repaid the aforesaid joint loan in full on July 9, 2021 and terminated the joint loan contract on July 15, 2021.
- B. In July and November 2019, the Company obtained long-term financing of \$42,500 and \$45,000 from IBT Leasing Co., Ltd. and Chai Lease Finance Co., Ltd. by way of repurchase of inventory after sales, respectively. The term of all contracts was 2 years, and monthly maturing notes were issued for repayment from August and December 2019. For the information on the guarantee provided by the Group with inventory, please refer to Note 6 (4). On May 25, and November 11, 2021, the Company fully repaid the loans from IBT Leasing Co., Ltd. and Chai Lease Finance Co., Ltd.
- C. In May 2021, the Company obtained a long-term financing of \$80,000 and \$50,000 from IBT Leasing Co., Ltd. and CDC Finance and Leasing Corp. by way of repurchasing inventory after sale, respectively. The contract period was 2.5 years and 2 years, respectively, and monthly matured notes were issued for repayment from June 2021. For the information on the guarantee provided by the Company with inventory, please refer to Note 6 (4).
- D. In July 2021, the Company obtained long-term financing of \$30,000 and \$42,500 from FCB Leasing Co., Ltd. and Taichung Bank Leasing Corporation Limited in the form of inventory repurchase, respectively. The term of both contracts was 2 years, and notes due on a monthly basis have been issued for repayment since August 2021. For the information on the guarantee provided by the Company with inventory, please refer to Note 6 (4). On December 30, 2021 and May 20, 2022, the Company fully repaid the loans from FCB Leasing Co., Ltd. and

Taichung Bank Leasing Corporation Limited.

- E. In August 2021, the Company signed a twelve-year, a three-year and a one-year credit contract with The Shanghai Commercial & Savings Bank, Ltd., Chung Li Branch(SCSB), with a total amount of NT \$350,000 and US \$3,000, including a guaranteed long-term loan of NT \$300,000 and a medium-term loan of NT \$50,000 and an export O/A of US \$3,000 actually allocated from August to December 2021 to purchase machinery and facilities and supplement the medium-term working capital.

The above-mentioned credit contracts were signed with SCSB in August 2022 to change the credit line, from the original total amount of NT\$350,000 and US\$3,000 to NT\$350,000 and US\$4,000.

- F. In March 2022, the Company signed an extended medium-term credit line of NT \$132,000 with Chang Hwa Bank (CHB).

(12) Pensions

- A. The Company have a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. On September 20, 2010, the Taichung County Government issued a letter agreeing that the company no longer has any employees who are eligible for the retirement pension system of the Labor Standards Law and agreed to cancel the account in accordance with Article 8 of the Regulations for the Allocation and Management of the Workers' Retirement Reserve Funds in accordance.
- B. Effective July 1, 2005, the Company have established a defined contribution pension plan (the "New plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount not less than 6% of the employees' salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under defined contribution pension plans of the Company for the years ended December 31, 2022 and 2021 were \$10,539 and \$11,030, respectively.

(13) Share capital

- A. As of December 31, 2022, the Company's authorized capital was \$4,500,000, consisting of 450,000 thousand shares of ordinary stock, and the paid-in capital was \$1,561,448 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected. For the years ended December 31, 2022 and 2021, numbers of the Company's ordinary shares outstanding (excluding treasury shares) were both 156,145 thousand shares.
- B. On November 17, 2020, the Board of Directors resolved to issue 30,000 thousand of new shares for capital increase at a price of NT \$11.5 per share. The capital increase base date is set at December 21, 2020 and the capital increase case has been registered on January 12, 2021.

(14) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. However, capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(15) Reserved surplus/(accumulated deficit)

- A. In accordance with the Articles of Incorporation, the current year's earnings, if any, should first be used to pay all taxes and offset prior years' operating losses, then 10% of the remaining amount shall be set aside as legal reserve; however this is not required if total legal reserve equals total paid-in capital. After setting aside a special reserve in accordance with related laws and competent authority, the appropriation of the remaining earnings, along with the accumulated unappropriated earnings, shall be retained or distributed resolved by the shareholders.
- B. The Company's dividend policy is as follows: The Company shall, in consideration of the Company's business environment and dividend distribution policy, take into account the Company's current and future investment environment, capital needs, domestic and foreign competition, and capital budget and other factors, along with shareholders' interests and the balance between dividends and long-term financial plans of the Company. Pursuant to existing regulations, the Board of Directors prepares an earnings distribution proposal every year and submits it to the shareholders for approval. Issuance of dividends to shareholders, of which dividends paid in case are 10% to 100% of the total dividend and dividends paid in stocks are 0% to 90% of the total dividend.
- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D. (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- (b) When the IFRSs were first adopted, the special surplus reserve set aside in accordance with the Official Letter No. 1010012865 issued by the FSC on April 6, 2012 was reversed at the original proportion when the Company subsequently used, disposed of or reclassified the related assets. If the aforesaid related assets are investment property, the part of the land is reversed at the time of disposal or reclassification, and the part other than the land is reversed gradually during the use period.

- E. It was resolved by the shareholders' meeting of the Company on June 17, 2022 and August 20, 2021, respectively to not distribute dividends to shareholders because the after-tax losses for the year ended December 31 2022 and 2021.
- F. On August 20, 2021, it was resolved by the shareholders' meeting of the Company to cover the loss with the capital surplus of \$54,894.
- G. As of December 31, 2022, the Company's accumulated loss has reached one-half of the paid-in capital, and in accordance with Article 211 of the Company Act, the Board of Directors shall report to the most recent board of shareholders.

(16) Operating revenue

The main business of the Company is the manufacturing, processing and sale of various printed circuit boards, which can be classified in a single product category. The Company derives revenue from the transfer of goods and services over time and at a point in time in the following geographical areas:

	Years ended December 31	
	2022	2021
Taiwan	\$ 394,049	\$ 612,375
Mainland China	1,205,660	1,517,361
	<u>\$ 1,599,709</u>	<u>\$ 2,129,736</u>

(17) Interest income

	Years ended December 31	
	2022	2021
Interest income from bank deposits	<u>\$ 338</u>	<u>\$ 135</u>

(18) Other income

	Years ended December 31	
	2022	2021
Government grants income	\$ 1,745	\$ 28
Other income - Others	1,676	6,128
	<u>\$ 3,421</u>	<u>\$ 6,156</u>

(19) Other gains and losses

	Years ended December 31	
	2022	2021
Impairment loss on non-financial assets (note)	(\$ 58,000)	\$ -
Net currency exchange gains (losses)	17,486	(4,392)

Gain (loss) on financial assets measured at fair value through profit or loss	12	(190)
Gains (losses) on disposal of property, plant and equipment	(234)	421
Others	735	(2,147)
	<u>(\$ 40,001)</u>	<u>(\$ 6,308)</u>

Note: Please refer to Note 6 (8) for the impairment loss on non-financial assets of the Group.

(20) Expenses by nature

By nature \ By feature	2022			2021		
	Operation Costs	Operation Expenses	Total	Operation Costs	Operation Expenses	Total
Employee benefit expense	\$ 229,776	\$ 81,727	\$ 311,503	\$ 257,191	\$ 88,978	\$ 346,169
Depreciation charges on property, plant and equipment (including right-of-use assets)	154,242	2,457	156,699	181,917	2,757	184,674
Amortization charges on intangible assets	-	702	702	13	872	885

(21) Employee benefits expense

	Years ended December 31	
	2022	2021
Salary expense	\$ 256,806	\$ 288,265
Labor and health insurance expense	26,978	27,666
Pension costs	10,539	11,030
Directors' remuneration	1,930	1,960
Other personnel expenses	15,250	17,248
	<u>\$ 311,503</u>	<u>\$ 346,169</u>

- A. In accordance with the Article of Incorporation of the Company, the profits in the current year from the Company, the employees' compensation shall be distributed 1% to 20%, and the directors' remuneration shall be distributed not higher than 2%; if the Company still has accumulated loss, it shall be used to cover the loss first.
- B. For the years ended December 31, 2022 and 2021, the Company did not accrue employees' compensation and directors' and supervisors' remuneration due to the loss before tax. Information about employees' compensation and directors' remuneration of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(22) Income Tax

A. Income tax expense

(a) Components of income tax expense components:

	<u>Years ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Current tax:		
Tax on undistributed surplus earnings	\$ -	\$ -
Prior year income tax under estimation	-	-
Total current tax	-	-
Deferred tax:		
Origination and reversal of temporary differences	723	5,452
Income tax expense	<u>\$ 723</u>	<u>\$ 5,452</u>

(b) Income tax related to other comprehensive income:

	<u>Years ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Exchange difference of foreign operations	<u>\$ 1,921</u>	<u>(\$ 635)</u>

B. Reconciliation between income tax expense and accounting profit:

	<u>Years ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Income tax calculated by applying statutory rate to profit before tax	(\$ 53,156)	(\$ 15,891)
Effect of amount not allowed to recognise under regulations	13,509	(9,463)
Taxable loss not recognised as deferred tax assets	36,564	25,021
Temporary difference not recognised as deferred tax assets	<u>3,806</u>	<u>5,785</u>
Income tax expense	<u>\$ 723</u>	<u>\$ 5,452</u>

C. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

2022				
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred tax assets:				
- Temporary difference:				
Allowance for bad debts expenses	\$ 28,929	(\$ 3,001)	\$ -	\$ 25,928
Allowance for inventory valuation losses	11,056	2,622	-	13,678
Exchange difference of foreign operations	12,881	-	(1,921)	10,960
Unrealized for sales of discounts and allowances	190	(107)	-	83
Unrealized for exchange loss	205	(205)	-	-
	<u>\$ 53,261</u>	<u>(\$ 691)</u>	<u>(\$ 1,921)</u>	<u>\$ 50,649</u>
- Deferred tax liabilities:				
Unrealized for exchange gains	\$ -	(\$ 32)	\$ -	(\$ 32)
	<u>\$ -</u>	<u>(\$ 32)</u>	<u>\$ -</u>	<u>(\$ 32)</u>
Total	<u>\$ 53,261</u>	<u>(\$ 723)</u>	<u>(\$ 1,921)</u>	<u>\$ 50,617</u>

2021				
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred tax assets:				
- Temporary difference:				
Allowance for bad debts expenses	\$ 28,051	\$ 878	\$ -	\$ 28,929
Allowance for inventory valuation losses	17,839	(6,783)	-	11,056
Exchange difference of foreign operations	12,246	-	635	12,881
Unrealized for sales of discounts and allowances	245	(55)	-	190
Unrealized for exchange loss	-	205	-	205
	<u>\$ 58,381</u>	<u>(\$ 5,755)</u>	<u>\$ 635</u>	<u>\$ 53,261</u>
- Deferred tax liabilities:				
Unrealized for exchange gains	(\$ 303)	\$ 303	\$ -	\$ -
	<u>(\$ 303)</u>	<u>\$ 303</u>	<u>\$ -</u>	<u>\$ -</u>
Total	<u>\$ 58,078</u>	<u>(\$ 5,452)</u>	<u>\$ 635</u>	<u>\$ 53,261</u>

D. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets of the Company's subsidiaries are as follows:

December 31, 2022				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2016	\$ 201,350	\$ 201,350	\$ 40,270	2026
2017	182,948	182,948	36,590	2027
2018	193,610	193,610	38,722	2028
2019	376,896	376,896	75,379	2029
2020	271,541	271,541	54,308	2030
2021 (Filed)	127,580	127,580	25,516	2031
2022 (Estimated)	182,819	182,819	36,564	2032

December 31, 2021				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2016	\$ 201,350	\$ 201,350	\$ 40,270	2026
2017	182,948	182,948	36,590	2027
2018	193,610	193,610	38,722	2028
2019	376,896	376,896	75,379	2029
2020	271,541	271,541	54,308	2030
2021 (Estimated)	125,106	125,106	25,021	2031

E. The amounts of deductible temporary difference that are not recognised as deferred tax assets are as follows:

	December 31, 2022	December 31, 2021
Deductible temporary difference	\$ 81,026	\$ 63,772

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

(23) Loss per share

Year ended December 31, 2022			
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Loss per share (in dollars)
<u>Basic loss per share</u>			
Loss attributable to ordinary shareholders of the parent	(\$ 266,501)	156,145	(\$ 1.71)
Year ended December 31, 2021			
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Loss per share (in dollars)
<u>Basic loss per share</u>			
Loss attributable to ordinary shareholders of the parent	(\$ 84,907)	156,145	(\$ 0.54)

(24) Supplemental cash flow information

Investment activities with partial cash payment:

	Years ended December 31	
	2022	2021
Purchase of property, plant, and equipment	\$ 8,768	\$ 24,692
Add: Opening balance of payable on equipment	5,382	4,760
Less: Ending balance of payable on equipment	(1,450)	(5,382)
Cash paid during the year	<u>\$ 12,700</u>	<u>\$ 24,070</u>

(25) Changes in liabilities from financing activities

	2022			Liabilities from
	Short-term borrowings	Long-term borrowings	Lease liabilities	financing activities-gross
At January 1,	\$ 77,670	\$ 621,149	\$ 10,214	\$ 709,033
Changes in cash flows from financing	182,330	(190,791)	(4,126)	(12,587)
Changes in other non-cash items	-	-	1,377	1,377
At December 31,	<u>\$ 260,000</u>	<u>\$ 430,358</u>	<u>\$ 7,465</u>	<u>\$ 697,823</u>

	2021			Liabilities from
	Short-term borrowings	Long-term borrowings	Lease liabilities	financing activities-gross
At January 1,	\$ 50,000	\$ 698,259	\$ 13,658	\$ 761,917
Changes in cash flows from financing	27,670	(77,110)	(4,309)	(53,749)
Changes in other non-cash items	-	-	865	865
At December 31,	<u>\$ 77,670</u>	<u>\$ 621,149</u>	<u>\$ 10,214</u>	<u>\$ 709,033</u>

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Uniflex Investment Limited (Uniflex Investment)	A subsidiary of the Company
Uniflex Technology (JiangSu) Limited (Uniflex JiangSu)	A second-tier subsidiary of the Company
Unimicron Technology Corp. (Unimicron)	The parent company of the Company's corporate director
Taiwan Surface Mounting Technology Corp. (TSMT)	A former corporate director of the Company (Note 1)
Unimicron Technology (ShenZhen) Corp.	Unimicron's subsidiary
Qun Hong Technology Inc.	Unimicron's subsidiary
Unifley Technology (KunShan) Inc.	Unimicron's subsidiary
Unimicron Technology (KunShan) Corp.	Unimicron's subsidiary
Advance Materials Corp.	Unimicron is a director of the company
Regent Manner Limited	TSMT's subsidiary (Note 1)
APM Communication, Inc.	Same chairman.
Maruwa Corporation	Investee held by the Unimicron's second-tier subsidiary
Directors, independent directors, general managers and deputy general managers, etc.	Directors and key management of the Company

Note 1: The Company held a shareholders' meeting on August 20, 2021 for the re-election of directors. Since TSMT did not become a director after the re-election and had lost significant influence. Thus, starting from September 2021, TSMT and its subsidiary, Regent Manner Limited, are no longer related parties of the Company.

(2) Significant related party transactions

A. Operating Revenue

	<u>Years ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Sales of goods:		
Regent Manner Limited	\$ -	\$ 164,986
Other related parties	<u>4,386</u>	<u>5,215</u>
	<u>\$ 4,386</u>	<u>\$ 170,201</u>

The transaction of the Company's sales to the above-mentioned, which price lists in force and terms that would be available to third parties, and the payment terms are 90 to 120 days after monthly billing.

B. Purchases

	Years ended December 31	
	2022	2021
Purchase of goods:		
Uniflex (JiangSu)	\$ 874,075	\$ 1,107,586
Other related parties	-	3,722
Related parties with a significant impact on the Company	-	113
Total	<u>\$ 874,075</u>	<u>\$ 1,111,421</u>

The purchase price of the Company's transactions with the above-mentioned related parties is the agreed by both parties, and after offsetting the relevant accounts payable and the accounts receivable arising from the sale on a monthly basis, the Company will collect or make payments according to the financial needs. In addition, the detail of the Company purchases finished goods from Uniflex Investment Limited and Uniflex (JiangSu), please refer to Note 7 (2) 5.

C. Receivables from related parties

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts receivable:		
Other related parties	<u>\$ 1,587</u>	<u>\$ 1,197</u>

D. Payables to related parties

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts payable:		
Uniflex (JiangSu)	\$ 596,660	\$ 655,121
Subsidiaries	2,459	2,284
Others	-	64
	<u>\$ 599,119</u>	<u>\$ 657,469</u>

E. In 2021 and 2022, the Company transferred orders or transported raw materials to Uniflex (JiangSu) amounted to \$2,871 and \$2,610, respectively, and Uniflex (JiangSu) transferred its finished products to the Company after completion of manufacturing. For the aforementioned transactions, the Company does not recognized as sales revenue when transferring orders or transporting raw materials, and the related costs have been deducted from the cost of sales.

F. Property Transactions

(a) Acquisition of property, plant, and equipment

	Year ended December 31	
	2022	2021
Other related parties	<u>\$ 724</u>	<u>\$ -</u>

(b) Disposal of property, plant and equipment

	Year ended December 31			
	2022		2021	
	Disposal proceeds	Gain on disposal	Disposal proceeds	Gain on disposal
Other related parties	<u>\$ 822</u>	<u>\$ 297</u>	<u>\$ -</u>	<u>\$ -</u>

(3)Key management compensation

	Year ended December 31	
	2022	2021
Short-term employee benefits	\$ 8,296	\$ 7,583

8.PLEDGED ASSETS

The Company's assets pledged as collateral are as follows:

Pledged asset	Book value		Nature of pledge
	December 31, 2022	December 31, 2021	
Inventories	\$ 40,812	\$ 131,433	Long-term guaranteed borrowings line
Property, plant and equipment			
- Land	132,495	132,495	Long-term guaranteed borrowings line
- Building	157,105	184,829	"
- Machinery and equipment	15,658	69,094	"

9.SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1)Contingencies

None.

(2)Commitments

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows

	December 31, 2022	December 31, 2021
Property, plant and equipment	\$ 2,427	\$ 12,866

10.SIGNIFICANT DISASTER LOSS

None.

11.SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

1. On February 20, 2023, the Board of Directors of the Company proposed that no surplus will be distributed due to the after-tax loss for the year ended December 31 2022.
2. On February 20, 2023, the board of directors of the Company resolved to reduce capital by \$889,851 to cover the loss of capital to improve the financial structure and future operational development needs of the Company. As of February 20, 2023, the resolution had not yet approved by the shareholders' meeting.
3. In response to the Company's capital needs, the Company obtained a one to two-years credit line with a number of leasing companies and a number of banks for a total amount of NT \$476,000, which was approved by the board of directors on February 20, 2023.

12.OTHERS

(1)Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(2)Financial instruments

A. Financial instruments by category

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial assets</u>		
Financial assets at amortised cost		
Cash and cash equivalents	\$ 246,543	\$ 69,959
Notes receivable	2,762	4,200
Accounts receivable (including related parties)	598,036	929,882
Other receivables	<u>6,130</u>	<u>13,456</u>
	<u>\$ 853,471</u>	<u>\$ 1,017,497</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost:		
Short-term borrowings	\$ 260,000	\$ 77,670
Notes payable	-	1
Accounts payable (including related parties)	675,746	797,896
Other payables	112,113	134,894
Long-term borrowings (including current portion)	<u>430,358</u>	<u>621,149</u>
	<u>\$ 1,478,217</u>	<u>\$ 1,631,610</u>
Lease liabilities	<u>\$ 7,465</u>	<u>\$ 10,214</u>

B. Financial risk management policies

- (a)The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.
- (b)Risk management is carried out by a central financial department (Company financial) under policies approved by the Board of Directors. Company financial identifies, evaluates, and hedges financial risks in close co-operation with the Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments. and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Company operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and RMB. Exchange rate risk arises from future commercial transactions and recognised assets and liabilities.
- ii. Management has set up a policy to require company to manage their foreign exchange risk against their functional currency.
- iii. The Company holds investments in a number of foreign operations and its net assets are exposed to foreign currency translation risks.
- iv. The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2022			
	Foreign Currency amount (in Thousands)	Exchange Rate	Book value (NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 18,994	30.70	\$ 583,125
<u>Long-term equity investments accounted for using equity method</u>			
USD : NTD	21,318	30.70	654,274
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	20,694	30.70	635,291
RMB : NTD	1,628	4.4048	7,172

December 31, 2021			
	Foreign Currency amount (in Thousands)	Exchange Rate	Book value (NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 34,987	27.67	\$ 968,092
<u>Long-term equity investments accounted for using equity method</u>			
USD : NTD	24,013	27.67	664,440
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	26,130	27.67	723,019
RMB : NTD	2,412	4.3441	10,479

- v. The total exchange (loss) gain, including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2022 and 2021, amounted to \$17,486 and (\$4,392), respectively.

- vi. Analysis of foreign currency market risk arising from significant foreign exchange variation:

Year ended December 31, 2022			
Sensitivity analysis			
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	1%	\$ 5,831	\$ -
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	1%	6,353	-
RMB : NTD	1%	72	-
Year ended December 31, 2021			
Sensitivity analysis			
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	1%	\$ 9,681	\$ -
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	1%	7,230	-
RMB : NTD	1%	105	-

Price risk

- The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.
- The Company's equity instruments exposed to price risk are financial instruments. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, other components of equity would have increased/decreased by \$257, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value Interest rate risk

- The Company has short-term borrowings with floating interest rates. Due to the borrowings period is short, it is predicted that there will be no significant market risks.
- The Company's interest rate risk mainly arising from long-term borrowings issued at variable rates expose the Company to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. During 2022 and 2021, the Company's borrowings at variable rate were mainly denominated in New Taiwan dollars.

- iii. If the borrowing interest rate of New Taiwan dollars had increased/decreased by 0.1% with all other variables held constant, profit before tax for the years ended December 31, 2022 and 2021 would have increased/decreased by \$389 and \$486, respectively. The main factor is that changes in interest expense result in floating-rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments, at fair value through other comprehensive income.
- ii. The Company manages their credit risk taking into consideration the entire company's concern. For banks and financial institutions that conduct transactions, only those with an investment grade or higher can be accepted as trading partners. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by general manager. The utilization of credit limits is regularly monitored. The major credit risk comes from the credit risk of wholesale and retail customers and includes receivables that have not yet been collected.
- iii. The Company adopts following assumptions under IFRS 9, If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- iv. The Company adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.
- v. The Company classifies customers' accounts receivable in accordance with credit rating of customer. The Company applies the simplified approach to estimate expected credit loss under the provision matrix basis.
- vi. The Company used the forecast ability of Taiwan Institute of Economic Research boom observation report to adjust historical and timely information to assess the default possibility of accounts receivable. As of December 31, 2022 and 2021, the provision matrix is as follows:

	Not Past Due	Up to 30 days past due	31 to 90 days past due	91 to 180 days past due	Over 180 days past due	Total
<u>December 31, 2022</u>						
Expected loss rate	0.03%~5%	0.03%~20%	0.03%~20%	0.03%~100%	100%	
Total book value	\$564,065	\$23,003	\$10,592	\$ 3,314	\$ 31	\$601,005
Loss allowances	\$ 452	\$ 165	\$ 1,653	\$ 668	\$ 31	\$ 2,969
	Not Past Due	Up to 30 days past due	31 to 90 days past due	91 to 180 days past due	Over 180 days past due	Total
<u>December 31, 2021</u>						
Expected loss rate	0.03%~5%	0.03%~20%	0.03%~20%	0.03%~100%	100%	
Total book value	\$925,879	\$10,306	\$ 3,102	\$ -	\$ -	\$939,287
Loss allowances	\$ 6,723	\$ 2,061	\$ 621	\$ -	\$ -	\$ 9,405

- vii. As of December 31, 2022 and 2021, movements in relation to the Company applying the simplified approach to provide loss allowance for accounts receivable is as follows:

	2022
	<u>Accounts receivable</u>
At January 1	\$ 9,405
Provision for impairment	142
Amounts written off due to irrecoverable debt	(6,578)
At December 31	<u>\$ 2,969</u>

	2021
	<u>Accounts receivable</u>
At January 1	\$ 2,413
Provision for impairment	7,985
Amounts written off due to irrecoverable debt	(993)
At December 31	<u>\$ 9,405</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration of the compliance with balance sheet ratio targets and external regulatory and legal requirements.
- ii. The surplus cash held by each operating unit will be invested in the surplus capital in interest-bearing demand deposits, time deposits or other cash equivalents when it exceeds the demand of liquidity, and the instrument selected has an appropriate maturity date or sufficient liquidity to respond to the above forecast and provide sufficient allowance.
- iii. The Company's unused amount of loan line is listed below:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Floating interest rate		
Due within one year	<u>\$ 120,000</u>	<u>\$ 88,500</u>

- iv. The table below analyses the Company's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows:

December 31, 2022	Less than 1 year	Between 1 year and 5 years	Over 5 Years
<u>Non-derivative financial liabilities:</u>			
Short-term borrowings	\$ 262,217	\$ -	\$ -
Accounts payable (including related parties)	675,746	-	-
Other payables	112,113	-	-
Lease liability	3,746	4,242	-
Long-term borrowings (including current portion)	132,827	162,687	207,508
December 31, 2021	Less than 1 year	Between 1 year and 5 years	Over 5 Years
<u>Non-derivative financial liabilities:</u>			
Short-term borrowings	\$ 77,946	\$ -	\$ -
Notes payable	1	-	-
Accounts payable (including related parties)	797,896	-	-
Other payables	134,894	-	-
Lease liability	3,445	7,054	-
Long-term borrowings (including current portion)	241,347	206,798	231,772

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable input of assets or liabilities.

B. Financial instruments not measured at fair value

The carrying amounts of cash and cash equivalents, notes receivable, accounts receivable, other receivables, short-term borrowings, accounts payable and other payables are approximate to their fair values.

C. The related information of financial instruments, measured at fair value by level on the basis of the nature, characteristics and risks of the assets at December 31, 2022 and 2021 are as follows: The related information of natures of the assets and liabilities are as follows:

(As of December 31, 2022 and 2021, no such case is recorded in the accounts)

D. For the years ended December 31, 2022 and 2021, there was no transfer between Level 1 and Level 2.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: None.

- B. Provision of endorsements and guarantees to others: Please refer to table 1.
- C. Holding of marketable securities at the end of the period: Please refer to table 2.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 3.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 4.
- I. Trading in derivative financial instrument undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Please refer to table 5.

(2)Information on Investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 6.

(3)Information on Investments in Mainland China

- A. Basic information: Please refer to table 7.
- B. Significant transactions, either directly or indirectly through a third areas, with investee companies in the Mainland China:
 - (a)Purchase amount and percentage and ending balance and percentage of payables: Please refer to Note 13 (1) 7
 - (b)Sales amount and percentage and ending balance and percentage of receivables: Please refer to Note 13 (1) 7
 - (c)Property transaction amounts and gains and loss arising from them: None
 - (d)Balance and purpose of provision or endorsements/guarantees or collaterals at December 31,2022: None
 - (e)Maximum balance, ending balance and interest rate range and total amount of interest during the year ended and at December 31,2022: None
 - (f) Other significant transactions that affected the gains and losses or financial status for the period, i.e. rendering/receiving of service: None.

(4)Major shareholders information

Major shareholders information: Please refer to Table 8.

14.SEGMENT INFORMATION

Not applicable.

Table 1

Uniflex Technology Inc. and subsidiaries
Provision of endorsements and guarantees to others
Year ended December 31, 2022

Expressed in thousands of NTD.
(Except as otherwise indicated)

		Party being Endorsee/Guarantee												
Number (Note 1)	Endorser/Guarantor	Company name	Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/guarantees Provided for Single party (Note 3)	Maximum outstanding endorsement/guarantee amount as of December 31, 2022	Outstanding endorsement/guarantee amount at December 31,2022	Actual amount Drawn down	Amount of endorsements/guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/guarantor company	Ceiling on total amount of endorsements/guarantees provided (Note 3)	Provision of endorsements/guarantees by parent company to subsidiary	Provision of endorsements/guarantees by subsidiary to parent company	Provision of endorsements/guarantees to the party in Mainland China	Footnote
0	UNIFLEX TECHNOLOGY INC.	Uniflex Technology (JiangSu) Limited	2	\$ 1,186,786	\$ 53,414	\$ 52,858	\$ -	\$ -	8.91	\$ 1,186,786	Y	N	Y	

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

- (1) The Company is ‘0’.
- (2) The subsidiaries are numbered in order starting from ‘1’.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories; fill in the number of category each case belongs to:

- (1) Having business relationship.
- (2) The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.
- (3) The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.
- (4) The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.
- (5) Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract.
- (6) Due to joint venture, all shareholders provide endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.
- (7) Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Note 3: The calculation of the capital loans of the Company and its subsidiaries and the individual items and the total amount shall be in accordance with the "Endorsement/Guarantee Operation Procedures" stipulated by the Company and its subsidiaries.

- (1) The total amount of the external endorsements/guarantees provided the Company shall not exceed 200% of the net value of the Company’s net worth.
- (2) The endorsement/guarantee provided the Company for a single enterprise is limited to 200% of the net value of the Company’s net worth.
- (3) In the case of an endorsement/guarantee due to the business relationship, it shall not exceed the total amount of transactions with the Company in the most recent year.

Uniflex Technology Inc. and subsidiaries
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
December 31, 2022

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

				As of December 31, 2022				
Securities hold by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of Shares/ (in thousands shares)	Book value	Ownership(%)	Fair value	Footnote
UNIFLEX TECHNOLOGY INC	MARUWA CORPORATION's bonds	Companies invested by the parent company of any corporate director of the Company	Financial assets at fair value through other comprehensive income - non-current	-	\$ -	-	\$ -	
UNIFLEX TECHNOLOGY INC	Umt Technology Corp.	None	Financial assets at fair value through other comprehensive income - non-current	-	-	19.83	-	
UNIFLEX TECHNOLOGY INC	Pomiran Metalization Research Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	6	-	0.02	-	

Uniflex Technology Inc. and subsidiaries
Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more
Year ended December 31, 2022

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

			Transaction				Description and reasons of difference in transaction terms compared to third party transactions		Notes and Accounts Receivable (Payable)		
Purchasing (selling)	Counterparty	Relationship with the counterparty	Purchases (Sales)	Amount	Percentage of total purchases (sales) (%)	Credit term	Unit price	Credit term	Balance	Percentage of total notes / accounts receivable (payable) (%)	Footnote
UNIFLEX TECHNOLOGY INC	Uniflex Technology (JiangSu) Limited	The Company's second-tier subsidiary	Purchase	874,075	79	Collection of payments based on capital needs	(Note 1)	(Note 1)	(596,660)	(99)	
Uniflex Technology (JiangSu) Limited	UNIFLEX TECHNOLOGY INC	The Company's parent company	(Sales)	(874,075)	(93)	Collection of payments based on capital needs	(Note 1)	(Note 1)	596,660	95	

Note 1: The transaction price is negotiated by both parties, and the terms of collection and payment are determined according to the Company's capital needs.

Uniflex Technology Inc. and subsidiaries
Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more
Year ended December 31, 2022

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

<u>Creditor</u>	<u>Counterparty</u>	<u>Relationship with the counterparty</u>	<u>Balance as at December 31, 2022</u>	<u>Turnover rate</u>	<u>Overdue receivables</u>		<u>Amount collected subsequent to the balance sheet date</u>	<u>Allowance for doubtful accounts</u>
					<u>Amount</u>	<u>Action taken</u>		
Uniflex Technology (JiangSu) Limited	UNIFLEX TECHNOLOGY INC	Parent company of the Company	596,660	0.92	-	-	69,535	

Uniflex Technology Inc. and subsidiaries
Significant inter-company transactions during the reporting periods
Year ended December 31, 2022

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Number. (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transactions			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction Term	
2	Uniflex Technology (JiangSu) Limited	UNIFLEX TECHNOLOGY INC	2	Sales revenue	874,075	"	52.36%
2	Uniflex Technology (JiangSu) Limited	UNIFLEX TECHNOLOGY INC	2	Accounts receivable	596,660	"	33.82%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

- (1) Parent company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

- (1) Parent company to the subsidiary.
- (2) Subsidiary to the parent company.
- (3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount base on period-end of consolidated total operating revenues for income statement accounts.

Table 6

Uniflex Technology Inc. and subsidiaries
Information on investees
Year ended December 31, 2022

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business Activities	Initial Investment amount		Shares held as at December 31, 2022			Net profit (loss) of the investee for the year ended December 31, 2022	Investment income (loss) recognized by the Company for the year ended December 31, 2022	Footnote
				Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership	Book value			
UNIFLEX TECHNOLOGY INC	Uniflex Investment Limited	British Virgin Islands	Holding Company	\$ 967,050	\$ 967,050	22,517	100%	\$ 654,274	(\$ 19,770)	(\$ 19,770)	(Note 1)
UNIFLEX TECHNOLOGY INC	Uniflex Group Limited	British Virgin Islands	Holding Company	10,518	10,518	1,100	100%	-	-	-	(Note 1)

Note 1: It is recognized based on the evaluation for financial statements audited by the parent company's CPAs in Taiwan.

Uniflex Technology Inc. and subsidiaries
Information on Investment in Mainland China
Year ended December 31, 2022

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in Capital	Investment method (Note 1)	Accumulated Amount of remittance from Taiwan to Mainland China as of January 1,2022	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2022		Accumulated amount of remittance from Taiwan to Mainland China as of December 31,2022	Net income of investee for the year ended December 31,2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2022	Book value of investments in Mainland China as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Unipoint Technology(KunShan) Corp.	Manufacture and sale of electronic parts	\$ 37,147	(3)	\$ 7,368	\$ -	\$ -	\$ 7,368	\$ -	19.83	\$ -	\$ -	\$ -	(Note 2)
Uniflex Technology (JIANGSU) Limited	Production and sales of FPC	921,000	(2)	803,767	-	-	803,767	(19,508)	100.00	(19,508)	652,003	-	(Note 3)
Company name	Accumulated Amount of remittance from Taiwan to Mainland China as of December 31, 2022	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs(MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA.										
Uniflex Technology Inc.	\$ 1,029,078	\$1,029,078	(Note 4)										

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:
(1) Directly invest in a company in Mainland China
(2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China. (invested companies in third regions: Uniflex Investment Limited and Uniflex Group Limited)
(3) Others

Note 2: It has been assessed that it is impossible for Unipoint Technology(KunShan) Corp. to actually operate, and the Company has recognized the full amount as an investment loss.

Note 3: Uniflex (JiangSu) is recognized based on the evaluation for financial statements audited by the parent company's CPAs in Taiwan.

Note 4: The Company met the scope of operation made by the headquarter, thus, no limit was applicable on the Company's investments in Mainland China in accordance with "Regulations Governing the Permission of Investment or Technical Cooperation in Mainland Area" effective August 1, 2008.

Uniflex Technology Inc. and subsidiaries

Information on Major Shareholders

December 31, 2022

Table 8

Unit: share

(Except as otherwise indicated)

Name of major shareholders	Shares	
	Number of shares	Ownership (%)
Hsin Yang Investment Corp.	25,307,736	16.20%
Taiwan Surface Mounting Technology Corp.	17,331,519	11.09%
Unimicron Technology Corp.	15,586,822	9.98%

UNIFLEX TECHNOLOGY INC.
DETAILS OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Table 1

Item	Description	Amount	Note
Cash on hand and petty cash			
- NTD		\$ 110	
Demand and checking deposits			
- NTD		26,860	
- Foreign exchange deposits	USD \$123 thousand; conversion rate \$ 30.7	3,772	
		30,632	
Repurchase agreements		215,801	
		\$ 246,543	

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UNIFLEX TECHNOLOGY INC.
DETAILS OF NET ACCOUNTS RECEIVABLE
DECEMBER 31, 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Table 2

Client Name	Amount	Note
Related parties:		
Company D	\$ 1,587	
	\$ 1,587	
Non-related parties:		
Company G	\$ 186,702	
Company C	170,829	
Company B	88,676	
Others	153,211	
	599,418	
Less: Allowance for bad debts	(2,969)	
	\$ 596,449	
	\$ 598,036	

Balance of each customer has not exceeded 5% of total accounts receivable

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UNIFLEX TECHNOLOGY INC.
DETAILS OF INVENTORIES
DECEMBER 31, 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Table 3

Item	Amount		Note
	Cost	Market price	
Raw materials	\$ 42,739	\$ 43,174	Market value at net realized value
Work in progress	46,699	46,700	"
Finished goods	94,307	64,779	"
Merchandise	<u>805</u>	<u>4</u>	"
	184,550	<u>\$ 154,657</u>	
Less: Allowance for inventory valuation losses	<u>(98,388)</u>		
	<u>\$ 86,162</u>		

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UNIFLEX TECHNOLOGY INC.
DETAILS OF INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Table 4

Name	Balance at January 1, 2022		Addition		Reductions		Balance at December 31, 2022			Market value or value per share		Pledged to others as collaterale	Note
	Number of shares (per thousand share)	Amount	Number of shares (per thousand share)	Amount	Number of shares (per thousand share)	Amount	Number of shares (per thousand share)	% Interest held	Amount	Price (in dollar)	Total price		
Uniflex Investment Limited	22,517	664,441	-	(10,167)	-	-	22,517	0%	654,274	29.06	654,274	None	
Uniflex Group Limited	1,100	-	-	-	-	-	1,100	0%	-	-	-	None	
Total		<u>\$ 664,441</u>		<u>(\$ 10,167)</u>		<u>\$ -</u>			<u>\$ 654,274</u>				

UNIFLEX TECHNOLOGY INC.
DETAILS OF SHORT-TERM BORROWINGS
DECEMBER 31, 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Table 5

Creditor	Description	Balance at December 31, 2022	Contract Period	Finance Line	Collateral	Note
Loans from financial institutions						
Taiwan Cooperative Banks	Credit loans	\$ 50,000	2022/2/22~2023/2/22	\$ -	None	
First Commercial Bank	Credit loans	50,000	2022/11/9~2023/5/9	-	None	
Bank of Panhsin	Credit loans	30,000	2022/11/16~2023/3/16	-	None	
Hua Nan Commercial Bank, Ltd	Credit loans	10,000	2022/12/20~2023/3/20	-	None	
The Shanghai Commercial & Savings Bank, Ltd	Secured loans	<u>120,000</u>	2022/9/21~2023/8/11	-	Land and plant	
Total		<u>\$ 260,000</u>				

Note: The interest rate range is 2.04% ~ 2.38%.

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UNIFLEX TECHNOLOGY INC.
DETAILS OF ACCOUNTS PAYABLE
DECEMBER 31, 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Table 6

<u>Name of suppliers</u>	<u>Amount</u>	<u>Note</u>
Related parties:		
Company A	596,660	
Others	2,459	None of the balances of any supplier is greater than 5% of this account balance
	<u>\$ 599,119</u>	
Non-related parties:		
Company I	\$ 12,197	
Company J	6,105	
Company L	5,636	
Company M	4,646	
Others	48,043	None of the balances of any supplier is greater than 5% of this account balance
	<u>\$ 76,627</u>	
	<u>\$ 675,746</u>	

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UNIFLEX TECHNOLOGY INC.
DETAILS OF LONG-TERM BORROWINGS
DECEMBER 31, 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Table 7

<u>Creditor</u>	<u>Borrowing Amount</u>	<u>Contract Period</u>	<u>Collateral</u>
Credit loans from CHB	57,000	From March 2020 to March 2022. Amortization of principal in installments, interest paid monthly.	None
Guaranteed loan from SCSB	300,000	From August 2021 to August 2033. Repayment of principal monthly upon maturity, interest paid monthly.	Land and plant
Guaranteed loan from SCSB	31,945	From November 2021 to November 2024. Principal amortized on a monthly basis, interest paid monthly.	Land and plant
Guaranteed loan - CDC Finance & Leasing Corp.	10,833	From May 2021 to May 2023. Principal amortized on a monthly basis and interest paid monthly. (Repurchase of inventory after sale)	Inventories
Guaranteed loan - IBT Leasing Co., Ltd.	30,580	From May 2021 to November 2023. Principal amortized on a monthly basis and interest paid monthly. (Repurchase of inventory after sale)	Inventories
	430,358		
Less: Current portion	(125,080)		
	<u>\$ 305,278</u>		

Note: The interest rate range is 2.23% ~ 3.7911%.

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UNIFLEX TECHNOLOGY INC.
DETAILS OF NET OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Table 8

<u>Item</u>	<u>Net quantity (pcs.)</u>	<u>Amount</u>	<u>Note</u>
Operating Revenue			
- Double- layer printed circuit board	101,159,565	\$ 1,522,009	
- Single- layer printed circuit board	10,305,181	91,271	
- Multi-layer printed circuit board	100	10	
- Others	164,435	<u>480</u>	
Total Operating Revenue		1,613,770	
Less: Sales return and discounts and allowances		(<u>14,061</u>)	
		<u>\$ 1,599,709</u>	

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UNIFLEX TECHNOLOGY INC.
DETAILS OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Table 9

Item	Amount	Note
Beginning balance of raw materials	\$ 66,623	
Add: Purchase of raw materials in the current period	227,434	
Less: Ending balance of raw materials	(42,739)	
Raw materials retirement losses	(2,141)	
Reclassified as expenses	(5,139)	
Raw materials used	244,038	
Direct labor	166,560	
Manufacturing overhead	309,061	
Manufacturing cost	719,659	
Add: Beginning balance of work in progress	52,938	
Finished goods transfer to work in progress	132,653	
Less: Ending balance of work in progress	(46,699)	
Retirement of work in progress	-	
Cost of finished goods	858,551	
Add: Beginning balance of finished goods	82,997	
Less: Ending balance of finished goods	(94,307)	
Retirement of Finished goods	(37,763)	
Transfer to work in progress	(132,653)	
Reclassified as expenses	(1,016)	
Production and marketing cost	675,809	
Beginning balance of Merchandise	2	
Add: Purchase of Merchandise in the current period	858,618	
Less: Retirement of Merchandise	(2)	
Ending balance of Merchandise	(805)	
Cost of purchase and sales in the current period	857,813	
Loss on decline in market value	10,643	
Scrap loss	39,906	
Others	79,274	
Total operating costs	\$ 1,663,445	

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UNIFLEX TECHNOLOGY INC.
DETAILS OF MANUFACTURING OVERHEAD
FOR THE YEAR ENDED DECEMBER 31, 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Table 10

<u>Item</u>	<u>Summary</u>	<u>Amount</u>	<u>Note</u>
Depreciation expenses		\$ 154,242	
Wages and salaries		63,216	
Utilities		45,747	
Outsourcing expense		15,013	
Repair cost		22,090	
Others		<u>8,753</u>	The balance of each expense account has not exceeded 5% of the manufacturing overhead
		<u>\$ 309,061</u>	

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UNIFLEX TECHNOLOGY INC.
CURRENT EMPLOYEE BENEFITS, DEPRECIATION, AND AMORTISATION EXPENSES SUMMARIZED BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Table 11

By Nature \ By Function	2022			2021		
	Operation costs	Operation expenses	Total	Operation costs	Operation expenses	Total
Employee benefit expense						
Wages and salaries	\$192,389	\$64,417	\$256,806	\$217,241	\$71,024	\$288,265
Labor and health insurance fees	19,612	7,366	26,978	20,425	7,241	27,666
Pension cost	7,067	3,472	10,539	7,580	3,450	11,030
Directors' remuneration	-	1,930	1,930	-	1,960	1,960
Other employee benefit expense	10,707	4,543	15,250	11,945	5,303	17,248
Depreciation charge	\$154,242	\$2,457	\$156,699	\$181,917	\$2,757	\$184,674
Amortization charge	\$-	\$702	\$702	\$13	\$872	\$885

Note:

- A. As at December 31, 2022 and 2021, the Company had 514 and 532 employees, including 6 and 6 non-employee directors, respectively.
- B. A company whose stock is listed for trading on the stock exchange or over-the-counter securities exchange shall additionally disclose the following information:
 - (a) Average employee benefit expense in current year was \$609
Average employee benefit expense in previous year was \$654
 - (b) Average employee salaries in current year were \$506
Average employee salaries in previous year was \$548
 - (c) Adjustments of average employee salaries was (8%)
 - (d) The supervisor's remuneration is 0 in this year and last year (the Company has set up an audit committee, so there is no remuneration paid to supervisor).
 - (e) The Company's salary and remuneration policy (including directors, supervisors, managers and employees)

In accordance with the Articles of Association of the Company, the Company allocates the remuneration of directors and supervisors, and the remuneration is defined and authorize by the board of directors based on the value of their participation in and contribution to the operation of the Company, taking into account the normal level in the same industry. In case of the net loss before tax in 2022, there is no estimate of employee remuneration and director remuneration listed. The remuneration of managers include salaries and bonuses and is defined according to the responsibilities conferred on the position, the contribution of the position to the operation of the Company and the operational risks borne.