Stock Code
6185

Plastron Precision Co., Ltd. and Subsidiaries

Consolidated Financial Statements and Independent Auditor's Report

2022 and 2021

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Declaration

In 2022, (January 1-December 31, 2022), the companies which shall be included in the consolidated financial statements of the affiliates in compliance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” and the companies which shall be included in the consolidated financial statements of parent and subsidiary companies in accordance with IFRS 10 are identical, and relevant information that should be disclosed in the consolidated financial statements of related enterprises has been disclosed in the consolidated financial statements of parent and subsidiary companies previously disclosed, so there is no need to prepare the consolidated financial statements of related enterprises separately.

We hereby declare the above.

Plastron Precision Co., Ltd.

Chairman: Chen Wen-Chien

February 23, 2023

Independent Auditors' Report

To Plastron Precision Co., Ltd.

Audit opinion

We have duly audited the consolidated financial statements of Plastron Precision Co., Ltd. and its subsidiaries (the "Group"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated comprehensive income statement, consolidated statement of changes in equity and consolidated cash flow statement from January 1 to December 31, 2022 and 2021, and the notes to the consolidated financial statements (including a summary of significant accounting policies).

In our opinion, the consolidated financial statements above present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and consolidated cash flows from January 1 to December 31, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), interpretations and interpretation announcements recognized and published by the Financial Supervisory Commission.

Basis for Opinion

We conducted our audits in accordance with the Regulation Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. The auditors of the firm, subject to the independence regulations, have maintained independence from the Group in accordance with the Code of Ethics, and perform other obligations of such Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the Group for the year 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We judge that the key audit matters to be communicated in the audit report are as follows:

I. Recognition and closing of sales revenue

Please refer to note 4(15) to the consolidated financial statements for the accounting policies for revenue recognition; please refer to note 5(1) to the consolidated financial statements for the accounting estimate and assumption uncertainties of revenue recognition; please refer to note 6(18) to the consolidated financial statements for details on income recognition.

1. Description of key audit matters:

The sales mode of Plastron Group is mainly that the factory in charge of production and manufacturing directly delivers goods to customers according to the agreed trade terms, and the revenue is recognized when the performance obligations are met. However, the time point for revenue recognition may be inappropriate because the goods have not been actually delivered or the transaction terms of individual sales contracts are different, which may lead to that the ownership of inventory and loss risk have not been transferred, Therefore, we believe that the cut-off and recognition of sales revenue are areas of high concern in the audit.

2. Our main audit procedures for the key audit items above include:

(1) Ask the management for the understanding and review of the recognition procedures of sales revenue, and adopt them consistently during the comparison period of financial statements.

(2) Understand and test the effectiveness of the design and implementation of internal control over sales revenue.

(3) Select a period before and after the financial reporting to check various vouchers to ensure that the time for sales, sales returns and sales allowances have been properly ended.

(4) Check the factory's shipping documents and sales orders to confirm the correctness of transaction conditions and revenue recognition time points.

II. Inventory evaluation

Please refer to note 4(8) to the consolidated financial statements for the accounting policies for inventory; please refer to note 5(2) to the consolidated financial statements for the accounting estimate and assumption uncertainties of revenue recognition; please refer to note 6(5) to the consolidated financial statements for details of inventory recognition.

1. Description of key audit matters:

The inventory value may be subject to the fluctuation of market demand, resulting in the loss of dead or obsolete stock. When the inventory is obsolete or the selling price drops, the inventory cost may not be recovered. Since the identification of the possibility of impairment involves the subjective judgment of the management, we believe that the reasonableness of the inventory depreciation loss assessment is an area of great concern in the audit.

2. Our main audit procedures for the key audit items above include:

(1) Ask the management for the understanding and review of the recognition procedures of sales revenue, and adopt them consistently during the comparison period of financial statements.

(2) Compare and analyze the difference between the provision of allowance for inventory falling price loss in previous years and the actual scrapping or offsetting, and assess the reasonableness of the provision policy for allowance of inventory

falling price loss.

(3) Verify the appropriateness of the inventory aging report's system logic used by the management for evaluation, so as to confirm that obsolete inventory items exceeding a certain inventory age have been included in the report.

(4) Evaluate the reasonableness of obsolete or damaged inventory items individually identified by the management and check with relevant supporting documents.

(5) Check the latest sales or purchase price of the inventory at the end of the period to confirm that the inventory has been evaluated according to the lower of cost and net realizable value.

Other Matters - Individual Financial Report

Plastron Precision Co., Ltd. has prepared the individual financial statements for 2022 and 2021, to which we have issued independent auditor's reports with unqualified opinion for reference.

Responsibilities of Management Level and the Governance Unit for the Consolidated Financial Statements

The management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by the Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), interpretations and interpretation announcements recognized and published by the Financial Supervisory Commission, and maintains the necessary internal control related to the preparation of the consolidated financial statements to ensure that the consolidated financial statements are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the responsibilities of the management also include assessing the Plastron Group’s ability to continue as a going concern, disclosing relevant matters, and adoption of accounting basis for continuing operations, unless the management intends to liquidate Plastron Group or suspend its business, or there is no practical plan other than liquidation or suspension.

The governance unit (including supervisors) of Plastron Group is responsible for supervising the financial reporting process.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

The purpose of our audit is to obtain reasonable assurance about whether the consolidated financial statements taken as a whole are free from material misstatement, whether due to fraud or error, and to issue a report thereon. The term of “reasonable assurance” refers to high level of assurance. Nevertheless, the audit performed according to the standards on Auditing of the Republic of China cannot guarantee the discovery of material misstatement in the financial statements. Misstatements can arise from fraud or error. Individual amounts or aggregates that are not true are considered material if they could reasonably be expected to affect the economic decisions made by users of the consolidated financial statements.

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements arising from fraud or error; design and implement appropriate responses to the risks assessed; and obtain sufficient and appropriate evidence to provide a basis for the audit 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 the internal control relevant to our 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 Plastron Group and its subsidiaries' internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management level.
4. Based on the evidence obtained, we have made a conclusion on the appropriateness of management's adoption of the going concern basis of accounting and whether there is any material uncertainty about the events or circumstances that may cast significant doubt on the ability of Plastron Group and its subsidiaries to continue as a going concern. If we believe that there is a material uncertainty about such events or conditions, we should draw the attention of users of the consolidated financial statements to the relevant disclosures in the audit report or revise our audit opinion if such disclosures are inappropriate. Our conclusions are based on the audit evidence obtained up to the date of the auditor’s report. However, future events or circumstances may cause Plastron Group and its subsidiaries to cease to have the ability to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements (including the related notes), and whether the consolidated financial statements present fairly the related transactions and events.
6. Obtain sufficient and appropriate audit evidence for the financial information of individual entities of the Group, and provide an opinion on the consolidated financial statements. We are responsible for the direction, supervision and execution of the Group's audits, and for forming an opinion on the Group's audits.

Our communication with the governance unit covered the scope and timing of the planned audit and significant audit findings (including significant deficiencies in internal control identified during the audit).

We also provided the governance unit with a statement that the independence-regulated personnel of the firm to which we are affiliated have complied with the Code of Ethics for Accountants with respect to independence, and communicated with the governance unit about all relationships and other matters (including related safeguards) that may be considered to affect the accountant's independence.

From the matters communicated with the governance unit, we decided on the key audit items for the audit of the annual consolidated financial statements of Plastron Group and its subsidiaries for 2022. We describe these matters in our auditor’s 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.

PKF Taiwan

Chang Jung-Chih Certified Public Accountant

Lee Tsung-Ming Certified Public Accountant

February 23, 2023

<u>Notice to Readers</u>

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

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

Plastron Precision Co., Ltd. and Subsidiaries
Consolidated balance sheet
December 31, 2022 and 2021

Unit: NT$ thousand

Code	Asset	Notes	December 31, 2022 Amount	%	December 31, 2021 Amount	%
11XX	Current asset					
1100	Cash and cash equivalents	4 and 6(1)	$ 587,644	22.82	$ 375,437	14.79
1110	Current financial assets at fair value through profit or loss	4 and 6(2)	124,927	4.85	70,414	2.77
1136	Current financial assets at amortized cost	4 and 6(3)	566,208	21.99	690,081	27.19
1150	Net value of notes receivable	4 and 6(4)	5,648	0.22	3,691	0.15
1170	Net value of accounts receivable	4, 6(4) and 7	210,260	8.17	167,117	6.60
1310	Net sale	4 and 6(5)	126,513	4.91	119,351	4.70
1410	Prepayments		2,322	0.09	70,306	2.77
1476	Other current financial assets	4, 6(6) and 8	320	0.01	317	0.01
1479	Other current assets-others		4,412	0.17	1,300	0.05
	Total current assets		1,628,254	63.23	1,498,014	59.03
15XX	Non-current assets					
1517	Non-current financial assets at fair value through other comprehensive income	4 and 6(7)	23,319	0.91	19,402	0.76
1600	Property, plant and equipment	4, 6(8) and 8	806,893	31.34	912,429	35.96
1755	Right-of-use asset	4 and 6(9)	33,358	1.30	40,691	1.60
1760	Investment property, net	4, 6(10) and 8	64,344	2.50	24,271	0.96
1801	Computer software, net	4 and 6(11)	2,695	0.10	2,533	0.10
1840	Deferred tax assets	4 and 6(14)	14,144	0.55	31,657	1.25
1915	Prepayments for business facilities		1,387	0.05	8,056	0.32
1920	Refundable deposits		277	0.01	362	0.01
1990	Other non-current assets-others		372	0.01	271	0.01
	Total non-current assets		946,789	36.77	1,039,672	40.97
1XXX	Total assets		$ 2,575,043	100.00	$ 2,537,686	100.00

Code	Liabilities and Equity	Notes	December 31, 2022 Amount	%	December 31, 2021 Amount	%
21XX	Current liabilities					
2150	Notes payable		$ 57	-	$ 28	-
2170	Accounts payable		41,530	1.61	45,055	1.78
2200	Other payables	6(12)	55,933	2.17	69,568	2.74
2230	Current income tax liabilities	4 and 6(14)	10,456	0.42	13,820	0.54
2280	Current lease liabilities	4 and 6(9)	112	0.01	449	0.02
2399	Other current liabilities - other		11,661	0.45	5,611	0.22
	Total current liabilities		119,749	4.66	134,531	5.30
25XX	Non-current liabilities					
2572	Deferred tax liabilities, income tax	4 and 6(14)	166,544	6.47	173,687	6.84
2580	Non-current lease liabilities	4 and 6(9)	85	-	-	-
2630	Long-term deferred revenue	4	6,027	0.23	6,823	0.27
2645	Guarantee deposits received		369	0.01	180	0.01
2670	Other non-current liabilities - other	4	117,198	4.55	134,744	5.31
	Total non-current liabilities		290,223	11.26	315,434	12.43
2XXX	Total liabilities		409,972	15.92	449,965	17.73
31XX	Equity attributable to owners of parent	4, 6(14) and 6(15)				
3100	Share capital					
3110	Common share capital		1,498,675	58.20	1,498,675	59.06
3200	Capital surplus					
3210	capital		15,002	0.58	15,002	0.59
3220	transactions		33,529	1.30	33,529	1.32
3271	options		6,060	0.24	6,060	0.24
3300	Retained earnings					
3310	Statutory reserves		411,916	16.00	411,916	16.23
3320	Special reserves		110,566	4.29	97,040	3.83
3350	undistributed earnings		136,430	5.30	136,065	5.36
3400	Other equity		(47,107)	(1.83)	(110,566)	(4.36)
3XXX	Total equity		2,165,071	84.08	2,087,721	82.27
1XXX	Total liabilities and equity		$ 2,575,043	100.00	$ 2,537,686	100.00

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

Plastron Precision Co., Ltd. and Subsidiaries
Consolidated Statement of Comprehensive Income
January 1 to December 31, 2022 and 2021

Unit: NT$ thousand (earnings per share in NT$)

Code	Accounting item	Notes	2022 Amount	2022 %	2021 Amount	2021 %
4100	Net sales	4, 6(18) and 7	$ 589,576	100.00	$ 525,506	100.00
5110	Cost of sales		392,018	66.49	411,539	78.31
5900	Gross profit		197,558	33.51	113,967	21.69
6000	Operating expenses		214,593	36.40	231,094	43.98
6100	Selling expenses		37,919	6.43	30,586	5.82
6200	Administrative expenses		99,731	16.92	129,176	24.58
6300	R&D expenses		76,078	12.90	71,175	13.55
6450	Expected credit losses (gains)		865	0.15	157	0.03
6900	Net operating income (loss)		(17,035)	(2.89)	(117,127)	(22.29)
7000	Non-operating income and expenses					
7100	Interest revenue	4 and 6(19)	24,993	4.24	14,349	2.73
7010	Other income	4 and 6(20)	35,411	6.01	18,588	3.54
7020	Other gains and losses	4 and 6(21)	5,140	0.87	(15,562)	(2.96)
7050	Finance costs	4 and 6(22)	(11)	-	(121)	(0.02)
	Total non-operating income and expenses		65,533	11.12	17,254	3.29
7900	Profit (loss) before tax		48,498	8.23	(99,873)	(19.00)
7950	Tax expense (income)	4 and 6(14)	4,633	0.79	55	0.01
8200	Profit (loss)		43,865	7.44	(99,928)	(19.01)
8300	Other comprehensive profit and loss (net)					
8310	Items not reclassified subsequently to profit or loss					
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income		3,917	0.66	3,787	0.72
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		-	-	-	-
	Total other comprehensive income that will not be reclassified to profit or loss		3,917	0.66	3,787	0.72
8360	Items that may be reclassified subsequently to profit or loss					
8361	Exchange differences on translation of the financial statements of foreign operations		74,427	12.62	(21,641)	(4.12)
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	4 and 6(14)	14,885	2.52	(4,328)	(0.82)
	Components of other comprehensive income that will be reclassified to profit or loss, net of tax		59,542	10.10	(17,313)	(3.30)
	Other comprehensive income (net)		63,459	10.76	(13,526)	(2.58)
8500	Total comprehensive income		$ 107,324	18.20	$ (113,454)	(21.59)
8600	Profit (loss), attributable to:					
8610	Owners of parent		$ 43,865		$ (99,928)	
8620	Non-controlling interests		-		-	
			$ 43,865		$ (99,928)	
8700	Total comprehensive income attributable to:					
8710	Owners of parent		$ 107,324		$ (113,454)	
8720	Non-controlling interests		-		-	
			$ 107,324		$ (113,454)	
9750	Basic earnings per share (NT$)	4 and 6(16)	$ 0.29		$ (0.67)	
9850	Diluted earnings per share		$ 0.29		$ (0.67)	

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

Plastron Precision Co., Ltd. and Subsidiaries
Consolidated Statement of Changes in Equity
January 1 to December 31, 2022 and 2021

Unit: NT$ thousand

		Capital surplus			Retained earnings			Other items of equity			
	Share capital	Additional paid-in capital	Treasury stock transactions	Employee stock options	Statutory reserves	Special reserves	undistributed earnings	Exchange differences on translation of the financial statements of foreign operations	Unrealized financial assets profit or loss measured at fair value through other comprehensive income	Total other equity	Total equity
Balance on January 1, 2021	$ 1,498,675	$ 15,002	$ 33,529	$ 6,060	$ 411,916	$ 97,018	$ 265,989	$ (97,040)	$ -	$ (97,040)	$ 2,231,149
2020 appropriation and distribution of retained earnings:											
Special reserve appropriated	-	-	-	-		22	(22)	-	-	-	-
Common share cash dividend	-	-	-	-	-	-	(29,974)	-	-	-	(29,974)
2021 net loss	-	-	-	-	-	-	(99,928)	-	-	-	(99,928)
Other comprehensive income (loss) in 2021	-	-	-	-	-	-	-	(17,313)	3,787	(13,526)	(13,526)
Total comprehensive income of 2021	-	-	-		-	-	(99,928)	(17,313)	3,787	(13,526)	(113,454)
Balance on December 31, 2021	1,498,675	15,002	33,529	6,060	411,916	97,040	136,065	(114,353)	3,787	(110,566)	2,087,721
2021 appropriation and											
Special reserve	-	-	-	-	-	13,526	(13,526)	-	-	-	-
Common share cash	-	-	-	-	-	-	(29,974)	-	-	-	(29,974)
2022 profit	-	-	-	-	-	-	43,865	-	-	-	43,865
Other comprehensive income	-	-	-	-	-	-	-	59,542	3,917	63,459	63,459
Total comprehensive income	-	-	-	-	-	-	43,865	59,542	3,917	63,459	107,324
Balance on December 31, 2022	$ 1,498,675	$ 15,002	$ 33,529	$ 6,060	$ 411,916	$ 110,566	$ 136,430	$ (54,811)	$ 7,704	$ (47,107)	$ 2,165,071

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

Plastron Precision Co., Ltd. and Subsidiaries
Consolidated Statement of Cash Flow
January 1 to December 31, 2022 and 2021

Unit: NT$ Thousand

	2022	2021
Cash flows from operating activities:		
Profit (loss) before tax	$ 48,498	$ (99,873)
Adjustments		
Income/expenses items		
depreciation expense	112,144	108,805
Amortization cost	663	455
Expected credit losses	865	157
Interest expenses	11	121
Interest revenue	(24,993)	(14,349)
Gains on disposal of property, plant and equipment	(297)	(193)
Other items - deferred government subsidy income realized	(906)	(2,029)
Other item - profit from lease modification	(2)	(753)
Decrease (increase) in financial assets at fair value through profit or loss measured at fair value	(54,513)	9,852
Increase in notes receivable	(1,957)	(1,769)
Decrease (increase) in accounts receivable	(44,032)	4,869
Increase in inventories	(5,501)	(27,748)
Decrease in prepayments	63,062	19,515
Decrease (increase) in other current assets	(21)	6,813
Increase in other current financial assets	(3)	(2)
Increase (decrease) in notes receivable	29	(30)
Increase (decrease) in accounts payable	(3,525)	89
Decrease in other payables	(13,635)	(8,002)
Increase (decrease) in other current liabilities	6,050	(2,517)
Increase (decrease) in other non-current liabilities	(17,546)	3,788
Cash inflow (outflow) generated from operations	64,391	(2,801)
Interest received	21,975	15,369
Income tax paid	(12,716)	(4,030)
Net cash flows from (used in) operating activities	73,650	8,538
Cash flows from (used in) investing activities		
Acquisition of financial assets at amortized cost	(566,208)	(690,081)
Proceeds from repayments of financial assets at amortized	690,081	730,661
Obtaining government subsidies	-	8,858
Acquisition of property, plant and equipment	(12,088)	(53,206)
Disposal of property, plant and equipment	971	1,433
Decrease in refundable deposits	85	4,964
Increase in other non-current assets	(100)	(271)
Increase in intangible assets	(788)	(1,260)
Increase in prepaid equipment amount	(1,310)	(7,965)
Net cash inflow (outflow) from investing activities	110,643	(6,867)
Cash flows from (used in) financing activities		
Increase in guarantee deposits received	189	-
Cash dividends paid	(29,974)	(29,974)
Payments of lease liabilities	(426)	(4,865)
Cash outflows from financing activities	(30,211)	(34,839)
Effect of exchange rate changes on cash and cash equivalents	58,125	(15,372)
Net increase (decrease) in cash and cash equivalents	212,207	(48,540)
Cash and cash equivalents at beginning of period	375,437	423,977
Cash and cash equivalents at end of period	$ 587,644	$ 375,437

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

Plastron Precision Co., Ltd. and Subsidiaries
Notes to consolidated financial statements
January 1 to December 31, 2022 and 2021
(unless otherwise stated, the amount is in NT$ thousand)

I. Company History

The main body of the consolidated financial statements includes Plastron Precision Co., Ltd. and the following subsidiaries (hereinafter referred to as the consolidated company). All major internal transactions between the parent company and subsidiaries and their balances have been written off in the consolidated financial statements.

(I)Parent company (the Company):

The Company is a profit-seeking enterprise established in accordance with the Company Act of the Republic of China and other relevant laws and regulations. It was approved to be established in April 1988. It became a public company with the approval of the Securities and Futures Commission of the Financial Supervisory Commission (formerly the Securities and Futures Commission of the Ministry of Finance; hereinafter referred to as the SFC) in January 2001, and was approved to be listed on the OTC market by the GreTai Securities Market in accordance with the "Criteria Governing the Review of Securities Traded on the Business Premises of Securities Firms under the GreTai Securities Market" in January 2002. It was also filed to by the SFC by letter dated May 3, 2002 referenced (91) Cheng-Gui-Shang No.16107, and received the approval dated May 9, 2002 referenced (91) Tai-Tsai-Cheng (I) No.126030 for recordation, and officially became an OTC company on August 9, 2002.

The main business of the Company is to sell electronic components.

(II) Subsidiaries:

Company name	Business nature	Direct and indirect shareholding percentage of parent company	
		December 31, 2022	December 31, 2021
K&J INTERNATIONAL INVESTMENT CO., LTD.	Investment company	100.00%	100.00%
HONOUR DECADE INC.	Trading company	100.00%	100.00%
TEAMSPHERE INDUSTRIAL LTD.	Trading company	100.00%	100.00%
GRAND EASE HOLDINGS LIMITED	Investment company	100.00%	100.00%
CHEER UP ENTERPRISES LIMITED	Investment company	100.00%	100.00%
GOLD GALAXY DEVELOPMENT LIMITED	Investment company	100.00%	100.00%

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Plastron Electronic Technology(SuzHou) Co., Ltd (hereinafter Plastron Suzhou)	R&D, design, production and sales of new instrument components, optical fiber connecting lines, heat dissipation modules, precision metal stamping dies and lighting fixtures; wholesale, import and export of electronic components and similar products produced by the Company, and lease of non-residential real estate.	100.00%	100.00%
Plastron Technology (Shenzhen) Co., Ltd. (hereinafter Plastron Shenzhen)	Sales of electronic products, technical services, technical consultation, commission agency (except auction), and import and export of goods and technologies	100.00%	100.00%
Plastron Electronic Technology (Anhui) Co., Ltd. (hereinafter Plastron Anhui)	R&D, production and sales of new instrument components, automobile connectors, computer connectors, mobile phone connectors, precision metal molds, plastic molds, precision cavity molds, electronic product accessories and hardware; non-metal and metal surface treatment; precision machining with CNC machine tools; wholesale, import and export of electronic components.	100.00%	100.00%

(III) In 2022 and 2021, the average number of employees of the Company and its subsidiaries was respectively 338 and 420.

II. Approval Date and Procedures of the Consolidated Financial Statements

The consolidated financial statements were submitted to the board meeting and approved on February 23, 2023.

III. Application of New Standards, Amendments and Interpretations

(I) Initial application of the International Financial Reporting Standards, International Accounting Standards, interpretations and interpretation announcements (collectively, “IFRSs”) recognized and published by the Financial Supervisory Commission (FSC) in 2022.

The newly issued, amended and revised standards and interpretations recognized by the FSC for application in 2022 are listed below:

New, Revised or Amended Standards and Interpretations	Effective Date Announced by IASB
Amendment to IFRS 3 “Updating the Index of Conceptual Framework"	January 1, 2022
Amendment to IAS 16 “Property, Plant and Equipment: Proceeds Before Intended Use”	January 1, 2022
Amendment to IAS 37 “Onerous Contract - Costs Incurred in Fulfilling Contracts”	January 1, 2022
Annual Improvements 2018 - 2020 Cycle	January 1, 2022

(II) Not yet adopted FSC approved IFRSs applicable in 2023

The newly issued, amended and revised standards and interpretations recognized by the FSC for application in 2023 are listed below:

New, Revised or Amended Standards and Interpretations	Effective Date Announced by IASB
Amendment to IAS 1 " Disclosure of Accounting Policies"	January 1, 2023
Amendment to IAS 8“Definition of Accounting Estimates”	January 1, 2023
Amendment to IAS 12“Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023

(III) IFRSs already announced by IASB but not yet recognized and published by the FSC

As of the date of issuance of the consolidated financial statements, the consolidated company has not adopted the following IFRSs that have been issued by the IASB but have not been recognized and published by the FSC:

New, Revised or Amended Standards and Interpretations	Effective Date Announced by IASB
Amendment to IFRS 10 and IAS 28 “Asset Sales or Investment between Investors and Their Affiliates or Joint Ventures”	To be determined
Amendment to IFRS 16“Lease Liability in a Sale and Leaseback”	January 1, 2024
IFRS 17 "Insurance Contracts" and its amendment replacing IFRS 4 "Insurance Contracts"	January 1, 2023
Amendment to IAS 1 "Distinguishing Liabilities into Current or Non current"	January 1, 2024
Amendment to IAS 1 “Non-Current Liabilities with Covenants”	January 1, 2024

The consolidated company believes that the initial application of the standards above and interpretations will not cause significant changes to the accounting policies of the consolidated company. However, the consolidated company continues to evaluate the impact of the standards above and interpretations on the financial position and financial performance of the consolidated company, and any significant impact will be disclosed when the evaluation is completed.

IV. Summary of Significant Accounting Policies

The summary of significant accounting policies of the consolidated company is as follows:

(I) Declaration of Compliance

The consolidated financial statements have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Financial Reporting Standards, International Accounting Standards, interpretations and interpretation announcements recognized by the FSC.

(II) Basis of Preparation

Other than financial instruments measured at fair value, the consolidated financial statements are prepared based on historical costs. For assets, historical cost is usually based on the fair value of the consideration paid for the acquisition of assets; for liabilities, it usually refers to the amount received for assuming obligations or the amount expected to be paid for paying off debts.

(III) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e. its subsidiaries). Control means that when the Company is exposed to the variable return generated by the participation of the invested individual or has the right to such variable return, and has the ability to influence such return through the power of the invested individual. The financial statements of subsidiaries are included in the consolidated statements from the date of obtaining control until the date of no longer having control.

Adjustments have been made to the financial statements of subsidiaries to allow their accounting policies to be consistent with those used by the Group.

The major transactions, balances, gains and losses between the consolidated individuals of the Company have been completely eliminated at the time of consolidation.

(IV) Foreign currency

The financial statements of each consolidated individual are prepared and expressed in the common currency (functional currency) of the individual's main economic environment. The functional currency of the Company and TEAMSPHERE INDUSTRIAL LTD. is NT$; the functional currency of K&J INTERNATIONAL INVESTMENT CO., LTD., HONOUR DECADE INC., GRAND EAST HOLDINGS LIMITED, CHEER UP ENTERPRISES LIMITED and GOLD GALAXY DEVELOPMENT LIMITED is USD; the functional currency of Plastron Electronics Technology (Suzhou) Co., Ltd., Plastron Technology (Shenzhen) Co., Ltd. and Plastron Electronics Technology (Anhui) Co., Ltd. is RMB. When preparing the consolidated financial statements, the operating results and financial status of each consolidated individual are translated into NT$.

In preparing the financial statements of each consolidated individual, transactions in currencies other than the individual’s functional currency (foreign currencies) are recognized at the exchange rates prevailing at the dates of the transactions. At the end of the reporting period, foreign currency monetary items are retranslated at the spot exchange rate on that date; foreign currency non-monetary items measured at fair value shall be re-converted at the exchange rate on the date when the fair value is determined; foreign currency non-monetary items measured at historical cost will not be re-converted. The exchange difference is recognized as profit or loss in the current period.

When preparing the consolidated financial statements, the assets and liabilities of foreign operating institutions are converted into NT$ at the spot exchange rate at the end of the reporting period; the income and expense loss items are translated at the average exchange rate of the current period, and the resulting exchange differences are recognized as other comprehensive income, and accumulated as exchange differences in the translation of the financial statements of foreign operating institutions under equity.

(V) Classification of Current and Non-current Assets and Liabilities

Current assets include those expected to be realized in the normal business cycle or intended to be sold or consumed or held for trading purposes, assets expected to be realized within 12 months after the reporting period, and cash or cash equivalents, except where the exchange or liquidation of liabilities is restricted at least 12 months after the reporting period. Assets that are not current assets are non-current assets. Current liabilities include those expected to be liquidated in the normal business cycle, held for trading purposes, expected to be repaid within 12 months after the reporting period, and those which cannot be unconditionally deferred to at least 12 months after the reporting period. Liabilities that are not current liabilities are non-current liabilities.

(VI) Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits, time deposits within three months, and short-term and highly liquid investments that can be converted into fixed cash at any time and have little change in value.

(VII) Financial instruments

Financial assets and financial liabilities are recognized only when the Company becomes a party to the contractual terms of financial instruments. At the time of original recognition, they shall be measured at fair value. If they are not financial assets or financial liabilities measured at fair value through profit or loss, the transaction costs directly attributable to the acquisition or issuance of the financial assets or financial liabilities shall be added or deducted. However, the accounts receivable that do not include a major financial component shall be measured at the transaction price at the time of initial recognition.

Financial assets are only derecognized under any of the following conditions: (1) the contractual rights from the cash flow of financial assets are invalid; (2) almost all the risks and rewards of ownership of the financial asset are transferred, or the control of the financial asset is not retained without transferring or retaining almost all the risks and rewards of the ownership of the financial asset.

For financial products with an active market, the fair value shall be the public quotation of the active market; for financial products with no active market, the fair value is estimated by the evaluation method.

The recognition and de-recognition of financial assets in regular transactions are subject to the accounting treatment on the transaction date.

1. Financial assets

Financial assets are based on (1) the business model of managing financial assets, and (2) the contractual cash flow characteristics of financial assets, and are classified as those subsequently measured at amortized cost, fair value through other comprehensive income, and fair value through profit or loss:

Amortized cost

When the financial assets satisfy the following two criteria at the same time, they are measured at amortized cost:

(1) Financial assets are held under a certain business model, the purpose of which is to hold financial assets to receive contractual cash flow; and
(2) the contractual terms of the financial asset generate cash flow on a specific date which is completely the interest of the principal amount paid and the outstanding principal amount.

The profits or losses of financial assets measured at amortized cost are recognized in profit or loss, but if they are part of the hedging relationship, they are treated based on hedging accounting.

Interest income is calculated using the effective interest method.

Measured at fair value through other comprehensive income

Financial assets shall be measured at fair value through other comprehensive income if they meet the following two conditions at the same time:

(1) Financial assets are held under a certain business model, the purpose of which is to hold financial assets to receive contractual cash flow; and

(2) the contractual terms of the financial asset generate cash flow on a specific date which is completely the interest of the principal amount paid and the outstanding principal amount.

Gains or losses are recognized in other comprehensive income, except for impairment gains or losses and foreign currency exchange gains and losses. When assets are derecognized, the accumulated profits or losses listed in other comprehensive income are reclassified from equity to profit or loss.

In addition, if the specific equity instrument investment that should be measured at fair value through profit or loss is not held for trading or the contingent consideration recognized for business merger, an irrevocable choice can be made at the time of initial recognition, and its subsequent changes in fair value shall be reported in other comprehensive income. In this case, profits or losses are recognized in other comprehensive income, but dividends that are not recovered from investment costs are included in profits and losses. When assets are derecognized, the accumulated profits or losses listed in other comprehensive income shall not be reclassified from equity to profit or loss.

Measured at fair value through profit or loss

Financial assets are measured at fair value through profit or loss, except at amortized cost or through other comprehensive income.

At the time of initial recognition, financial assets can be irrevocably designated to be measured at fair value through profit or loss to eliminate or significantly reduce the inconsistency in measurement or recognition that would result from using different basis to measure assets or liabilities or recognize their interests and losses if not designated.

The profits or losses of financial assets measured at amortized cost are recognized in profit or loss, but if they are part of the hedging relationship, they are treated based on hedging accounting.

2. Financial liabilities

Other than derivative instruments that do not comply with hedge accounting, or are designated to be measured at fair value through profit or loss or contingent consideration for business merger that should be classified as measured at fair value through profit or loss, financial liabilities should be classified as subsequently measured at amortized cost, except for financial liabilities that do not comply with derecognized transfers, or financial liabilities, financial guarantee contracts, and commitments to provide loans at a lower rate than the market rate arising from the continuous participation of the transferred assets.

3. Impairment

For financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income, contract assets and loan commitments and financial guarantee contracts subject to impairment provisions, the impairment is measured by the expected credit loss model. If the credit risk of the financial instrument has increased significantly since its initial recognition, the allowance loss shall be measured according to the expected amount of credit loss during the duration of each reporting day; if the credit risk of financial instruments has not increased significantly since the initial recognition, the allowance loss shall be measured according to the 12 month expected credit loss amount of on the reporting date. However, the Company adopts a simple method to measure the allowance loss according to the expected credit loss amount during the period of existence for accounts receivable or contract assets that do not contain significant financial components arising from transactions within the scope of IFRS 15.

(VIII) Inventories

Inventories are recorded on the basis of cost and calculated by the weighted average method. For the calculation of product cost, the variable manufacturing expenses are allocated by the actual production volume, and the fixed manufacturing expenses are allocated by the normal production capacity of the production equipment. However, if the actual production volume and the normal production capacity are not significantly different, they can also be allocated by the actual production volume; if the actual production volume is abnormally higher than the normal capacity, it will be apportioned based on the actual production volume. The subsequent measurement of inventories is based on the lower of cost and net realizable value. The net realizable value refers to the balance of the estimated selling price minus the balance of the estimated cost to be invested until completion and the estimated cost required to complete the sale. When comparing the lower of the cost and the net realizable value, the comparison is made item by item. If the net realizable value of the finished product is expected to be equal to or higher than the cost, the raw materials used for the production of the finished product will not be reduced to less than the cost. When the price of the raw materials falls and the cost of the finished product exceeds the net realizable value, the raw materials will be reduced to the net realizable value.

The amount of inventory from cost offset to net realizable value is recognized as the cost of goods sold, and the net realizable value of inventory is re-measured in each subsequent period. If the factors that previously caused the net realizable value of inventory to be lower than the cost has disappeared, or there is evidence that the net realizable value of inventory has increased due to changes in economic conditions, within the range of the original offset amount, the increase in the net realizable value of inventory is reversed and recognized as a decrease in the current cost of goods sold.

If the net realizable value of inventories is lower than the cost due to damage or obsolescence, the cost shall be written down to the net realizable value.

(IX) Property, plant and equipment

Property, plant and equipment used for product production or management purposes are recognized at cost less accumulated depreciation and accumulated impairment. Costs include the incremental costs directly attributable to the acquisition of assets.

Depreciation is the amount after deducting the residual value from the cost within the useful life of the asset using the straight-line method. Depreciation is accrued based on the following number of years of service life: 20 to 40 years for houses and buildings, 5 to 15 years for machinery and equipment, and 3 to 10 years for other equipment. When the main components of property, plant and equipment have different service lives, they shall be treated as separate items. The estimated service life, residual value and depreciation method are reviewed at the end of the reporting period. If there is any change in the estimate, the impact is deferred for adjustment.

The profits or losses arising from the disposal or scrapping of property plant and equipment are recognized as current profits and losses based on the difference between the disposal price and the book value of the assets.

(X) Investment property

If the property of the consolidated company is not for sale, nor is it used for the production or provision of goods or services, or for management purposes at the end of the reporting period, then it is classified as investment property.

The investment property of the consolidated company is recorded on the basis of the original cost, and the cost model is adopted for subsequent measurements. The houses and buildings in the investment property are depreciated by the straight-line method based on the estimated service life of 20 to 40 years. The estimated service life, residual value and depreciation method are reviewed at the end of the reporting period. If there is any change in the estimate, the impact is deferred for adjustment.

(XI) Lease

If a contract transfers control over the use of identified assets for a period of time in exchange for consideration, the contract is a lease or includes a lease.

Lessor

The lessor classifies each lease into business lease or finance lease. A lease is a financial lease if it transfers almost all the risks and rewards attached to the ownership of the underlying asset; a lease is an operating lease if it does not transfer almost all the risks and rewards attached to the ownership of the underlying asset.

If it is an operating lease, the lessor recognizes the lease payment as income on a straight-line basis, but if other systematic basis is more representative of the form of reduction in the use efficiency of the underlying asset, then this basis shall apply. In the case of financial leasing, the lessor recognizes the financial lease payments receivable and the financial income of the financial leasing not earned on the lease start date, and allocates the financial income to the lease period on a systematic and reasonable basis, so that there is a fixed rate of return for each period of the lease period.

Lessee

The lessee recognizes the right to use assets and lease liabilities on the lease beginning date. The right-of-use assets are measured at cost, and the lease liabilities are measured at the present value of the lease payments that have not been made on that date.

Right-of-use assets shall be depreciated, and the depreciation period is from the lease beginning date to the expiration of the useful life of the right-of-use assets or the expiration of the lease term, whichever is earlier. However, if the lessee will acquire the ownership of the underlying asset at the end of the lease term, or if the cost of the asset with the right-of-use reflects the exercise of the purchase option, the depreciation period is from the lease start date to the end of the useful life of the underlying assets.

The effective interest rate method is used to calculate the interest expense of the lease liability, so that the interest rate of each period calculated by the balance of the lease liability is fixed. Lease payments are used to pay interest and reduce lease liabilities. The interest of lease liabilities is recognized in profit or loss.

(XII) Intangible assets

Individually acquired intangible assets with limited service lives are recognized at cost less accumulated amortization and accumulated impairment.

The amortization amount is accrued according to the following number of years of service life on a straight-line basis: the cost of computer software, based on economic benefits or the contract life. The estimated service life and depreciation method are reviewed at the end of the reporting period. If there is any change in the estimate, the impact is deferred for adjustment.

(XIII) Impairment of non-financial assets

At the end of the reporting period, the consolidated company reviews the book value of tangible and intangible assets to determine whether there is any sign of impairment of such assets. If there is evidence of impairment, the recoverable amount of the assets is estimated to determine the amount of impairment to be recognized. When it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is estimated. If it can be apportioned on a reasonable and consistent basis, the shared assets will also be apportioned to individual cash-generating units, otherwise, it will be apportioned to the smallest group of cash-generating units that can be apportioned on a reasonable and consistent basis.

The recoverable amount is the higher of the fair value less the cost to sell and the value in use. When assessing the value in use, the estimated future cash flow is discounted at the pre-tax discount rate, which reflects the current market's assessment of the time value of money and the specific risks of assets.

If the book value of an asset or cash-generating unit exceeds its estimated recoverable amount, the book value shall be reduced to its recoverable amount, and the impairment loss shall be recognized as the current profit and loss.

When the impairment loss is reversed in the subsequent period, the book value of the asset or cash-generating unit is adjusted to the revised estimated recoverable amount, provided that the increased book value does not exceed the book value that would have occurred if the asset or cash-generating unit had not recognized the impairment loss in the previous year. Reversed impairment losses are recognized as current profits and losses.

(XIV) Provision for liabilities

When the consolidated company has a current obligation (legal or constructive obligation) due to past events, and is likely to have to pay off the obligation, and the amount of the obligation can be reliably estimated, then the liability provision shall be recognized. The amount recognized as the liability reserve is the best estimate of the expenditure required to pay off the obligation at the end of the reporting period, taking into account the risk and uncertainty of the obligation. If the provision for liabilities is measured by the estimated cash flow of the current obligation, the book value is the present value of the cash flow.

(XV) Revenue recognition

The consolidated company recognizes revenue to describe the transfer of goods or services promised to customers, and the amount of revenue reflects the expected right to obtain the consideration for the exchange of such goods or services.

Revenue recognition shall be carried out according to the following steps: (1) Identify the customer contract, confirm that the contract has been approved and committed to perform, confirm the right to identify the goods or services, confirm the payment terms of the goods or services that can be identified, confirm that the contract has commercial substance, and confirm that it is likely to receive the consideration of the transferred goods or services. (2) Identify and distinguish the performance obligations. (3) Determine the transaction price. (4) Allocate the transaction price to each performance obligation. (5) Recognize the apportioned income when the performance obligations are met.

The consolidated company provides goods according to the contract and recognizes the revenue when the performance obligations are met, the performance obligations are usually met the when the goods are transferred. The income generated from the provision of services under the contract is recognized according to the degree of completion of the contract (output method or input method).

Rental income is recognized as income on a straight-line basis during the lease period. The dividend income generated by investment is recognized when the right to receive dividends is established, the economic benefits related to dividends are likely to flow in, and the amount of dividends can be measured reliably. Interest income is recognized on an accrual basis based on the outstanding principal and the applicable effective interest rate over time.

Before the customer pays the consideration or the payment can be collected from the customer, if the performance has been performed by transferring goods or services to the customer, then the performance amount is recognized as contract assets. However, if there is an unconditional right to the contract consideration and it can be collected from the customer only after the time passes, the amount of performance will be recognized as a receivable.

Before the transfer of goods or services, if the customer has received the consideration or has the right to receive the consideration unconditionally, the obligation to transfer the goods or services shall be recognized as a contractual liability.

(XVI) Government subsidies

A government grant is recognized only when there is reasonable assurance that the Company will comply with any conditions attached to the grant and the grant will be received. Government subsidies are recognized as profit and loss on a systematic basis during the period when the Company recognizes the relevant costs it intends to compensate. Government subsidies that are conditional on the Company's acquisition of non-current assets through purchase, construction or other means are recognized as deferred income, and are transferred to profit and loss during the useful life of the relevant assets on a reasonable and systematic basis.

(XVII) Employee benefits

1. Short-term employee benefits

Short-term employee benefits are measured by the non-discounted amount expected to be paid, and recognized as expenses when relevant services are provided.

2. Pension

Since 2012, the Company's retirement benefit plan is a defined allocation plan, which is recognized as the current expense based on the amount of pension that should be allocated during the service period of employees. The Company allocates 6% of the fixed salary to the employee's personal account of the Bureau of Labor Insurance on a monthly basis.

3. Employees' and directors’ remuneration

Employees’ and directors' remuneration are recognized as expenses and liabilities when they have legal or constructive obligations and the amount can be reasonably estimated. If there is any difference between the actual distribution amount and the estimated amount in the subsequent resolution, it shall be treated as the change of accounting estimate.

(XVIII) Share-based payment arrangement

The share-based payment transaction of the consolidated company is recognized as the cost of goods or services when it obtains goods or services, and as an expense when it is consumed or sold. There are three settlement methods for share-based payment transactions, including equity settlement, cash settlement and optional equity or cash settlement. The vested equity instruments of the Company before January 1, 2012 (the date of conversion to IFRS) are exempt from IFRS 1.

The equity-settlement share-based payment agreement refers to the employee services obtained by measuring the fair value of the equity goods given on the grant date, which are recognized as the remuneration cost during the vesting period, and the equity is adjusted relatively. The fair value of equity goods shall reflect the influence of the vested and non-vested conditions of the market price. The recognized reward cost is adjusted with the expected amount of reward that meets the service conditions and non-market vested conditions, until the final recognized amount is recognized with the vested amount on the vesting date.

(XIX) Income tax

The income tax expense includes the current and deferred income tax, and is recognized in the current profit and loss, except for the relevant income tax directly included in the equity or recognized in other comprehensive income.

The current income tax is based on the taxable income of the current year and calculated at the tax rate that has been enacted or substantively enacted at the end of the reporting period. Income tax payable for prior periods is adjusted to the current income tax.

The additional tax on the undistributed earnings shall be included in the income tax expense for the year of resolution of the shareholders' meeting.

Deferred income tax is calculated and recognized based on the temporary difference between the tax base of assets and liabilities and their book value. However, the assets or liabilities originally recognized in transactions other than business merger that do not affect the accounting and taxable profits and losses at the time of the transaction, and the temporary differences arising from the investment in subsidiaries that are likely to not be reversed in the foreseeable future shall not be recognized as deferred income tax. In addition, taxable temporary differences arising from the initial recognition of goodwill are not recognized as deferred income tax liabilities. Deferred income tax is measured at the tax rate applicable when the temporary difference is expected to be reversed, and is based on the tax rate that has been enacted or substantively enacted on the reporting date.

Deferred income tax assets and liabilities are only legally enforceable against the offset of current income tax assets and liabilities, and belong to the same tax payer and are levied by the same tax authority; or they belong to different tax payers, and can be offset only if it is intended to settle the current income tax liabilities and assets at net amount, or the income tax liabilities and assets will be realized at the same time.

The unused tax losses, income tax credits and deductible temporary differences are recognized as deferred income tax assets to the extent that it is likely that future taxable income will be available for use, and the book value of deferred income tax assets is reviewed and adjusted at the end of each reporting period.

(XX) Earnings per share

The basic earnings per share is calculated by dividing the net profit of the current period by the weighted average number of shares outstanding. However, if the earnings are converted to capital increase or capital surplus is converted to capital increase, or if it is reduced due to capital reduction to cover losses, it shall be retroactively adjusted according to the proportion of capital increase and capital reduction. The calculation method of diluted earnings per share is the same as that of basic earnings per share, but it is calculated after adjusting the impact of all potential diluted common shares.

(XXI) Report on operation departments

Operating departments are the constituent units of the consolidated company, and are engaged in the business activities that may generate income and incur expenses (including the income and expenses generated from the transactions with other constituent units of the consolidated company). The operating results of the operating departments are reviewed by operation decision-makers on a regular basis to make decisions on the allocation of resources to the departments, evaluate the performance of the departments, and provide separate financial information.

V. Major Sources of Uncertainties in Significant Accounting Judgments, Estimates and Assumptions

The consolidated financial statements of the consolidated companies are affected by accounting policies, accounting assumptions and estimates. The management must make appropriate professional judgments when preparing the consolidated financial statements.

The assumptions and estimates of the consolidated company are the best estimates made in accordance with relevant International Financial Reporting Standards. Estimates and assumptions are based on past experience and other relevant factors, but actual results may differ from estimates and assumptions.

Estimates and assumptions are continuously reviewed. If the revision of the estimate only affects the current period, it shall be recognized in the current period when the accounting estimate is revised. If the revision of the estimate affects both the current and future periods, it shall be recognized in the current and future periods of the revision of the estimate.

The following are the information about the main assumptions made in the future and other main sources of estimation uncertainties at the end of the financial report. These assumptions and estimates have the risk of causing major adjustments to the book value of assets and liabilities in the next year.

(I) Revenue recognition

The return liability related to sales revenue is estimated based on historical experience and other known reasons, and recognized as a deduction of sales revenue in the current period of product sales; the consolidated company regularly reviews the reasonableness of the estimate.

As of December 31, 2022 and 2021, the provision for return and allowance liabilities recognized by the consolidated company was both NT$0 thousand.

(II) Inventory evaluation

Since the inventory is evaluated by the lower of cost and net realizable value, the consolidated company must use judgment and estimation to determine the net realizable value of the inventory at the end of the financial reporting period. Inventory evaluation is mainly based on the product demand and historical experience in a specific period in the future, so it may be subject to significant changes due to factors such as changes in the industrial environment.

As of December 31, 2022 and 2021, the book value of inventories of the consolidated companies was NT$126,513 thousand and NT$119,351 thousand respectively.

(III) Evaluation of financial instruments

The estimated impairment of accounts receivable, debt instrument investment and financial guarantee contracts is based on the assumption of the consolidated company on the default rate and expected loss rate. The consolidated company considers the historical experience, current market conditions and forward-looking information to make assumptions and select the input value for impairment assessment. If the actual cash flow in the future is less than expected, it may cause a significant impairment loss.

As of December 31, 2022 and 2021, the book value of accounts receivable is detailed in note 6 (4).

VI. Details on Significant Accounts

(I) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand	$ 51	$ 87
Demand deposits	265,522	296,499
Time deposit (within three months)	322,071	78,851
Total	$ 587,644	$ 375,437

(II) Current financial assets at fair value through profit or loss

	December 31, 2022	December 31, 2021
Balanced funds	$ 124,927	$ 70,414

The valuation (loss) gains recognized in the financial assets held for trading by the consolidated companies in 2022 and 2021 were NT$(29,243) thousand and NT$1,756 thousand respectively.

(III) Financial assets at amortized cost

	December 31, 2022	December 31, 2021
Time deposits with an initial maturity of more than three months	$ 566,208	$ 690,081

As of December 31, 2022 and 2021, the time deposit interest rates above range from 4.00% to 5.18% and from 0.20% to 1.28% respectively.

(IV) Receivables

Details as follows:

	December 31, 2022	December 31, 2021
Notes receivable	$ 5,648	$ 3,691
Less: Allowance for losses	-	-
Net	$ 5,648	$ 3,691

	December 31, 2022	December 31, 2021
Accounts receivable	$ 212,660	$ 158,759
Accounts receivable from related parties		10,014
Total	212,660	168,773
Less: Allowance for losses	(2,400)	(1,656)
Net	$ 210,260	$ 167,117

	December 31, 2022	December 31, 2021
Overdue loans	$ 145	$ -
Less: Allowance for losses	(145)	-
Net	$ -	$ -

The average collection period for products and service is 90~120 days, and notes and accounts receivable are not interest bearing.

The consolidated company adopts a simplified approach to estimate the expected credit loss for all receivables (including notes receivable, accounts receivable and receivables), that is, using the expected credit loss balance in the duration. The expected credit loss in the duration is based on the customer's historical default rate, and adjusted based on the forward-looking estimate. Since the historical experience of credit losses of the consolidated company shows that there is no significant difference in the loss patterns of different customer groups, no further distinction is made between customer groups, and only the expected credit loss rate is set based on the overdue days of receivables.

The aging analysis of receivables (including notes receivable and accounts receivable) of the consolidated company is as follows:

	December 31, 2022				
Aging analysis	Accounts receivable	Notes receivable	Total receivables	Expected credit loss rate in the duration	Amount of expected credit loss in the duration of allowance
Not overdue	$ 210,093	$ 5,648	$ 215,741	1.1%	$ 2,364
Less than 30 days overdue	2,484	-	2,484	1.2%	31
Overdue for 31~60 days	83	-	83	5.4%	5
Overdue for 61~90 days	-	-	-	-	-
Overdue for more than 91 days	145	-	145	100%	145
Total	$ 212,805	$ 5,648	$ 218,453		$ 2,545

	December 31, 2021				
Aging analysis	Accounts receivable	Notes receivable	Total receivables	Expected credit loss rate in the duration	Amount of expected credit loss in the duration of allowance
Not overdue	$ 168,516	$ 3,691	$ 172,207	1.0%	$ 1,651
Less than 30 days overdue	113	-	113	4.0%	4
Overdue for 31~60 days	144	-	144	1.0%	1
Overdue for 61~90 days	-	-	-	-	-
Overdue for more than 91 days	-	-	-	-	-
Total	$ 168,773	$ 3,691	$ 172,464		$ 1,656

Changes in allowance for losses are as follows:

Balance on January 1, 2021	$	1,505
Recognition of impairment in the current period		157
Exchange rate impact		(6)
Balance on December 31, 2021		1,656
Recognition of impairment in the current period		865
Exchange rate impact		24
Balance on December 31, 2022	$	2,545

(V) Net inventory

	December 31, 2022		December 31, 2021	
Raw materials	$	52,930	$	66,410
Work in progress		26,473		25,938
Finished good		64,525		49,843
Merchandise		56		138
Total		143,984		142,329
Less: Allowance for inventory stagnation and loss on falling price		(17,471)		(22,978)
Net	$	126,513	$	119,351

Details of inventory related expenses and losses recognized as cost of goods sold are as follows:

	2022		2021	
Loss for market price decline and obsolete and slow-moving inventories (gain from price recovery)	$	(5,879)	$	13,584
Inventory scrap loss		5,131		11,498
Income from sale of scrap		(17,635)		(5,791)
Inventory loss		19		16
Total (net)	$	(18,364)	$	19,307

The reason for the recovery of the net realizable value of inventories during the period above is due to the proper production or sale and the acceleration of the disposal of defective products and their scrapping.

(VI) Other financial assets

	December 31, 2022		December 31, 2021	
Restricted bank deposits	$	320	$	317

(VII) Non-current financial assets at fair value through other comprehensive income

	December 31, 2022	December 31, 2021
Equity instruments:		
Stocks of unlisted companies	$ 23,319	$ 19,402

1. The equity instrument investments held by the Company are long-term strategic investments and not held for trading purposes, so they have been designated to be measured at fair value through other comprehensive income.
2. Details of financial assets measured at fair value through other comprehensive income which are recognized in profit and loss and comprehensive income are as follows:

	2022	2021
Equity instruments measured at fair value through other comprehensive income		
Changes in fair value recognized in other comprehensive income	$ 3,917	$ 3,787
Accumulated losses transferred to retained earnings due to derecognition	$ -	$ -
Dividend income recognized in profit and loss still held at the end of the current period	$ -	$ -

(VIII) Property, plant and equipment

The details of property, plant and equipment and the adjustment between the opening balance and the closing balance are as follows:

	Land	Buildings	Machinery and equipment	Other equipment	Outstanding works and equipment to be inspected	Total
Cost						
Balance on January 1, 2021	$ 17,020	$ 884,673	$ 218,483	$ 52,852	$ 551	$ 1,173,579
Addition in the current period	-	1,215	35,823	14,644	1,524	53,206
Disposal in the current period	-	-	(7,904)	(3,557)	-	(11,461)
Transfer from prepaid equipment amount	-	-	5,396	208	-	5,604
Reclassification in the current period	-	-	-	150	(150)	-
The Effects of Changes in Foreign Exchange Rates	-	(4,671)	(1,200)	(278)	(4)	(6,153)
Balance on December 31, 2021	17,020	881,217	250,598	64,019	1,921	1,214,775
Addition in the current period (note)	-	(1,057)	5,327	7,818	-	12,088
Disposal in the current period	-	(498)	(13,272)	(14,648)	-	(28,418)
Transfer from repayments	-	4,922	-	-	-	4,922

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Transfer from prepaid equipment amount	-	-	247	2,058	5,674	7,979
Reclassification to investment property	-	(92,614)	-	-	-	(92,614)
The Effects of Changes in Foreign Exchange Rates	-	13,929	3,950	967	10	18,856
Balance on December 31, 2022	$ 17,020	$ 805,899	$ 246,850	$ 60,214	$ 7,605	$ 1,137,588
<u>Accumulated depreciation and impairment</u>						
Balance on January 1, 2021	$ -	$ 147,091	$ 41,627	$ 22,187	$ -	$ 210,905
Accrued depreciation in the current period	-	75,346	20,023	7,457	-	102,826
Disposal in the current period	-	-	(7,220)	(3,001)	-	(10,221)
The Effects of Changes in Foreign Exchange Rates	-	(815)	(237)	(112)	-	(1,164)
Balance on December 31, 2021	-	221,622	54,193	26,531	-	302,346
Accrued depreciation in the current period	-	75,276	24,717	8,986	-	108,979
Disposal in the current period	-	(498)	(12,583)	(14,663)	-	(27,744)
Reclassification to investment property	-	(57,398)	-	-	-	(57,398)
The Effects of Changes in Foreign Exchange Rates	-	3,302	806	404	-	4,512
Balance on December 31, 2022	$ -	$ 242,304	$ 67,133	$ 21,258	$ -	$ 330,695
<u>Face value</u>						
December 31, 2021	$ 17,020	$ 659,595	$ 196,405	$ 37,488	$ 1,921	$ 912,429
December 31, 2022	$ 17,020	$ 563,595	$ 179,717	$ 38,956	$ 7,605	$ 806,893

Note: The decrease of houses and buildings in the current period is the deduction of allowances.

1. The major components of the Company's buildings include the main building and improvements of the plant, and are depreciated according to their service life of 20 to 40 years.
2. Please refer to note 8 to the financial statements for the mortgage of the property, plant and equipment above.
3. There is no impairment of the property, plant and equipment above.

(IX) <u>Lease transaction - lessee</u>

1. The details of right-of-use assets and the adjustment between the opening balance and the closing balance are as follows:

	Land		Buildings		Total	
Cost						
Balance on January 1, 2021	$	47,521	$	73,342	$	120,863
Disposal in the current period		-		(72,044)		(72,044)
The Effects of Changes in Foreign Exchange Rates		(254)		(331)		(585)
Balance on December 31, 2021		47,267		967		48,234
Addition in the current period		-		225		225
Disposal in the current period		-		(985)		(985)
Reclassification to investment property		(10,823)		-		(10,823)
The Effects of Changes in Foreign Exchange Rates		777		17		794
Balance on December 31, 2022	$	37,221	$	224	$	37,445
Accumulated depreciation						
Balance on January 1, 2021	$	6,104	$	59,523	$	65,627
Disposal in the current period		-		(63,519)		(63,519)
Depreciation in the current period		946		4,791		5,737
The Effects of Changes in Foreign Exchange Rates		(34)		(268)		(302)
Balance on December 31, 2021		7,016		527		7,543
Disposal in the current period		-		(925)		(925)
Depreciation in the current period		891		416		1,307
Reclassification to investment property		(3,968)		-		(3,968)
The Effects of Changes in Foreign Exchange Rates		120		10		130
Balance on December 31, 2022	$	4,059	$	28	$	4,087
Face value						
December 31, 2021	$	40,251	$	440	$	40,691
December 31, 2022	$	33,162	$	196	$	33,358

2. lease liabilities

	December 31, 2022		December 31, 2021	
Carrying amount of lease liabilities				
Current	$	112	$	449
Non-current	$	85	$	-

3. The profit and loss items related to lease contracts are as follows:

	2022	2021
Interest expense of lease liabilities	$ 11	$ 121
Variable lease payments not included in the measurement of lease liabilities	$ -	$ -
Sublease income of right-of-use assets	$ -	$ -
Expenses relating to short-term leases	$ -	$ -
Cost of low-value leased assets (excluding short-term low-value leases)	$ -	$ -

4. The amounts recognized in the cash flow statement are as follows:

	2022	2021
Total cash outflow for leases	$ 426	$ 4,865

5. Material leases and terms
   (a) Plastron Suzhou and Plastron Anhui signed a contract with the People's Republic of China in 2006 and 2017 to acquire the land use right for the construction of factory buildings. The lease term is 50 years, and the acquisition price was fully paid at the time of lease signing. Plastron Suzhou sublets a part of the property under an operating lease, and the relevant right-of-use assets are classified as investment property. Please refer to note 6 (10).
   (2) Plastron Shenzhen leases the building as an office and warehouse for 2 years. The lease contract of the building located in the People's Republic of China has clearly stipulated the lease payment for each period. The consolidated company cancelled the contract of the plant and dormitory in advance in 2022 and 2021, thus writing off the right-of-use assets and the lease liability, and recognized the interest of the lease modification as NT$2 thousand NT$753 thousand respectively (under other gains (losses)).
   (3) At the end of the lease term, the consolidated company has no preferential right to take over the leased land and buildings, and it is agreed that the consolidated company shall not sublet all or part of the leased subject matter to others without the consent of the lessor.

6. There is no impairment of the right-of-use assets above.

(X) Investment property

The details of investment property and the adjustment between the opening balance and the closing balance are as follows:

	Land		Buildings		Right-of-use assets - land		Total
Cost							
Balance on January 1, 2021	$	20,562	$	9,430	$	-	$	29,992
Balance on December 31, 2021		20,562		9,430		-		29,992
Reclassification (note 1)		-		92,614		10,823		103,437
The Effects of Changes in Foreign Exchange Rates		-		(319)		(37)		(356)
Balance on December 31, 2022	$	20,562	$	101,725	$	10,786	$	133,073
Accumulated depreciation								
Balance on January 1, 2021	$	-	$	5,479	$	-	$	5,479
Depreciation in the current period		-		242		-		242
Balance on December 31, 2021		-		5,721		-		5,721
Reclassification (note 2)		-		57,398		3,968		61,366
Depreciation in the current period		-		1,786		72		1,858
The Effects of Changes in Foreign Exchange Rates		-		(203)		(13)		(216)
Balance on December 31, 2022	$	-	$	64,702	$	4,027	$	68,729
Face value								
December 31, 2021	$	20,562	$	3,709	$	-	$	24,271
December 31, 2022	$	20,562	$	37,023	$	6,759	$	64,344

Note 1: The reclassification of this period is NT$ 103,437 thousand, including NT$92,614 thousand transferred from property, plant and equipment and NT$ 10,823 thousand transferred from right-of-use assets.

Note 2: The reclassification of this period is NT$61,366 thousand, including NT$57,398 thousand transferred from property, plant and equipment and NT$3,968 thousand transferred from right-of-use assets.

1. The measurement of the investment property above after recognition is based on the cost method.
2. Fair value information:
   (a) The fair value of the investment property above is based on the appraisal

results of the appraisal report issued by an independent professional appraiser on October 1 and July 1, 2022, and the direct capitalization methods of the cost method, the comparison method and the income method were adopted for the appraisal. The evaluation results of the appraisal report issued on July 1, 2021 were also used, and the direct capitalization methods of the comparison method and the income method were adopted. The important assumptions and the fair value of the evaluation are as follows:

	December 31, 2022	December 31, 2021
Fair value	$ 274,825	$ 114,894
Income capitalization rate	0.79%	1.40%

(2) The fair value above is classified in the level 3 fair value hierarchy.

3. In order to activate the assets, the consolidated company subleased the offices and workshops of Plastron Suzhou in 2022, and reclassified the real estate and right-of-use assets as investment property at the book value at the time of change of use.
4. The rental income of the investment property above in 2022 and 2021 was NT$6,533 thousand and NT$1,080 thousand respectively, and the direct operating expenses of the investment property that generated the rental income weren't NT$ 1,858 thousand and NT$242 thousand respectively (recognized as miscellaneous expenses).
5. Please refer to note 8 to the financial statements for the mortgage of the investment property above.
6. There is no impairment to the investment property above.

(XI) Computer software, net

The adjustment between the opening balance and the closing balance of computer software are as follows:

	Computer software
Cost	
Balance on January 1, 2021	$ 2,441
Addition in the current period	1,260
The Effects of Changes in Foreign Exchange Rates	(13)
Balance on December 31, 2021	3,688
Addition in the current period	788
Transfer out after full depreciation	(274)
The Effects of Changes in Foreign Exchange Rates	49
Balance on December 31, 2022	$ 4,251
Accumulated amortization	
Balance on January 1, 2021	$ 703
Amortization in the current period	455
The Effects of Changes in Foreign Exchange Rates	(3)
Balance on December 31, 2021	1,155
Amortization in the current period	663
Transfer out after full depreciation	(274)
The Effects of Changes in Foreign Exchange Rates	12
Balance on December 31, 2022	$ 1,556

Face value		
December 31, 2021	$	2,533
December 31, 2022	$	2,695

There was no impairment to the intangible assets above as of December 31, 2022 and 2021.

(XII) Other payables

	December 31, 2022		December 31, 2021	
Expenses payable				
Wages and bonuses payable	$	25,145	$	30,668
Commission payable		6,452		5,641
Service fee payable		3,169		5,968
Processing fee payable		169		2,247
Directors' remuneration payable		1,207		-
Employees' remuneration payable		906		-
Import and export fees payable		1,442		2,434
Consumables payable		2,593		5,971
Other expenses payable		8,241		4,650
Accounts payable, equipment		6,609		11,989
Total	$	55,933	$	69,568

(XIII) Employee pension

1. The Company has a retirement policy for formally employed employees in accordance with the provisions of the Labor Standards Act, but the pension of employees was fully settled in 2012 in accordance with this Act.

2. Defined contribution plan

   The Labor Pension Act came into effect on July 1, 2005, and the Company has been allocating 6% of the fixed salary to the employee account of the Bureau of Labor Insurance according to the Labor Pension Act.

   The amounts allocated according to the Company's defined allocation plan in 2022 and 2021 and recognized as current expenses were NT$709 thousand and NT$761 thousand respectively. As of December 31, 2022 and 2021, the unpaid amounts were NT$180 thousand and NT$178 thousand respectively, which were paid after the end of the reporting period.

   In addition, in order to extend the retirement benefits of the directors who perform their work, the Company, taking into account the labor pension regulations, estimated the amount of current expenses in 2022 and 2021 was both NT$372 thousand respectively. As of December 31, 2022 and 2021, the unpaid amounts were NT$2,977 thousand and NT$2,605 thousand respectively.

   The pensions listed above are only based on the information of the Company, and the subsidiaries have not formulated pension regulations, nor are they subject to the enforcement by local laws and regulations.

(XIV) Income tax

The Company's profit-seeking enterprise income tax rate in 2022 and 2021was both 20%, and the basic income tax rate was 12%. The income tax rate of Plastron Suzhou and Plastron Shenzhen is 25%, and the income tax rate of Plastron Anhui was reduced from 25% to 15% since 2021. The remaining consolidated subsidiaries have no income tax burden. The adjustments of income tax expense and income tax payable are as follows:

1. The composition and change analysis of deferred income tax assets and liabilities are as follows:

	2022				
	Beginning retained earnings	Defined benefit costs recognized in profit or loss	Defined benefit costs recognized in other comprehensive income	Exchange difference	Ending balance
Temporary difference:					
Loss for market price decline and obsolete and slow-moving inventories.	$ 168	$ -	$ -	$ -	$ 168
Unrealized foreign currency exchange loss	1,794	(1,794)	-	-	-
Unrealized gain on sales	816	(816)	-	-	-
Unrealized foreign currency exchange income		(1,878)	-	-	(1,878)
Unrealized cost of sales	(736)	736	-	-	-
Unrealized gross margin	27	(10)	-	-	17
Overseas long-term investments recognized as investment gains by equity method - side and reverse flows	264	(8)	-	-	256
Overseas long-term investments recognized as investment gains by equity method	(172,951)	8,285	-	-	(164,666)
Exchange differences on translation of the financial statements of foreign operations	28,588	-	(14,885)	-	13,703
Deferred tax income		$ 4,515	$ (14,885)	$ -	
Net deferred tax liabilities	$ (142,030)				$ (152,400)
Information expressed in the balance sheet:					
Deferred tax assets	$ 31,657				$ 14,144
Deferred tax liabilities	$ 173,687				$ 166,544

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	2021				
	Beginning retained earnings	Defined benefit costs recognized in profit or loss	Defined benefit costs recognized in other comprehensive income	Exchange difference	Ending balance
Temporary difference:					
Loss for market price decline and obsolete and slow-moving inventories.	$ 168	$ -	$ -	$ -	$ 168
Unrealized foreign currency exchange loss	501	1,293	-	-	1,794
Unrealized gain on sales	397	419	-	-	816
Unrealized cost of sales	-	(736)	-	-	(736)
Unrealized gross margin	2	25	-	-	27
Overseas long-term investments recognized as investment gains by equity method - side and reverse flows	264	-	-	-	264
Overseas long-term investments recognized as investment gains by equity method	(202,110)	29,159	-	-	(172,951)
Exchange differences on translation of the financial statements of foreign operations	24,260	-	4,328	-	28,588
Deferred tax income		$ 30,160	$ 4,328	$ -	
Net deferred tax liabilities	$ (176,518)				$ (142,030)
Information expressed in the balance sheet:					
Deferred tax assets	$ 25,592				$ 31,657
Deferred tax liabilities	$ 202,110				$ 173,687

2. Items not recognized as deferred income tax assets:

	December 31, 2022	December 31, 2021
Deferred tax assets not recognized		
Temporary difference		
Inventory falling price reserves	$ 2,522	$ 3,704
Allowance for bad debts	330	286
Investment loss	3,323	3,323
Loss carryforwards	71,166	60,438
Total	$ 77,341	$ 67,751

3. Income tax expense recognized in profit or loss

The components of current income tax expense (benefit) recognized in profit or loss are as follows:

	2022	2021
Current income tax expense	$ 29,541	$ 7,703
Deferred tax income	(4,515)	(30,160)
Current income tax adjustment for previous years	(20,393)	22,512
Income tax expense recognized in profit or loss	$ 4,633	$ 55

The adjustment between current accounting income and income tax expense recognized in profit and loss and income tax payable at the end of the period is as follows:

	2022	2021
Net profit(loss) before tax	$ 48,498	$ (99,873)
Pre-tax net profit(loss) tax amount calculated according to the tax rate	$ 9,699	(19,975)
Permanent differences	2,759	(14)
Temporary difference	15,904	4,696
Others	(448)	23,575
Impact of different tax rates on subsidiaries operating in other jurisdictions	1,627	(579)
Current income tax expense	29,541	7,703
Income tax adjustment for previous years	(20,393)	22,512
Deferred tax income	(4,515)	(30,160)
Income tax expense recognized in profit or loss	$ 4,633	$ 55

The adjustment of income tax payable at the end of the period is as follows:

	2022	2021
Current tax	$ 29,541	$ 7,703
Plus: Income tax payable (refunded) at the beginning of the period	13,820	(12,884)
Adjustment on prior years	(20,393)	22,512
Less: Withholding tax	(125)	(25)
Payment of income tax payable	(12,591)	(4,005)
The Effects of Changes in Foreign Exchange Rates	204	519
Income tax payables (refunded) at the end of the period	$ 10,456	$ 13,820

4. Income tax expense (benefit) recognized in profit or loss

	2022	2021
Exchange differences on translation of the financial statements of foreign operations	$ 14,885	$ (4,328)

5. Income tax examination
The Company's income tax filing for profit-seeking enterprises as of the end of 2020 has been approved by the tax collection authority.

6. Plastron Anhui obtained the "High-tech Enterprise" certificate in September 2021 and enjoyed the high-tech enterprise income tax preference from 2021 to 2024. The enterprise income tax rate was reduced from 25% to 15%, and the remaining loss deduction period could be extended from 5 years to 10 years. The consolidated company has assessed the relevant income tax impact on the tax rate changes above.

7. Information about undistributed earnings

	December 31, 2022	December 31, 2021
Before 1997	$ -	$ -
After 1998	136,430	136,065
Total	$ 136,430	$ 136,065

(XV) Equity

1. Share capital

	December 31, 2022	December 31, 2021
Authorized shares (in thousands)	200,000	200,000
Number of shares issued - common shares (shares)	149,868	149,868
Number of outstanding shares at the end of the period (thousand shares)	149,868	149,868

2. Capital surplus
According to the provisions of the Company Act, capital surplus refers to the premium generated by the share capital transaction between the company and its shareholders, including the premium on the issuance of shares, and the receipt of gifts and other items generated in accordance with Generally Accepted Accounting Principles, and shall not be used for other purposes except when the earnings are still insufficient to cover the loss, and the realized capital surplus shall be appropriated for capital or cash dividends shall be issued in accordance with the resolution of the shareholders' meeting. In addition, in accordance with the "Regulations Governing the Offering and Issuance of Securities by Securities Issuers", the amount of capital surplus that

may be appropriated for capital shall not exceed 10% of the paid-in capital.

3. Legal reserves

   According to the Company Act, when distributing earnings, the Company shall set aside 10% of the after-tax profit as the legal reserve until the total amount reaches the share capital. The legal reserve is only used to cover losses according to law. When the Company has no losses, it may, with the consent of the shareholders' meeting, issue new shares or cash from the legal reserve, only to the extent of 25% of the paid-in capital.

4. Special reserves

   The special reserve shall be recognized and reversed in accordance with the letter reference Financial-Supervisory-Securities-Corporate No. 1010012865, Financial-Supervisory-Securities-Corporate No. 1010047490 and the "Question and Answer on the Application of Special Reserve after the Adoption of International Financial Reporting Standards (IFRS)". If the balance of other equity write-downs is subsequently reversed, earnings may be distributed on the reversed part. In addition, the FSC has issued the letter reference Financial-Supervisory-Securities-Corporate No. 1090150022 on March 31, 2021. After the issuance of the letter, the original letter reference Financial-Supervisory-Securities-Corporate No. 1010012865 and the letter reference Financial-Supervisory-Securities-Corporate No. 1010047490 were repealed on December 31, 2021 and March 31, 2021, respectively, and subsequent matters will be handled in accordance with the relevant letters and orders.

5. Earnings distribution

   (1) If there is a profit for the year after the final accounts, taxes shall be paid first and past losses covered before setting 10% of the profit aside as the legal reserve. This does not apply when the legal reserve reaches the amount of paid-in capital and the special reserve shall be appropriated or reserved in accordance with the law and regulations of the competent authorities.

   (2) Under Article 240 of the Company Act, the Board of Directors is delegated to resolve any distribution of earnings in cash and shall have it reported at the shareholders’ meeting.

   (3) Where the Company issues new shares or cash from legal reserve or capital surplus by means of cash, if the payment is in cash, it shall be resolved by the board meeting pursuant to Article 241 of the Company Act, and reported at the shareholders’ meeting.

   (4) The Company's earnings distribution plan for 2021 was approved by the board meeting, and a cash dividend of NT$0.20 per share will be distributed.

   (5) The Company's earnings distribution plan for 2020 was approved by the board meeting, and a cash dividend of NT$0.20 per share will be

distributed.

(6) For information on the proposed earnings distribution adopted by the board meeting and the resolution of the shareholders' meeting, please visit the “MOPS” of the TWSE.

6. Dividend policy

The Company’s development in the industry is in the stage of business expansion; taking into account the Company's future capital needs and long-term financial planning, while satisfying shareholders’ needs for cash inflows, the Company shall distribute earnings pursuant to the provisions of the preceding article. Earnings shall be distributed at a rate of not less than 50% of the earnings after tax for the year, with stock dividends ranging from 0% to 50% and cash dividends ranging from 50% 100%.

7. Other equity

The relevant exchange differences arising from the conversion of the net assets of foreign operating institutions from their functional currencies to New Taiwan Dollars are directly recognized as other comprehensive income and accumulated in the exchange differences on translation of foreign financial statements under other equity. Investments in equity instruments measured at fair value through other comprehensive income are measured at fair value. Subsequently the changes in fair value are reported in other comprehensive income and accumulated in other equity.

(XVI) Earnings (Loss) per share

	2022				
	Current net profit		Shares	Earnings per share (NT$)	
Basic earnings per share	Before tax	After tax	(in thousands)	Before tax	After tax
Net loss attributable to owners of the Company	$ 48,498	$ 43,865	149,868	$ 0.32	$ 0.29

	2021				
	Current net loss		Shares	Loss per share (NT$)	
Basic loss per share	Before tax	After tax	(in thousands)	Before tax	After tax
Net loss attributable to owners of the Company	$ (99,873)	$ (99,928)	149,868	$ (0.67)	$ (0.67)

In 2022, if the remuneration of employees is calculated and the shares are issued in accordance with the provisions of the Articles of Association, the diluted earnings per share will be the same as the basic earnings per share because the number of shares that can be issued is very small and has little impact on earnings per share.

(XVII) Summary of employee welfare, depreciation, depletion and amortization expenses incurred in the current period

By function / By nature	2022			2021		
	operating costs	operating expenses	Total	operating costs	operating expenses	Total
Employee benefit expense	93,785	63,300	157,085	129,491	65,637	195,128
Salary expense	86,115	43,667	129,782	114,351	42,281	156,632
Labor and health	2,523	4,483	7,006	2,426	4,595	7,021
Pension contributions	-	1,048	1,048	-	1,100	1,100
Remuneration to	-	4,744	4,744	-	4,095	4,095
Other employee benefit	5,147	9,358	14,505	12,714	13,566	26,280
Depreciation expense	76,765	33,521	110,286	59,257	49,306	108,563
Depletion cost	-	-	-	-	-	-
Amortization cost	538	125	663	384	71	455

Note: In 2022 and 2021, the depreciation expense of investment property is NT$1,858 thousand and NT$242 thousand respectively, and the expenses are recognized as miscellaneous expenses.

1. For the year and the previous year, the Company has 338 and 420 employees respectively, including 5 non-employee directors.

2. Employees' and directors' remuneration
   (1) The Articles of Association of the Company stipulates that if there is any profit in the annual final accounts, the employees' shall not be less than 1.5%, and the directors' remuneration shall not be more than 2%. However, if the company still has a cumulative loss, the amount of compensation shall be reserved in advance. The estimated amount of employees' and directors' remuneration in 2022 are NT$906 thousand and NT$ 1,207 thousand respectively, calculated by multiplying the net profit before tax (the amount before deducting the remuneration of employees and directors') by 1.5% and 2% respectively. In 2021, there was a net loss before tax, and the employees' and the directors' remuneration were not estimated. If there is any difference between the actual distribution amount and the estimated amount in the subsequent resolution of the board meeting, it shall be recorded as the profit and loss in the year of the resolution of the board meeting.
   (2) The employees' and directors' remuneration of the Company in 2021 was approved by the board meeting, and the employees' and directors' remuneration distributed were respectively NT$0 thousand and NT$180 thousand. The difference with the original estimated amount of NT$0 thousand was adjusted in 2022.

(3) Please visit the MOPS of the TWSE for the information on the employees' and directors' remuneration determined by the board meeting.

(XVIII) Operating revenue

1. The consolidated company's operating revenue is analyzed as follows:

	2022	2021
Sales revenue	$ 593,716	$ 529,590
Less: Sales returns and discounts	(4,140)	(4,084)
Net sales	$ 589,576	$ 525,506

2. The breakdown of contract revenue by type of goods or services is as follows:

	2022	2021
Connectors	$ 565,732	$ 471,996
Others	23,844	53,510
Total	$ 589,576	$ 525,506

3. The breakdown of contract revenue by geographical region is as follows:

	2022	2021
Taiwan	$ 34,044	$ 25,037
PRC	446,000	383,007
Germany	89,458	91,721
Others	20,074	25,741
Total	$ 589,576	$ 525,506

(XIX) Interest income

The consolidated company's interest income is analyzed as follows:

	2022	2021
Bank deposit interest	$ 7,075	$ 5,225
Interest income from financial assets at fair value through profit or loss	8,943	6,290
Interest income from financial assets at amortized cost	8,895	2,834
Others	80	-
Total	$ 24,993	$ 14,349

(XX) Other income

The consolidated company's other income is analyzed as follows:

	2022	2021
Lease income	$ 6,533	$ 1,080
Miscellaneous income - government subsidies	1,638	2,713
Miscellaneous income - transfer-in from unpaid payables	20,695	9,559
Miscellaneous income - compensation	4,089	1,520
Miscellaneous income	2,456	3,716
Total	$ 35,411	$ 18,588

Some of the government subsidies above related to the compensation to the consolidated company's property, plant and equipment is recognized as profit and loss on a systematic basis during the depreciation period.

(XXI) Other gains and losses

The analysis of other interests and losses of the consolidated company is as follows:

	2022	2021
Gains on disposal of property, plant and equipment	$ 297	$ 193
Gains from disposals of investments	-	220
Gains from lease modification	2	753
Gains (losses)from financial assets at fair value through profit or loss	(29,243)	1,756
Net exchange gains (losses)	37,070	(18,241)
Miscellaneous expenses	(2,986)	(243)
Total	$ 5,140	$ (15,562)

(XXII) Financial costs

The consolidated company's financial costs are analyzed as follows:

	2022	2021
Interest expense of lease liabilities	$ 11	$ 121

The interest capitalization amounts of the consolidated company in 2022 and 2021 were both NT$0 thousand.

(XXIII) Other information on net profit(loss) after tax

The following items have been deducted from the consolidated company's net profit(loss) after tax:

	2022	2021
Impairment loss on financial assets		
Expected credit losses	$ 865	$ 157

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Depreciation and amortization expenses				
Depreciation of property, plant and equipment	$	108,979	$	102,826
Depreciation of investment property		1,858		242
Depreciation expense of right-of-use assets		1,307		5,737
Amortization of intangible assets		663		455
Total	$	112,807	$	109,260
R&D expenditures recognized as expenses when incurred	$	76,078	$	71,175
Employee benefit expense				
Post-employment benefits				
Defined contribution plan	$	1,048	$	1,100
Salary, rewards and bonuses		129,782		156,632
Total	$	130,830	$	157,732

(XXIV) Financial instruments

1. Categories of financial instruments

	December 31, 2022		December 31, 2021	
Financial assets				
Amortized cost				
Cash and cash equivalents	$	587,644	$	375,437
Time deposits with an initial maturity of more than three months		566,208		690,081
Notes and accounts receivable		215,908		170,808
Other receivables		4,274		1,107
Other current financial assets		320		317
Refundable deposits		277		362
Subtotal		1,374,631		1,238,112
Measured at fair value				
Current financial assets at fair value through profit or loss		124,927		70,414
Non-current financial assets at fair value through other comprehensive income		23,319		19,402
Subtotal		148,246		89,816
Total	$	1,522,877	$	1,327,928

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Financial liabilities		
Amortized cost		
Notes and accounts payable	$ 41,587	$ 45,083
Other payables	55,933	69,568
Current lease liabilities	112	449
Non-current lease liabilities	85	-
Guarantee deposits received	369	180
Total	$ 98,086	$ 115,280

2. Financial risk management objectives

The financial risk management objective of the consolidated company is to manage the exchange rate risk, interest rate risk, credit risk and liquidity risk related to operating activities. In order to reduce relevant financial risks, the consolidated company is committed to identifying, evaluating and avoiding market uncertainties to reduce the potential adverse impact of market changes on its financial performance.

The consolidated company avoids the impact of exchange rate risk through derivative financial instruments. The use of derivative financial instruments is regulated by the policies adopted by the Board of Directors of the Company, and the internal auditors continue to review the compliance with the policies and various exposure limits. The consolidated company did not trade financial instruments for speculative purposes.

3. Market risk

The major financial market risks the consolidated company is exposed to are changes in foreign currency exchange rates and interest rates due to its operation. The consolidated company at any time pays attention and respond to the risks that may be caused by changes in exchange rates. In addition, the consolidated company meets the operating requirements by flexibly adjusting the demand of its own funds and maintaining the flexibility of banking facilities. Because the floating-rate net assets of the consolidated company are mostly due within one year, and the current market interest rate is at a low level, there is no significant risk of interest rate change, so derivative financial tools are not used to manage the interest rate risk.

(1) Exchange rate risk

Some of the operating activities of the consolidated company and the net investment of foreign operating institutions are mainly in foreign currencies, thus generating a foreign currency exchange rate risk.

Since the net investment of foreign operating institutions is strategic investment, the consolidated company did not conduct hedge for it.

The sensitivity analysis of foreign currency exchange rate risk (mainly calculated for foreign currency monetary items at the end of the financial reporting period) and the information of foreign currency assets and liabilities with significant exchange rate fluctuations are as follows:

	December 31, 2022							
	Currency	Foreign currency amount		Exchange rate at the end of the period	Recognized amount (NT$ thousand)		Change range	Impact on income before tax
Monetary items								
Financial assets								
Cash and cash equivalents	Euro	$	3,176,786	32.72	$	103,944	10%	$ 10,394
Cash and cash equivalents	USD		3,033,175	30.71		93,149	10%	9,315
Financial assets measured at amortized cost	USD		9,076,253	30.71		278,732	10%	27,873
Accounts receivable	Euro		164,061	32.72		5,368	10%	537
Accounts receivable	USD		845,262	30.71		25,958	10%	2,596
Financial liabilities								
Other payables	USD		18,677	30.71		574	10%	57

	December 31, 2021							
	Currency	Foreign currency amount		Exchange rate at the end of the period	Recognized amount (NT$ thousand)		Change range	Impact on income before tax
Monetary items								
Financial assets								
Cash and cash equivalents	Euro	$	3,274,209	31.32	$	102,548	10%	$ 10,255
Cash and cash equivalents	USD		1,835,226	27.68		50,799	10%	5,080
Financial assets measured at amortized cost	USD		10,660,179	27.68		295,074	10%	29,508
Accounts receivable	Euro		205,092	31.32		6,423	10%	642
Accounts receivable	USD		806,055	27.68		22,312	10%	2,231
Accounts receivable	HKD		616,742	3.549		2,189	10%	219
Financial liabilities								
Accounts payable	USD		4,225	27.68		117	10%	12
Other payables	USD		19,883	27.68		550	10%	55

Due to the wide variety of functional currencies of the consolidated company the exchange gains and losses of monetary items were disclosed after consolidation. The foreign currency exchange (loss) gains (including realized and unrealized) were NT$(37,070) thousand and NT$(18,241) thousand respectively in 2022 and 2021.

Non-monetaryitems of the consolidated company are not disclosed because there is no significant impact of exchange rate fluctuations on them.

(2) Interest rate risk

Interest rate risk refers to the risk of changes in the fair value of financial instruments and changes in cash flow caused by changes in market interest rates. The interest rate risk of the consolidated company mainly comes from floating rate loans. However, the consolidated company had no borrowings on December 31, 2022 and 2021, so there was no significant cash flow risk due to interest rate changes

(3) Other price risks

The price risk of equity instruments of the consolidated company mainly comes from financial assets classified as measured at fair value through other comprehensive income. All major equity instrument investments of the consolidated company must be approved by the board meeting of the company beforehand.

The sensitivity analysis of the price risk of equity instruments is based on the change in fair value at the end of the financial reporting period. If the price of equity instruments increases/decreases by 10%, the consolidated company's comprehensive income in 2022 and 2021 will increase/decrease by NT$ 2,332 thousand and NT$(2,332) thousand, and 1,940 thousand and NT$(1,940) thousand, respectively.

4. Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations, resulting in financial loss to the Company. The policy adopted by the consolidated company is to try to trade with reputable counterparties to reduce the risk of financial losses. In addition to the credit investigation before the transaction, the consolidated company continues to monitor the credit exposure and the credit status of the counterparty during the transaction, and continues to focus on the diversification of customer sources and the expansion of overseas markets to reduce customer concentration risk.

The credit risk of the consolidated company is mainly concentrated on customers with consolidated income of more than 10%. As of December 31, 2022 and 2021, the total accounts receivable from the aforesaid customers accounted for 74.74% and 64.89% respectively.

In addition, since the counterparties of liquidity and derivative financial instruments are several banks with high credit ratings from international credit rating agencies, the credit risk and concentration risk are limited.

5. Liquidity risk management

The liquidity risk manage objective of the consolidated company is to maintain the cash and equivalent cash, highly liquid securities and sufficient bank financing lines required for operation, so as to ensure that the consolidated company has sufficient financial flexibility.

The following table is a summary of the financial liabilities of the consolidated company during the agreed repayment period according to the maturity date and the undiscounted maturity amount:

	December 31, 2022							
	Within 6 months		6~12 months		1~2 years		Total	
Non-derivative financial liabilities								
Notes payable	$	57	$	-	$	-	$	57
Accounts payable		41,530		-		-		41,530
Other payables		53,820		2,113		-		55,933
Other current liabilities		11,661		-		-		11,661
lease liabilities		112		-		85		197
Total	$	107,180	$	2,113	$	85	$	109,378

	December 31, 2021							
	Within 6 months		6~12 months		1~2 years		Total	
Non-derivative financial liabilities								
Notes payable	$	28	$	-	$	-	$	28
Accounts payable		45,055		-		-		45,055
Other payables		69,568		-		-		69,568
Other current liabilities		5,611		-		-		5,611
lease liabilities		275		183		-		458
Total	$	120,537	$	183	$	-	$	120,720

6. Fair value of financial instruments

The key management of the consolidated company believes that the book value of financial assets and financial liabilities measured at amortized cost in the financial statements of the consolidated company approaches its fair value.

(1) Fair value of financial instruments at amortized cost

The key management of the consolidated company believes that the book value of financial assets and financial liabilities measured at amortized cost in the financial statements of the consolidated company approaches its fair value.

(2) Evaluation techniques and assumptions used to measure fair value

The fair values of financial assets and financial liabilities are determined in the following ways:

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded in active markets are determined by reference to the market quotation.
- The fair value of derivative instruments is measured by the quoted price provided by the bank.
- The fair value of the stock without public quotation is determined

according to the generally accepted pricing model based on the market method or discounted cash flow analysis.

(3) Measurement of fair value recognized in the consolidated balance sheet

The following table provides an analysis of the fair value measurement method of financial instruments after their initial recognition. The measurement method is divided into levels 1 to 3 based on the observable degree of fair value.

- Level 1 fair value measurement refers to the publicly quoted price (unadjusted) of the same assets or liabilities from the active market.
- Level 2 fair value measurement refers to that in addition to the public quotation in level 1, the fair value is derived from the observable input value of the asset or liability either directly (i.e. price) or indirectly (i.e. derived from price).
- Level 3 fair value measurement refers to the input value of assets or liabilities based on unobservable market data (unobservable input value), and the fair value is derived by evaluation technology.

A. Financial assets and liabilities measured at fair value on a repetitive basis

The fair value hierarchy of financial assets and liabilities measured at fair value by the consolidated company on a repetitive basis is as follows:

	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Current financial assets at fair value through profit or loss				
- Balanced funds	$ 124,927	$ -	$ -	$ 124,927
Non-current financial assets at fair value through other comprehensive income				
- Equity instruments without public quotation	$ -	$ -	$ 23,319	$ 23,319

	December 31, 2021			
	Level 1	Level 2	Level 3	Total
Current financial assets at fair value through profit or loss				
- Balanced funds	$ 70,414	$ -	$ -	$ 70,414
Non-current financial assets at fair value through other comprehensive income				
- Equity instruments without public quotation	$ -	$ -	$ 19,402	$ 19,402

The consolidated company had no fair value measurements transferred between level 1 and level 2 in 2022 and 2021.

The consolidated company did not dispose of the financial assets measured at level 3 fair value in 2022 and 2021.

The details of changes in level 3 are as follows:

	2022		2021	
Beginning retained earnings	$	19,402	$	15,615
Recognized as other comprehensive income		3,917		3,787
Ending balance	$	23,319	$	19,402

The Company's evaluation process of classifying the fair value into level 3 is to entrust an external appraiser to carry out independent fair value verification of financial instruments, and make the appraisal results close to the market status through independent source data, and confirm that the data source is independent, reliable and consistent with other resources to represent the executable price, so as to ensure that the appraisal results are reasonable.

Quantitative information of fair value measurement of significant unobservable input values (level 3):

	December 31, 2022 Fair value		Valuation technique	Unobservable input values	Relationship between input value and fair value
Non-derivative financial assets:					
Stocks of unlisted companies	$	23,319	market approach	P/Eratio multiplier, lack of market liquidity discount and control premium	The higher the multiplier and control premium, the higher the fair value; the higher the lack of market liquidity discount, the lower the fair value.

	December 31, 2021 Fair value		Valuation technique	Unobservable input values	Relationship between input value and fair value
Non-derivative financial assets:					
Stocks of unlisted companies	$	19,402	market approach	P/Eratio multiplier, lack of market liquidity discount and control premium	The higher the multiplier and control premium, the higher the fair value; the higher the lack of market liquidity discount, the lower the fair value.

The level 3 fair value measurement and the sensitivity analysis of the fair value to the reasonable and possible substitution assumption:

	Input value	Change	December 31, 2022			
			Defined benefit costs recognized in profit or loss		Defined benefit costs recognized in other comprehensive income	
			Favorable change	Unfavorable change	Favorable change	Unfavorable change
Financial assets						
Equity instrument	Depreciation	+10% -10%	$ -	$ -	$ 2,332	$ 2,332

	Input value	Change	December 31, 2021			
			Defined benefit costs recognized in profit or loss		Defined benefit costs recognized in other comprehensive income	
			Favorable change	Unfavorable change	Favorable change	Unfavorable change
Financial assets						
Equity instrument	Depreciation	+10% -10%	$ -	$ -	$ 1,940	$ 1,940

B. Financial assets and liabilities measured at fair value on a non-repetitive basis

(XXV) Capital management

The capital management objective of the Company and its subsidiaries is to provide shareholders with adequate remuneration by maintaining the optimal capital structure on the premise of continuing to operate and grow. The capital structure management strategy of the Company is based on the industrial scale, future growth of the industry, product development blueprint and changes in the external environment of the business operated by the Company and its subsidiaries, in order to plan the required capital expenditure; then the required working capital and cash are calculated according to the characteristics of the industry, and the possible product profit, operating profit rate and cash flow are estimated, with the consideration of risk factors such as the industrial cycle fluctuations and product life cycle, so as to determine the most appropriate capital structure of the Company.

The debt ratios of the consolidated company as of December 31, 2022 and 2021 are as follows:

	December 31, 2022	December 31, 2021
Total liabilities	$ 409,972	$ 449,965
Total assets	$ 2,575,043	$ 2,537,686
Debt ratio	15.92%	17.73%

VII. Related-Party Transactions

(I) Related party name and relationship

Related party name	Relationship with the consolidated company
SYT HOLDING LIMITED	Other related party (the chairman is a key manager of Plastron)
SYT HARDWARE & TECHNOLOGY (KUNSHAN) Co., Ltd.	Other related party (a 100% owned grandson company of SYT Holding Limited)
Suzhou SYT Technology Co., Ltd.	Other related party (the chairman is a key manager of Plastron)

(II) Major transactions with related parties

The amount and balance of transactions between the Company and its subsidiaries have been written off when preparing the consolidated financial statements and are not disclosed in this note. Details of transactions between the Company and its subsidiaries and related enterprises are disclosed as follows:

1. Sales

	2022	2021
Other related party	$ 5,317	$ 36,565

The sales price is based on the actual cost plus profit, and its price is not comparable with the general transaction. The collection period is 45~90 days from the next month, which is not significantly different from the general transaction.

2. Accounts receivable

Outstanding balance	December 31, 2022	December 31, 2021
Other related party	$	$ 10,014

(III) Remuneration of key management personnel

The current remuneration of the consolidated company to the key management personnel is as follows:

	2022	2021
Short-term benefits	$ 9,338	$ 8,506
Post-employment benefits	457	422
Other long-term employee benefits	-	-
Termination benefits	-	-
Share-based payments	-	-
Total	$ 9,795	$ 8,928

Short-term benefits include salary, bonus, employees’ and directors’ compensation, etc

VIII. Pledged Assets

As of December 31, 2022 and 2021, the following assets of the consolidated company have been provided as security for tariff guarantee and loan limits:

	December 31, 2022	December 31, 2021
Restricted bank deposits	$ 320	$ 317
Land (note)	37,582	37,582
Net houses and buildings (note)	7,272	7,794
Total	$ 45,174	$ 45,693

(Note) Recognized as property, plant and equipment and investment property.

IX. <u>Significant Contingent Liabilities and Unrecognized Contractual Commitments</u>

As of December 31, 2022 and 2021, the total amount of promissory notes issued by the Company through various banks and financial institutions as guarantees for short-term loans and financial transactions was both NT$110,000 thousand and USD1,000 thousand.

X. <u>Losses Due to Major Disasters</u>: None.

XI. <u>Significant Subsequent Events</u>: None.

XII. <u>Others</u>: None.

XIII. <u>Other Disclosures</u>

(I) <u>Major transaction related information</u>

1. Loans to others: See Attachment 1.
2. Endorsements/guarantees provided: None
3. Status of securities held at the end of the period: See Table 2 for details.
4. The amount of the same marketable securities acquired or disposed of reaches NT$300 million or 20% of the paid-in capital: None.
5. The amount of real estate acquired reaches NT$300 million or 20% of the paid-in capital: None.
6. The amount of real estate disposed of reaches NT$300 million or 20% of the paid-in capital: None.
7. The amount of goods purchased and sold with related parties reaches NT$100 million or 20% of the paid-in capital: See Table 3 for details.
8. The amount of goods purchased and sold with related parties reaches NT$100 million or 20% of the paid-in capital: None.
9. Trading in derivative instruments: None.
10. Business relationships and important transactions between parent and subsidiaries and between subsidiaries and their amounts: See Table 7 for details.

(II) <u>Information about reinvested enterprises</u>

1. Names and locations of investee companies and other relevant information: See Table 4.

(III) <u>Information about investment in mainland China</u>

1. The names of the investee companies in mainland China, the main businesses and products, paid-in capital amounts, methods of investment, information on inflow or outflow of capital, shareholding ratios, investment gains (losses),

ending book values, investment gains (losses) already repatriated and limits on investment in mainland China: See Table 5.

2. Major transactions with mainland investee companies directly or indirectly through a third region, and their prices, payment terms, and unrealized gains and losses: See Table 6.

(IV) Information on major shareholders

1. Names, numbers of shares held, and shareholding percentages of shareholders who hold 5 percent or more of the equity: See Table 8.

(XIV) Information on departments

(I) General information

Information provided to key operation decision-makers to allocate resources and evaluate department performance; focus on the types of products or services delivered or provided. The consolidated company is mainly engaged in the single industry of processing, manufacturing and trading of electronic components. According to the provisions of IFRS 8 "Operating Departments", there is only a single department subject to reporting, so there is no department profit and loss, department assets and department liabilities to be reported.

(II) Information by region

The geographical information of the consolidated company is as follows; the revenue is classified based on the geographical location of customers, while the non-current assets are classified based on the geographical location of assets.

(1) The information of the consolidated company's income from external customers in 2022 and 2021 is as follows:

Location	2022	2021
Taiwan	$ 34,044	$ 25,037
PRC	446,000	383,007
Germany	89,458	91,721
Others	20,074	25,741
Total	$ 589,576	$ 525,506

(2) The non-current assets of the consolidated company in 2022 and 2021 are as follows:

Location	2022	2021
Taiwan	$ 46,099	$ 46,841
PRC	862,950	941,410
Total	$ 909,049	$ 988,251

Non-current assets include property, plant and equipment, right-of-use assets, investment property, intangible assets and other assets, excluding financial instruments, deferred income tax assets, assets of retirement benefits and non-current assets of rights arising from insurance contracts.

(III) Important customer information

The consolidated company's income from external customers accounted for more than 10% of the consolidated net income in 2022 and 2021 is as follows:

Customer name	2022 Sales amount	2022 % of sales revenue	2021 Sales amount	2021 % of sales revenue
SN007	$ 303,430	51.47%	$ 160,411	30.53%
AD002	71,187	12.07%	73,456	13.98%
DR003	-	-	54,505	10.37%

Table 1

Plastron Precision Co., Ltd. and Subsidiaries
Details of Loans to Others
January 1 to December 31, 2022

Unit: NT thousand/RMB thousand/USD thousand

No. (note 1)	Company extending the loan	Loan object	Transaction	Whether a related party	Maximum amount of current period	Ending balance (note 4)	Amount actually drawn	Interest rate range	Loan nature (note 2)	Transaction amount	Reasons for the necessity of short-term financing	Amount of provision for loss	Collateral		Loan limit to individual objects (note 3)	Total loan limit (note 3)
													Title	Value		
1	Plastron Technology (Shenzhen) Co., Ltd.	Plastron Electronic Technology (Anhui) Co., Ltd	Other receivables	Yes	330,708 (CNY75,000)	330,708 (CNY75,000)	330,708 (CNY75,000)	1.6%	2	-	Replenishing working capital and repaying loans	-	-	-	373,865	373,865
2	Plastron Electronic Technology (SuzHou) Co., Ltd	Plastron Electronic Technology (Anhui) Co., Ltd	Other receivables	Yes	220,472 (CNY50,000)	220,472 (CNY50,000)	220,472 (CNY50,000)	1.6%	2	-	Replenishing working capital and repaying loans	-	-	-	297,180	297,180
3	K&J INTERNATIONAL INVESTMENT CO., LTD.	Plastron Electronic Technology (Anhui) Co., Ltd	Other receivables	Yes	245,680 (USD8,000)	245,680 (USD8,000)	-	1.8%	2	-	Replenishing working capital	-	-	-	1,711,668	1,711,668

Note 1: (1) The issuer fills in 0. (2) Investee companies are numbered sequentially from the Arabic numeral 1 according to the company type.

Note 2: 1 for those with business dealings; 2 for those with short-term financing needs,

Note 3: The total amount of loans from subsidiaries to others due to short-term financing needs shall not exceed 90% of the loaning company’s net value in the latest financial statements certified or reviewed by a CPA.

Note 4: The limit approved by the board meeting.

Note 5: The expression of consolidated statements has been consolidated and written off.

Table 2

Plastron Precision Co., Ltd. and Subsidiaries
Marketable securities held at the end of the period
December 31, 2022

Unit: thousand shares/NT$ thousand

Holding company name	Marketable securities types and name	Relationship with the issuers	Financial statement account	End of period			
				Shares	Face value	Shareholding ratio	Fair value
	Balanced funds						
Plastron Precision Co., Ltd.	Allianz Income Growth Fund (USD)	-	Financial assets at fair value through profit or loss	98	$ 22,873	-	$ 22,873
	Allianz Income Growth Fund (Eur)	-	Financial assets at fair value through profit or loss	189	43,786	-	43,786
K&J INTERNATIONAL INVESTMENT CO., LTD.	Allianz Income Growth Fund (USD)	-	Financial assets at fair value through profit or loss	250	58,268	-	58,268
			Total		$ 124,927		$ 124,927
	Stocks						
Plastron Precision Co., Ltd.	SYT HOLDING LIMITED	-	Non-current financial assets at fair value through other comprehensive income	1,349	$ 23,319	17.04%	$ 23,319
						-	

Table 3

Plastron Precision Co., Ltd. and Subsidiaries

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

January 1 to December 31, 2022

Unit: NT$ thousand

Buyer	Related Party	Relationship	ransaction status				Abnormal Transaction		Notes/Trade Receivable (Payable)		Note
			Purchase (Sales)	amount	% to Total	Payment Terms	price	Payment Terms	Ending Balance	total	
Plastron Precision Co., Ltd	Plastron Electronic Technology (Anhui) Co., Ltd	sub-subsidiary of the Company	Purchase	139,433 (Note)	93.26%	credit on 60 days.	-	-	(30,553)	(98.01%)	

Note 1The net amount of the total purchase amount NT$139,433 minus the NT$431 for purchasing raw materials on behalf of Plasma Electronics (Anhui) Co., Ltd.

Note 2 The expression of consolidated statements has been consolidated and written off.

Table 4

Plastron Precision Co., Ltd. and Subsidiaries
Information About Investees
January 1 to December 31, 2022

Unit: NT$ Thousand

Investor	Name of investee	Location	Main business	Initial investment amount		Shareholding at the end of the period			Current income (loss) of the investee	Current income (loss) recognized	Remarks
				End of the current period	End of last year	Shares	Ratio	Face value			
Plastron Precision Co., Ltd.	K&J INTERNATIONAL INVESTMENT CO., LTD.	BRITISH VIRGIN ISLANDS	Investment company	$ 1,151,569 (USD36,080,400.12)	$ 1,151,569 (USD36,080,400.12)	-	100.00%	$ 1,900,778	$ 57,705	$ 57,747 (note 1)	Subsidiary
	HONOUR DECADE INC.	SAMOA	Trading company	340 (USD10,000.00)	340 (USD10,000.00)	-	100.00%	4,986	(827)	(827)	Subsidiary
	TEAMSPHERE INDUSTRIAL LTD.	SAMOA	Trading company	340 (USD10,000.00)	340 (USD10,000.00)	-	100.00%	187	19	19	Subsidiary
K&J INTERNATIONAL INVESTMENT CO., LTD.	GRAND EASE HOLDINGS LIMITED	HONG KONG	Investment company	166,467 (USD5,010,000.00)	166,467 (USD5,010,000.00)	-	100.00%	330,366	9,366	(Note 2)	Second-tier subsidiary
	CHEER UP ENTERPRISES LIMITED	HONG KONG	Investment company	418,967 (USD12,549,400.12)	418,967 (USD12,549,400.12)	-	100.00%	415,725	35,382	(Note 2)	Second-tier subsidiary
	GOLD GALAXY DEVELOPMENT LIMITED	HONG KONG	Investment company	922,982 (USD30,000,000.00)	922,982 (USD30,000,000.00)	-	100.00%	665,847	17,049	(Note 2)	Second-tier subsidiary

Note 1: It refers to the deduction of NT$ 1,283 thousand of unrealized interests in reverse current transaction, NT$17 thousand of unrealized losses and NT$1,316thousand of unrealized interests in reverse current transactions in the group, and NT$26 thousand of unrealized interests in side current transactions in the previous year.

Note 2: The profit and loss of the investee company has been included in those of its investee companies, and will not be separately expressed here in order to avoid confusion.

Note 3: Consolidated statement expression: The investment and investment profit and loss using the equity method have been consolidated and written off.

Table 5

Plastron Precision Co., Ltd. and Subsidiaries
Information on Investment in Mainland China
January 1 to December 31, 2022

Unit: NT$ thousand/USD

Name of Investee in Mainland China	Main business	Paid-in capital	Investment method	Accumulated investment amount from Taiwan at the beginning of the period	Outward remittance or repatriation of investment amount of the period		Accumulated investment amount from Taiwan at the end of the period	Current income (loss) of the investee	Ownership percentage of direct or indirect investment	Investment gains/losses recognized in the period	Book value of investment at the end of the period	Investment gains repatriated in the period
					Outward remittance	Repatriation						
Plastron Electronics (Suzhou) Co., Ltd.	R&D, design, production and sales of new instrument components, optical fiber connecting lines, heat dissipation modules, precision metal stamping dies and lighting fixtures; wholesale, import and export of electronic components and similar products produced by the Company, and lease of non-residential real estate.	166,144 (USD5,000,000.00)	(note 1)	166,144 (USD5,000,000.00)	-	-	166,144 (USD5,000,000.00)	9,365	100.00%	9,365 (note 2)	330,202 (note 2)	-
Plastron Technology (Shenzhen) Co., Ltd.	Sales of electronic products, technical services, technical consultation, commission agency (except auction), and import and export of goods and technologies	405,488 (USD12,152,460.39)	(note 1)	346,146 （USD10,343,460.39）	-	-	346,146 （USD10,343,460.39）	35,381	100.00%	35,381 (note 2)	415,406 (note 2)	188,629

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Plastron Electronics (Anhui) Co., Ltd.	R&D, production and sales of new instrument components, automobile connectors, computer connectors, mobile phone connectors, precision metal molds, plastic molds, precision cavity molds, electronic product accessories and hardware; non-metal and metal surface treatment; precision machining with CNC machine tools; wholesale, import and export of electronic components.	922,982 (USD30,000,000.00)	(note 1)	624,478 （USD20,300,000.00）	-	-	624,478 （USD20,300,000.00）	17,049	100.00%	17,049 (note 2)	665,850 ((note 2)	-

Accumulated investment amount remitted to mainland China from Taiwan at the end of the period	Investment amount approved by the Investment Commission, MOEA	Limit on investment regulated by the Investment Commission, MOEA
NT1,154,006 (USD36,218,550.79)	NT1,275,021 (USD40,159,105.49)	NT 1,299,042

Note 1: Investment method: reinvestment in Mainland China companies through a company in a third region.
Note 2: It is calculated and recognized based on the current financial statements of the company reviewed by the parent company's CPA.
Note 3: The expression of consolidated statements has been consolidated and written off.

Table 6

Plastron Precision Co., Ltd. and Subsidiaries

Transactions with Mainland China Investee Companies Directly or Indirectly Through a Third Region

January 1 to December 31, 2022

Unit: NT$ Thousand

I. Purchases

The Company's purchases from mainland investee companies are as follows:

Counterparty	amount	Percentage of net purchase of the Company	Unrealized profit and loss at the end of the period
Plastron Electronic Technology (Suzhou) Co., Ltd	$ 6,076	4.06	$ 675
Plastron Technology (Shenzhen) Co., Ltd.	1,852	1.24	90
Plastron Electronic Technology (Anhui) Co., Ltd.	139,433	93.26	518
Total	$ 147,361	98.56	$ 1,283

The company's purchase transactions with Plastron Electronic Technology (Suzhou) Co., Ltd. and Plastron Technology (Shenzhen) Co., Ltd. are transferred through Honour Decade Inc.

The purchase prices above were discounted based on the sales order price. The payment term was 60 days from the next month, which was not significantly from those of non-related parties.

II. Accounts Payable

The details of the Company's payables to mainland investee companies are as follows:

Counterparty	amount	Percentage of accounts payable at the end of the period
Plastron Electronic Technology (Anhui) Co., Ltd.	$ 30,553	98.01%

III. Others

The amount of raw materials purchased by the Company on behalf of Plastron Electronics (Anhui) Co., Ltd. in 2022 was NT$431 thousand. Details of uncollected amounts are as follows:

Counterparty	amount	Percentage of other accounts receivable at the end of the period
Plastron Electronic Technology (Anhui) Co., Ltd.	$ 125	8.32%

Note: In the consolidated statement’s expressed, the purchase and sales transactions between the consolidated entities have been written off.

Table 7

Plastron Precision Co., Ltd. and Subsidiaries

The business relationship between the parent and the subsidiaries and significant transactions between them

January 1 to December 31, 2022

Unit: NT$ Thousand

No. (Note 1)	Name	Transaction party	Relationship with the transaction party (Note 2)	Transaction status			
				Item	amount	Transaction condition	Percentage of total consolidated revenue or total assets (note 3)
0	Plastron Precision Co., Ltd.	Plastron Electronic Technology (Anhui) Co., Ltd.	(1)	Purchase	139,433	Discount offered according to sales order price	23.65%
				Accounts payable - related parties	30,553	Same as for general transactions	1.19%

Note 1: The business transactions between the parent and subsidiaries should be indicated in the number column respectively. The number should be filled in as follows:

(1) 0 for parent.

(2) Subsidiaries are numbered sequentially from the Arabic numeral 1 according to the company type.

Note 2: There are three types of relationships with trading counterparties, and only the type needs to be indicated:

(1) Parent to subsidiary.

(2) Subsidiary to parent.

(3) Subsidiary to subsidiary.

Note 3: The ratio of the transaction amount to the consolidated total revenue or total assets, if it is an asset liability account, shall be calculated as the ending balance to the consolidated total assets; if it is a profit and loss account, it shall be calculated as the accumulated amount in the interim to the total consolidated revenue.

Note 4: The transactions above have been consolidated and written off.

Table 8

Plastron Precision Co., Ltd. and Subsidiaries
Information About Major Shareholders
December 31, 2022

Share / Name of major shareholder	Number of shares held	Shareholding
Chuntian Investment Co., Ltd	20,455,644	13.64%
Kuan-Chu Investment Co., Ltd	9,298,069	6.20%

Note: The information above was obtained by the Company from the Taiwan Depository & Clearing Corporation.

(1) The major shareholder information in this table is the information from the Taiwan Depository & Clearing Corporation about the shareholders holding more than 5% of the total number of common shares and special shares of the Company that have been settled with scripless registration (including treasury shares) on the business day after the end of each quarter. As for the share capital recorded in the Company's financial report and the number of shares actually settled with scripless registration, there may be differences due to different preparation and calculation basis.

(2) In the information above, if the shareholder delivers the shareholding to a trust, it is disclosed by the individual account of the trustee who opens the special trust account. As for shareholders who handle the shareholding filing of insiders with more than 10% of shareholding in accordance with the Securities and Exchange Act, their shareholdings include their own shareholdings plus the shares they deliver to trusts with the right-of-use of the trust property; please refer to the MOPS for information on the shareholding filing of insiders.