Stock Code: 8103

瀚荃股份有限公司
CviLux Corporation

2022
Annual Report

Annual Report Inquiry Websites
Market Observation Post System: https://mops.twse.com.tw
The Company's Website: https://www.cvilux-group.com

Published on April 30, 2023

I. Name, title, phone number, and email address of the Company's spokesperson and the deputy spokesperson:

Spokesperson: Maggie Wang Pei-Lien
Title: Chief Corporate Governance Officer
Tel: (02) 2620-1000 Ext. 11801
Email: maggie.wang@cvilux.com
Deputy Spokesperson: Apple Lei Shun-Yi
Title: Management Specialist
Tel: (02) 2620-1000 Ext. 11803
Email: apple.lei@cvilux.com

II. Address and phone number of the headquarters, branch, and factory:

1. Headquarters and Factory:
   Headquarters Address: 9F., No. 9, Lane 3, Section 1, Zhongzheng East Road, Tamsui District, New Taipei City, Taiwan
   Factory Address: 8F., No. 13, Lane 3, Section 1, Zhongzheng East Road, Tamsui District, New Taipei City, Taiwan
   Tel: (02) 2620-1000
2. Branch: None

III. Name, address, website, and phone number of the stock transfer agency:

Name: Shares Registration Service Department of Hua Nan Securities
Address: 4F., No. 54, Section 4, Minsheng East Road, Songshan District, Taipei City, Taiwan
Website: https://www.entrust.com.tw/
Tel: (02) 2718-6425

IV. Name of the CPA and name, address, website, and phone number of the accounting firm for the financial statements in the most recent year:

CPA: Tang, Chia-Chien and Su, Yen-Ta
Accounting Firm: KPMG
Address: 68F., No. 7, Section 5, Xinyi Road, Xinyi District, Taipei City, Taiwan
Website: https://home.kpmg/tw/zh/home.html
Tel: (02) 8101-6666

V. Name(s) of the exchange(s) where our securities are traded offshore, and the method(s) with which the information of the offshore securities is/are accessed: None.

VI. The Company's Website: https://www.cvilux-group.com

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One. Letter to Shareholders

Dear Shareholders:

First of all, we would like to thank you for supporting and trusting the CviLux Corporation.

In Q4 2022, there were no more “pandemic advantages” all of a sudden. In the previous 3 years, people worked from home, learned online, purchased via e-commerce and watched online videos while enterprises held video conferences and worked off-site. In these circumstances, the ITC industry faced a prosperous future. In 2022, CviLux achieved great performance with a consolidated revenue of NTD 3.727 billion, a net profit after tax of NTD 328 million, and an EPS of NTD 4.2.

As the advantages stemming from the pandemic over the last 3 years decreased, orders started to exceed the permissible number in Q4 due to material excesses and shortages. It is expected that the inventory will enter an adjustment period of 6 months to a year. Afterwards, the inventory will be improved by destocking, and we shall wait for the demand to recover. The inflation pressure might have affected the demand or capital expenses of enterprises. In addition, de-sinicization in the supply chain is still an ongoing issue. Nonetheless, CviLux has completed the distribution of production bases and enhanced the value-added service for products as well as the robustness of its management system, prompting the innovative and diverse development of the Group.

We believe that there will be a substantial demand in 2023. First of all, we no longer have to worry about the impact brought by material shortage; then, the reopening of China can facilitate the recovery of the supply chain and the domestic demands of the second largest economy. Finally, there is the sustainability. As EU presses the world with border tariff, all industries and enterprises around the globe will have to consider energy saving, carbon reduction and sustainable operation. These will bring new business opportunities.

CviLux will continue the development of products that meet the requirements of modern energy saving and storage relevant industries, aiming to keep abreast of market trends and enhance green manufacturing to satisfy the customer’s needs. We will also continuously increase the revenue share of non-consumable products and the markets in Europe, the US and Japan. Today, ESG is not only a forefront issue but also a necessity for manufacturing and receiving orders in the future. As a result, the Company will implement ESG and bring the concept of sustainability to our products as well as the operation to maintain competitiveness.

Subsequently, we will keep on adopting the profit center system to, with the professional work division based on product types as well as the tactic of divide and conquer, achieve continuous growth in the Group's revenue and profit to give back to the shareholders. Meanwhile, the Group's succession has been launched. The three-year plan aims at taking care of the governance while reinforcing the Company's internal human capital of the new generation.

CviLux's mission for society and the world is to provide parts and components for the global electronics industry in the hope of contributing to the convenient life brought by electronic products for all human beings. In addition to maintaining vigorous operation and continuously giving back to the employees and shareholders with profits, the Company also keeps in line with the ESG philosophy by fulfilling the "environmental, social, and corporate governance" criteria to produce the value of a sustainable enterprise.

The 2022 Business Report and the summary of the 2023 Business Plan are shown below:

I. Business Results in 2022

(I) Results of the Business Plan:

Consolidated Financial Statements

Unit: NTD thousand

Item	2022	2021	Growth Rate (%)
Operating Revenue	3,727,014	4,159,393	-10.40
Gross Profit	1,106,425	1,247,310	-11.30
Operating Profit	371,349	552,695	-32.81
Net Profit After Tax	328,082	336,322	-2.45

In 2022, CviLux Group's consolidated net operating revenue was NTD 3,727,014 thousand, showing a decrease of 10.40% compared to the performance in 2021. The consolidated net profit after tax was NTD 328,082 thousand with an annual decrease of 2.45%.

(II) Implementation of Budget: N/A.

(III) Revenue and Profitability Analysis:

1. Financial Revenue and Expenditure:

   The paid-in capital was NTD 789,534 thousand, the shareholder's equity was NTD 3,065,351 thousand the total indebtedness was NTD 2,057,217 thousand and the debt ratio was 40.16%. The long-term fund to fixed assets ratio was 348.93%; the stability of financial structure and solvency is shown.

2. Profitability Analysis:

   The consolidated revenue of the Company decreased by 10.40% in 2022; the EPS after tax was NTD 4.20.

Item	2022	2021
Return on Assets (%)	6.66	7.21
Return on Shareholders' Equity (%)	11.07	12.26
Operating Profit to Paid-in Capital (%)	47.03	70.00
Pre-tax Income to Capital (%)	63.83	64.27
Net Income to Sales (%)	8.80	8.09
Earnings Per Share (NTD)	4.20	4.29

(IV) Research and Development:

1. Annual R&D Expenses Invested in the Most Recent Three Years:

Unit: NTD thousand

Item \ Year	2022	2021	2020
Research and Development Expenses	115,875	89,557	103,586
Net Operating Revenue	3,727,014	4,159,393	3,134,712
Ratio to the Net Operating Revenue (%)	3.11	2.15	3.30

2. Technologies or Products Developed Successfully in the Most Recent Year:

CviLux

(1) Fine-pitch low-profile straight FFC/FPC connectors

(2) Automated reliable crimp FFC/FPC connectors

(3) High-density micro FFC/FPC connectors

(4) High-speed USB connection technology

(5) Sever power board-to-board connectors

(6) Self-locking three-in-one and high-power expandable connection technology

(7) Low-profile and straight high-speed welded plate connectors

(8) Digital high-speed 5G display module connectors

(9) Quick plug high-current low-voltage connectors

(10) High temperature resistance application technology for flexible and soft flat buses

(11) High-density flexible surface-mounting and soft flat buses

CviCloud

(1) Smart commercial/at-home pour-over coffee makers

(2) Live e-sports streaming series (WebCam. Control pad, Capture) and platform systems

(3) Fan-type environment purifiers, portable environment purifiers

(4) Remote medical system and diagnostic terminal equipment

(5) In-vehicle air purifier systems, wireless charging systems

(6) Smart access control system, smart long/short-term rental system

(7) Smart Video Intercom systems

(8) Smart fingerbots

(9) Smart bathroom systems

II. Summary of Business Plan and Vision for 2023

(I) Business Policies:

Complying with the standards for sustainable governance, CviLux pays continuous attention to the sustainable development issues of enterprises and society. With the focus on the targets in the environmental, social, and governance dimensions, we implement ESG through corporate carbon reduction, labor policies, and formation of a Board of Directors and governance information, joining the trends that help us live up to the expectations of the customers and society.

CviLux launched the CG2020 Smart Manufacturing Project in 2018 with the aim at introducing manufacturing execution system (MES), warehouse management system (WMS), and supervisory control and data acquisition (SCADA) to the production factories of the Group by 2022. In light of the customers' products and the industrial trends, we work in tandem with suppliers to reduce the variable costs and actively foster the digital transformation of production via professional division of work and joint production. CviLux has completed the digital transformation and the setup of a data platform and cloud platform. The subsequent efforts will be invested in the development in the fields of data application, AI, system development, production and operation management, marketing management, human resource management, R&D management, financial management, information security, and smart management platform. By enhancing the technical capacity of the Company's smart operations, we allow smooth access to information and data from the "equipment level" at the factories to the "management level" of the enterprise. Adopting diversified management, CviLux bolsters the R&D and capability of parts and components in a constant manner, and overcomes the obstacles to management through digital transformation. With the data as the reference instead of the subjective perspective, and with the foundation of automation built for years, we make good use of the "smart decision-making process" to improve the speed and quality of decision making. Our production and marketing are managed based on the data. A manufacturing database has been established to automatically produce a smart decision-making process according to the objective data in each management aspect, thereby helping us surmount the difficulties of industrial trends. Externally, we cast around for strategic partners with complementary cross-domain resources, looking forward to strengthening the comprehensive competitiveness of production and marketing through joint collaboration to optimize business performance. In terms of business management, we will keep escalating the quality, reducing the costs and inventories, training talents, increasing output per capita, and implementing the profit center system. The structures of the functional organizations will be constantly streamlined with the cycle of operations improved. Also, measures to boost profits and eliminate risks will be taken thoroughly to strike a balance between production and marketing, make a breakthrough in revenue, and thereby reach the operational goal of producing higher revenue and post-tax profit.

(II) Important Production and Marketing Policies:

1. Production Strategies: We promote the strategy of micro processing factory outsourcing alliances to distribute the products and production processes, shortening the delivery time to satisfy the production needs of the customers' orders. Meanwhile, we enhance the application of big data to produce automated decision-making through AI, and set up a safe inventory for the work orders of products of general specifications in order to avoid product material shortage.

   (1) Focusing on the manufacturing of connectors, wires and cables, and electronic modules, we make continuous improvements in the R&D, production technologies, yield, and production cycle, with a smart manufacturing system incorporated for big data analysis.

   (2) We boost the efficiency and yield of automated production, utilizing a charge-coupled device (CCD) to reduce the defects omitted during manual inspections.

   (3) Raising the manufacturing unit's awareness of quality, we have the sampling of product quality control done earlier by the manufacturing unit instead of the quality inspection unit. As we place importance on the independent check, full inspection, and

packaging of products, the quality assurance unit concentrates on the audit of processes (service life control of molds, jigs and cutters, verification between first/last articles and drawing sheets, process improvement and follow-up, etc.) and the improvement and follow-up of defect analysis.

(4) The system of management and repair history of the molds, jigs, and machinery for parts and components and the hardware parts is adopted to ensure the quality of key output parts.

(5) We manage the production factories based on a classification system. For example, the level-1 factories have the semi-finished material production capabilities such as injection, punching, cable fusion, and wire drawing, while the level-2 factories have the finished good production capabilities such as assembly and wiring. Meanwhile, we take the centralized production of injection molded parts, punched parts, wires (currently put into centralized production at the Suzhou Factory), auxiliary materials, or other semi-finished products into account, in order to enhance the machine utilization while cutting costs, and streamline the deployment of repair personnel as well as technical personnel. Addititonally, keeping up with the times, we offer higher pay to retain technical talents.

2. Marketing strategies: We implement precision marketing, industrial marketing and local marketing with customer’s needs, products of other companies in the industry, and production management data as the basis of the priority. Meanwhile, we work with customers to jointly develop and offer corresponding solutions as well as one-stop value-added services to become one of their major suppliers. In addition to the products that meet the trends of the market, we are dedicated to developing product-oriented new application markets and channels to increase the trust, satisfaction and loyalty of the customers. Meanwhile, we engage in the development of parts and components for industrial use, devote more to the development of brand customers, and enhance the deployment in the markets of the U.S. and Latin America.

(1) With the overseas marketing bases and distributors incorporated, we increase customers of the industry, home appliance, electric vehicle, and new energy abroad.

(2) In terms of network communication, we focus on the industrial chain of power supply, 5G, server, orbit satellite, AR, VR, and

MR.

(3) Our main product lines for optoelectronics include panels, TVs, monitors, and gaming products.

(4) We mainly focus on OEM motherboard factories while increasing the number of touch module factories for laptops, and devote ourselves to the development of niche products of fingerprint recognition lenses of touch screen cameras.

(5) For IOT, we put our emphasis on the software and hardware system integration of industrial Internet system data collector (smart machine box) and sensor modules.

(III) The Company's Future Development Strategies:

Looking into the future, the global economy is facing the risk of declination due to the war, inflation and supply chain coopetition in the post-pandemic era. While reorganization of the regional supply chains is required in response to the demand, we speed up the deployment of the production lines in ASEAN to ensure local delivery of good to customers, and implement sound management and different development strategies of the Group for our products and services.

To cope with the customer demands around the world, our product strategies are aimed at increasing the revenue share of non-consumable products, homing in on the application of target industries of electric vehicle (EV), high performance computing (HPC), server and low earth orbit satellite, and enhancing the added value and profitability of products.

We will satisfy the customer requirement for a regional supply chain (short chain) with the flexible coordination of productivity through our diversified manufacturing supply chain, and invest in a smart management platform for manufacturing, production, and operation to keep the production and sales in balance and bolster our competitiveness of operation and management.

Meanwhile, we take existing customers to a more secure and higher level, working with them to jointly develop and offer corresponding solutions as well as one-stop value-added services.

The digital transformation and diverse transformation simultaneously drive the three business units: CviLux for components, CviCloud for AiOT, and CviMall for new retail e-commerce. Deploying in different markets and having self-owned brands, the three business units display their respective values.

Additionally, the Group has implemented the BU profit center system to integrate the resources of the Group, pursuing the greatest synergy based on the data management quantified through the “corporate business management platform” to give back to the shareholders and achieve the highest goal of corporate sustainable operation.

Future and Sustainable Development Strategies:

To ensure sustainable operation, stay abreast of the latest developments to optimize the main business, and enhance corporate value, CviLux has systematically planned for the training and succession of successors. The Board of Directors approved the succession of the CEO position last year. 2023 will be the succession year of the Group and we will carry out the succession in accordance with the following principles.

1. The successors are involved in management with the incumbents based on a dual system in order to help the successors possess comprehensive practical capability for corporate management. Setup of a succession echelon: The resources and capabilities of the successors are not merely a point but a plane. An echelon is needed to make up for the disadvantages by providing “a group of successors” to reduce the risks of having only a single successor. A thorough succession echelon depends on outstanding talents from different fields; therefore, the attraction and retention of professional senior managerial officers becomes particularly essential. The internal human capital development includes the recruitment, appointment, reward and punishment system, and educational training of employees; hence, an incentive system for senior managerial officers and teams, including the culture of senior managerial officer attraction and retention as well as the promotion and reward systems of senior managerial officers, should be established.

2. In line with the market trends of the industry, investment in R&D and innovation should be increased, with the product lines for consumer products, industrial application, AIoT hardware, and software integration product series kept robust through continuous smart manufacturing system optimization for product competitiveness enhancement, and with the marketing and customer relationship management incorporated to build up the value chain, so that we can maintain the comprehensive production

and marketing competitiveness to generate revenue and profit.

3. The corporate resources and internal control mechanism should be integrated, and robotic process automation (RPA) and artificial intelligence (AI) should be adopted for risk prevention and troubleshooting, to ensure that the audit mechanism and other operations work correctly, the corporate resources are integrated effectively for asset activation, and the corporate goals can thereby be reached. In addition to internal resource integration, we must also have an active control process for decision-making, work division, procedures, and finance, to make sure that we achieve the goals reasonably.
4. Informatization and digitalization should be constantly promoted to change the existing business model. The measures include setting up electronic files through computer informatization to search for, compile, and calculate data for better corporate operational efficiency, and combining the databases and AI based on informatization to provide customized services for customers in a digital manner.
5. A cross-business model and ecosystem are required. A variety of new business models and ecosystems have been emerging in recent years, including cyber-physical integration, e-commerce, and a shared economy, which is why we must consider how to facilitate growth momentum via a cross-domain alliance. Progressive mergers and acquisitions might be a good way to get involved in the industrial ecosystems of the new generation and further surmount the current obstacles to development, increase the ownership of other enterprises, achieve vertical or horizontal corporate resource integration, and sustain corporate growth.

(IV) Impacts of the External Competitive Environment, Regulatory Environment, and Overall Business Environment:

Electronic devices have become necessities in the lives of modern people. During the operation of such devices, connectors are the bridge between current and signal communication, and are applied to various fields such as information, communication, automobile, industry, green energy, aviation, and medical care. The connector industry once prospered with the rise of the personal computer industry. However, growth momentum was lost as the PC/NB market became mature, and active investment by manufacturers in China has caused fierce competition in the market and price war.

With the higher employee payment cost in China in recent years and the growing difficulty of management due to the restrictions of China's early environmental regulations on production bases, domestic peer companies are moving their production lines to emerging countries other than China (i.e., ASEAN countries) in a gradual manner. Some peer companies with more funds and better technologies are expanding their deployment of product line automation faster and investing in more automated equipment to reduce operating costs, or even moving some of their product lines of high-end products back to Taiwan. In consideration of the ongoing competition and collaboration between the U.S. and China, the enhancement of automated production lines and the diversification of production bases are crucial.

The COVID-19 has gradually changed our life and the needs for electronic products, software and platform services. The ESG issue is a mission of every corporate citizen. In addition to the trend of reducing carbon emissions with green energy that has fostered the development of EVs, the remote and contactless modes under COVID-19 have constantly stimulated the development of emerging operations such as unmanned factories, automation, and online and offline integration. The development of EVs, HPC, servers, and low earth orbit satellites will thus be driven, and strong growth momentum will be brought to the industry of connector parts. Additionally, peer companies of connectors (wires) in Taiwan have been devoted to aggressive transformation in recent years, investing in relevant application fields to expand the scope of product application and raise the added value of products.

Sincerely

Best Regards

Chairman and CSO, Steve Yang

Two. Company Profile

I. Establishment Date

(I) Establishment Date: March 16, 1990

(II) Address and Phone Number of the Headquarters, Branch, and Factory:

Headquarters	Address:	9F., No. 9, Lane 3, Section 1, Zhongzheng East Road, Tamsui District, New Taipei City, Taiwan
	Tel:	(02) 2620-1000 (representative number)
Factory	Address:	8F., No. 13/15/17/19, Lane 3, Section 1, Zhongzheng East Road, Tamsui District, New Taipei City, Taiwan
	Tel:	(02) 2620-1000 (representative number)

II. Corporate History

1990	* CviLux Ltd. was established with the business focused on the trade of plastic injection molded products, parts, and components of connectors.
1996	* The Company was renamed as CviLux Corporation, and the Product R&D Department was established. * The Company passed the ISO 9002 international quality certification.
2000	* The Mold Processing and Manufacturing Center was set up at the Changping Factory in Dongguan, China for the R&D, design, and manufacturing of precision molds and jigs and automated machines.
2002	* Through investment, the Company founded CviLux Technology (Suzhou) Co., Ltd. for the manufacturing and sale of connectors and FFC/FPC. * The Company passed the ISO 9001 international quality certification. * The Company became a public company on September 11.
2003	* The Company became a listed company in the emerging stock market on May 22. * Through investment, the Company founded Dongguan Qunhan Electronics Co., Ltd. for the manufacturing and sale of FFC/FPC and wires.
2004	* The Company became a company in the over-the-counter market on March 29.

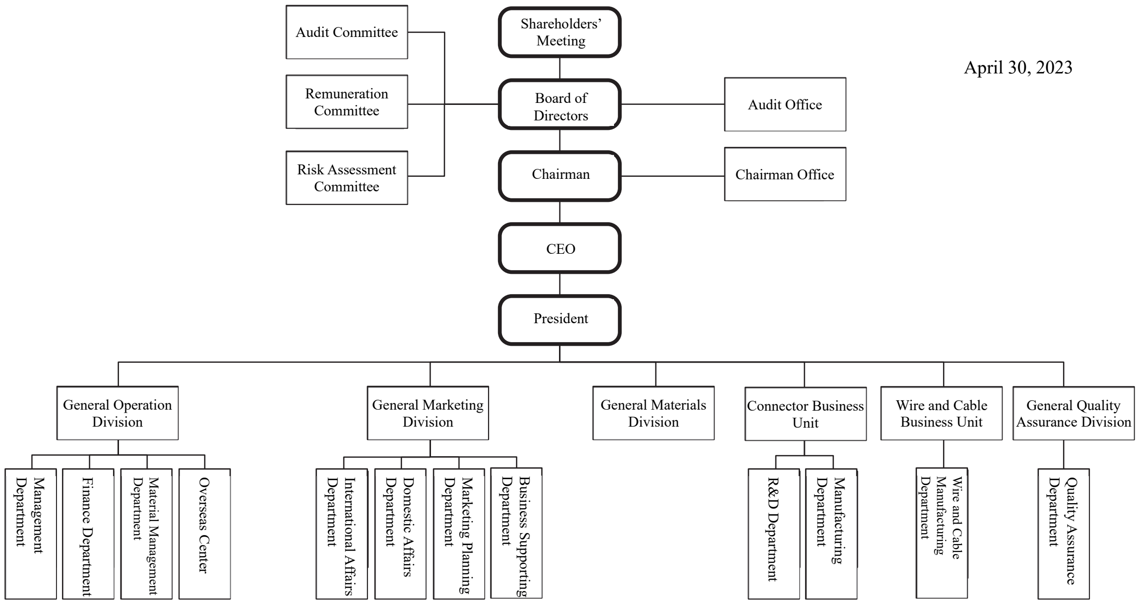
	* The first domestic unsecured convertible corporate bonds amounting to NTD 250 million were issued.
2005	* The Company passed the ISO 14001 international certification.
2006	* The second domestic unsecured convertible corporate bonds amounting to NTD 250 million were issued.
2007	* The Company was evaluated as an A-level company by the "5th Information Disclosure and Transparency Ranking System" of the Securities and Futures Institute.
2009	* The Company became a company in the stock exchange market on September 29.
2010	* The third domestic unsecured convertible corporate bonds amounting to NTD 300 million were issued * The original Dongguan Changping CviLux Electronics Factory was transformed into a sole proprietorship and became CviLux Electronics (Dongguan) Co., Ltd. for the manufacturing and sale of connectors, etc.
2011	* Through investment, the Company founded CviLux Technology (Chongqing) Corporation for the manufacturing and sale of FFC/FPC and wires * The Company passed the QC080000 international certification
2012	* Part of the Group passed the ISO14064 and ISO/TS16949 international certifications.
2013	* Through investment, the Company founded CviLux Technology (Shenzhen) Corporation for the manufacturing and sale of connectors, etc. * The Finished Product BU was established for the development and sale of peripheral accessories * The Company received permission for Apple hard drives and MFi certification
2014	* Through investment, the Company founded CviCloud (SZ) Limited, CviCloud (HK) Limited and CviCloud Limited (Taiwan) for software and hardware integration * Part of the Group passed the OHSAS18001 international certification

2015	* Through investment, the Company founded Anhui CviLux Technology Co., Ltd. for the manufacturing and sale of connectors and FFC/FPC * Through investment, the Company founded CviLux Lao Co., Ltd. to satisfy the demand for supply chain localization of customers in ASEAN countries.
2016	* Through investment, the Company founded the CviMall International Corporation for the development and sale of cosmetic products. * The product, Type C Cable, was certified by the USB-IF * Through investment, the Company founded Shanghai Han Duo Trading Co., Ltd. for the development and sale of cosmetic products
2017	* Through investment, the Company founded CviLux North America in the U.S. * Disney collaborated with the Company for our wires
2018	* CviLux Korea Corporation and representative offices such as CviLux Xiamen and CviLux Sdn Bhd were established to provide services for local customers * The Lao Factory was built
2021	* The representative offices, CviLux Brazil and CviLux Japan, were established. * CviLux Technology (Shenzhen) Corporation and Shaanxi KOAYoung Investment (Group) Co., Ltd. jointly founded Shenzhen Recon Health Care Cloud Tech. Co., Ltd. * CviLux merged with Hanjun Investment Co. Ltd. through a short-form merger. * The smart factory program was launched.
2022	* The medical certificate 13458 was obtained. * The introduction of MES was completed. * The Taipei HF Center was established.

Three. Corporate Governance Report

I. Organizational System

(I) Organizational Structure:



(II) Responsibilities of the Main Units:

Main Unit	Main Responsibilities
Audit Office	* Internal audit, inspection and evaluation of operating procedures, and the improvements and suggestions thereof.
Chairman Office	* Operations related to public relations with external media (i.e., spokesperson, investor relations, etc.), and promotion of CSR affairs. * Stock affairs, the Company's announcements to outside parties, and matters related to the directors. * Handling of legal affairs such as patent or lawsuit-related matters.
General Operation Division	* HR development, talent recruitment and employment, remuneration and rewards, and employee relations. * General affairs, occupational health and safety, etc. * Planning and management of accounting and financial affairs. * Business planning and analysis reporting, internal application system maintenance, and information security control. * Implementation of duties of expatriate executives.
General Marketing Division	* Product sales, responses to customers' questions, and communication with customers.
General Quality Assurance Division	* Implementation and maintenance of quality-related systems, and standardized operations.
General Materials Division	* Procurement of materials for production, and adjustments to procurement strategies according to conditions in the industry. * Development, implementation, and control of the plans and schedules

	regarding material needs, production, and procurement.
R&D Department	* Development, design, testing, patent application, and application for safety certification or product certification, etc. of products.
Connector Business Unit - Manufacturing Department	* Manufacturing process planning, productivity enhancement, determination of work hours and costs, and improvements to different operations (connectors). * Analysis of abnormal process quality, and development and implementation of improvement measures thereof (connectors).
Wire and Cable Business Unit - Wire and Cable Manufacturing Department	* Development, design, and testing of wire and cable products featuring high speed and high frequency. * Analysis of abnormal process quality, and development and implementation of improvement measures thereof (wires and cables).

II. Information Concerning the Directors, Supervisors, Presidents, Vice Presidents, Assistant Vice Presidents, and Department and Branch Managers

(I) Information on Directors and Supervisors:

1. Information on Directors and Supervisors:

Note: As the Company has set up the Audit Committee, there are no supervisors.

April 22, 2023 (last day for share transfer registration); unit: share

Title (Note 1)	Nationality or Country of Registration	Name	Gender and Age (Note 2)	Date Elected (appointed)	Term	Date First Elected (Note 3)	Shares Held at the Time of Election		Shares Currently Held		Shares Currently Held by Spouse or Minor Children		Shares Held in the Names of Others		Education and experience (Note 4)	Concurrent Posts in the Company or Other Companies	Other Managers, Directors, or Supervisors in a Spousal Relationship or Within the Second Degree of Kinship			Note (Note 5)
							Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Title	Name	Relationship	
Chairman	R.O.C.	YANGTEK CORPORATION	N/A	08.05.2021	3	11.25.2000	4,643,149	5.70	6,593,000	8.35	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	None
	R.O.C.	Rep.: Steve Yang	Male 71-75 Years Old				N/A	N/A	110,570	0.14	0	0	0	0	Department of International Trade, Hsing Wu University Section Manager of Import Section, SAN AIE ELETRONIC CO., LTD. Sales Section Manager, Molex Taiwan Ltd. President, Long Jie Co., Ltd.	Chairman and CEO, CviLux Corporation Chairman, YANGTEK CORPORATION Chairman, CviLux Electronics (Dongguan) Co., Ltd. Chairman, Dongguan Qunhan Electronics Co., Ltd. Chairman, CviLux Technology (Suzhou) Co., Ltd. Vice Chairman, CviLux Technology (Chongqing) Corporation Director, CviLux Technology (Shenzhen) Corporation Chairman, CviCloud Corporation Director, CviLux Lao Co., Ltd. Chairman, CviMall International Corporation Director, CviLux Opro9 EUROPE B.V. Director, CviLux USA Corporation	Director	Lawrence Yang	Father and Son	None
Director	R.O.C.	Chuan Kai Investment Co., Ltd.	N/A	08.05.2021	3	11.25.2000	1,969,091	2.42	1,969,091	2.49	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	None
	R.O.C.	Rep.: Glen Chu	Male 61-70 Years Old				N/A	N/A	1,954,824	2.48	364,817	0.46	0	0	Department of Business Administration, Tunghai University Sales Representative, Long Jie Co., Ltd.	President, CviLux Corporation and President, Wire and Cable Business Unit Director, Chuan Kai Investment Co., Ltd.	None	None	None	None

Title (Note 1)	Nationality or Country of Registration	Name	Gender and Age (Note 2)	Date Elected (appointed)	Term	Date First Elected (Note 3)	Shares Held at the Time of Election		Shares Currently Held		Shares Currently Held by Spouse or Minor Children		Shares Held in the Names of Others		Education and experience (Note 4)	Concurrent Posts in the Company or Other Companies	Other Managers, Directors, or Supervisors in a Spousal Relationship or Within the Second Degree of Kinship			Note (Note 5)
							Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Title	Name	Relationship	
																Director, CviLux Electronics (Dongguan) Co., Ltd. Director, Dongguan Qunhan Electronics Co., Ltd. President, CviLux Technology (Suzhou) Co., Ltd. Chairman, CviLux Technology (Chongqing) Corporation Director, CviLux Technology (Shenzhen) Corporation Manager, Anhui CviLux Technology Co., Ltd.				
Director	R.O.C.	Alex Huang	Male 51-60 Years Old	08.05.2021	3	91.7.31	631,403	0.78	638,233	0.81	89,275	0.11	0	0	Section of Design, Department of Mechanical Engineering, Lee-Ming Institute of Technology Product Engineer, Long Jie Co., Ltd. R&D Officer, Inalways Corporation	President, Connector Business Unit, CviLux Corporation Director, CviLux Electronics (Dongguan) Co., Ltd. Director, Dongguan Qunhan Electronics Co., Ltd. Director, CviLux Technology (Suzhou) Co., Ltd. Director, CviLux Technology (Chongqing) Corporation	None	None	None	None
Director	R.O.C.	Lawrence Yang	Male 41-50 Years Old	08.05.2021	3	98.6.19	488,301	0.60	691,849	0.88	0	0	0	0	Department of International Trade, Ming Chuan University Sales Representative, Mitsutech International Corporation Sales Representative, Sharp Electronic Components (Taiwan) Corp.	Deputy CEO, CviLux Corporation and President, Electronic Module Business Unit Supervisor, Dongguan Qunhan Electronics Co., Ltd. Chairman, CviLux Technology (Shenzhen) Corporation Director, CviCloud (SZ) Limited Director, YANG PLUS CORPORATION Executive Director, Anhui CviLux Technology Co., Ltd.	Chairman	Steve Yang	Father and Son	None
Independent Director	R.O.C.	Yinchun Chuang	Male 61-70 Years Old	08.05.2021	3	104.6.9	0	0	0	0	0	0	0	0	Graduate Institute of Management Sciences, Tamkang University Department of Computer Science and Information Engineering, Tamkang University President, Siemens/UGS PLM Software President, PeopleSoft, Inc. President, JDEdwards Vice President, Northeast Asia Technology Department, SAP	None	None	None	None	None

Title (Note 1)	Nationality or Country of Registration	Name	Gender and Age (Note 2)	Date Elected (appointed)	Term	Date First Elected (Note 3)	Shares Held at the Time of Election		Shares Currently Held		Shares Currently Held by Spouse or Minor Children		Shares Held in the Names of Others		Education and experience (Note 4)	Concurrent Posts in the Company or Other Companies	Other Managers, Directors, or Supervisors in a Spousal Relationship or Within the Second Degree of Kinship			Note (Note 5)
							Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Title	Name	Relationship	
Independent Director	R.O.C.	Shuling Lin	Female 51-60 Years Old	08.05.2021	3	98.6.19	0	0	0	0	0	0	0	0	CPA, Honesty CPA Firm	CPA, Honesty CPA Firm Independent Director, Evergreen Steel Corporation	None	None	None	Remarks 1.
Independent Director	R.O.C.	Alan Yu	Male 61-70 Years Old	08.05.2021	3	109.06.19	0	0	0	0	0	0	0	0	CEO Asia, Cyber Group Executive Director, Beijing ZZNode Technologies Co., Ltd. Chief Technology Officer of Asia Pacific, HP Inc. President, Nanjing Greast Broadband Communication Technology Co., Ltd. President, Business Unit of Cisco	Representative of the Director, D-Link Corporation	None	None	None	None

Description 1: Ms. Shuling Lin was previously one of the directors of the Company during June 19, 2009 to June 8, 2015. Since August 5, 2021, she has become an independent director of the Company.

Note 1: For an institutional shareholder, the name of institutional shareholder and the representative shall be listed separately (the name of the institutional shareholder shall be given for the representative of such institutional shareholder), and the shareholder shall be included in Table 1 below.

Note 2: The actual age shall be indicated; it may be shown in age intervals, i.e., 41-50 years old or 51-60 years old.

Note 3: The time of becoming the Company’s director or supervisor for the first time shall be provided. When there is any termination of appointment, the information shall be noted.

Note 4: The experience related to the current position shall be indicated. If the person was an employee of a CPA firm or an affiliate during the aforementioned period, the title and responsibilities thereof shall be stated.

Note 5: If the Chairman and President, or any other equivalents (senior management), are the same person, or spouse or relative within the first degree of kinship with each other, the information of the reason, reasonableness, necessity, and corresponding measures (e.g., increasing the number of independent directors, and having a majority of directors that do not work as employees or managers of the Company, etc.) shall be provided.

2-1. Major Shareholders of Institutional Shareholders: (Table 1)

April 22, 2023

Name of Institutional Shareholder (Note 1)	Major Shareholders of Institutional Shareholder (Note 2)			
YANGTEK CORPORATION	Steve Yang	10.84%	I-Chun Yang	11.76%
	Lawrence Yang	22.34%	I-Yen Yang	11.8%
	Luxury Flourish International Ltd.	9.2%	I-Te Yang	10.7%
	I-Hsuan Yang	11.93%		
	I-Wei Yang	11.43%		
Chuan Kai Investment Co., Ltd.	Glen Chu	16.63%	Peng-Wen Chu	31.1%
	Pei-Chieh Lee	20.63%		
	Chun-Hsuan Chu	31.63%		

Note 1: If any of the major shareholders listed in Table 1 are an institution, the name of the institution must be provided.

Note 2: Name the major shareholders (the top 10 owners) of the institutional shareholders and their shareholding percentage.

Note 3: Where the institutional shareholder is not a company, the names of the shareholders and their shareholding percentage mentioned above refer to the names of the investors or contributors (please refer to the announcement and inquiry results of the Judicial Yuan if needed) and the percentage of their investment or contribution. If a contributor has passed away, the contributor shall be specified as “deceased”.

3. Professional Qualifications of Directors and Supervisors, and Information on the Independence of Independent Directors:

Note: As the Company has set up the Audit Committee, there are no supervisors.

(1) None of the circumstances under Article 30 of the Company Act are applicable to Board members;

Criteria / Name	Professional Qualifications and Experience (Note 1)	Compliance With Independence Requirements (Note 2)	Number of Other Public Companies Where the Person Concurrently Acts as an Independent Director
YANGTEK CORPORATION Rep.: Steve Yang	The person possesses good leadership skills, abilities of operational judgment and business management, knowledge of the industry, and an understanding of international markets.	1. The person is a director of the Company or any of its affiliates. 2. The person holds shares of the Company.	0
Chuan Kai Investment Co., Ltd. Rep.: Glen Chu	The person possesses good leadership skills, abilities of operational judgment and business management, knowledge of the industry, and an understanding of international markets.	1. The person is a director of the Company or any of its affiliates. 2. The person holds shares of the Company.	0
Alex Huang	The person possesses good leadership skills, abilities of operational judgment and business management, and knowledge of product R&D.	1. The person is a director of the Company or any of its affiliates. 2. The person holds shares of the Company.	0
Lawrence Yang	The person possesses good leadership skills, abilities of operational judgment and business management, knowledge of the industry, and an understanding of international markets.	1. The person is a director of the Company or any of its affiliates. 2. The person holds shares of the Company.	0
Yinchun Chuang	1. The person possesses IT knowledge, ability of software operation management, and an understanding of international markets. 2. None of the circumstances under Article 30 of the Company Act are applicable.	1. The person and his/her spouse or relatives within the second degree of kinship are not directors, supervisors, or employees of the Company or any of its affiliates. 2. The person and his/her spouse or relatives within the second degree of kinship do not hold shares of the Company. 3. The person is not a director, supervisor, or employee of	0

Criteria / Name	Professional Qualifications and Experience (Note 1)	Compliance With Independence Requirements (Note 2)	Number of Other Public Companies Where the Person Concurrently Acts as an Independent Director
		any companies in a special relationship with the Company. 4. The person did not provide the Company or any of its affiliates with commercial, legal, financial, accounting, or related services in the most recent two years.	
Shuling Lin	1. The person possesses abilities of finance, accounting, and financial affairs, and has the professional qualifications of a CPA and a patent agent. 2. The person is currently a CPA of Honesty CPA Firm. 3. None of the circumstances under Article 30 of the Company Act are applicable.	1. The person and his/her spouse or relatives within the second degree of kinship are not directors, supervisors, or employees of the Company or any of its affiliates. 2. The person and his/her spouse or relatives within the second degree of kinship do not hold shares of the Company. 3. The person is not a director, supervisor, or employee of any companies in a special relationship with the Company. 4. The person did not provide the Company or any of its affiliates with commercial, legal, financial, accounting, or related services in the most recent two years.	0
Alan Yu	1. The person possesses abilities of operational judgment and business management, and an understanding of international markets. 2. The person is currently a director of D-Link Corporation. 3. None of the circumstances under Article 30 of the Company Act are applicable.	1. The person and his/her spouse or relatives within the second degree of kinship are not directors, supervisors, or employees of the Company or any of its affiliates. 2. The person and his/her spouse or relatives within the second degree of kinship do not hold shares of the Company. 3. The person is not a director, supervisor, or employee of any companies in a special relationship with the Company.	0

Criteria / Name	Professional Qualifications and Experience (Note 1)	Compliance With Independence Requirements (Note 2)	Number of Other Public Companies Where the Person Concurrently Acts as an Independent Director
		4. The person did not provide the Company or any of its affiliates with commercial, legal, financial, accounting, or related services in the most recent two years.	

4. Diversity and Independence of the Board of Directors:

4-1-1. Diversity of the Board of Directors:

To enhance corporate governance, it is set forth in the Company's "Corporate Governance Best Practice Principles" that diversity shall be taken into account for the formation of the Board of Directors. That is, gender, age, nationality, and culture, etc. shall not be included in the criteria. All members of the Board shall possess the knowledge, skills, and competence necessary to perform their duties. To achieve the goal of ideal corporate governance, the Board of Directors shall, on the whole, possess the following abilities:

1. Ability to make operational judgments.
2. Ability to perform accounting and financial analysis.
3. Ability to perform business management.
4. Ability to handle crises.
5. Knowledge of industry.
6. Understanding of international markets.
7. Ability to lead.
8. Ability to make decisions.

4-1-2. The Board members of CviLux have complete and diverse experience:

The Chairman of the Board of Directors, Director Steve Yang, is the founder of the Company. As a pillar of CviLux, he has an international perspective and sticks to the philosophy of corporate sustainability, placing more emphasis on the interests of the Company than on his personal interests. The man has much to do with CviLux's ability to continually make new business performance records.

The Board member, Director Glen Chu, is a senior employee that experienced the early stages of investing in overseas factory establishment with the Company. Undoubtedly, he has made significant contribution to the scale and benefits of CviLux's manufacturing and production.

The Board member, Director Alex Huang, is the leader of the Company's R&D Center. With his expertise and professionalism, he leads the R&D Center to research fully into the technologies and molds, develop new products, and thereby attract more customers in the industry.

The Board member, Director Lawrence Yang, is the highest representative of our marketing operations. Born in the 1980s, he has a special mindset and leadership style that bring vitality to the Company. He plays a leading role in the sales distribution planning, customer development, and customer relationship management; his leadership is even shown in the management of factory affairs and establishment of a business model.

The Board member, Director Yinchun Chuang, was formerly a vice president of technology in a multinational software company. With such experience, he can give us practical suggestions on corporate information security and software development.

To pursue an international mindset and the diversity of members for the operation of the Board of Directors, the female member, Director Shuling Lin, joined the Board in 2021. As a CPA, she offers CviLux professional suggestions concerning financial and tax planning, financial risks, and utilization of funds. In addition, Director Alan Yu, a former professional managerial officer in a well-known network technology company in Silicon Valley, also joined the Board. He provides advice and instruction on product development, transformation, and even the operational practices of the subsidiary in the U.S.

4-1-3. Specific management objectives of the diversity policy:

To ensure a sound Board structure, the diversity objectives of the Board of Directors are set to one female director at minimum and a percentage of more than 50% for independent directors. Female Board members joined the Board of Directors in 2021 and the first objective was achieved. We will try our best to have more independent directors join the Board of Directors to achieve the second objective.

4-1-4. Implementation status of the diversity policy for the Board of Directors:

Title	Chairman	Director			Independent Director		
Name	Steve Yang	Lawrence Yang	Glen Chu	Alex Huang	Shuling Lin	Yinchun Chuang	Alan Yu
Gender	Male	Male	Male	Male	Female	Male	Male
Age	71-75	41-45	61-65	56-60	56-60	66-70	61-65
Concurrently acting as an employee	V	V	V	V			
Service length of independent directors					2	7	2
Professional background							
Industrial experience	V	V	V	V		V	V

Marketing	V	V	V			V	V
Finance					V		
Professional Knowledge and Skills							
Ability to make operational judgments	V	V	V	V	V	V	V
Ability to perform business management	V	V	V	V	V	V	V
Ability to handle crises.	V	V	V	V	V	V	V
Understanding of international markets	V	V	V	V	V	V	V
Ability to lead and make decisions	V	V	V	V	V	V	V

4-2-1. Independence of the Board of Directors:

None of the circumstances under Article 30 of the Company Act are applicable to Board members. Save that Director Steve Yang and Director Lawrence Yang have a father-and-son relationship (2 seats). None of the circumstances specified in Article 26-3 Paragraph 3 (a spousal relationship or a familial relationship within the second degree of kinship exists among more than half of the directors) and Paragraph 4 (no spousal relationship or familial relationship within the second degree of kinship shall exist between supervisors or between a supervisor and a director) of the Securities and Exchange Act occur to the rest 5 seats.

4-2-2. All the independent directors meet the requirements of the relevant regulations established by the Financial Supervisory Commission. The independence is described as follows:

Name	Whether the person and his/her spouse or relatives within the second degree of kinship are directors, supervisors, or employees of the Company or any of its affiliates	The number and percentage of the Company's shares held by the person and his/her spouse or relatives within the second degree of kinship (or in the names of others)	Whether the person is a director, supervisor, or employee of any companies in a special relationship with the Company	The compensation and amount received for providing the Company or affiliates with commercial, legal, financial, accounting, or related services in the most recent two years Amount
Shuling Lin	No	None	No	None
Yinchun Chuang	No	None	No	None
Alan Yu	No	None	No	None

(II)Information on Presidents, Vice Presidents, Assistant Vice Presidents, and Departmer

April 22, 2023 (last day for sl

Title (Note 1)	Nationality	Name	Gender	Date Elected (appointed)	Held by the Shareholder		Shares Held by Spouse or Minor Children		Shares Held in the Names of Others		Education and Experience (Note 2)	Concurrent Posts in Oth
					Number of Shares	Shareholding Ratio (%)	Number of Shares	Shareholding Ratio (%)	Number of Shares	Shareholding Ratio (%)		
CEO of the Group	R.O.C.	Lawrence Yang	Male	01.01.2017	691,849	0.88	0	0	0	0	Department of International Trade, Ming Chuan University Sales Representative, Mitsutech International Corporation Sales Representative, Sharp Electronic Components (Taiwan) Corp.	Supervisor, Dongguan Qunh Co., Ltd. Chairman, CviLux Technolo Corporation Director, CviCloud (SZ) Lin Director, YANG PLUS COR Executive Director, Anhui C Technology Co., Ltd.
President of the Group, and President of Wire and Cable Business Unit	R.O.C.	Glen Chu	Male	05.01.2010	1,954,824	2.48	364,817	0.46	0	0	Department of Business Administration, Tunghai University Sales Representative, Long Jie Co., Ltd.	Responsible Person and Dir Investment Co., Ltd. Director, CviLux Electronic Co., Ltd. Director, Dongguan Qunhar Ltd. President, CviLux Technolo Ltd. Chairman, CviLux Technolo Corporation Director, CviLux Technolog Corporation Manager, Anhui CviLux Tec Ltd.
President of Connector Business Unit	R.O.C.	Alex Huang	Male	01.01.2003	638,233	0.81	89,275	0.11	0	0	Section of Design, Department of Mechanical Engineering, Lee-Ming Institute of Technology Product Engineer, Long Jie Co., Ltd. R&D Officer, Inalways Corporation	Director, CviLux Electronic Co., Ltd. Director, Dongguan Qunhar Ltd. Director, CviLux Technolog Ltd. Director, CviLux Technolog Corporation
Assistant Vice President	R.O.C.	Johnson Hsu	Male	08.01.2008	25,100	0.03	0	0	0	0	EMBA, National Chengchi University Assistant Manager, Chicony Electronics Co., Ltd.	Representative of Institution CviLux Electronics (Donggu Representative of Institution CviLux Technology (Chong Corporation Representative of Institution Anhui CviLux Technology C Representative of Institution CviLux Technology (Shenzh
Assistant Vice President	R.O.C.	Keng-Sheng Tsai	Male	08.01.2022	44,681	0.06	0	0	0	0	Lunghwa Institute of Technology Manager, CviLux R&D	None

Title (Note 1)	Nationality	Name	Gender	Date Elected (appointed)	Held by the Shareholder		Shares Held by Spouse or Minor Children		Shares Held in the Names of Others		Education and Experience (Note 2)	Concurrent Posts in Other Companies	Managerial Official in a Spousal Relationship or Within the Second Degree of Kinship			Note (Note 3)
					Number of Shares	Shareholding Ratio (%)	Number of Shares	Shareholding Ratio (%)	Number of Shares	Shareholding Ratio (%)			Title	Name	Relationship	
											Department Dong Lung Industrial Co., Ltd.					
Assistant Vice President	R.O.C.	Hsien-Yu Chiu	Male	08.01.2022	6,029	0.01	0	0	0	0	Department of International Trade, Hsing Wu University R&D Assistant Vice President, P-TWO Industrial Inc.	None	None	None	None	None
Manager, Finance Department	R.O.C.	Weiling Yuan	Female	07.01.2013	11,990	0.02	0	0	0	0	EMBA, Soochow University Senior Auditor, Deloitte Taiwan	Representative of Institutional Supervisor, CviCloud Corporation Representative of Institutional Supervisor, CviMall International Corporation Representative of Institutional Supervisor, Shanghai Han Duo Trading Co., Ltd.	None	None	None	None
Manager, Audit Office	R.O.C.	Lucy Chen	Female	10.01.2014	12,856	0.02	0	0	0	0	Department of Business Administration, Tamsui Vocational High School Manager, CviLux Corporation	None	None	None	None	None
Manager, Management Department	R.O.C.	Tracy Hsu	Female	01.01.2018	47,954	0.06	10,123	0.01	0	0	Department of Business Administration, Taipei City University of Science and Technology Manager, CviLux Corporation	Director, CviMall International Corporation	None	None	None	None
Chief Corporate Governance Officer/Manager	R.O.C.	Maggie Wang	Female	03.01.2020	4,558	0.01	0	0	0	0	Department of Bank and Insurance, Chihlee University of Technology Capital Securities Corporation	None	None	None	None	None

Note 1: This shall include the information on presidents, vice presidents, assistant vice presidents, and department and branch managers. The information on any other person in a position equivalent to president, vice president, or assistant vice president shall also be disclosed regardless of the title.

Note 2: The experience related to the current position shall be indicated. If the person was an employee of a CPA firm or an affiliate during the aforementioned period, the title and responsibilities thereof shall be stated.

Note 3: If the Chairman and President, or any other equivalents (senior management), are the same person, or spouse or relative within the first degree of kinship with each other, the information about the reason, reasonableness, necessity, and corresponding measures (e.g., increasing the number of independent directors, and having a majority of directors that do not work as employees or managers of the Company, etc.) shall be disclosed.

III. Remuneration Paid to Directors, Presidents, and Vice Presidents in the Most Recent Year

(I) Remuneration Paid to the Directors, Presidents, and Vice Presidents of the Company in the Most Recent Year (disclosure of names and remuneration payment methods)

Remuneration to Directors and Independent Directors

December 31, 2022; Unit: NT$ thousand

Title	Name	Remuneration to Directors									
		Compensation (A) (Note 2)		Pension (B)		Director Remuneration (C) (Note 3)		Business Expenses (D) (Note 4)		Sum of A, B, C and D, and the Percentage of Net Income After Tax (Note 10)	
		The Company	All Companies Included in the Financial Statements (Note 7)	The Company	All Companies Included in the Financial Statements (Note 7)	The Company	All Companies Included in the Financial Statements (Note 7)	The Company	All Companies Included in the Financial Statements (Note 7)	The Company	All Companies Included in the Financial Statements
Director	YANGTEK CORPORATION Rep.: Steve Yang	-	-	-	-	4,928	4,928	48	48	4,976 1.50%	4,976 1.50%
Director	Chuan Kai Investment Co., Ltd. Rep.: Glen Chu	-	-	-	-	2,405	2,405	42	42	2,447 0.74%	2,447 0.74%
Director	Alex Huang	-	-	-	-	1,242	1,242	48	48	1,290 0.39%	1,290 0.39%
Director	Lawrence Yang	-	-	-	-	1,715	1,715	42	42	1,757 0.53%	1,757 0.53%
Independent Director	Shuling Lin	624	624	-	-	-	-	108	108	732 0.22%	732 0.22%
Independent Director	Yinchun Chuang	516	516	-	-	-	-	108	108	624 0.19%	624 0.19%
Independent Director	Alan Yu	516	516	-	-	-	-	102	102	618 0.19%	618 0.19%

Title	Title	Remuneration in the Capacity as Employees								Sum of A, B, C, D, E, F and G, and the Percentage of Net Income After Tax (Note 10)		Remuneration Received From Investees Other Than Subsidiaries (Note 11)
		Salary, Bonus, and Special Disbursement (E) (Note 5)		Pension (F)		Employee Remuneration (G) (Note 6)						
		The Company	All Companies Included in the Financial Statements (Note 7)	The Company	All Companies Included in the Financial Statements (Note 7)	The Company		All Companies Included in the Financial Statements (Note 7)		The Company	All Companies Included in the Financial Statements	
Director	YANGTEK CORPORATION Rep.: Steve Yang	6,101	6,101	-	-	2,189	-	2,189	-	13,266 4.00%	13,266 4.00%	None
	Chuan Kai Investment Co., Ltd. Rep.: Glen Chu	4,698	4,698	108	108	1,721	-	1,721	-	8,974 2.71%	8,974 2.71%	None
	Alex Huang	4,037	4,037	108	108	1,721	-	1,721	-	7,156 2.16%	7,156 2.16%	None
	Lawrence Yang	4,018	4,018	108	108	1,721	-	1,721	-	7,604 2.29%	7,604 2.29%	None
Independent Director	Shuling Lin	-	-	-	-	-	-	-	-	732 0.22%	732 0.22%	None
	Yinchun Chuang	-	-	-	-	-	-	-	-	624 0.19%	624 0.19%	None
	Alan Yu	-	-	-	-	-	-	-	-	618 0.19%	618 0.19%	None

Description 1: The figures are the amount of director remuneration in the most recent year resolved by the Board of Directors before the shareholders' meeting for the proposal of earnings distribution.

Description 2: The figures are the amount of employee bonuses in the most recent year resolved by the Board of Directors before the shareholders' meeting for the proposal of earnings distribution. When it is impossible to forecast the same, the amount to be distributed for the year shall be calculated based on the actual distribution ratio in the previous year.

Description 3: The net income after tax in 2022 was NTD 331,508 thousand.

Description 4: The pension is the actual amount paid in the most recent year.

Breakdown of Remuneration

Breakdown of Remuneration to the Company's Directors	Names of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company (Note 8)	All Companies Included in the Financial Statements (Note 9) H	The Company (Note 8)	All Companies Included in the Financial Statements (Note 9) I
Less Than NTD 1,000,000	Shuling Lin, Ying-Chun Chuang, Alan Yu	Shuling Lin, Ying-Chun Chuang, Alan Yu	Shuling Lin, Ying-Chun Chuang, Alan Yu	Shuling Lin, Ying-Chun Chuang, Alan Yu
NTD 1,000,000 (inclusive) - NTD 2,000,000 (not inclusive)	Alex Huang, Lawrence Yang	Alex Huang, Lawrence Yang	None	None
NTD 2,000,000 (inclusive) - NTD 3,500,000 (not inclusive)	Representative of Chuan Kai Investment Co., Ltd.: Glen Chu	Representative of Chuan Kai Investment Co., Ltd.: Glen Chu	None	None
NTD 3,500,000 (inclusive) - NTD 5,000,000 (not inclusive)	Representative of YANGTEK CORPORATION: Steve Yang	Representative of YANGTEK CORPORATION: Steve Yang	None	None
NTD 5,000,000 (inclusive) - NTD 10,000,000 (not inclusive)	None	None	Alex Huang, Lawrence Yang, Representative of Chuan Kai Investment Co., Ltd.: Glen Chu	Alex Huang, Lawrence Yang, Representative of Chuan Kai Investment Co., Ltd.: Glen Chu
NTD 10,000,000 (inclusive) - NTD 15,000,000 (not inclusive)	None	None	Representative of YANGTEK CORPORATION: Steve Yang	Representative of YANGTEK CORPORATION: Steve Yang
NTD 15,000,000 (inclusive) - NTD 30,000,000 (not inclusive)	None	None	None	None
NTD 30,000,000 (inclusive) - NTD 50,000,000 (not inclusive)	None	None	None	None
NTD 50,000,000 (inclusive) - NTD 100,000,000 (not inclusive)	None	None	None	None
More Than NTD 100,000,000	None	None	None	None
Total	7 Persons	7 Persons	7 Persons	7 Persons

Note 1: The names of directors shall be stated separately (the name and the representative of an institutional shareholder shall be listed separately) with the identity of directors and independent directors specified, and each amount paid shall be compiled and disclosed.

Note 2: This refers to the compensation to directors (including the salary, duty allowance, severance pay, bonuses, incentives, etc. for directors) in the most recent year.

Note 3: The figures are the amount of director remuneration distributed based on the resolution of the Board in the most recent year.

Note 4: This refers to the business expenses for directors (including travel allowance, special disbursement, various allowances, accommodation, company car, and physical offers, etc.) in the most recent year. When there are expenses for housing, car or other transportation tools, or specialized personal expense, the nature and cost of the provided asset, the rent calculated according to the actual or fair market price, gasoline fee, and other payments shall be disclosed. In addition, when a driver is involved, the compensation paid to said driver by the Company shall be noted but excluded from the remuneration.

Note 5: This refers to the salary, duty allowance, severance pay, bonuses, incentives, travel allowance, special disbursement, various allowances, accommodation, company car, and physical offers, etc. received by the directors who are also employed in the capacity as an employee (concurrently serving as a president, vice president, other managerial officer, and employee) in the most recent year. When there are expenses for housing, car or other transportation tools, or specialized personal expense, the nature and cost of the provided asset, the rent calculated according to the actual or fair market price, gasoline fee, and other payments shall be disclosed. In addition, when a driver is involved, the compensation paid to said driver by the Company shall be noted but excluded from the remuneration. Moreover, the payroll expenses listed in the IFRS 2 Share-based Payment, including employee stock options, restricted stock awards, and shares from follow-on offerings, shall be covered in the remuneration as well.

Note 6: This refers to the employee remuneration (in shares and in cash) received by directors who are also employed in the capacity as an employee (concurrently serving as a president, vice president, other managerial officer, and employee) in the most recent year, and the amount of employee remuneration distributed based on the resolution of the Board in the most recent year shall be disclosed. If it is impossible to forecast the same, the amount to be distributed for the year shall be calculated based on the actual distribution ratio in the previous year.

Note 7: The total amount of each remuneration item to the Company's directors paid by the companies in the consolidated statements (including the Company) shall be disclosed.

Note 8: This refers to the sum of remuneration items paid by the Company to each director, and the names of directors shall be disclosed in the ranges of remuneration they fall into.

Note 9: The sum of remuneration items paid by the companies in the consolidated statements (including the Company) to the Company's directors shall be disclosed, with the names of directors provided in the ranges of remuneration they fall into.

Note 10: The net income after tax refers to the net income after tax in the separate or individual financial statements for the most recent year.

Note 11: a. The amount of remuneration received by the directors from investees other than subsidiaries or from the parent company shall be specified in this column (fill in "none" when there is no such amount).

b. The remuneration received by the Company's directors from investees other than subsidiaries or from the parent company, if any, shall be included in Column I of the breakdown of remuneration, with the column renamed to "Parent Company and All Investees".

c. The remuneration refers to the compensation, remuneration (including that for employees, directors, and supervisors), and payments for business expenses received by the Company's directors as directors, supervisors, or managerial officers of the investees other than subsidiaries or of the parent company.

* The remuneration disclosed herein is different from the term "income" as defined in the Income Tax Act; this table is for information disclosure, and not for taxation purposes.

Remuneration to Presidents and Vice Presidents

December 31, 2022; Unit: NT$ thousand

Title	Name	Salary (A) (Note 2)		Pension (B)		Bonus, and Special Disbursement (C) (Note 3)		Employee Remuneration (D) (Note 4)				Sum of A, B, C, and D, and the Percentage of Net Income After Tax (%) (Note 8)		Remuneration From Investees Other Than Subsidiaries, or From the Parent Company (Note 9)
		The Company	All Companies Included in the Financial Statements (Note 5)	The Company	All Companies Included in the Financial Statements (Note 5)	The Company	All Companies Included in the Financial Statements (Note 5)	The Company		All Companies Included in the Financial Statements (Note 5)		The Company	All Companies Included in the Financial Statements	
								Amount Paid Amount	Amount Paid Amount	Amount Paid Amount	Amount Paid Amount			
CEO	Steve Yang	4,592	4,592	-	-	1,509	1,509	2,189	-	2,189	-	8,290 2.50%	8,290 2.50%	None
President	Glen Chu	3,654	3,654	108	108	1,044	1,044	1,721	-	1,721	-	6,527 1.97%	6,527 1.97%	None
President	Alex Huang	3,101	3,101	108	108	936	936	1,721	-	1,721	-	5,866 1.77%	5,866 1.77%	None
President	Lawrence Yang	2,892	2,892	108	108	1,126	1,126	1,721	-	1,721	-	5,847 1.76%	5,847 1.76%	None

Description 1: The figures are the amount of employee bonuses distributed to the presidents and vice presidents in the most recent year resolved by the Board of Directors before the shareholders' meeting for the proposal of earnings distribution. When it is impossible to forecast the same, the amount to be distributed for the year shall be calculated based on the actual distribution ratio in the previous year.

Description 2: The net income after tax in 2022 was NTD 331,508 thousand.

Description 3: The pension is the actual amount paid in the most recent year.

* Regardless of the title, any person in a position equivalent to president or vice president (i.e., general manager, CEO, director, etc.) shall also be disclosed.

Breakdown of Remuneration

Breakdown of Remuneration to the Company's Presidents and Vice Presidents	Names of Presidents and Vice Presidents	
	The Company (Note 6)	All Companies Included in the Financial Statements (Note 7) E
Less Than NTD 1,000,000	None	None
NTD 1,000,000 (inclusive) - NTD 2,000,000 (not inclusive)	None	None
NTD 2,000,000 (inclusive) - NTD 3,500,000 (not inclusive)	None	None
NTD 3,500,000 (inclusive) - NTD 5,000,000 (not inclusive)	None	None
NTD 5,000,000 (inclusive) - NTD 10,000,000 (not inclusive)	Lawrence Yang, Alex Huang, Glen Chu, Steve Yang	Lawrence Yang, Alex Huang, Glen Chu, Steve Yang
NTD 10,000,000 (inclusive) - NTD 15,000,000 (not inclusive)	None	None
NTD 15,000,000 (inclusive) - NTD 30,000,000 (not inclusive)	None	None
NTD 30,000,000 (inclusive) - NTD 50,000,000 (not inclusive)	None	None
NTD 50,000,000 (inclusive) - NTD 100,000,000 (not inclusive)	None	None
More Than NTD 100,000,000	None	None
Total	4 Persons	4 Persons

Note 1: The names of presidents and vice presidents shall be stated separately, and each amount paid shall be compiled and disclosed.

Note 2: This refers to the salary, duty allowance, and severance pay received by the presidents and vice presidents in the most recent year.

Note 3: This refers to the amount of bonuses, incentives, travel allowance, special disbursement, various allowances, accommodation, company car, and physical offers, and other compensation received by the presidents and vice presidents in the most recent year. When there are expenses for housing, car or other transportation tools, or specialized personal expense, the nature and cost of the provided asset, the rent calculated according to the actual or fair market price, gasoline fee, and other payments shall be disclosed. In addition, when a driver is involved, the compensation paid to said driver by the Company shall be noted but excluded from the remuneration. Moreover, the payroll expenses listed in the IFRS 2 Share-based Payment, including employee stock options, restricted stock awards, and shares from follow-on offerings, shall be covered in the remuneration as well.

Note 4: The amount of employee remuneration (in shares and in cash) distributed to the presidents and vice presidents based on the resolution of the Board in the most recent year shall be specified. If it is impossible to forecast the same, the amount to be distributed for the year shall be calculated based on the actual distribution ratio in the previous year.

Note 5: The total amount of each remuneration item to the Company's presidents and vice presidents paid by the companies in the consolidated statements (including the Company) shall be disclosed.

Note 6: This refers to the sum of remuneration items paid by the Company to each president and vice president, and the names of presidents and vice presidents shall be disclosed in the ranges of remuneration they fall into.

Note 7: The sum of remuneration items paid by the companies in the consolidated statements (including the Company) to the Company's presidents and vice presidents shall be disclosed, with the names of presidents and vice presidents provided in the ranges of remuneration they fall into.

Note 8: The net income after tax refers to the net income after tax in the separate or individual financial statements for the most recent year.

Note 9: a. The amount of remuneration received by the presidents and vice presidents from investees other than subsidiaries or from the parent company shall be specified in this column (fill in "none" when there is no such amount).

b. The remuneration received by the Company's presidents and vice presidents from investees other than subsidiaries or from the parent company, if any, shall be included in Column E of the breakdown of remuneration, with the column renamed to "Parent Company and All Investees".

c. The remuneration refers to the compensation, remuneration (including that for employees, directors, and supervisors), and payments for business expenses received by the Company's presidents and vice presidents as directors, supervisors, or managerial officers of the investees other than subsidiaries or of the parent company.

* The remuneration disclosed herein is different from the term "income" as defined in the Income Tax Act; this table is for information disclosure, and not for taxation purposes.

Remuneration of the Officers of the TWSE/TPEx Listed Company With the Five Highest Remunerations (Note 1)

December 31, 2022; Unit: NT$ thousand

Title	Name	Salary (A) (Note 2)		Pension (B)		Bonus and Special Disbursement (C) (Note 3)		Employee Remuneration (D) (Note 4)				Sum of A, B, C, and D, and the Percentage of Net Income After Tax (%) (Note 8)		Remuneration From Investees Other Than Subsidiaries, or From the Parent Company (Note 9)
		The Company	All Companies Included in the Financial Statements (Note 5)	The Company	All Companies Included in the Financial Statements (Note 5)	The Company	All Companies Included in the Financial Statements (Note 5)	The Company		All Companies Included in the Financial Statements (Note 5)		The Company	All Companies Included in the Financial Statements	
								Amount Paid in Cash	Amount Paid in Shares	Amount Paid in Cash	Amount Paid in Shares			
CEO	Steve Yang	4,592	4,592	-	-	1,509	1,509	2,189	-	2,189	-	8,290 2.50%	8,290 2.50%	None
President	Glen Chu	3,654	3,654	108	108	1,044	1,044	1,721	-	1,721	-	6,527 1.97%	6,527 1.97%	None
President	Alex Huang	3,101	3,101	108	108	936	936	1,721	-	1,721	-	5,866 1.77%	5,866 1.77%	None
President	Lawrence Yang	2,892	2,892	108	108	1,126	1,126	1,721	-	1,721	-	5,847 1.76%	5,847 1.76%	None
Assistant Vice President	Johnson Hsu	1,620	1,620	99	99	480	480	669	-	669	-	2,868 0.87%	2,868 0.87%	None

Note 1: Regarding the term of “officers with the five highest remunerations”, the officers refer to the managerial officers of the Company. The definition of managerial officers is subject to the scope of “managerial officers” specified in Letter Tai-Tsai-Zheng-III-Zi No. 0920001301 dated March 27, 2003 of the former Securities and Futures Commission, Ministry of Finance. As for the principle for the calculation and determination of the “officers with the five highest remunerations”, the total amount of salary, pension, bonus, and special disbursement, etc. received by the managerial officers from the companies in the consolidated financial statements and the employee remuneration (i.e., sum of A+B+C+D) are taken as the basis; the results are then ranked in order to determine the officers with the five highest remunerations. If a director concurrently acts as any one of the aforementioned officers, it shall be listed in this table and the previous table (1-1).

Note 2: This refers to the salary, duty allowance, and severance pay received by the officers with the five highest remunerations in the most recent year.

Note 3: This refers to the amount of bonuses, incentives, travel allowance, special disbursement, various allowances, accommodation, company car and physical offers, and other compensation received by the officers with the five highest remunerations in the most recent year. When there are expenses for housing, car or other transportation tools, or specialized personal expense, the nature and cost of the provided asset, the rent calculated according to the actual or fair market price, gasoline fee, and other payments shall be disclosed. In addition, when a driver is involved, the compensation paid to said driver by the Company shall be noted but excluded from the remuneration. Moreover, the payroll expenses listed in the IFRS 2 Share-based Payment, including employee stock options, restricted stock awards, and shares from follow-on offerings, shall be covered in the remuneration as well.

Note 4: The amount of employee remuneration (in shares and in cash) distributed to the officers with the five highest remunerations based on the resolution of the Board in the most recent year shall be specified. If it is impossible to forecast the same, the amount to be distributed for the year shall be calculated based on the actual distribution ratio in the previous year, and Table 1-3 shall be filled in.

Note 5: The total amount of each remuneration item to the Company's officers with the five highest remunerations paid by the companies in the consolidated statements (including the Company) shall be disclosed.

Note 6: The net income after tax refers to the net income after tax in the separate or individual financial statements for the most recent year.

Note 7: a. The amount of remuneration received by the officers with the five highest remunerations from investees other than subsidiaries or from the parent company shall be specified in this column (fill in "none" when there's no such amount).

b. The remuneration refers to the compensation, remuneration (including that for employees, directors, and supervisors), and payments for business expenses received by the Company's officers with the five highest remunerations as directors, supervisors, or managerial officers of the investees other than subsidiaries or of the parent company.

* The remuneration disclosed herein is different from the term "income" as defined in the Income Tax Act; this table is for information disclosure, and not for taxation purposes.

(II) Names of the Managerial Officers Entitled to Employee Remuneration, and Status of the Distribution

Names of the Managerial Officers Entitled to Employee Remuneration, and Status of the Distribution

December 31, 2022; Unit: NTD thousand

	Title	Name	Amount Paid in Shares	Amount Paid in Cash	Total	As a Percentage of Net Income After Tax (%)
Managerial Officer	CEO	Steve Yang	0	10,584	10, 584	3.19%
	President	Glen Chu				
	President	Alex Huang				
	President	Lawrence Yang				
	Assistant Vice President	Johnson Hsu				
	Assistant Vice President	Keng-Sheng Tsai				
	Assistant Vice President	Hsien-Yu Chiu				
	Chief Financial Officer	Weiling Yuan				
	Chief Corporate Governance Officer	Maggie Wang				

Note 1: This is the employee remuneration distributed to the managerial officers based on the resolution of the Board. When it is impossible to forecast it, the amount to be distributed for the year shall be calculated based on the actual distribution ratio in the previous year.

Note 2: The net income after tax in 2022 was NTD 331,508 thousand. For the data to which the International Financial Reporting Standards are applied, the net income after tax refers to the net income after tax in the separate or individual financial statements for the most recent year.

Note 3: According to Letter Tai-Tsai-Zheng-III-Zi No. 0920001301 dated March 27, 2003 of the Commission (Securities and Futures Commission), the scope of managerial officers is shown as follows:

(1) President and Persons in Equivalent Level
(2) Vice President and Persons in Equivalent Level
(3) Assistant Vice President and Persons in Equivalent Level
(4) Chief Financial Officer
(5) Chief Accounting Officer
(6) Other Persons Authorized to Manage and Sign For the Company

(III) Analysis of the total remuneration to directors (including independent director), presidents, and vice presidents of the Company paid by the Company and all the companies as a percentage of the net income after tax stated in the statements in the most recent two years, and description of the policies, standards, and portfolios for payment of the remuneration, the procedures for determining the remuneration, and the association with the operation performance and future risk exposure:

December 31, 2022

	Total Remuneration As a Percentage of Net Income After Tax (%)			
	2022		2021	
	The Company	All Companies Included in the Financial Statements	The Company	All Companies Included in the Financial Statements
Directors (including independent directors)	11.76%	11.76%	11.35%	11.35%
Presidents and Vice Presidents	8.00%	8.00%	7.56%	7.56%

The payment policy, standard and combination:

(1) Article 19 of the Company's Articles of Incorporation: Profits concluded by the Company in a fiscal year are subject to employee remuneration of 5%–12%, and director remuneration of no more than 3%. The Company also take the director performance evaluation results into account. Different remuneration to independent directors and directors may be determined. The remuneration to the independent director acting as the chair of a functional committee may have more remuneration than other independent directors.

(2) The remuneration to the managerial officers of the Company is determined in accordance with the Company's remuneration policy and the general level in the industry. The bonus is highly associated with the business performance of the Company and the personal work performance. The remuneration related to the personal performance of a managerial officer is calculated based on his/her annual performance indicators (including EPS, business achievement rate, ESG project achievement rate, and return of shareholders' equity). The remuneration system is subject to review depending on the actual business operation status and relevant laws and regulations.

IV. Corporate Governance

(I) Operation of the Board of Directors:

The Board of Directors held 7 meetings from January 1,2022 to December 31, 2022. The presence and attendance of the directors are described below:

Title	Name	Actual Number of Appearances (Attendance)	Number of Attendances by Proxy	Actual Appearance (Attendance) Rate (%)	Note
Chairman	YANGTEK CORPORATION Rep.: Steve Yang	7	0	100.00	None
Director	Chuan Kai Investment Co., Ltd. Rep.: Glen Chu	7	0	100.00	None
Director	Alex Huang	7	0	100.00	None
Director	Lawrence Yang	5	2	71.43	None
Independent Director	Shuling Lin	7	0	100.00	None
Independent Director	Yinchun Chuang	7	0	100.00	None
Independent Director	Alan Yu	7	0	100.00	None

Other matters to be specified:

I. Where any of the following circumstances occurs to any meeting of the Board of Directors, the date, term, and proposal of the meeting as well as the opinions of all the independent directors and actions taken by the Company on such opinions shall be specified:

(I) Matters Referred to in Article 14-3 of the Securities and Exchange Act:

Date/Term	Proposals	Opinions of all Independent Directors and Actions Taken by the Company on Such Opinions
03.23.2022 [The 6th Meeting of the 12th Term]	1.2021 Statement on Internal Control System. 2.Review of the amendment to the written "Internal Control System" of the Company. 3.Provision of endorsement/guarantee for the affiliate CviCloud Corporation. 4.Provision of endorsement/guarantee for the affiliate CviCloud Corporation. 5.Provision of endorsement/guarantee for the affiliate CviMall International Corporation.	The proposals were approved by all independent directors.
04.28.2022 [The 7th Meeting of the 12th Term]	1.Proposal for amendment of the Company's "Articles of Incorporation". 2.Proposal for amendment of the Company's "Procedure for Acquisition or Disposal of Assets" 3.Amendment to the "Rules of Procedure for Shareholders' Meetings" of the Company. 4.Proposal for amendment of the Company's "Corporate Governance Best Practice Principles". 5.Proposal for amendment of the Company's "Sustainable Development Best Practice Principles".	The proposals were approved by all independent directors.
05.06. 2022 [The 8th Meeting of the 12th Term]	1.Amendment to the written "Internal Control System" of the Company. 2.Loaning of funds amounting to USD1.50 million only to the fourth-tier subsidiary CviLux Lao Co., Ltd.	The proposals were approved by all independent directors.
08.05.2022 [The 10th meeting of the 12th term]	1.Amendment to the written "Internal Control System" of the Company. 2.Application for the limit of endorsement/guarantee for the subsidiary CviLux Electronics (Dongguan) Co., Ltd. 3.Application for the limit of endorsement/guarantee for the subsidiary, CviCloud (SZ) Limited. 4.Provision of endorsement/guarantee for the subsidiary CviLux Electronics (Dongguan) Co., Ltd. 5.Provision of endorsement/guarantee for the subsidiary CviCloud (SZ) Limited.	The proposals were approved by all independent directors.
11.04.2022 [The 11th Meeting of the 12th Term]	1.Proposal for amendment of the Company's "Rules of Procedure for Board of Directors Meetings" 2.Proposal for registration cancellation of the Company's third-tier subsidiary CviCloud Limited (Hong Kong) 3.Provision of endorsement/guarantee for the affiliate CviCloud Corporation. 4.Loaning of funds amounting to NTD 20 million only to the subsidiary CviMall International Corporation	The proposals were approved by all independent directors.
12.28.2022 [The 12th meeting of the 12th term]	1.Amendment to the written "Internal Control System" of the Company. 2.Loaning of funds amounting to USD1 million only to the fourth-tier subsidiary CviLux Lao Co., Ltd.	The proposals were approved by all independent directors.

	3.Loaning of funds amounting to USD100 thousand only to the subsidiary CviLux Korea Corporation 4.Proposal for establishment of the "Risk Management Policy and Procedure" and "Organizational Rules of Risk Management Committee".	
03.22.2023 [The 13th meeting of the 12th term]	1.2023 Statement on Internal Control System 2.Review of the amendment to the written "Internal Control System" of the Company. 3.Provision of endorsement/guarantee for the affiliate CviCloud Corporation. 4.Provision of endorsement/guarantee for the affiliate CviCloud Corporation. 5.Provision of endorsement/guarantee for the affiliate CviMall International Corporation.	The proposals were approved by all independent directors.

(II) In addition to the matters mentioned above, any resolution of the Board of Directors for which dissent or reservation is expressed by any independent director, and recorded in the minutes or a written statement: None.

II. Regarding the situation of a director's recusal of conflict of interest, the name of the director, proposal, reasons for the recusal, and participation in the voting shall be described:

(I) The 6th Meeting of the 12th Term of Board of Directors on March 23, 2022

1. Proposal: Renaming the Company's subsidiary, CVILUX USA Corporation, to CviLux North America Corporation, with Chu, Chun-Hsuan appointed to be the director and person in charge.
   Director(s) who sought to avoid conflict of interest: Glen Chu.
   Reasons for the recusal, and participation in the voting: As Director Glen Chu is a relative within the first degree of kinship with Mr. Chu, Chun-Hsuan Chu, he recused himself from the discussion according to Article 206 of the Company Act. None of the rest of the attending directors expressed dissent; the proposal was approved as proposed.
2. Proposal: Appointment of the Company's President, Glen Chu, as the President the Group and President of Wire and Cable Business Unit.
   Director(s) who sought to avoid conflict of interest: Glen Chu.
   Reasons for the recusal, and participation in the voting: As Glen Chu also served as the directors of the Company, he recused himself from the discussion according to Article 206 of the Company Act. None of the rest of the attending directors expressed dissent; the proposal was approved as proposed.
3. Proposal: Promotion of the Company's Senior Vice President, Alex Huang, to President of Connector Business Unit..
   Director(s) who sought to avoid conflict of interest: Alex Huang.
   Reasons for the recusal, and participation in the voting: As Alex Huang also served as the directors of the Company, he recused himself from the discussion according to Article 206 of the Company Act. None of the rest of the attending directors expressed dissent; the proposal was approved as proposed.
4. Proposal: Promotion of the Senior Vice President, Lawrence Yang, to Deputy CEO of the Company and President of Electronic Module Business Unit.
   Director(s) sought to avoid conflict of interest: Lawrence Yang.
   Reasons for the recusal, and participation in the voting: As Lawrence Yang also served as the directors of the Company, he recused himself from the discussion

according to Article 206 of the Company Act. None of the rest of the attending directors expressed dissent; the proposal was approved as proposed.

5. Proposal: Appointment of directors and supervisors for the Company's subsidiary CviMall International Corporation.

Director(s) sought to avoid conflict of interest: Steve Yang, Lawrence Yang.
Reasons for the recusal, and participation in the voting: Director Steve Yang and Director Lawrence Yang recused themselves from the discussion according to Article 206 of the Company Act to avoid a conflict of interest. None of the rest of the attending directors expressed dissent; the proposal was approved as proposed.

(II) The 12th Meeting of the 12th Term of Board of Directors on December 28, 2022

1. Proposal: Performance evaluation of CEO of the Company in 2022.
   Director(s) sought to avoid conflict of interest: Steve Yang, Lawrence Yang.
   Reasons for the recusal, and participation in the voting: Director Steve Yang and Director Lawrence Yang recused themselves from the discussion according to Article 206 of the Company Act to avoid a conflict of interest. None of the rest of the attending directors expressed dissent; the proposal was approved as proposed.
2. Proposal: Dismissal and appointment of the Company's CEO.
   Director(s) sought to avoid conflict of interest: Steve Yang, Lawrence Yang
   Reasons for the recusal, and participation in the voting: Director Steve Yang and Director Lawrence Yang recused themselves from the discussion according to Article 206 of the Company Act to avoid a conflict of interest. None of the rest of the attending directors expressed dissent; the proposal was approved as proposed.
3. Proposal: Appointment of a CSO for the Company.
   Director(s) sought to avoid conflict of interest: Steve Yang, Lawrence Yang
   Reasons for the recusal, and participation in the voting: Director Steve Yang and Director Lawrence Yang recused themselves from the discussion according to Article 206 of the Company Act to avoid a conflict of interest. None of the rest of the attending directors expressed dissent; the proposal was approved as proposed.

III. A TWSE/TPEx listed company shall disclose the frequency, period, scope, method, and items of evaluation for the self-evaluation (or peer evaluation) of its Board of Directors, and shall specify the information in Table - Evaluation of the Board of Directors.

Evaluation of the Board of Directors

Evaluation Frequency (Note 1)	Evaluation Period (Note 2)	Evaluation Scope (Note 3)	Evaluation Method (Note 4)	Evaluation Items (Note 5)
Once every 3 years	10.01.2021~ 09.30.2022	Performance Evaluation of the Board of Directors	Commissioned to an external professional institution	1. Composition and professional development of the Board of Directors 2. Decision-making quality of the Board of Directors 3. Operation performance of the Board of Directors 4. Internal control and risk management

				5. Extent to which the Board of Directors is involved in CSR
Once a Year	01.01.2022~ 12.31.2022	Performance Evaluation of the Board of Directors	Internal Self-evaluation of the Board of Directors	1. Participation in the operations of the Company. 2. Improvement of the quality of decision-making by the Board of Directors. 3. Composition and structure of the Board of Directors. 4. Election and continuing education of directors. 5. Internal control.
Once a Year	01.01.2022~ 12.31.2022	Performance Evaluation of the Individual Directors	Self-evaluation of Directors	1. Understanding of the goals and missions of the Company. 2. Awareness of the duties of a director. 3. Participation in the operations of the Company. 4. Internal relationship management and communication. 5. Professionalism and continuing education of directors. 6. Internal control.
Once a Year	01.01.2022~ 12.31.2022	Performance Evaluation of the Functional Committees	Self-evaluation of Directors	1. Participation in the operations of the Company. 2. Awareness of the duties of functional committees. 3. Improvement of the quality of decision-making by the functional committees. 4. Composition and appointment of the committee members. 5. Internal control.

Note 1: The frequency of the Board evaluations shall be indicated.
Note 2: The period of the Board evaluation shall be indicated.
Note 3: The scope of evaluation includes the performance evaluation of the Board of Directors, individual directors, and functional committees.
Note 4: The evaluation methods include the internal self-evaluation of the Board of Directors, self-evaluation of

directors, peer evaluation, performance evaluation commissioned to an external professional institution or experts, or other applicable methods.

Note 5: Depending on the evaluation scope, the evaluation items shall include at least the following:

(1) Performance Evaluation of the Board of Directors: Participation in the operations of the Company, quality of decision-making by the Board of Directors, composition and structure of the Board of Directors, election and continuing education of directors, and internal control.

(2) Performance Evaluation of the Individual Directors: Understanding of the goals and missions of the Company, awareness of the duties of a director, participation in the operations of the Company, internal relationship management and communication, professionalism and continuing education of directors, and internal control.

(3) Performance Evaluation of the Functional Committees: Participation in the operations of the Company, awareness of the duties of functional committees, quality of decision-making by the functional committees, composition and appointment of the committee members, and internal control.

IV. Evaluation of the goals (e.g., establishment of the Audit Committee, improvement of information transparency, etc.) and implementation with respect to enhancement of the function of the Board of Directors in the current and most recent year:

Goal With Respect to Enhancement of the Function of the Board of Directors	Implementation Status
Voluntary Establishment of the Audit Committee	The Company voluntarily established the Audit Committee on June 9, 2015. Clear and feasible organizational rules have been specifically developed and adopted.
Enhancement of the Independence of the Remuneration Committee	The independent directors act as the members of the Remuneration Committee to enhance the independence of the Remuneration Committee in a continuous manner.
Improvement of the Quality of Decision-making by the Board of Directors	The Company disseminates the information about relevant policies and regulations regularly and arranges for the Board members to take continuing education courses of professional institutions every year, in order to improve the quality of decision-making by the Board.
Regular Assessment of the Independence of the CPAs	The Company has the “Regulations Governing the Assessment and Performance Evaluation of CPAs” and periodically assesses the independence and competency of the CPAs, thereby ensuring the reliability of the Company’s financial statements.
Effectiveness of the Internal Control System and Risk Management	The chief auditor not only attends the Board meeting to report the implementation status of internal audits, but also supervises the implementation status of the Company’s internal control system and risk management.
Standard Operating Procedures for Handling Directors’ Requests	The standard operating procedures for handling the requests of directors have been developed to ensure a standardized process to handle the directors’ requests for information or assistance, so that it is less likely that the directors damage the rights of the investors due to any difficulty in performing their duties.
Appointment of a Chief Corporate Governance Officer	The Company appointed a chief corporate governance officer on July 11, 2019 to provide the information and necessary assistance required for the directors to perform their duties.
Establishment of Risk Management Committee	To set up a risk management mechanism and enhance the corporate governance, the Company set up the Risk Management Committee on December 28, 2022 and established the “Risk Management Policy and Procedure” and “Organizational Rules of Risk Management Committee” to follow.

(II) Operation of the Audit Committee:

The Audit Committee aims at supporting the Board of Directors to supervise the quality and integrity of the Company's implementation of audits, financial reporting procedures, and financial control.

The matters to be reviewed by the Audit Committee mainly include:

- Fair presentation of the Company's financial reports.
- Selection (release) of CPAs and their independence and performance.
- Effective implementation of internal control.
- Compliance with relevant laws and regulations.
- Control of the Company's existing or potential risks.

The Audit Committee met 6 times (A) in 2022, and the attendance of independent directors is as follows:

Title	Name	Actual Number of Attendances (B)	Number of Attendances by Proxy	Actual Attendance Rate (%) (B/A) (Note 1, Note 2)	Note
Independent Director	Shuling Lin	6	0	100%	None
Independent Director	Yinchun Chuang	6	0	100%	None
Independent Director	Alan Yu	6	0	100%	None

Note 1: Where an independent director resigns before the end date of the year, the date of resignation shall be specified in the Notes column, and the actual attendance rate (%) shall be calculated based on the number of Audit Committee meetings and his/her actual number of attendances during their period on the Board.

Note 2: Where the independent directors were re-elected before the end date of the year, the new and former independent directors shall both be specified, and the status of independent directors (resigned, newly elected, or re-elected) and the date of re-election shall be indicated in the Notes column. The actual attendance rate (%) shall be calculated based on the number of Audit Committee meetings and his/her actual number of attendance during their period on the board.

Other matters to be specified:

I. Where any of the following circumstances occurs to the operation of the Audit Committee, the date, term, and proposal of the Audit Committee meeting as well as the dissent, reservation, or major suggestion of any independent director, the Audit Committee resolution, and actions taken by the Company on the Audit Committee's opinions shall be specified.

(I) Matters Referred to in Article 14-5 of the Securities and Exchange Act:

Date/Term	Proposals	Opinions of all Independent Directors and Actions Taken by the Company on Such Opinions
03.23.2022 [The 4th Meeting of the 3rd Term]	1. The Company's 2021 consolidated financial statements and separate financial statements. 2. Review of the independence and performance evaluation of CPAs for 2021. 3. "2021 Statement on Internal Control System" of the Company. 4. Amendment to the written "Internal Control System" of the Company. 5. Provision of endorsement/guarantee for the affiliate CviCloud Corporation. 6. Provision of endorsement/guarantee for the affiliate CviCloud Corporation. 7. Provision of endorsement/guarantee for the affiliate CviMall International Corporation.	The proposals were approved by all independent directors.
04.28.2022 [The 5th Meeting of the 3rd Term]	1. Proposal for amendment of the Company's "Articles of Incorporation". 2. Proposal for amendment of the Company's "Procedure for Acquisition or Disposal of Assets". 3. Amendment to the "Rules of Procedure for Shareholders' Meetings" of the Company. 4. Proposal for amendment of the Company's "Corporate Governance Best Practice Principles". 5. Proposal for amendment of the Company's "Sustainable Development Best Practice Principles".	The proposals were approved by all independent directors.
Date/Term	Proposals	Opinions of all Independent Directors and Actions Taken by the Company on Such Opinions
05.06.2022 [The 6th Meeting of the 3rd Term]	1. The Company' 2022 Q1 consolidated financial statements. 2. Amendment to the written "Internal Control System" of the Company. 3. Loaning of funds amounting to USD1.50 million only to the fourth-tier subsidiary CviLux Lao Co., Ltd.	The proposals were approved by all independent directors.
08.05.2022 [The 7th Meeting of the 3rd Term]	1. The Company' 2022 Q2 consolidated financial statements. 2. Amendment to the written "Internal Control System" of the Company. 3. Application for the limit of endorsement/guarantee for the subsidiary CviLux Electronics (Dongguan) Co., Ltd. 4. Application for the limit of endorsement/guarantee for the subsidiary, CviCloud (SZ) Limited. 5. Provision of endorsement/guarantee for the subsidiary CviLux Electronics (Dongguan) Co., Ltd. 6. Provision of endorsement/guarantee for the subsidiary CviCloud (SZ) Limited.	The proposals were approved by all independent directors.
11.04.2022 [The 8th Meeting of the 3rd Term]	1. The Company' 2022 Q3 consolidated financial statements. 2. Proposal for amendment of the Company's "Rules of Procedure for Board of Directors Meetings". 3. Proposal for capital increase to the subsidiary CviCloud Corporation. 4. Proposal for capital increase of the fourth-tier subsidiary CviLux LAO Co., LTD. 5. Provision of endorsement/guarantee for the affiliate CviCloud Corporation. 6. Loaning of funds amounting to NTD 20 million only to the	The proposals were approved by all independent directors.

	subsidiary CviMall International Corporation.	
12.28.2022 [The 9th Meeting of the 3rd Term]	1. Loaning of funds amounting to USD1 million only to the fourth-tier subsidiary CviLux Lao Co., Ltd. 2. Loaning of funds amounting to USD100 thousand only to the subsidiary CviLux Korea Corporation. 3. Amendment to the written "Internal Control System" of the Company.	The proposals were approved by all independent directors.
03.22.2023 [The 10th Meeting of the 3rd Term]	1. The Company's 2022 consolidated financial statements and separate financial statements. 2. "2022 Statement on Internal Control System" of the Company. 3. Amendment to the written "Internal Control System" of the Company. 4. Provision of endorsement/guarantee for the affiliate CviCloud Corporation. 5. Provision of endorsement/guarantee for the affiliate CviCloud Corporation. 6. Provision of endorsement/guarantee for the affiliate CviMall International Corporation.	The proposals were approved by all independent directors.

(II) In addition to the matters mentioned above, any resolution unapproved by the Audit Committee but passed by more than two-thirds of directors: None.

II. Regarding the situation of an independent director's recusal of conflict of interest, the name of the independent director, proposal, reasons for the recusal, and participation in the voting shall be described: None.

III. Communication between independent directors and internal chief auditor/CPAs (major matters, methods, and results of communication on the Company's financial and business conditions, etc. should be included):

(I) Policies of Communication Between the Independent Directors and the Internal Chief Auditor/CPAs

1. Methods of Communication With the CPAs:

(1)The independent directors and the CPAs shall hold at least three regular meetings per year, and communicate through the Audit Committee before the meetings.

(2)Each year, the CPAs shall give a presentation when the Q2, Q3, and annual financial statements are issued, and report the important accounting standards and future amendments to and trends of laws and regulations for further discussion with the independent directors. They may meet at any time if required due to any significant abnormalities.

2. Methods of Communication With the Internal Chief Auditor:

(1)The independent directors and the internal chief auditor shall hold at least four regular meetings per year, and have discussion based on the internal audit reports through the Audit Committee and the Board of Directors. They may meet at any time if required due to any significant abnormalities.

(2)The internal audit reports and improvement follow-ups are submitted to the independent directors via email on a monthly basis for review.

(II) Summary With Respect to the Communication Between the Independent Directors and the Internal Chief Auditor/CPAs:

(1)The independent directors of the Company have good communication on the implementation status and effectiveness of the audits. The major matters for communication in 2022 are summarized as follows:

Date	Matters for Communication With the Internal Chief Auditor
03.23.2022	1. Audit plan implementation from December 2021 to March 2022. 2. Follow-ups to the audits in Q4 2021. 3. Audit Reporting: Implementation status of the 2021 Audit Plan. 4. Audit Reporting: 2022 Audit Plan. 5. Audit Reporting: 2022 roster of internal audit personnel and substitute staff, and their continuing education status.
05.06.2022	1. Audit plan implementation from March to April, 2022. 2. Follow-ups to the audits Q1 2022. 3. Audit Reporting: 2021 Statement on Internal Control.
2022.08.05	1. Audit plan implementation from April to June, 2022. 2. Follow-ups to the audits Q2 2022. 3. Audit Reporting: Reporting of the deficiencies of internal control and abnormality improvements of CviLux in 2021.
12. 28.2022	1. Audit plan implementation from August to December, 2022. 2. Follow-ups to the audits Q3 2022.
03. 22.2023	1. Audit plan implementation from December 2022 to March 2023. 2. Audit Reporting: Implementation status of the 2022 Audit Plan. 3. Audit Reporting: 2023 Audit Plan. 4. Audit Reporting: 2023 roster of internal audit personnel and substitute staff, and their continuing education status.

(2) The independent directors of the Company have good communication with the CPAs. The major matters for communication in 2022 are summarized as follows:

Date	Matters for Communication With the CPAs
03.23.2022	Communication with the corporate governance unit on the following items of 2021: 1. Independence. 2. Responsibility of auditors for the audit of financial statements. 3. Types of the audit results issued. 4. Audit scope. 5. Audit findings. 6. Main impacts of the Statement of Auditing Standards No. 75. 7. Important update of laws and regulations.
2022.08.05	Communication with the corporate governance unit on the following items of Q2 2022: 1. Independence. 2. Responsibility of auditors for the audit of interim financial statements. 3. Types of the audit results issued. 4. Audit scope. 5. Audit findings. 6. Other matters to be noticed. 7. Important update of laws and regulations.
11.04.2022	Communication with the corporate governance unit on the following items of Q3 2022: 1. Independence. 2. Responsibility of auditors for the audit of interim financial statements. 3. Types of the audit results issued. 4. Audit scope. 5. Audit findings. 6. Other matters to be noticed. 7. Annual audit plan. 8. Important update of laws and regulations.
12. 28.2022	AQI (Audit Quality Indicator) Report
03. 22.2023	Communication with the corporate governance unit on the following items of 2022: 1. Independence. 2. Responsibility of auditors for the audit of financial statements. 3. Types of the audit results issued. 4. Audit scope. 5. Audit findings. 7. Important update of laws and regulations.

(III) Status of corporate governance, deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and reasons for such deviations:

Evaluation Item	Status			Deviations From the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and Reasons Thereof
	Yes	No	Summary	
I. Has the Company established and disclosed its corporate governance principles based on the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies"?	V		The Company has established the "Corporate Governance Best Practice Principles" and disclosed them on the "Market Observation Post System" for the shareholders and the public to check them.	In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
II. Shareholding Structure and Shareholder's Equity				
(I) Does the Company have an internal procedure and handle shareholders' suggestions, doubts, disputes, and litigations accordingly?	V		We have dedicated personnel to appropriately handle matters related to shareholders. Additionally, a spokesperson system has been established. The spokesperson or the deputy spokesperson will handle shareholders' suggestions, doubts, and disputes, etc.	In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
(II) Does the Company have a name list of the major shareholders who actually control the Company and the persons who have ultimate control of major shareholders?	V		Maintaining close interactions with major shareholders, the Company is constantly aware of major shareholders who actually control the Company to ensure the stability of management rights. Each year, the top 10 shareholders are disclosed in the annual report and in the section for investor relations on our official website.	In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
(III) Has the Company established and implemented risk control and firewall mechanisms between the Company and its affiliates?	V		We have established appropriate risk control and firewall mechanisms in accordance with internal regulations such as the "Procedures for Transactions Among Related Parties, Specific Companies, and Group Enterprises", "Regulations Governing the Financial and Operational Transactions With Related Parties", "Regulations Governing the Management of Subsidiaries", "Procedures for Endorsements/Guarantees", "Procedures for Loaning Funds to	In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.

Evaluation Item	Status			Deviations From the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and Reasons Thereof
	Yes	No	Summary	
(IV) Has the Company established internal regulations to prohibit insiders from using information not available to the market to trade securities?	V		Others", and "Procedures for Acquisition or Disposal of Assets". The Company has established the "Procedures for Management of Internal Material Information and Operational Information", providing that upon final decision on material information, persons actually knowing the information shall not buy or sell the securities of the Company in their own names or in the name of any other person within 18 hours before and after such information is made public. The Procedures also require stock trading control measures from the date insiders of the Company become aware of the contents of the Company's financial reports or relevant business performance, including (but not limited to) those prohibiting a director from trading its shares during the closed period of 30 days prior to the publication of the annual financial statements and 15 days prior to the publication of the quarterly financial statements.	In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
III. Composition and Responsibilities of Board of Directors (I) Has the Board of Directors established and implemented diversity policies and specific management objectives?	V		To enhance corporate governance, it is set forth in the Company's "Corporate Governance Best Practice Principles" that diversity shall be taken into account for the formation of the Board of Directors. That is, gender, age, nationality, and culture, etc. shall not be included in the criteria. All members of the Board shall possess the knowledge, skills, and competence necessary to perform their duties. To achieve the goal of ideal corporate governance, the Board of Directors shall, on the whole, possess the following abilities: 1. Ability to make operational judgments. 2. Ability to perform accounting and financial	In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.

Evaluation Item	Status			Deviations From the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and Reasons Thereof
	Yes	No	Summary	
			analysis. 3. Ability to perform business management. 4. Ability to handle crises. 5. Knowledge of industry. 6. Understanding of international markets. 7. Ability to lead. 8. Ability to make decisions. As of the end of April in 2023, the Company had 1 director aged 70 more, 3 directors aged 61~70, and 3 directors aged below 60. Among the current Board members, Steve Yang, Glen Chu and Lawrence Yang possess good leadership skills, abilities of operational judgment and business management, knowledge of the industry, and an understanding of international markets; Alex Huang possesses good leadership skills, abilities of operational judgment and business management, and knowledge of product R&D; Independent Director Shuling Lin possesses abilities of finance, accounting, and financial affairs, and has the professional qualifications of a CPA and a patent agent; Independent Director Yinchun Chuang possesses IT knowledge and ability of software operation management; Independent Director Alan Yu possesses abilities of operational judgment and business management and an understanding of international markets. Each director offers professional suggestions in different aspects of the Company's development, supporting the Company to grow steadily. To ensure a sound Board structure, the diversity objectives of the Board of Directors are set to one female director at minimum and a percentage of more than 50% for independent directors. Female Board members jointed the Board of Directors in 2021 and the first objective was achieved. We will try our best to have more independent directors join the Board of Directors to	

Evaluation Item	Status			Deviations From the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and Reasons Thereof
	Yes	No	Summary	
			achieve the second objective. For the implementation status of the diversity policy for the Board of Directors, please refer to p.27 of the Annual Report.	
(II) Has the Company voluntarily formed other functional committees in addition to the Remuneration Committee and Audit Committee set up pursuant to relevant laws and regulations?	V		In addition to the Remuneration Committee and Audit Committee set up according to laws, we have established the Risk Management Committee upon approval of the Board of Directors on December 28, 2022 to implement corporate governance and set up a sound risk management system. The Committee has 3 members and all of them are independent directors. The term and appointment of the Committee is the same as those of the Board of Directors. Shuling Lin, the convener of the Risk Management Committee, is specialized in finance and tax planning, financial risk, and utilization of funds, meeting the qualification requirements of the Risk Management Committee. The Risk Management Committee is responsible for the following matters: Review risk management policies. Review the appropriateness of the risk management structure. Review material risk management strategies, including risk appetite (tolerance). Review management reports of material risk issues and supervise improvement mechanisms. Report risk management implementation status to the Board of Directors.	In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
(III) Does the Company have regulations and methods for the performance evaluation of the Board of Directors and conduct regular performance evaluation every year? Does the	V		The “Regulations Governing the Performance Evaluation of the Board of Directors” explicitly provide that the performance evaluation of Board of Directors shall be conducted by an external professional independent institution or a team of external	In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.

Evaluation Item	Status			Deviations From the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and Reasons Thereof
	Yes	No	Summary	
Company submit the results of the performance evaluation to the Board of Directors? Are the results used as the basis for the remuneration to and nomination for re-election of individual directors?			experts and scholars at least once every three years. The internal or external performance evaluation of Board of Directors shall be completed before the most recent Board meeting is held in the next year. On November 9, 2022, the Company commissioned Taiwan Investor Relations Institute to evaluate the performance of the Board of Directors by distributing questionnaires to all the directors. The evaluation was conducted from November 1, 2021 to September 30, 2022. The Institute also performed online evaluation of the Chairman, the convener of the Audit Committee, corporate governance officer, and audit officer. In addition to evaluating the overall operation of the Board of Directors and functional committees, the implementation unit, namely the Chairman Office, distributed the self-evaluation questionnaire for the previous year to all Board members in January 2023 to let them evaluate their own performance. The performance evaluation result of the 2022 Board of Directors and functional committees showed “overall effective operation of the Board of Directors”. The corporate governance officer reported the result to the Board of Directors on March 22, 2023. The remuneration to directors will be determined with this evaluation result as a reference.	
(IV) Does the Company review the independence of the CPAs on a regular basis?	V		The Company has established the “CPA Competence and Independence Evaluation Regulations”. The Audit Committee and the Board of Directors evaluate the independence and competence of the CPAs with reference to the Audit Quality Indicators (AQIs) once a year. For the most recent evaluation performed on March 22, 2023, the Audit Committee	In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.

Evaluation Item	Status			Deviations From the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and Reasons Thereof
	Yes	No	Summary	
			referred to the "CPA Competence and Independence Evaluation Form" and the "AQI Information" and "Declaration of Independence" presented by the CPAs to make the evaluation and the Board of Directors then reviewed and approved the result of the evaluation. It has been assessed by the Company that the CPAs of KPMG, Tang, Chia-Chien and Su, Yen-Ta, both meet the Company's assessment criteria of independence (Note 1) and are therefore qualified to act as the CPAs of the Company. The CPAs have also issued a statement of independence for reference.	
IV. Does the Company, as a TWSE/TPEx listed company, have an adequate number of corporate governance personnel with appropriate qualifications as well as a chief corporate governance officer to be in charge of corporate governance affairs including, but not limited to, providing directors and supervisors with required information for business execution, handling relevant matters with Board meetings and shareholders meetings according to the laws, processing corporate registration and amendment registration, and preparing minutes of Board meetings and shareholders meetings?	V		The corporate governance affairs of the Company are handled by the Chairman's Office. The head of Chairman's Office was appointed to be the chief corporate governance officer upon the resolution of the Board on July 11, 2019. The officer's responsibilities include providing the information and necessary assistance required for the directors to perform their duties (such as giving the information required for business execution to the directors, supporting the directors to comply with laws and regulations, arranging education and training courses for the directors, dealing with matters related to the Board meetings and shareholders meetings, handling director change matters, and reporting to the Board of Directors on the investigation result of the compliance with relevant laws and regulations regarding the qualifications of the independent directors for their nomination, election and during their tenure), supervising the corporate governance unit's planning and implementation of systems and relevant procedures, coordinating and developing corporate governance	In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.

Evaluation Item	Status			Deviations From the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and Reasons Thereof
	Yes	No	Summary	
			improvement plans with relevant internal and external units, carrying out administrative matters of the Board, processing corporate registration and amendment registration at related units, retaining the related documents and seals, and disclosing information. For the information on the continuing education of the chief corporate governance officer, please refer to the table in Note 3 below.	
V. Has the Company established a communication channel for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), set a stakeholder section on the Company's website, and responded to the concerns of stakeholders on the material issues related to corporate social responsibilities?	V		The Company has set up the "Stakeholders Section" on the official website. The contact methods for stakeholders and the communication status with different types of stakeholders in the most recent year are disclosed therein. We appropriately respond to the material CSR issues stakeholders are concerned about, and continue to improve different operational aspects of the Company. The communication status with stakeholders is reported to the Board of Directors on an annual basis.	In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
VI. Does the Company commission a professional stock service agent to deal with the matters of shareholders meetings?	V		The Company commissions the "Shares Registration Service Department of Hua Nan Securities" as the professional stock service agent to deal with the matters of shareholders meetings.	In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
VII. Disclosure of Information				
(I) Has the Company established a website to disclose the financial, operational, and corporate governance information?	V		The "Investors Section" and "ESG" section have been established on our official website to periodically disclose the financial, operational, and corporate governance information for the reference of investors.	In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
(II) Has the Company adopted other means to disclose information (e.g., English website, designation of specific personnel to collect and disclose corporate information,	V		The Company has designated specific personnel to collect and disclose corporate information. The financial and operational information of the Company is disclosed on our official website and MOPS, and a spokesperson system has been set up	In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.

Evaluation Item	Status			Deviations From the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and Reasons Thereof
	Yes	No	Summary	
implementation of a spokesperson system, disclosure of investor conferences on the Company's website)?			to enhance the accuracy and timeliness of material information. The data of the investor conference on June 21, 2022 and December 16, 2022 have also been disclosed on MOPS and the Company's website.	
(III) Has the Company announced and reported annual financial statements within two months after the end of a fiscal year, and announced and reported the Q1, Q2, Q3 financial statements and the operating status of each month in advance of the prescribed deadline?	V		The Company's annual and quarterly financial statements and monthly revenue information are announced and reported on MOPS early before the prescribed deadline, and uploaded to the Company's website at the same time.	There is no material deviation.
VIII. Does the Company have other information that enables a better understanding of the Company's corporate governance practices (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholders' rights, continuing education of directors, implementation of risk management policies and risk assessment standards, implementation of customer policies, and insuring against liabilities of the Company's directors)?	V		(I) Employee Rights, Employee Care, Investor Relations, Supplier Relations, and Stakeholders' Rights: Complying with the Labor Standards Act, Company Act, Securities and Exchange Act, and other regulations of the competent authority, the Company engages in ethical management, fulfills the responsibilities of corporate citizenship, and ensures the rights of investors. Regarding employee rights, we properly implement the Labor Standards Act (please refer to "V. Labor-management Relations" of "Five. Operational Overview" for more details). Proactively investing in environmental protection, we have also received the ISO14001 certification and observed the RoHS for the management of hazardous substances of products. In terms of investor relations, relevant information is announced publicly, and investor conferences are organized	In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.

Evaluation Item	Status			Deviations From the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and Reasons Thereof
	Yes	No	Summary	
			irregularly to present the operating outcome and vision of the Company. Moreover, we stick to the principle of ethics to maintain the relationship with suppliers. A specific Code of Ethical Conduct has been formulated for the conduct of related stakeholders (i.e., directors and managerial officers), and complaint channels are provided. (II) Continuing Education of Directors: While on board, the Board members of the Company continually take courses in corporate governance given by institutions specified in the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies. The course completion certificates of the directors are disclosed on the MOPS. (Please refer to the table of Note 2 below.) (III) Implementation of Risk Management Policies and Risk Assessment Standards: The Company has formulated the "Risk Management Procedures" to perform risk identification for each department once a year. For items of high-risk property, control strategies, and performance indicators are established. (IV) Implementation of Customer Policies: Our production and stocking of products are subject to a thorough quality control process. For any disputes over the quality with customers, the sales and	

Evaluation Item	Status			Deviations From the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and Reasons Thereof
	Yes	No	Summary	
			quality assurance units are required to make primary responses within three days, and prepare official written reports to present the Company's handling plans and progress to the customers and make continuous improvement in quality accordingly. In this way, we fully implement the quality policy of "endeavoring to ensure the enhancement and stability of quality to win the trust and satisfaction of customers". (V) Insuring Against Liabilities of the Company's Directors: We took out liability insurance for all the directors and managerial officers upon the resolution of the Board on December 28, 2022, with a coverage period from December 28, 2022 to December 28, 2023. The amount insured is USD3 million each.	

IX. Improvements made based on the corporate governance evaluation result announced by the Corporate Governance Center of the TWSE in the most recent year, and the prioritized improvements and measures for areas to be improved:

(I) The Company ranked in the place between 51%-65% based on the corporate governance evaluation result in 2021. The improvements that have been made include the following:

(1) The Board members of the Company shall include at least one female director.
(2) At least two independent directors of the Company have not served for more than three continuous terms of service.
(3) The association between the performance assessment of directors and managerial officers with their remuneration is disclosed in the annual report of the Company.
(4) The supplier management policies requiring suppliers to follow relevant environmental protection regulations, occupational safety and health, or labor rights are disclosed on the Company website, including the implementation status.

(II) Prioritized Improvements and Measures for Areas to be Improved:

(1) The remuneration to individual directors and supervisors are disclosed in the annual report of the Company.
(2) The remuneration to individual Presidents and Vice Presidents are disclosed in the annual report of the Company.
(3) The remuneration received by directors is reported to the annual shareholders' meeting, including the remuneration policy and the content and amount of the remuneration to individual directors.

Evaluation Item	Status			Deviations From the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and Reasons Thereof
	Yes	No	Summary	

(4) The Company has establish the Risk Management Committee and other functional committed other than those required by laws. Each committee has no less than three members. Half of them are independent directors and at least one of them has the professional competence needed for the committee. The composition, responsibility and operation of each committee have been disclosed.

(5) The performance evaluation regulations for the Board of Directors have been approved by the Board of Directors. The require one external evaluation at least every three years. Evaluation has been performed in the year of evaluation concerned or in the past two years. The implementation status and result of the evaluation have been disclosed on our website or in the annual report.

Note 1: Assessment Criteria of CPA Independence

I. Competence under the Audit Quality Indicators (AQIs): These include five scopes of profession, independence, quality control, monitor and creativity.

II. Evaluation items of independence

Item no.	Evaluation items of independence
1	Whether the CPA is not a director of the Company or any affiliates?
2	Whether the CPA is not a shareholder of the Company or any affiliates?
3	Whether the CPA does not receive a pay from the Company or any affiliates?
4	Whether the CPA confirm the compliance of KPMG, for which he/she works, with related independence regulations.
5	Whether any partners of KPMG, for which the CPA works, has not held any position as a director or managerial officer of the Company, or other positions with significant influence on audit cases within one year after leaving office?
6	The CPA has not provide audit services for the Company for seven consecutive years.
7	Does the CPA meet the independence requirements of the Bulletin of Norm of Professional Ethics for Certified Public Accountant of the Republic of China No. 10?

Note 2: Continuing Education of Directors:

Title	Name	Course Date	Organizer	Course Name	Course Hours
Representative of Institutional Director	Steve Yang	03.09.2022	Securities and Futures Institute	Technology Development and Business Opportunities for EVs and Smart Cars	3
		08.18.2022	Taiwan Investor Relations Institute	Practical Analysis on Perfect Succession and Assets Inheritance	3
Representative of Institutional Director	Glen Chu	10.18.2022	The Business Development Foundation of The Chinese Straits	A Geopolitic and Post-Pandemic Perspective on the Development Trends of the Global Industries	3
		10.18.2022	The Business Development Foundation of The Chinese Straits	Analysis on Current External Challenges to China and Global Governance Strategies	3

Title	Name	Course Date	Organizer	Course Name	Course Hours
Director	Alex Huang	03.09.2022	Securities and Futures Institute	Technology Development and Business Opportunities for EVs and Smart Cars	3
		09.06.2022	Securities and Futures Institute	Global Risk Awareness - The Opportunities and Challenges in the Next Ten Years	3
Director	Lawrence Yang	10.18.2022	The Business Development Foundation of The Chinese Straits	Analysis on Current External Challenges to China and Global Governance Strategies	3
		11.15.2022	Taiwan Corporate Governance Association	Analysis on Competition for Management Rights and Prevention Strategies	3
Independent Director	Shuling Lin	03.24.2022	Accounting Research and Development Foundation	The Global ESG Trends and Management Strategies	3
		09.12.2022	Accounting Research and Development Foundation	Analysis on the Concept of ISSB S1 “General Requirements for Disclosure of Sustainability-related Financial Information”	3
Independent Director	Yinchun Chuang	08.19.2022	Taiwan Investor Relations Institute	Disruption of Chains or Training? How to Turn Crises to Opportunities?	3
		09.23.2022	Taiwan Corporate Governance Association	An Explosive Virtual World: The Future Development of Metaverse and Blockchain in Cryptocurrency	3
Independent Director	Alan Yu	03.10.2022	Securities and Futures Institute	Global Risk Awareness– The Opportunities and Challenges in the Next Ten Years	3
		08.12.2022	Taiwan Corporate Governance Association	The Effect of the Global Minimum Tax System and the Anti-Avoidance System in Taiwan on the Corporate Tax Governance from the Viewpoints of Directors and Supervisors.	3

Note 3: Continuing education of the chief corporate governance officer:

Course Date	Organizer	Course Name	Course Hours
07.17.2019	Securities and Futures Institute	2019 Conference on Education on Compliance With Laws Governing Equity Transaction of Insiders in Listed Companies and Unlisted Public Companies	3
08.02.2019	Taiwan Corporate Governance Association	Higher Level of Corporate Governance Implementation! Discussion on the Role and Responsibilities of Chief Corporate Governance Officer	3
04.24.2020	Taiwan Corporate Governance Association	Operation and Decision-Making Effectiveness of the Board of Directors	3
05.15.2020	Taiwan Corporate Governance Association	How to Understand Financial Statements—A Lesson for Corporate Governance Personnel With a Non-Financial Background	3
06.12.2020	Taiwan Corporate Governance Association	Ten Compulsory Courses in Corporate Governance	3
07.10.2020	Taiwan Corporate Governance Association	To Give or Not to Give? Discussion on Directors’ Rights to Access Information	3
10.16.2020	Taiwan Stock Exchange Corporation	2020 Promotional Seminar on Corporate Governance and Ethical Management of Directors and Supervisors	3
05.04.2021	Taiwan Investor Relations Institute	Study on Best Practices of ESG and Performance Evaluation of Board of Directors That Enterprises Can’t Ignore	3
10.20.2021	Securities and Futures Institute	2021 Insider Equity Transaction Compliance Conference	3

Course Date	Organizer	Course Name	Course Hours
11.19.2021	Taiwan Corporate Governance Association	Study on New Challenges to the Board of Directors Based on Corporate Governance 3.0	3
12.16.2021	Taiwan Corporate Governance Association	The Driver for Transformation to Realize the SDGs	3
04.22.2022	Taiwan Corporate Governance Association	Net Zero Emissions, Carbon Neutral and Corporate Legal Compliance	3
08.18.2022	Taiwan Investor Relations Institute	Practical Analysis on Perfect Succession and Assets Inheritance	3
10.12.2022	Securities and Futures Institute	2022 Insider Equity Transaction Compliance Conference	3
11.25.2022	Taiwan Corporate Governance Association	Legal Limitations on the Equity of the Directors and Supervisors and Analysis on Legal Decisions.	3

(IV) Composition, Responsibilities, and Operation of the Remuneration Committee:

Responsibilities of the Remuneration Committee: The committee shall faithfully perform the following matters by exercising the due diligence of a good administrator and submit its suggestions to the Board of Directors for discussion.

* Stipulate and regularly review the policies, systems, standards, and structures of the performance evaluation and remuneration of directors and managerial officers.
* Regularly review and determine the remuneration for directors and managerial officers.

1. Profiles of the Remuneration Committee Members

April 22, 2023

Criteria / Member Type	Name	Professional Qualifications and Experience	Compliance With Independence Requirements	Number of Other Public Companies Where the Person Also Serves in a Remuneration Committee	Note
Independent Director and Convener	Shuling Lin	1. The person possesses abilities of finance, accounting, and financial affairs, and has the professional qualifications of a CPA and a patent agent. 2. The person is currently a CPA of Honesty CPA Firm. 3. None of the circumstances under Article 30 of the Company Act are applicable.	1. The person and his/her spouse or relatives within the second degree of kinship are not directors, supervisors, or employees of the Company or any of its affiliates. 2. The person and his/her spouse or relatives within the second degree of kinship do not hold shares of the Company. 3. The person is not a director, supervisor, or employee of any companies in a special relationship with the Company. 4. The person did not provide the Company or any of its affiliates with commercial, legal, financial, accounting, or related services in the most recent two years.	0	
Independent Director	Yinchun Chuang	1. The person possesses IT knowledge, ability of software operation management, and an	1. The person and his/her spouse or relatives within the second degree of kinship are not directors,	0	

Criteria / Member Type / Name		Professional Qualifications and Experience	Compliance With Independence Requirements	Number of Other Public Companies Where the Person Also Serves in a Remuneration Committee	Note
		understanding of international markets. 2. None of the circumstances under Article 30 of the Company Act are applicable.	supervisors, or employees of the Company or any of its affiliates. 2. The person and his/her spouse or relatives within the second degree of kinship do not hold shares of the Company. 3. The person is not a director, supervisor, or employee of any companies in a special relationship with the Company. 4. The person did not provide the Company or any of its affiliates with commercial, legal, financial, accounting, or related services in the most recent two years.		
Independent Director	Alan Yu	1. The person possesses abilities of operational judgment and business management, and an understanding of international markets. 2. The person is currently a director of D-Link Corporation. 3. None of the circumstances under Article 30 of the Company Act are applicable.	1. The person and his/her spouse or relatives within the second degree of kinship are not directors, supervisors, or employees of the Company or any of its affiliates. 2. The person and his/her spouse or relatives within the second degree of kinship do not hold shares of the Company. 3. The person is not a director, supervisor, or employee of any companies in a special relationship with the Company. 4. The person did not provide the Company or any of its affiliates with commercial, legal, financial, accounting, or related services in the most recent two years.	0	

2. Operation of the Remuneration Committee

(1) The Remuneration Committee of the Company consists of three members.

(2) Duration of service: From August 5, 2021 to August 4, 2024. The Remuneration Committee held 4 meetings in 2022. The qualifications of the members and their attendance to the meetings are as follows:

Title	Name	Actual Number of Attendances	Number of Attendances by Proxy	Actual Attendance Rate (%)	Note
Convener	Shuling Lin	4	0	100%	
Member	Yinchun Chuang	4	0	100%	
Member	Alan Yu	4	0	100%	
Other Matters to be Specified I. If the Board of Directors does not adopt or revise the suggestions of the Remuneration Committee, the date, term, and proposal of the Board of Directors meeting, the Board of Directors resolution and actions taken by the Company on the Remuneration Committee's opinions shall be specified (if the amount of remuneration adopted by the Board of Directors is higher than that suggested by the Remuneration Committee, the differences and reasons must be indicated): None. II. For any resolution of the Remuneration Committee for which dissent or reservation is expressed by any of the members and recorded in the minutes or a written statement, the date, term and proposal of the Remuneration Committee meeting, opinions of all members and actions taken on such opinions shall be specified: None.					

3. Dates, proposals, and resolutions of the Remuneration Committee meetings in the most recent year, and actions taken by the Company on the Remuneration Committee's opinions:

Date/Term	Proposals	Resolution	Actions Taken by the Company on the Remuneration Committee's Opinions
03.23.2022 [The 3rd Meeting of the 5th Term]	Determination of the amount and distribution methods of remuneration to employees and directors for 2021.	The proposal was approved by all committee members.	The proposal was submitted to the Board of Directors' meeting and approved by all attending directors.
	Total amount of 2022 remuneration to the Company's managerial officers.		
	Remuneration to directors, presidents, and vice presidents for 2021 specified in the 2022 shareholders meeting annual report of the Company.		
	Appointment of the Company's President, Glen Chu, as the President of the Group and President of the Wire and Cable Business Unit.		
	Promotion of the Company's Senior Vice President, Alex Huang, to President of the Connector Business Unit.		
	Promotion of the Senior Vice President, Lawrence Yang, to Deputy CEO of the Company and President of Electronic Module Business Unit.		
07.07.2022 [The 4th Meeting of the 5th Term]	Review of the amount of remuneration distributed to directors for 2021.	The proposal was approved by all committee members.	The proposal was submitted to the Board of Directors' meeting and approved by all attending directors.
	Distribution of the amount of remuneration to managerial officers and employees for 2021.		
	Promotion of the Director, Keng-Sheng Tsai, to Assistant Vice President.		
	Promotion of the Director, Hsien-Yu Chiu, to Assistant Vice President.		
08.05.2022 [The 5th Meeting of the 5th Term]	Managerial officer performance evaluation report for the first half of 2022.	No resolution is needed for the report.	No resolution is needed for the report.
12.28.2022 [The 6th Meeting of the 5th Term]	Amendment of the regulations for remuneration to managerial officers and employees.	The proposal was approved by all committee members.	The proposal was submitted to the Board of Directors' meeting and approved by all attending directors.
	Policies, systems, standards, and		

Date/Term	Proposals	Resolution	Actions Taken by the Company on the Remuneration Committee's Opinions
	structures of remuneration to directors and managerial officers.		
	2023 work plan for the Company's Remuneration Committee.		
	Performance evaluation of the CEO of the Company in 2022.		
	Dismissal and appointment of the Company's CEO.		
	Appointment of a CSO for the Company.		
	Performance indicators for the managerial officer of the Company in 2023.		
03.22.2023 [The 7th Meeting of the 5th Term]	Determination of the amount and distribution methods of remuneration to employees and directors for 2022.	The proposal was approved by all committee members.	The proposal was submitted to the Board of Directors' meeting and approved by all attending directors.
	Total amount of 2023 remuneration to the Company's managerial officers.		
	Remuneration to directors and managerial officers for 2022 specified in the 2023 shareholders meeting annual report of the Company.		

(V) Implementation Status of Sustainable Development, Deviations From the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and Reasons for Such Deviations

Item of Implementation	Implementation Status (Note 1)			Deviations From the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and Reasons Thereof
	Yes	No	Summary	
I. Does the Company have a governance structure that promotes sustainable development and have a special unit or designate an existing unit for the task of sustainable development promotion? Does the Board of Directors of the Company authorize the management to handle relevant matters? How does the Board of Directors conduct supervision?	V		The Company established the ESG Committee in 2021 as the highest internal sustainable development center. The Chairman acts as the convener and, together with the senior management of every unit, reviews the core operation capabilities of the Company and formulates mid-term and long-term sustainable development plans. The ESG Committee is comprised of the heads of different units to form the Corporate Governance and Ethical Management Team, Customer Care Team, Supplier Team, Environmental Sustainability Team, Social Participation Team, and Employee Care Team. The sustainability issues related to the operation of the Company and concerned by the stakeholders are identified through joint discussion. The chief corporate governance officer reported the Company's implementation status of sustainable development to the Board of Directors on 11.04.2022. Hence, the Board was fully aware of the Company's measures related to sustainable development.	There is no material deviation.
II. Does the Company conduct risk assessment for environmental, social, and corporate governance issues related to the Company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies?	V		The Company has formulated the "Risk Management Procedures" to perform risk identification for each department once a year. For items of high-risk property, control strategies, and performance indicators are established. The risks identified by the Company in 2022 and the countermeasures thereof are as follows: 1. Operational Risks 1-1. Concentration of Purchases or Sales: In response to the US-China trade war, the Company endeavors to have diversified performance in the relationship of supply and demand, which helps effectively prevent overly concentrated purchases or sales. Meanwhile, we engage in vertical integration and strategic alliances continuously, in order to find new opportunities.	There is no material deviation.

Item of Implementation	Implementation Status (Note 1)			Deviations From the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and Reasons Thereof
	Yes	No	Summary	
			1-2. Expected Benefits of Plant Expansions: By making use of the productivity and geographical advantage of the Lao Factory, we provide nearby services for local customers in ASEAN countries, distribute the production bases of the Group, reduce the risk of supply chain disruption, and avoid idle assets and fund risk exposure through asset activation. 2. Financial Risks 2-1. Exchange Rate: We exchange currency according to the demand for funds and the exchange rate fluctuation, and offset purchases against sales and foreign currency debts against foreign currency claims, thereby achieving the effect of natural hedging and mitigating the impact of exchange rate fluctuation on the Company's operation. 2-2. Interest Rate: We carefully assess the risk of changes in the interest rate to ensure the liquidity and security of funds. 2-3. Investments and Financial Management: The transactions involving the acquisition or disposal of assets, loaning of funds to others, and operations of making endorsements/guarantees are handled as per the established procedures. 2-4. Inflation: We control costs and expenses, keep track of market price fluctuation, and maintain a good relationship with suppliers and customers. 3. Production Safety Risks 3-1. Smart Manufacturing: Carrying on the implementation of the CG2020 policy, the Company promotes smart production, smart logistics, and quality management to pursue the policy of smart factories and constantly boost the yield and efficiency of production. 3-2. Supplier Evaluation Mechanism: The regular supplier evaluation is performed on a quarterly basis, with the quality, cost, delivery, and services of each supplier is evaluated. For any abnormalities found, we request the suppliers to make improvements and provide them with assistance. 3-3. Policies Regarding Products and Services: We take existing customers to a more secure	

Item of Implementation	Implementation Status (Note 1)			Deviations From the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and Reasons Thereof
	Yes	No	Summary	
			and higher level, continue to improve customer relationship management, actively pay attention to the issues customers are concerned about, provide timely services for customers, and ensure a response mechanism. 4. Litigation and Intellectual Property Risks 4-1. Legal Changes: The Company keeps up with changes in the laws, policies, and litigation practices related to the Company's operation and arranges education and training for personnel accordingly, in order to control risks and protect intellectual property. 4-2. Litigation: The legal affairs unit stays on top of significant litigation of the Group and relevant countermeasures. 4-3. Intellectual Property Rights: We value and defend the intellectual property rights of our independent R&D results, and protect the patents of the products. 5. Environmental Risks 5-1. ESH Certifications: With the ISO14001 certification obtained, the Company has been making efforts to incorporate environmental protection into the operations based on legal compliance, production waste reduction, green design, and education and training. 5-2. Green Supply Chain: In response to the trends in the dimensions of the environment, society, and governance such as RBA, carbon trade/tax, and ESG reporting in the electronics industry, we have to make corresponding preparation in a timely manner, prevent pollution, and save energy to cut energy consumption and GHG emissions. 6. Information Security Risks 6-1. Information Security Policies: The Company ensures the normal operation of the Group's servers, network equipment, and cyber and communication security. Meanwhile, we effectively reduce the risks of the stealing, inappropriate use, disclosure, alteration, or damage of information assets caused by human error (or deliberate intention) or natural disasters. Making efforts to keep in line with international information security standards, we adopt the ISO27001 information security	

Item of Implementation	Implementation Status (Note 1)			Deviations From the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and Reasons Thereof
	Yes	No	Summary	
			framework for compliance. 6-2. Information Security Organization: We have an Information Security Management Committee organized by the Information Management Center. The committee holds management review meetings on a regular basis to make sure of the implementation of information security-related plans. Every year, the information security reexamination results of the committee are submitted to the Board of Directors and the Audit Committee. 6-3. Information Security Protection: The Company makes continuous improvements to strengthen the security of the key infrastructure, network connection, data, and device protection, etc.	
III. Environmental Issues (I) Does the Company have an appropriate environmental management system established in accordance with its industrial characteristics?	V		In accordance with the industrial characteristics of connectors, the Company has obtained international certification systems such as ISO9001 quality management system, IATF16949 automotive quality management system, ISO14001 environmental management system, QC08000 hazardous substance process management system, ISO45001 occupational health and safety management system, and ISO27001 information security management system. An environmental management system suitable for the Company has been established based on these certification systems.	There is no material deviation.
(II) Is the Company dedicated to enhancing energy efficiency and using recycled materials with low impact on the environment?	V		The Company constantly promotes production waste reduction to fulfill our commitment to pollution prevention. Green product designs are adopted to reduce the environmental impact. By applying a certain ratio of recycled plastic materials to products, updating molds to reuse them for new products, and using the same kits for different products, we dedicate ourselves to upgrading the efficient use of all resources. The regrind resin waste and defective products produced in the manufacturing processes are disposed of by the commissioned qualified industrial waste treatment company. Before the company recycles and disposes of them, we report and apply for their destruction to the environmental protection department as per laws and regulations.	There is no material deviation.

Item of Implementation	Implementation Status (Note 1)			Deviations From the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and Reasons Thereof
	Yes	No	Summary	
(III) Does the Company assess the current and future risks and opportunities which climate change potentially brings to the Company and adopt corresponding measures?		V	We pay continuous attention to climate change issues, reducing our operational impact on natural environment and humans through energy conservation, water saving, and waste reduction.	No specific assessment and countermeasures have been made or established.
(IV) DHas the Company made statistics of the greenhouse gas emissions, water consumption, and total waste weight in the past two years? Does the Company have policies for the reduction of greenhouse gas emissions and water consumption or other waste management policies?	V		I. GHG Inventory Policy Man reports in recent years point out that the global weather and environment is being affect by GHG effect. The environment pollution becomes worse as the GHG emissions increased. As a member of the global citizen and to fulfill corporate responsibilities, CviLux Group will use the result of this GHG inventory as a reference for the reduction emissions at our Tamsui Factory to meet the expectations of the public and the requirements of the laws, and make a contribution in the construction of better homes that co-exist with sustainable environment, economy, and society. The result of 2022 GHG inventory at Tamsui Factory: Direct emissions of 30.5074 tCO2e under Scope 1, indirect GHG emissions of 228.9044 tCO2e under Scope 2, and emissions of 40.6552 tCO2e under Scope 3 to Scope 6. The carbon reduction goals are formulated with 2021 as the base year of inventory. Environmental goals for 2023: ● With 2021 as the base year of inventory, the emissions under Scope 1 and Scope 2 will be reduced by 2%. ● All the overseas production factories will acquired ISO 14064 verification certificate at the end of 2023. II. Energy and Resource Management Energy and resource management strategy: We regularly review environmental issues, constantly implement energy saving plans, and set carbon reduction targets in accordance with the framework of the environmental management system. In terms of production, old	There is no material deviation.

Item of Implementation	Implementation Status (Note 1)			Deviations From the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and Reasons Thereof
	Yes	No	Summary	
			facilities are gradually replaced with energy-saving ones, and automated production lines are enhanced. We implement measures related to renewable energy and develop energy monitoring systems. Environmental protection and energy conservation measures are also adopted in daily aspects, including saving energy with lighting and AC, and promoting green office practices for a low-carbon life. Energy Saving Target: A reduction of 1% power consumption per year. Energy Saving Measures of the Group: 1. Enhancement of production line automation. 2. Replacement with variable frequency air compressors. 3. Installation of automatic sensors in public spaces or areas with fewer people to reduce energy consumption of lighting 4. Replacement with LED lamps at the factories in Tamsui and Mainland China in a step-by-step manner 5. Installation of curtains and insulation films to lower the room temperature 6. Turning on the air conditioner only when the temperature exceeds 28°C and the heater only when the temperature goes below 10°C 7. Regular maintenance of the AC to reduce power consumption 8. Installation of a PV power system on the roof of the Chongqing Factory The statistics of the power consumption at our production bases in 2022 are described below. The power was mainly used for production equipment: Tamsui Factory - 448.78MWh Suzhou Factory - 6639.78 MWh Chongqing Factory - 3279.8 MWh Dongguan Factory - 6044.94 MWh III. Water Resource Management Water Saving Strategies: No process wastewater is generated during CviLux's production. The water resources are for general domestic use, and the effluents thereof are discharged to the sewer management system established by the	

Item of Implementation	Implementation Status (Note 1)			Deviations From the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and Reasons Thereof
	Yes	No	Summary	
			government. The water resource saving strategies focus on the progressive introduction of water-saving equipment and the development of daily habits of employees to achieve the target for water use. Water Saving Target: A 1% reduction in water consumption per year Water saving measures of the Group: 1. Replacement of faucets with water-saving ones 2. Adjustment of water supply pressure 3. Regular water pipe inspection and maintenance The statistics of the water consumption at our production bases in 2022 are described below. Water was mainly used for the daily life of the employees and kitchens: Tamsui Factory - 3,312 thousand tons Suzhou Factory - 21,030 thousand tons Chongqing Factory - 16,454 thousand tons Dongguan Factory - 12 thousand tons IV. Waste Management Our factories continue to improve the manufacturing processes. To mitigate the impact on the environment, the use of copper plates and plastic materials is reduced from the source, the service life of resources is extended through resource reuse, and the consumption of energy and materials is cut down. The Company devotes efforts to the recycling and reuse of waste. The metal scraps from the production processes are refined by the recycler to make gold bullions and create new value. With the recycling cycle, we reduce the environmental impact by effectively slowing down the exhaustion of metal resources on earth. For general industrial waste, we commission a qualified and licensed vendor to clean up and dispose of it, and request the vendor to provide documents that prove the proper disposal. Additionally, we irregularly audit and follow up on the final disposal status of such waste to exercise the duty of care. Waste Reduction Measures: 1. Promotion of manufacturing process	

Item of Implementation	Implementation Status (Note 1)			Deviations From the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and Reasons Thereof
	Yes	No	Summary	
			improvement to reduce industrial waste. 2. Working with major pressing factories to recycle paper disc packaging materials. 3. Reuse of materials and manufacturing of reusable production materials to cut down the consumption of energy and materials. 4. Enhancement of the recycling and reuse rate of precious metals. The production volume resulting from reuse of the metal scraps left by production processes at Tamsui Factory: 3324.64Kg in 2021 and 3131.55 kg in 2022	
IV. Social Issues (I) Does the Company have management policies and procedures in accordance with relevant regulations and international human rights conventions?	V		The Company recognizes and voluntarily follow the UN Universal Declaration of Human Rights, the United Nations Global Compact, and other internationally accepted human rights standards of the UN International Labor Organization. We have established our human rights policies pursuant to the aforementioned principles, which have been made public on our website. In 2021, in addition, we provided employees with human rights protection training to a total of 169 hours and reaching up to 95% of the total employees.	There is no material deviation.
(II) Does the Company establish and implement reasonable employee benefit measures (including remuneration, leave, and other benefits)? Is the operating performance or results properly reflected in the remuneration for employees?	V		The Labor Standards Act served as the blueprint for all the management regulations that the Company has developed for the employees to follow. The managers at all levels and employee representatives of the Company organize regular labor-management meetings and irregular factory affairs meetings, not only promoting the Company's policies but also communicating on the opinions on reformation, daily aspects, benefits, and suggestions. The relationship between the management and employees has been harmonious for years. We have formulated reasonable salary and bonus systems and handled pension contribution as per the law. On May 17, 2000, our Employee Welfare Committee was established to take care of the subsidies for annual company trips, allowances for marriage/funeral/festivities, and regular birthday parties. The stable life of employees is ensured with the thorough welfare system. With a view of encouraging employees to run	There is no material deviation.

Item of Implementation	Implementation Status (Note 1)			Deviations From the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and Reasons Thereof
	Yes	No	Summary	
			the Company together, enhancing the Company's performance, and guaranteeing the stable life of employees, we have set up regulations concerning the profit sharing and stock ownership of employees. In this way, our capital structure becomes more robust, the harmony between the management and employees is fostered, and great confidence in the Company's future is built. There have been no labor disputes. Every year, profits concluded by the Company in a fiscal year are subject to employee remuneration of 5%–12% as per the Articles of Incorporation. The remuneration is distributed to the employees in consideration of their seniority and annual performance evaluation to enhance their motivation in the achievement of the Company's goals.	
(III) Does the Company provide employees with a safe and healthy work environment, and regularly provide them with health and safety education?	V		In view of the importance of protection measures in the work environment for employees' safety, the fulfillment of social responsibilities, and ESH-related implementation, the Company promotes hazardous substance free products and ESH management with the ISO14001 environmental management system, and promotes occupational safety with the ISO45001 occupational health and safety management system. Our purposes are to protect the environment as well as the health and rights of employees, and become a company with sustainable development that commits to improving environmental protection actions unceasingly. In order to avoid occupational safety incidents that might pose considerable threats to the corporate assets, cooperate image, and employees' life and safety, related work rules such as the Health and Safety Work Rules are established to prevent accidents. Moreover, we make plans for the crisis response items and perform emergency response exercises regarding accident handling procedures, emergency response plans and reporting conditions, disaster recovery, etc., minimizing the impact on the assets and personnel of the Company, society, and the environment. 1. Fire drills and emergency response exercises	There is no material deviation.

Item of Implementation	Implementation Status (Note 1)			Deviations From the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and Reasons Thereof
	Yes	No	Summary	
			are conducted every six months to develop countermeasures for potential accidents. 2. With the irregular promotion of the concept of health and safety and as well as the education and training in occupational safety, we make sure employees can work safely and at ease. 3. With the support of a professional safety consulting firm, we make hazard identification and risk assessment for factories to prevent occupational injuries or accidents of employees. 4. Our employees have physical examinations on a regular basis to avoid occupational injuries. 5. There are nurses appointed to provide on-site services on a regular basis. Our employees can consult the nurses on any questions about health care and medical treatment. 6. Regularly, there are visually impaired masseurs appointed to provide massage services for employees to relieve stress.	
(IV) Does the Company have effective programs for development and training regarding employees' career skills?	V		The training courses of the Company include induction training and in-service training. While implementing the training measures, the Company values the feedback of the trainees, and takes the personal education and training data of employees as the reference for future promotion and transfer.	There is no material deviation.
(V) With respect to the issues related to products and services, such as customer health and safety, customer privacy, marketing, and labeling, does the Company conform to relevant regulations and international standards and establish relevant rights protection policies and	V		Regarding the marketing and labeling of products and services, the Company sticks to relevant environmental laws and regulations and endeavors to keep in line with international environmental standards. All of our products are RoHS compliant. The Company maintains good communication channels with customers. The "Customer Satisfaction Evaluation Management Procedures" have been established. Every year, our marketing unit accordingly distributes the "Customer Satisfaction Survey Form" to all customers and further reviews the data related to customer satisfaction in the management review meeting. In addition, we provide contact information for customers in the Stakeholders Section on our website. There are dedicated	There is no material deviation.

Item of Implementation	Implementation Status (Note 1)			Deviations From the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and Reasons Thereof
	Yes	No	Summary	
complaint procedures for consumers or customers?			personnel responsible for the handling of customer complaints.	
(VI) Does the Company have a supplier management policy that requires suppliers to comply with the regulations concerning environmental protection, occupational health and safety, or labor rights? What is the status of its implementation?	V		CviLux regards suppliers as our most important business partners. Through the close long-term partnership, the Company and suppliers pursue a win-win niche together with sustainable operation as the ultimate goal. The "Supplier Management Regulations" and other relevant bylaws have been formulated in accordance with the RBA Code of Conduct, ISO9001 quality management system, ISO14001 environmental management system, and ISO45001 occupational health and safety management system. Sustainable supply chain management is thereby implemented thoroughly through assessment, evaluation, training, and praise. We know full well that the climate and environment of this planet are getting worse due to the impact of greenhouse gases. To keep in line with international standards such as the United Nations Framework Convention on Climate Change and Kyoto Protocol, as well as fulfilling corporate responsibilities, CviLux, as a citizen of the earth, is committed to the inventory of GHGs to properly stay on top of and manage the current GHG emission status. Voluntary GHG reduction plans will be launched based on the inventory results thereof. Supplier rating and audit In terms of procurement, whether the quality, cost, delivery, technology, service, and HSF management of suppliers complies with the regulations is taken into account. Meanwhile, the concept of sustainability is also incorporated in the process of supplier selection to reduce the negative environmental impact of procurement while increasing the positive contribution to society and the economy. The assessment items include: Having the ISO9001 quality management system certification or not—the suppliers with this certification are mainly considered. Meeting the requirements of ISO14001 and	There is no material deviation.

Item of Implementation	Implementation Status (Note 1)			Deviations From the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and Reasons Thereof
	Yes	No	Summary	
			ISO45001 system certifications or not—the suppliers certified are prioritized. Provision of material composition list. Provision of test reports made by third parties. Setup of supply chain management and the concept of sustainability, joint development of the economy and fulfillment of social responsibilities, and establishment of regulations and related documents: ● Supplier Management Regulations ● Honesty, Integrity and Social Responsibility Commitment Letter ● Relative Investigation Letter ● ESH Management Agreement ● Environmental Management Substances Regulations ● Environmental Management Substances System Regulations ● Survey on Environmental Management Substances ● CviLux Sustainability Policy ● Corporate Sustainable Supplier Regulations ● Corporate Sustainability Policy Acknowledge Letter ● Supplier's Corporate Sustainability Risk Assessment and Evaluation Checklist ● Responsible Minerals Procurement Regulations ● Responsible Minerals Procurement Commitment Letter To implement the CviLux and supply chain sustainability management processes, we have set up a 4-stage process to ensure suppliers meet our standards by implementing an uninterrupted cycle in order to improve the sustainability performance of the suppliers. (1) Sustainability regulations and surveys Signing supplier's corporate sustainability policy ●Assessment and survey on supplier's corporate sustainability policy (2) Risk assessment Risk assessment 1 - voluntary risk assessment Risk assessment 2 - questionnaire survey on corporate sustainability	

Item of Implementation	Implementation Status (Note 1)			Deviations From the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and Reasons Thereof
	Yes	No	Summary	
			risk Risk assessment 3 - (3) Sustainability regulations and surveys Document / field/ remote audit Implementation of improvement actions (4) Continual improvement Education and training Validation of improvements Provision support to non-compliant suppliers Unable to meet requirements for sustainable suppliers The supplier evaluation is carried out on a regular basis, and relevant assistance plans are implemented according to the evaluation results to assist suppliers appropriately. When the suppliers have difficulty with their processes or systems, we perform supplier analysis that is suitable for their structures based on the 5M1E method so that they can enhance their capabilities of key quality and sustainable operations.	
V. Does the Company use internationally accepted standards or guidelines for preparation of reports as reference in preparing the corporate sustainability report and other reports disclosing non-financial information of the Company? Are assurance or guarantee opinions from any third-party verifying agent acquired for the aforementioned reports?	V		The Company issued the CviLux ESG White Paper in July 2021. A sustainability report compiled in accordance with the GRI standards is expected to issue in June 2023. A third-party certificate will be obtained.	A sustainability report compiled in accordance with the GRI standards is expected to issue in June 2023. A third-party certificate will be obtained.
VI. In the event that the Company has established sustainable development best practice principles based on the “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies”, please describe the differences between the implementation and the established principles:				

<table>
<tr><th rowspan="2">Item of Implementation</th><th colspan="3">Implementation Status (Note 1)</th><th rowspan="2">Deviations From the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and Reasons Thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td colspan="5">The Company has formulated the Sustainable Development Best Practice Principles, and sticks to the provisions of laws and the Articles of Incorporation. The practices correspond to the core of the principles. There are no material differences.</td></tr>
<tr><td colspan="5">VII. Other information that enables a better understanding of the Company’s promotion of sustainable development:
(I) As a member of the Responsible Business Alliance (RBA), we are dedicated to observing its conduct rules and, for fulfillment of our corporate social responsibility, do not use the minerals mined from conflict-affected and high-risk areas under the circumstances of armed conflicts and human rights violation. CviLux Group complies with the requirements of the Responsible Business Alliance (RBA)/Responsible Minerals Initiative (RMI) and conducts due diligence on production and sales companies that are sources of minerals as per the “OECD Due Diligence Guidance for Responsible Mineral Supply Chains.” At the same time, we inform the suppliers of the policy of responsible minerals sourcing and ask for their compliance with the policy requirements.
(II) The Company places great emphasis on the environment, safety, and heath. To ensure that the Company can control disasters and protect the safety of employees correctly, rapidly, and effectively when any significant abnormalities occur, we provide relevant employee education and training and have all employees practice how to use fire extinguishers, perform evacuation drills in case of disaster extension, etc.
(III) We arrange regular physical examinations and take out group insurance for employees.
(IV) The Regulations Governing the Prevention, Complaint and Processing of Sexual Harassment, and the Non-Discrimination Policy are posted at the workplace to protect gender equality in employment.</td></tr>
</table>

Note 1: When “yes” is selected for the implementation status, please specify the important policies, strategies, and measures taken and the implementation status thereof; on the other hand, if “no” is selected, please describe the deviations, reasons, and plans regarding the future policies, strategies, and measures in the column of “Deviations >From the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and Reasons Thereof.”

Note 2: The materiality principle means that the issues related to the aspects of the environment, society, and corporate governance have a material impact on the Company’s investors and other stakeholders.

(VI) Implementation of Corporate Ethical Management and Measures Taken:

Implementation Status of Corporate Ethical Management, Deviations From the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and Reasons for Such Deviations

Item for Evaluation	Implementation Status			Deviations From the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and Reasons Thereof
	Yes	No	Summary	
I. Development of Ethical Management Policies and Programs (I) Are the Company's guidelines on corporate conduct and ethics provided in internal policies and disclosed publicly? Have the Board of Directors and the senior management team demonstrated their commitments to implement the policies?	V		The Company has established the "Ethical Corporate Management Best Practice Principles" and the "Procedures for Ethical Management and Guidelines for Conduct" based on the approval of the Board of Directors. The policies and measures of ethical management are specified in the internal regulations, and the policies are disclosed on the Company's website and MOPS.	There is no material deviation.
(II) Has the Company established an assessment mechanism for the risk of dishonest behaviors? Does the Company regularly analyze and assess business activities with a higher risk of dishonesty in the business scope, and formulate a plan to prevent dishonest behaviors, which at least covers Paragraph 2 of Article 7 in the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies"?	V		The Company has the "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct" in which the matters our personnel shall notice when conducting business activities are set forth. The rules cover the prohibition against bribery, prohibition against illegal political donations, prohibition against improper donations or sponsorships, prohibition against inappropriate gifts, treatments, and illegitimate benefits, prohibition against infringement of intellectual property rights, prohibition against unfair competition acts, etc.	There is no material deviation.
(III) Does the Company establish procedures, behavioral guidelines, disciplinary actions, and complaint systems in action plans against unethical conduct? Are the plans implemented thoroughly and reviewed and modified regularly?	V		We have established procedures, behavioral guidelines, disciplinary actions, and complaint systems in the "Procedures for Ethical Management and Guidelines for Conduct". Our Chairman's Office acts as the dedicated unit and amends the procedures according to laws.	There is no material deviation.
II. Implementation of Ethical Management (I) Does the Company assess the integrity of all counterparties it has business relationships with?	V		Before establishing a new business relationship with a supplier, the Company first assesses the legitimacy and integrity policy of the counterparty,	There is no material deviation.

Item for Evaluation	Implementation Status			Deviations From the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and Reasons Thereof
	Yes	No	Summary	
Are there any integrity clauses in the agreements the Company signs with business partners?			investigates whether it exhibits a history of dishonest conduct, and enters into the “Honesty, Integrity, and Confidentiality Commitment Letter” in which the integrity clauses are specified.	
(II) Has the Company set up a dedicated unit in charge of the promotion and execution of the Company’s corporate conduct and ethics, and the report to the Board about any operation policies, plans, and supervision on integrity and prevention of dishonesty on a regular basis (at least once a year)?	V		The Chairman’s Office is the dedicated unit in charge of the promotion and execution of the Company’s corporate conduct and ethics. It reports non-compliance to the Board of Directors at least once a year or whenever it is required. In addition, the head of the Audit Center presents the audit report to the Board on a quarterly basis.	There is no material deviation.
(III) Does the Company have policies to prevent conflict of interest, provide adequate communication channels, and implement the policies?	V		We have established the “Business Ethics Management Regulations” to explicitly specify the policy for prevention of conflict of interest: ● A conflict of interest exists when personal interests conflicts or seems to conflicts with corporate interests. ● No transactions or agreements with internal or external personnel that may lead to conflict of interest are allowed. ● No interests for the party involved or his/her related persons shall be sought by manipulating his/her official power, opportunities or any method under his official duty, or by requesting relevant persons, speaking for the same, or by other improper means. Where any business ethics violation events are identified, all the internal and external stakeholders may raise suggestions or related regulations or report such events through the communication procedure of the Company. Responsible unit: CviLux Corporation, Taiwan Headquarters Tel.: 886- 2- 26201000# 11802 Email: cg.law@cvilux-group.com	There is no material deviation.
(IV) Has the Company established effective accounting and internal control systems for the	V		The Company has established a complete internal control system. The internal audit unit develops audit plans	There is no material deviation.

Item for Evaluation	Implementation Status			Deviations From the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and Reasons Thereof
	Yes	No	Summary	
implementation of ethical management? Does the internal audit unit of the Company prepare audit plans according to the assessment result of dishonest risks, and audit such execution and compliance, or hire external auditors to audit such execution and compliance?			according to its regular risk assessments, performs audits as per the plans, and reports the audit results to the Board regularly.	
(V) Does the Company organize internal or external education and training on a regular basis to maintain business integrity?	V		The Chairman Office communicates laws and regulations to be noticed to insiders by email on a regular basis, such as honesty, integrity, and prohibition of insider trading. The Chairman's Office arranges education and training in ethical management and insider trading prevention for employees at least once a year, and reports the implementation status of corporate ethical management to the Board of Directors once a year. The implementation of ethical management of the Company in 2022 includes the following: 1. Email letters concerning the matters of insider-related laws to be noticed were sent to the directors and managerial officers at the beginning of every month. 2. The general courses of education and training for new hires cover the dissemination of important information about corporate governance, introduction to relevant management regulations (Procedures for Management of Internal Material Information and Operational Information, Corporate Governance Best Practice Principles, Procedures for Ethical Management and Guidelines for Conduct, etc.) and so forth. There were 29 trainees in 2022, with each of them training for 6 hours; the training hours totaled 174 hours. 3. The legal affairs personnel of the	There is no material deviation.

Item for Evaluation	Implementation Status			Deviations From the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and Reasons Thereof
	Yes	No	Summary	
			Chairman Office provided education and training on legal affairs on April 13, 2022. For the course "Legal Events Reporting Mechanism", each of the 37 trainees received 0.5 hours of training. The training hours totaled 18.5 hours. 4. The Chairman Office provided online education and training on corporate governance for employees from September 23, 2022 to October 21, 2022. For the course "Be Aware of Corporate Social Responsibility", each of the 169 trainees received 1 hour of training. The training hours totaled 169 hours. 5. The Chairman's Office provided online education and training on corporate governance for employees from December 2, 2022 to December 31, 2022. For the course "General ESG Knowledge", each of the 64 trainees received 0.5 hours of training. The training hours totaled 32 hours. 6. The chief corporate governance officer presented the report on corporate governance to the Board of Directors on November 4, 2022. The report includes the implementation status of ESG and corporate ethical management.	
III. Functioning of the Whistleblowing System (I) Has the Company set up a specific whistleblower reporting and reward system and a convenient reporting channel, and designated appropriate personnel to deal with the reported matters?	V		The Company has set up the "Regulations Governing the Processing of Reports of Illegal and Unethical or Dishonest Conduct". Convenient reporting channels have also been established with appropriate contact persons designated for different types of subjects against whom allegations of misconduct are made, such as the reporting mailbox regarding shareholders/investors, and the reporting mailbox regarding suppliers/customers/internal employees.	There is no material deviation.

Item for Evaluation	Implementation Status			Deviations From the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and Reasons Thereof
	Yes	No	Summary	
(II) Has the Company developed any standard investigation procedures for reported misconduct and relevant mechanisms for confidentiality?	V		The Company has developed the "Regulations Governing the Processing of Reports of Illegal and Unethical or Dishonest Conduct" in which the handling procedures for reported matters and the mechanisms for confidentiality are specified. The handling procedures are described as below: 1. The whistleblower must make the whistleblower report through the channels set forth in Article 4 of said regulations with their name provided, and give sufficient information for further investigation (including the name, phone number, unit, and position of the person(s) involved, the process, time, location of the incident, and the evidence as well as description that can demonstrate the fact of illegal conduct or negligence of duty). The handling unit shall understand the intention of the report and investigate the specific evidence. In principle, anonymous reports will not be accepted. When investigation is considered necessary for such allegations, however, the Company may still assign specific personnel to handle the matters and take the cases as reference for internal review. 2. In order to protect the rights of the subject against whom the allegation of misconduct is made, the Company shall give such a person the opportunity to speak. A review meeting is convened when necessary. 3. The whole report handling process must be kept confidential, and the investigation shall be conducted by an independent channel (audit unit) to fully protect the identity of the whistleblower. 4. Documentation of report acceptance, investigation processes, and results shall be retained for at least five years and may be retained electronically.	There is no material deviation.

Item for Evaluation	Implementation Status			Deviations From the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and Reasons Thereof
	Yes	No	Summary	
			The Company shall carry out the responsibility of such retention. In the event of a suit in respect of the whistleblowing case, the relevant information shall continue to be retained until the conclusion of the litigation. 5. A confirmed report with circumstances deemed serious will not only be handled as per the laws or the relevant bylaws of the Company, but also be disclosed on MOPS. Meanwhile, the whistleblower will be given with appropriate incentives.	
(III) Has the Company adopted any measures to protect whistleblowers from being improperly handled due to whistleblowing?	V		It is specified in the “Regulations Governing the Processing of Reports of Illegal and Unethical or Dishonest Conduct” of the Company that the whole report handling process must be kept confidential, and the investigation shall be conducted by an independent channel (audit unit) to fully protect the identity of the whistleblower. The Company has established the “Whistleblower Protection and Anti-Vengeance Regulations” to ensure employees, suppliers, and other internal and external whistleblowers can exercise their whistleblowing rights according to laws, and protect their legal intetest.	There is no material deviation.
IV. Enhancement of Information Disclosure (I) Has the Company disclosed its ethical management principles and implementation results on the website and MOPS?	V		The Company’s “Ethical Corporate Management Best Practice Principles”, “Procedures for Ethical Management and Guidelines for Conduct”, and the information on ethical management is disclosed through the Company’s website, MOPS, and the media in a timely manner.	There is no material deviation.
V. In the event that the Company has established ethical management principles based on the “Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies”, please describe the differences between the implementation and the established principles: None.				
VI. Other information that enables a better understanding of the Company’s implementation of ethical management: The Company has assigned specific personnel as permanent contact persons for communication with customers to keep track of the changes of customers. The ethical management of both sides				

Item for Evaluation	Implementation Status			Deviations From the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and Reasons Thereof
	Yes	No	Summary	
is ensured through the thorough mechanism. Also, we have always paid attention to the laws and regulations related to ethical management, thereby reviewing and improving our relevant bylaws to enhance the effectiveness of the Company's ethical management.				

(VII) If the Company has established corporate governance principles and relevant regulations, the ways through which they can be searched for shall be disclosed:

There are an "Investors Section" and "Corporate Governance" page set up on our official website for the investors to search for our regulations related to corporate governance, introduction to our Board of Directors and functional committees, and information about the communication between our independent directors and internal chief auditor/CPAs, etc.

(VIII) Other information that enables a better understanding of the Company's corporate governance:

1. Managerial Officers (presidents, vice presidents, chief accounting officer, chief financial officer, internal chief auditor, etc.) and Their Participation in Continuing Education and Training Related to Corporate Governance:

Title	Name	Course Date	Course Name	Course Hours
CSO	Steve Yang	03.09.2022	Technology Development and Business Opportunities for EVs and Smart Cars	3
		08.18.2022	Practical Analysis on Perfect Succession and Assets Inheritance	3
CEO	Lawrence Yang	10.18.2022	Analysis on Current External Challenges to China and Global Governance Strategies	3
		11.15.2022	Analysis on Competition for Management Rights and Prevention Strategies	3
President	Glen Chu	10.18.2022	A Geopolitic and Post-Pandemic Perspective on the Development Trends of the Global Industries	3
		10.18.2022	Analysis on Current External Challenges to China and Global Governance Strategies	3
President	Alex Huang	03.09.2022	Technology Development and Business Opportunities for EVs and Smart Cars	3
		09.06.2022	Global Risk Awareness - The Opportunities and Challenges in the Next Ten Years	3
Chief	Weiling	09.15.2022,	Continuing Education Program for the	12

Title	Name	Course Date	Course Name	Course Hours
Financial Officer	Yuan	09.16.2022	Accounting Managers of Issuers, Securities Firms, and Securities Exchanges	
Chief Auditor	Lucy Chen	03.09.2022	Analysis on Practical Cases of “Audit Transformation” and “Data Analysis” under Emerging Technologies	6
		09.08.2022	Legal Compliance and Risk Prevention Practices in the Latest “Amendments of Internal Control Guidelines” and “Information Security”	6
		11.18.2022	Improvement of Corporate Sustainable Values and Comprehensive Risk Management System	6
Chief Corporate Governance Officer	Maggie Wang	04.22.2022	Net Zero Emissions, Carbon Neutral and Corporate Legal Compliance	3
		08.18.2022	Practical Analysis on Perfect Succession and Assets Inheritance	3
		10.12.2022	2022 Insider Equity Transaction Compliance Conference	3
		11.25.2022	Legal Limitations on the Equity of the Directors and Supervisors and Analysis on Legal Decisions.	3

(IX) Implementation of the Internal Control System:

1. Statement on Internal Control: 2022 Statement on Internal Control System; please refer to the appendix on Page 173.
2. If review of the internal control system has been conducted by CPAs, the CPAs’ review report must be disclosed: None.

(X) In the most recent year and up to the publication date of the annual report, the punishments received by the Company and its internal personnel in accordance with laws, or the punishments imposed on the internal personnel violating internal control system regulations, material deficiencies, and improvements by the Company: None.

(XI) Major resolutions of the Board and the shareholders’ meetings in the most recent year and up to the publication date of the annual report:

Major Resolutions of the Board Meetings		
Date	Proposal	Resolution
03. 22.2023	1.2021 earnings distribution.	The proposal was approved by all attending directors when the chairperson asked for their opinions.
	2.Determination of the amount and distribution methods of remuneration to employees and directors for 2021.	The proposal was approved by all attending directors when the chairperson asked for their opinions.
	3.Review of the independence and	The proposal was approved by all

Major Resolutions of the Board Meetings		
Date	Proposal	Resolution
	performance evaluation of CPAs for 2021.	attending directors when the chairperson asked for their opinions.
	4. Organization of the 2022 shareholders' meeting.	The proposal was approved by all attending directors when the chairperson asked for their opinions.
	5. Provision of endorsement/guarantee for the affiliate CviCloud Corporation.	The proposal was approved by all attending directors when the chairperson asked for their opinions.
	6. Provision of endorsement/guarantee for the affiliate CviCloud Corporation.	The proposal was approved by all attending directors when the chairperson asked for their opinions.
	7. Provision of endorsement/guarantee for the affiliate CviMall International Corporation.	The proposal was approved by all attending directors when the chairperson asked for their opinions.
12. 28.2022	1. Purchase of 2023 liability insurance for directors.	The proposal was approved by all attending directors when the chairperson asked for their opinions.
	2. Policies, systems, standards, and structures of remuneration to directors and managerial officers.	The proposal was approved by all attending directors when the chairperson asked for their opinions.
	3. Loaning of funds amounting to USD1 million only to the fourth-tier subsidiary CviLux Lao Co., Ltd.	The proposal was approved by all attending directors when the chairperson asked for their opinions.
	4. Loaning of funds amounting to USD100 thousand only to the subsidiary CviLux Korea Corporation.	The proposal was approved by all attending directors when the chairperson asked for their opinions.
	5. Proposal for establishment of the "Risk Management Policy and Procedure" and "Organizational Rules of Risk Management Committee".	The proposal was approved by all attending directors when the chairperson asked for their opinions.
11.04.2022	1. Proposal for amendment of the Company's "Rules of Procedure for Board of Directors Meetings".	The proposal was approved by all attending directors when the chairperson asked for their opinions.
	2. Proposal for capital increase to the subsidiary CviCloud Corporation.	The proposal was approved by all attending directors when the chairperson asked for their opinions.
	3. Proposal for capital increase of the fourth-tier subsidiary CviLux LAO Co., LTD.	The proposal was approved by all attending directors when the chairperson asked for their opinions.
	4. Proposal for registration cancellation of the Company's third-tier subsidiary CviCloud Limited (Hong Kong)	The proposal was approved by all attending directors when the chairperson asked for their opinions.
	5. Establishment of the general principles for the non-assured service pre-approving policy of the Company	The proposal was approved by all attending directors when the chairperson asked for their opinions.

Major Resolutions of the Board Meetings		
Date	Proposal	Resolution
	6. Provision of endorsement/guarantee for the affiliate CviCloud Corporation.	The proposal was approved by all attending directors when the chairperson asked for their opinions.
	7. Loaning of funds amounting to NTD 20 million only to the subsidiary CviMall International Corporation.	The proposal was approved by all attending directors when the chairperson asked for their opinions.
2022.08.05	1. Application for the limit of endorsement/guarantee for the subsidiary CviLux Electronics (Dongguan) Co., Ltd.	The proposal was approved by all attending directors when the chairperson asked for their opinions.
	2. Application for the limit of endorsement/guarantee for the subsidiary, CviCloud (SZ) Limited.	The proposal was approved by all attending directors when the chairperson asked for their opinions.
	3. Application for the limit of endorsement/guarantee for the subsidiary CviLux Electronics (Dongguan) Co., Ltd.	The proposal was approved by all attending directors when the chairperson asked for their opinions.
	4. Provision of endorsement/guarantee for the subsidiary CviCloud (SZ) Limited.	The proposal was approved by all attending directors when the chairperson asked for their opinions.
05.06.2022	1. Loaning of funds amounting to USD1.50 million only to the fourth-tier subsidiary CviLux Lao Co., LTD.	The proposal was approved by all attending directors when the chairperson asked for their opinions.
2022.04.28	1. Proposal for amendment of the Company’s “Articles of Incorporation”.	The proposal was approved by all attending directors when the chairperson asked for their opinions.
	2. Proposal for amendment of the Company's “Procedure for Acquisition or Disposal of Assets”.	The proposal was approved by all attending directors when the chairperson asked for their opinions.
	3. Amendment to the “Rules of Procedure for Shareholders’ Meetings” of the Company.	The proposal was approved by all attending directors when the chairperson asked for their opinions.
	4. Proposal for amendment of the Company's "Corporate Governance Best Practice Principles”.	The proposal was approved by all attending directors when the chairperson asked for their opinions.
	5. Proposal for amendment of the Company's "Sustainable Development Best Practice Principles”.	The proposal was approved by all attending directors when the chairperson asked for their opinions.
03.23.2022	1. 2021 earnings distribution.	The proposal was approved by all attending directors when the chairperson asked for their opinions.
	2. Determination of the amount and distribution methods of remuneration to employees and directors for 2021.	The proposal was approved by all attending directors when the chairperson asked for their opinions.
	3. Review of the independence and	The proposal was approved by all

Major Resolutions of the Board Meetings		
Date	Proposal	Resolution
	performance evaluation of CPAs for 2021.	attending directors when the chairperson asked for their opinions.
	4. Organization of the 2022 shareholders' meeting.	The proposal was approved by all attending directors when the chairperson asked for their opinions.
	5. Provision of endorsement/guarantee for the affiliate CviCloud Corporation.	The proposal was approved by all attending directors when the chairperson asked for their opinions.
	6. Provision of endorsement/guarantee for the affiliate CviCloud Corporation.	The proposal was approved by all attending directors when the chairperson asked for their opinions.
	7. Provision of endorsement/guarantee for the affiliate CviMall International Corporation.	The proposal was approved by all attending directors when the chairperson asked for their opinions.

Major Resolutions of the Shareholders Meetings			
Date	Proposal	Resolution	Implementation Status
2022.06.23 Shareholders Meetings	1. Ratification of the 2021 Business Report and year-end closing statements	The proposal from the Board of Directors was put to a vote and further approved.	Approved.
	2. Ratification of the 2021 earnings distribution.	The proposal from the Board of Directors was put to a vote and further approved.	Approved. The amount of cash dividends for shareholders was NTD 157,906,826, and was distributed on August 29, 2022.
	3. Proposal for amendment of the Company's "Articles of Incorporation"	The proposal was put to a vote and further approved.	The amendments of the "Articles of Incorporation" took effect on June 23, 2022.
	4. Proposal for amendment of the Company's "Procedure for Acquisition or Disposal of Assets".	The proposal was put to a vote and further approved.	The amendments of "Procedure for Acquisition or Disposal of Assets" took effect on June 23, 2022.
	5. Amendment to the "Rules of Procedure for Shareholders Meetings" of the Company.	The proposal was put to a vote and further approved.	The amendments of the "Rules of Procedure for Shareholders Meetings" took effect on June 23, 2022.

(XII) Records or written statements made by any director or supervisor who expressed dissent to major resolutions adopted by the Board of Directors in the most recent year and up to the publication date of the annual report: None.

(XIII) Summary of resignation and dismissal of the Company's Chairman, presidents, chief accounting officer, chief financial officer, internal chief auditor, chief corporate governance officer, and chief R&D officer in the most recent year and up to the publication date of the annual report: None.

V. Information on CPAs' Professional Fees (Please specify the amount)

Unit: NTD thousand

Name of CPA firm	Name of CPA	CPA's Audit Period	Audit Fee	Non-audit Fees	Total
KPMG	Tang, Chia-Chien	01.01.2022~12.31.2022	4,260	810	5,070
	Su Yen-Ta	01.01.2022~12.31.2022			

The non-audit fees include NTD 340,000 for tax compliance audit, NTD 420,000 for transfer pricing reports, and NTD 50,000 for the checklist of remuneration to non-managerial employees.

VI. Information on Change of CPAs: None.

VII. CPA firm or its affiliates at which the Company's Chairman, presidents, or managerial officers responsible for financial or accounting matters were once an employee thereof in the most recent year: None.

VIII. Details of Equity Transferred or Pledged by Directors, Supervisors, Managerial Officers, or Shareholders With More Than 10% Ownership Interest in the Most Recent Year and up to the Publication Date of the Annual Report

(I) Details of equity transferred or pledged by directors, supervisors, managerial officers, or shareholders with more than 10% ownership interest in the most recent year and up to the publication date of the annual report:

Changes in Equity of Directors, Supervisors, Managerial Officers, and Major Shareholders

Unit: share

Title	Name	2022		As of April 30, 2023	
		Increase (Decrease) in Shares Held	Increase (Decrease) in Shares Pledged	Increase (Decrease) in Shares Held	Increase (Decrease) in Shares Pledged
Chairman	YANGTEK CORPORATION Rep.: Steve Yang	361,000	0	789,851	0
Director	Chuan Kai Investment Co., Ltd. Rep.: Glen Chu	0	0	0	0
Director and President of Connector Business Unit	Alex Huang	2,687	0	1,743	0
Director and CEO of the Group	Lawrence Yang	(657,462)	0	1,743	0
Independent Director	Yinchun Chuang	0	0	0	0
Independent Director	Shuling Lin				
Independent Director	Alan Yu				
Corporate representative and CSO of the Group	Steve Yang	4,986	0	1,937	0
Representative of a Juridical Person and President of	Glen Chu	2,837	0	1,840	0

Title	Name	2022		As of April 30, 2023	
		Increase (Decrease) in Shares Held	Increase (Decrease) in Shares Pledged	Increase (Decrease) in Shares Held	Increase (Decrease) in Shares Pledged
the Group					
Assistant Vice President	Johnson Hsu	2,240	0	1,453	0
Assistant Vice President	Keng-Sheng Tsai	2,090	0	1,356	
Assistant Vice President	Hsien-Yu Chiu	2,673	0	1,356	
Chief Financial Officer	Weiling Yuan	1,792	0	1,162	0
Chief Corporate Governance Officer	Maggie Wang	2,493	0	2,065	0

Note 1: As the Company has set up the Audit Committee, there are no supervisors.
Note 2: Any shareholder with more than 10% ownership interest shall be specified as a major shareholder and listed separately.

(II) Information on transfer of equity by a director, supervisor, managerial officer, or major shareholder with more than 10% ownership interest for a related party in the most recent year and up to the publication date of the annual report: None.

(III) Information on pledge of equity by a director, supervisor, managerial officer, or major shareholder with more than 10% ownership interest for a related party in the most recent year and up to the publication date of the annual report: None.

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

Relationship Information, if Among the 10 Largest Shareholders Any One is in a Specific Relationship With Another

NAME (NOTE 1)	SHARES HELD BY THE SHAREHOLDER		SHARES HELD BY SPOUSE OR MINOR CHILDREN		SHARES HELD IN THE NAMES OF OTHERS		The title or name and relation of the 10 largest shareholders who are related parties to each other, in a spousal relationship, or within the second degree of kinship. (Note 3)		NOTE
	Number of Shares	Shareholding Ratio (%)	Number of Shares	Shareholding Ratio (%)	Number of Shares	Shareholding Ratio (%)	Title (or Name)	Relationship	
YANGTEK CORPORATION	6,593,000	8.35	0	0	0	0	None	None	
Rep.: Steve Yang	110,570	0.14	0	0	0	0	None	None	
ACTIVE CORPORATION	3,007,000	3.81	0	0	0	0	None	None	
YANG PLUS CORPORATION	2,420,000	3.07	0	0	0	0	None	None	
Chuan Kai Investment Co., Ltd.	1,969,091	2.49	0	0	0	0	None	None	
Rep.: Glen Chu	1,954,824	2.48	364,817	0.46	0	0	None	None	
Glen Chu	1,954,824	2.48	364,817	0.46	0	0	None	None	
Trust property account in custody of Hua Nan Commercial Bank—Steve Yang	1,300,000	1.65	0	0	0	0	None	None	
Chou, Shu-Hung	855,000	1.08	0	0	0	0	None	None	Note 4
Chou, Hsin-Yi	855,000	1.08	0	0	0	0	None	None	Note 4
CPPIBMAPSPC entrusted to Arrowstreet Capital in escrow at Standard Chartered Bank.	838,000	1.06	0	0	0	0	None	None	
Pei-Lan Hung	760,000	0.96	0	0	0	0	None	None	Note 4

Note 1: The 10 largest shareholders shall all be specified. For an institutional shareholder, the name of institutional shareholder and the representative shall be listed separately.

Note 2: The shareholding ratio is calculated based on the shares held by the person and his/her spouse or minor children, or held by the person under others' names.

Note 3: The relationships between the aforementioned shareholders, including juridical persons and natural persons, shall be disclosed as per the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Note 4: Since the shareholder is not an insider, the information disclosed is based on the information that the Company can obtain.

X. The Total Number of Shares and Total Equity Stake Held in the Same Investee by the Company, its Directors and Supervisors, Managerial Officers, and Any Companies Controlled Either Directly or Indirectly by the Company

December 31, 2022 / Unit: share

Investee	Investment of the Company		Investment of Directors, Supervisors, Managerial Officers, and Directly or Indirectly Controlled Business		Aggregate Investment	
	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio
CONTEC(B.V.I.)Corp.	15,265,948	100%	0	0	15,265,948	100%
CviLux(B.V.I.)Corp.	11,102,371	100%	0	0	11,102,371	100%
HICON(B.V.I.)Corp.	10,370,000	100%	0	0	10,370,000	100%
Dongguan Qunhan Electronics Co., Ltd.	25,590,000	100%	0	0	25,590,000	100%
CviLux Technology (Suzhou) Co., Ltd.	6,620,000	100%	0	0	6,620,000	100%
CviLux Electronics (Dongguan) Co., Ltd.	9,000,000	100%	0	0	9,000,000	100%
CviLux Technology (Chongqing) Corporation	8,750,000	100%	0	0	8,750,000	100%
CviLux Technology (Shenzhen) Corporation	2,000 ,000	100%	0	0	2,000 ,000	100%
CviCloud (SZ) Limited	1,890,000	100%	0	0	1,890,000	100%
CviCloud Limited (Registered Place: Hong Kong)	-	100%	0	0	-	100%
CviCloud Corporation	11,514,800	100%	0	0	11,514,800	100%
Anhui CviLux Technology Co., Ltd.	10,000,000	100%	0	0	10,000,000	100%
CviLux Lao Co., Ltd	-	92.59%	0	0	-	92.59%
CviLux USA Corporation	100,000	100%	0	0	100,000	100%
CviMall International Corporation	2,999,900	100%	0	0	2,999,900	100%
Shanghai Han Duo Trading Co., Ltd.	200,000	100%	0	0	200,000	100%
Cvilux KOREA Corporation	10,000	100%	0	0	10,000	100%
Shenzhen Recon Health Care Cloud Tech. Co., Ltd.	4,210,000	42.76%	0	0	4,210,000	42.76%

Note: The Company’s investment under the equity method.

Four. Fundraising Status

I. Corporate Capital and Shares

(I) Sources of Capital:

April 30, 2021/Unit: thousand shares; NTD thousand

MM.YYYY	Issue price	Authorized Capital		Paid-in Capital		Note		
		Number of Shares	Amount	Number of Shares	Amount	Sources of Capital (amount)	Investment by Property Other Than Cash	Others: Effective Date and Document Number
03.1990	10	500	5,000	500	5,000	Capital for Establishment		Jian (I) Zi No. 092372
07.1996	10	2,000	20,000	2,000	20,000	Follow-on offering valued at NTD 15,000 thousand.		Jian (I) Zi No. 85309736
07.1997	10	4,000	40,000	4,000	40,000	Follow-on offering valued at NTD 20,000 thousand.		Jian (I) Zi No. 86298594
08.1999	10	7,000	70,000	7,000	70,000	Follow-on offering valued at NTD 30,000 thousand.		Jing (88) Zhong Zi No. 670430
08.2000	10	8,150	81,500	8,150	81,500	Follow-on offering valued at NTD 6,500 thousand. Capitalization of earnings valued at NTD 5,000 thousand.		Jing (89) Zhong Zi No. 89475939
10.2000	10	11,750	117,500	11,750	117,500	Follow-on offering valued at NTD 36,000 thousand.		Jing (089) Shang Zi No. 089143529
08.2001	10	12,925	129,250	12,925	129,250	Capitalization of earnings valued at NTD 11,750 thousand.		Jing (90) Shang Zi No. 09001324910
08.2002	10	35,000	350,000	20,000	200,000	Follow-on offering valued at NTD 57,225 thousand. Capitalization of earnings valued at NTD 12,925 thousand. Employee bonuses valued at NTD 600 thousand.		Jing-Shou-Shang-Zi No. 09101308190
10.2003	10	35,000	350,000	23,423	234,230	Capitalization of earnings valued at NTD 30,000 thousand. Employee bonuses valued at NTD 4,230 thousand.		Jing-Shou-Zhong-Zi No. 09232871600
09.2004	10	45,000	450,000	26,168	261,683	Capitalization of earnings valued at NTD 23,423 thousand. Employee bonuses valued at NTD 4,030 thousand.		Jing-Shou-Zhong-Zi No. 09332645760
04.2005	10	45,000	450,000	28,558	285,578	Conversion of corporate bonds valued at NTD 23,895 thousand.		Jing-Shou-Zhong-Zi No. 09431979650
07.2005	10	45,000	450,000	28,740	287,403	Conversion of corporate bonds valued at NTD 1,825 thousand.		Jing-Shou-Zhong-Zi No. 09432494220
09.2005	10	45,000	450,000	32,130	321,300	Capitalization of earnings valued at NTD 30,407 thousand. Employee bonuses valued at NTD 3,490 thousand.		Jing-Shou-Zhong-Zi No. 09432757470
10.2005	10	45,000	450,000	32,332	323,316	Conversion of corporate bonds valued at NTD 2,016 thousand.		Jing-Shou-Zhong-Zi No. 09433010220
01.2006	10	45,000	450,000	38,794	387,939	Conversion of corporate bonds valued at NTD 64,623 thousand.		Jing-Shou-Zhong-Zi No. 09531580400
04.2006	10	45,000	450,000	39,114	391,140	Conversion of corporate bonds valued at NTD 3,201 thousand.		Jing-Shou-Zhong-Zi No. 09531958470
09.2006	10	60,000	600,000	43,474	434,744	Capitalization of earnings valued at NTD 39,114 thousand. Employee bonuses valued at NTD 4,490 thousand.		Jing-Shou-Zhong-Zi No. 09532782370
01.2007	10	60,000	600,000	43,736	437,356	Conversion of corporate bonds valued at NTD 2,612 thousand.		Jing-Shou-Zhong-Zi No. 09631559700

MM.YYYY	Issue price	Authorized Capital		Paid-in Capital		Note		
		Number of Shares	Amount	Number of Shares	Amount	Sources of Capital (amount)	Investment by Property Other Than Cash	Others: Effective Date and Document Number
04.2007	10	60,000	600,000	44,940	449,403	Conversion of corporate bonds valued at NTD 12,047 thousand.		Jing-Shou-Zhong-Zi No. 09631977420
08.2007	10	60,000	600,000	45,888	458,885	Conversion of corporate bonds valued at NTD 9,482 thousand.		Jing-Shou-Zhong-Zi No. 09632649130
09.2007	10	80,000	800,000	51,710	517,100	Capitalization of earnings valued at NTD 45,862 thousand. Employee bonuses valued at NTD 5,270 thousand. Conversion of corporate bonds valued at NTD 7,082 thousand.		Jing-Shou-Shang-Zi No. 09601223930
01.2008	10	80,000	800,000	53,893	538,929	Conversion of corporate bonds valued at NTD 21,830 thousand.		Jing-Shou-Shang-Zi No. 09701012770
04.2008	10	80,000	800,000	53,909	539,089	Conversion of corporate bonds valued at NTD 159 thousand.		Jing-Shou-Shang-Zi No. 09701085740
07.2008	10	80,000	800,000	53,983	539,831	Conversion of corporate bonds valued at NTD 742 thousand.		Jing-Shou-Shang-Zi No. 09701183110
09.2008	10	80,000	800,000	60,010	600,095	Capitalization of earnings valued at NTD 54,011 thousand. Employee bonuses valued at NTD 6,200 thousand. Conversion of corporate bonds valued at NTD 53 thousand.		Jing-Shou-Shang-Zi No. 09701244560
01.2009	10	80,000	800,000	60,046	600,461	Conversion of corporate bonds valued at NTD 366 thousand.		Jing-Shou-Shang-Zi No. 09801011700
09.2009	10	80,000	800,000	63,251	632,510	Capitalization of earnings valued at NTD 28,775 thousand. Conversion of corporate bonds valued at NTD 3,274 thousand.		Jing-Shou-Shang-Zi No. 09801212130
01.2010	10	80,000	800,000	63,684	636,845	Conversion of corporate bonds valued at NTD 4,335 thousand.		Jing-Shou-Shang-Zi No. 09901011110
04.2010	10	80,000	800,000	64,011	640,115	Conversion of corporate bonds valued at NTD 3,270 thousand.		Jing-Shou-Shang-Zi No. 09901072390
07.2010	10	100,000	1,000,000	64,038	640,381	Conversion of corporate bonds valued at NTD 266 thousand.		Jing-Shou-Shang-Zi No. 09901158870
09.2010	10	100,000	1,000,000	67,115	671,150	Capitalization of earnings valued at NTD 30,769 thousand.		Jing-Shou-Shang-Zi No. 09901212110
10.2010	10	100,000	1,000,000	67,140	671,400	Conversion of corporate bonds valued at NTD 250 thousand.		Jing-Shou-Shang-Zi No. 09901235620
09.2011	10	100,000	1,000,000	69,264	692,642	Capitalization of earnings valued at NTD 20,142 thousand. Conversion of corporate bonds valued at NTD 1,100 thousand.		Jing-Shou-Shang-Zi No. 10001201800
04.2012	10	100,000	1,000,000	71,379	713,790	Conversion of corporate bonds valued at NTD 21,148 thousand.		Jing-Shou-Shang-Zi No. 10101063790
07.2012	10	100,000	1,000,000	72,396	723,958	Conversion of corporate bonds valued at NTD 10,168 thousand.		Jing-Shou-Shang-Zi No. 10101148320

MM.YYYY	Issue price	Authorized Capital		Paid-in Capital		Note		
		Number of Shares	Amount	Number of Shares	Amount	Sources of Capital (amount)	Investment by Property Other Than Cash	Others: Effective Date and Document Number
10.2012	10	100,000	1,000,000	73,949	739,490	Conversion of corporate bonds valued at NTD 15,532 thousand.		Jing-Shou-Shang-Zi No. 10101216110
01.2013	10	100,000	1,000,000	73,970	739,702	Conversion of corporate bonds valued at NTD 212 thousand.		Jing-Shou-Shang-Zi No. 10201008550
04.2013	10	100,000	1,000,000	74,843	748,426	Conversion of corporate bonds valued at NTD 8,724 thousand.		Jing-Shou-Shang-Zi No. 10201064520
07.2013	10	100,000	1,000,000	74,922	749,216	Conversion of corporate bonds valued at NTD 790 thousand.		Jing-Shou-Shang-Zi No. 10201127220
10.2013	10	100,000	1,000,000	74,938	749,380	Conversion of corporate bonds valued at NTD 164 thousand.		Jing-Shou-Shang-Zi No. 10201211070
01.2014	10	100,000	1,000,000	75,004	750,038	Conversion of corporate bonds valued at NTD 658 thousand.		Jing-Shou-Shang-Zi No. 10301009340
04.2014	10	100,000	1,000,000	75,191	751,913	Conversion of corporate bonds valued at NTD 1,875 thousand.		Jing-Shou-Shang-Zi No. 10301067030
07.2014	10	100,000	1,000,000	75,524	755,235	Conversion of corporate bonds valued at NTD 3,322 thousand.		Jing-Shou-Shang-Zi No. 10301130920
10.2014	10	100,000	1,000,000	75,898	758,979	Conversion of corporate bonds valued at NTD 3,744 thousand.		Jing-Shou-Shang-Zi No. 10301214970
01.2015	10	100,000	1,000,000	76,279	762,789	Conversion of corporate bonds valued at NTD 3,810 thousand.		Jing-Shou-Shang-Zi No. 10401007030
04.2015	10	100,000	1,000,000	76,571	765,714	Conversion of corporate bonds valued at NTD 2,925 thousand.		Jing-Shou-Shang-Zi No. 10401061380
07.2015	10	100,000	1,000,000	78,269	782,687	Conversion of corporate bonds valued at NTD 16,973 thousand.		Jing-Shou-Shang-Zi No. 10401148170
08.2016	10	100,000	1,000,000	81,399	813,994	Capitalization of earnings valued at NTD 31,307 thousand.		Jing-Shou-Shang-Zi No. 10501210800
10.2020	10	100,000	1,000,000	78,953	789,534	Capital reduction through cancellation of treasury shares valued at NTD 24,460 thousand.		Jing-Shou-Shang-Zi No. 10901178520

Note 1: The figures shall be the data of the year and up to the publication date of the annual report.
Note 2: For new capital, the effective date (approval date) and approval document number shall be provided.
Note 3: Shares issued at a price lower than the par value shall be marked notably.
Note 4: Investment by currency claims and technologies shall be specified with additional notes of the type and amount provided.
Note 5: Private placement shall be marked notably.

April 22, 2023 / Unit: Share

Types of Shares	Authorized Capital			Note
	Outstanding shares (listed companies' shares)	Unissued Shares	Total	
Registered Common Shares	78,953,413	21,046,587	100,000,000	Including 1,500,000 Shares Reserved for Issuing Warrants

(II) Structure of the Shareholders:

April 22, 2023

Shareholder Structure / Number	Governmental Agencies	Financial Institutions	Other Juristic Persons	Individual	Foreign Institutions and Foreigners	Total
Number of Persons	0	3	228	26,260	61	26,552
Shares Held	0	91,961	18,320,935	54,282,080	6,258,437	78,953,413
Shareholding Ratio	0.00	0.12	23.20	68.75	7.93	100.00

(III) Distribution of Equity:

April 22, 2023

Shareholding Range	Number of Shareholders	Shares Held	Shareholding Ratio (%)
1 to 999	17,034	442,450	0.56
1,000 to 5,000	7,652	14,917,092	18.89
5,001 to 10,000	978	7,522,982	9.53
10,001 to 15,000	318	3,974,407	5.03
15,001 to 20,000	171	3,145,713	3.98
20,001 to 30,000	158	3,911,648	4.95
30,001 to 40,000	59	2,090,368	2.65
40,001 to 50,000	38	1,750,219	2.22
50,001 to 100,000	75	5,258,249	6.66
100,001 to 200,000	28	3,758,539	4.76
200,001 to 400,000	20	5,333,904	6.76
400,001 to 600,000	5	2,342,655	2.97
600,001 to 800,000	7	4,713,272	5.97
800,001 to 1,000,000	3	2,548,000	3.23
1,000,001 or More	6	17,243,915	21.84
Total	26,552	78,953,413	100.00%

(IV) List of Major Shareholders:

Names of the shareholders with more than 5% ownership interest or the 10 largest shareholders, and the number and ratio of shares held:

April 22, 2023 / Unit: Share

Name of Major Shareholder \ Shares	Shares Held	Shareholding Ratio (%)
YANGTEK CORPORATION	6,593,000	8.35
ACTIVE CORPORATION	3,007,000	3.81
YANG PLUS CORPORATION	2,420,000	3.07
Chuan Kai Investment Co., Ltd.	1,969,091	2.49
Glen Chu	1,954,824	2.48
Trust property account in custody of Hua Nan Commercial Bank—Steve Yang	1,300,000	1.65
Chou, Shu-Hung	855,000	1.08
Chou, Hsin-Yi	855,000	1.08
CPPIBMAPSPC entrusted to Arrowstreet Capital in escrow at Standard Chartered Bank.	838,000	1.06
Pei-Lan Hung	760,000	0.96

(V) Information on market price, net worth, earnings, and dividend per share in the most recent two years:

Item \ Year			2020	2021	Up to March 31, 2022 for the Current Year (Note 8)
Market Price Per Share (Note 1)	Highest		53.80	56.20	37.95
	Lowest		31.30	28.40	30.65
	Average		42.36	38.68	34.14
Net Worth Per Share (Note 2)	Before Distribution		36.20	38.82	37.40
	After Distribution		34.2	36.82	—
Earnings Per Share	Weighted Average Number of Shares		78,953	78,953	78,953
	Earnings Per Share (Note 3)	Before Retrospective Adjustments	4.29	4.20	0.36
		After Retrospective Adjustments	4.13	3.67	0.32
Dividends Per Share	Cash Dividends		2.00	2.00(Description 1)	—
	Stock Dividends	From Retained Earnings	—	—	—
		From Capitalization	—	—	—

Item \ Year			2020	2021	Up to March 31, 2022 for the Current Year (Note 8)
		of Surplus			
	Accumulated Unpaid Dividends (Note 4)		—	—	—
ROI Analysis	P/E Ratio (Note 5)		9.87	9.21	—
	P/D Ratio (Note 6)		21.18	19.34	—
	Cash Dividend Yield (Note 7)		4.72%	5.17%	—

* Where the earnings or surplus are used for capital increase or issuance of bonus shares, the information on the market price and cash dividend adjusted retrospectively according to the number of issued shares shall be disclosed.

Note 1: State the highest and lowest market prices for the common shares, and calculate the average market price for each year based on the trading value and trading volume of each year.

Note 2: The data shall be based on the number of shares issued as of the end of the year and the distribution under the resolution of the Board of Directors or the shareholders meeting in the following year.

Note 3: If it is necessary to make adjustment retrospectively due to distribution of stock dividends, the earnings per share before and after the adjustment shall be specified.

Note 4: If the equity securities issuance terms and conditions provide that the dividends undistributed in the year may be accumulated until the year in which earnings distributable are generated, the accumulated unpaid dividends as of the current year shall be disclosed.

Note 5: P/E Ratio = Average closing price per share for the year/Earnings per share.

Note 6: P/D Ratio = Average closing price per share for the year/Cash dividend per share.

Note 7: Cash Dividend Yield = Cash dividend per share/Average closing price per share for the year.

Note 8: Please identify the net worth per share and EPS available in the latest quarterly financial information audited (reviewed) by the independent auditor up to the publication date of the annual report, and provide the information of the year and up to the publication date of the annual report in the other fields.

Description 1: The dividend distribution for 2021 was approved by the Board of Directors on March 23, 2022 but is not yet approved by the shareholders' meeting.

(VI) Dividend Policy and its Implementation:

1. Dividend Policy Stipulated in Articles of Incorporation:

Article 19-1 of the Company's Articles of Incorporation: If the Company has a profit at the year's final accounting, it shall first pay taxes and make up any losses from past years, and then make a contribution of 10% to the balance of the statutory reserve. Special reserves may be set aside as per the relevant laws and regulations, and the remaining profits distributable (if any) may be added to undistributed earnings at the beginning of the period and shall be proposed for distribution by the Board of Directors. Where a proportion of the profits are to be reserved, the motion shall be submitted to the shareholders meeting for resolution.

The dividend policy of the Company is adopted in consideration of the current and future development plans, investment environment, financing needs, and domestic and international competition, as well as the shareholders' interests and other factors. The shareholders' dividends allocated shall not be less than 15% of the distributable profits of the year.

The dividends allocated to shareholders may be paid in shares or cash, and cash dividends shall not fall below 10% of total dividends allocated to shareholders.

2. Implementation:

The earnings in 2021, totaling NTD 157,906,826, were resolved to be distributed in cash dividends of NTD 2 per share by the Board of Directors on March 23, 2022. The resolution will be submitted to the shareholders meeting for approval.

(VII) Effect upon business performance and earnings per share of any stock dividends distribution proposed or adopted at this shareholders meeting: Not applicable; no stock dividends distributed by the Company for the year.

(VIII) Remuneration to Employees, Directors, and Supervisors:

1. The percentage or scope of the remuneration to employees, directors, and supervisors according to the Articles of Incorporation:

Article 19 of the Company's Articles of Incorporation: Profits concluded by the Company in a fiscal year are subject to employee remuneration of 5%–12%, and director remuneration of no more than 3%. However, if the Company has an accumulated loss, an amount used to cover the loss shall be set aside first.

The employee remuneration as mentioned above may be paid in the form of shares or in cash to the employees of the Company's parents or subsidiaries who meet certain specific requirements. The director remuneration is distributed in cash.

2. The basis of the estimation of the remuneration to employees, directors, and supervisors, and methods for handling the difference between actually distributed and estimated amounts:

The remuneration to employees and directors is estimated in accordance with the Articles of Incorporation and included in the operating costs or operating expenses of the year. If there is any change in the amount after the approval and release date of the financial statements in the following year, the change will be treated as a change in accounting estimates, and its impact will be recognized as the loss/profit of the following year.

3. Information on the remuneration distribution approved by the Board of Directors:

   On March 23, 2022, the Board of Directors resolved to distribute NTD 34,906,719 for remuneration to employees and NTD 10,519,833 for remuneration to directors for 2021. All the remuneration was distributed in cash; there is no difference between the distributed and estimated amounts.

4. Actual distribution of the remuneration to employees, directors, and supervisors in the previous year:

Unit: NTD

Item of Distribution	Actual Amount Distributed Under Resolution of the Shareholders Meeting	Actual Amount Distributed Under Resolution of the Board	Difference	Cause and Treatment
Director/Supervisor Remuneration	10,519,833	10,519,833	0	None
Employee Remuneration (in cash)	34,906,719	34,906,719	0	
Employee Remuneration (in shares)	0	0	0	

(IX) Buyback of the Company’s Shares: None.

II. Issuance of Corporate Bonds:

(I) Corporate Bonds Issued or Not Yet Repaid:

<table>
<tr><th colspan="2">Type of Corporate Bonds</th><th>Fourth Domestic Unsecured Corporate Bonds</th></tr>
<tr><td colspan="2">Issuance Date</td><td>Oct. 21, 2021</td></tr>
<tr><td colspan="2">Par Value</td><td>NTD 100,000</td></tr>
<tr><td colspan="2">Issuance and Trading Location</td><td>Taipei Exchange (OTC)</td></tr>
<tr><td colspan="2">Issue Price</td><td>NTD 105.8 (issued at premium)</td></tr>
<tr><td colspan="2">Total Amount</td><td>Total Par Value of Issuance: NTD 500,000,000
Total Amount of Issuance: NTD 529,002,530</td></tr>
<tr><td colspan="2">Interest Rate</td><td>0%</td></tr>
<tr><td colspan="2">Maturity Period</td><td>3 Years; Maturity Date: Oct. 21, 2024</td></tr>
<tr><td colspan="2">Guarantor Institution</td><td>None</td></tr>
<tr><td colspan="2">Trustee</td><td>Trust Department of Bank SinoPac</td></tr>
<tr><td colspan="2">Underwriting Institution</td><td>Capital Securities Corporation</td></tr>
<tr><td colspan="2">Certified Lawyer</td><td>None</td></tr>
<tr><td colspan="2">Certified Public Accountant</td><td>None</td></tr>
<tr><td colspan="2">Repayment Method</td><td>Repayment at Once Upon the Maturity Date</td></tr>
<tr><td colspan="2">Unrepaid Principal</td><td>N/A</td></tr>
<tr><td colspan="2">Terms and Conditions of Redemption or Early Settlement</td><td>None</td></tr>
<tr><td colspan="2">Restrictive Clauses</td><td>None</td></tr>
<tr><td colspan="2">Name of credit rating institution, rating date, and corporate bond rating result</td><td>None</td></tr>
<tr><td rowspan="2">Other Rights</td><td>Amount of Converted (exchanged or subscribed) Common Shares, Overseas Depositary Receipts or Other Securities up to the Publication Date of the Annual Report</td><td>N/A</td></tr>
<tr><td>Regulations Governing the Issuance and Conversion (exchange or subscription)</td><td>None</td></tr>
<tr><td colspan="2">Possible Equity Dilution Due to the Regulations Governing the Issuance, Conversion, Exchange, or Subscription, as Well as the Issuance Terms and Conditions, and the Impact on the Equity of the Existing Shareholders</td><td>None</td></tr>
<tr><td colspan="2">Name of Depository Enterprise for the Underlying Shares</td><td>None</td></tr>
</table>

Note 1: The issuance of corporate bonds includes publicly offered and privately placed bonds that are currently being issued. The publicly offered bonds currently being issued refer to the bonds effective upon the approval of the Commission

(FSC), while the privately placed bonds currently being issued refer to the bonds approved upon the resolution of the Board of Directors.

Note 2: The number of spaces may be adjusted subject to the actual number of issuances.

Note 3: For overseas corporate bonds, the issuance and trading location shall be specified.

Note 4: Restrictive clauses include the restrictions on the distribution of cash dividends and external investment, or requirements for maintaining a certain asset ratio, etc.

Note 5: Private placement shall be marked notably.

Note 6: For convertible corporate bonds, exchanged corporate bonds, issued bonds based on shelf registration statement, or corporate bonds with warrants, the data thereof shall be disclosed in the format of the table according to the properties.

III. Issuance of preferred shares: None.

IV. Instance of overseas depositary receipts: None.

V. Issuance of employee stock option certificates: None.

VI. Information about new restricted employee shares: None.

VII. Issuance of new shares in connection with mergers or acquisitions of, or succession to shares of other companies: None.

VIII. Implementation of capital utilization plan: N/A.

Five. Operational Overview

I. Business Content

(I) Business Scope:

1. Main Items:

1. CC01080 Electronics Components Manufacturing.	2. F119010 Wholesale of Electronic Materials.
3. F219010 Retail Sale of Electronic Materials.	4. CB01010 Mechanical Equipment Manufacturing.
5. E604010 Machinery Installation.	6. F113010 Wholesale of Machinery.
7. F213080 Retail Sale of Machinery and Tools.	8. F401010 International Trade.
9. CC01030 Electrical Appliances and Audiovisual Electronic Products Manufacturing.	10. CC01070 Wireless Communication Mechanical Equipment Manufacturing.
11. CC01090 Manufacture of Batteries and Accumulators.	12. CC01101 Controlled Telecommunications Radio-Frequency Devices and Materials Manufacturing.
13. CC01110 Computer and Peripheral Equipment Manufacturing.	14. CC01120 Data Storage Media Manufacturing and Duplicating.
15. F113070 Wholesale of Telecommunication Apparatus.	16. F113110 Wholesale of Batteries.
17. F213060 Retail Sale of Telecommunication Apparatus.	18. F213110 Retail Sale of Batteries.
19. F399040 Retail Sale No Storefront.	20. F401021 Restrained Telecom Radio Frequency Equipment and Materials Import.
21. I301010 Information Software Services.	22. I301020 Data Processing Services.
23. I301030 Electronic Information Supply Services.	24. F102170 Wholesale of Foods and Groceries.
25. F107030 Wholesale of Cleaning Supplies.	26. F108040 Wholesale of Cosmetics.
27. F203010 Retail Sale of Food, Grocery and Beverage.	28. F207030 Retail Sale of Cleaning Supplies.
29. F208040 Retail Sale of Cosmetics.	30. ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

2. Ratio of Revenue:

Unit: NTD thousand

Item \ Year	2021		2022	
	Amount	Ratio of Revenue (%)	Amount	Ratio of Revenue (%)
Connectors	2,623,414	63.07	2,410,033	64.66
Wires and Cables	1,243,388	29.89	1,041,381	27.94
Electronic Accessories	201,512	4.85	215,107	5.77
IoT	88,488	2.13	49,775	1.34
Others	2,591	0.06	10,718	0.29
Total	4,159,393	100.00	3,727,014	100.00

3. Current Products (services) of the Company:

The main products of the Company and its subsidiaries are the CviLux connectors, wires, and cables that are applied to the industries of network communication, laptops, optoelectronics, digital consumer electronics, and automobiles, and for industrial use.

(1) Connectors: The connectors can be installed internally or connected externally for signal or power transmission in the industries of IT, communication, computer peripherals, and digital consumer electronics.

(2) FFC/FPC: The FFC/FPC are manufactured according to the requirements of customers to go with the aforementioned connectors for internal installation. The products are widely used for signal or power transmission in the industries of scanners, multifunction printers, optical disk drives, digital cameras, NB, handheld devices, digital consumer electronics, and industrial control electronics.

(3) Wires and Cables: Customized electronic wires and cables are manufactured according to the requirements of customers to go with the aforementioned connectors for signal or power transmission. They are widely used in the industries of various consumer electronics, optoelectronics, industrial control, and automobiles for internal installation or external connection.

(4) Wireless Modules: Bluetooth, Wifi, and NFC modules.

(5) Apple Smart Home Appliances: HomeKit smart plugs, plugs, HomeKit smart air purifiers.

(6) Health Care and Personal Accessories: Diaper sensor series, information security encryption series, and mobile accessory series.

(7) Automotive Electronics Internet: PCBAs (printed circuit board assemblies), smart sensor product series, and wireless charging, emergency charging, as well as smart car keys of vehicles.

(8) Virtual currency storage devices.

(9) System integration project services.

(10) Others: Skin care product series.

4. New Products (services) Under Planning:

(1) Fine-pitch FFC/FPC connectors for camera modules

(2) Automated crimp FFC/FPC connectors.

(3) Various high-frequency signal FFC/FPC connectors.

(4) Various high-power common electronic connectors

(5) Sever power connectors

(6) Various automotive electronics relevant connectors

(7) Various waterproof connectors.

(8) Ultra-thin board-to-board connection technology

(9) Various USB connectors

(10) Various high-speed transmission common flexible and soft flat buses

(II) Industry Overview

1. Status Quo and Development of the Industry:

The industry of connectors is full of competition. There are a lot of product types, and the market is highly fragmented. The size of the global connector market grew from USD45.8 billion in 2010 to USD78 billion in 2021 with a CAGR 4.96% and a YoY growth of 24.4%. Driven by the expansion of end markets and change of technologies, the connector market size will continue to increase. According to data, the size of the global connector market will expectedly surpass USD90 billion in 2023. The momentum includes major end applications such as network communication, automotive and consumer electronics.

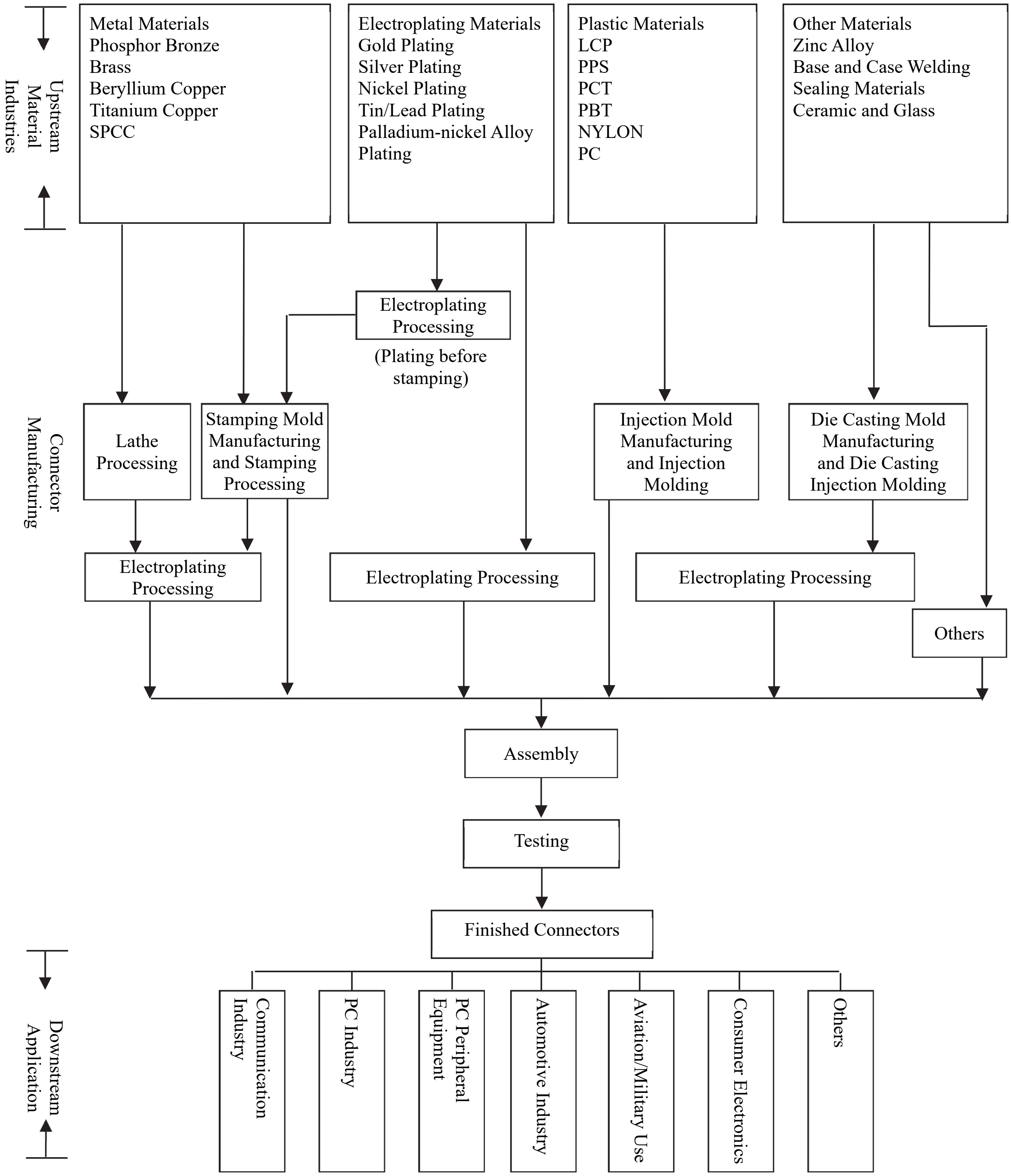
According to the regional market scale ratio, China has surpassed Europe and North America and become the greatest connector market in the world. The market scale has increased from 23.10% in 2011 to 30.35% in 2019. Thanks to the rapid development of the downstream connector application industry including communication and automotive products as well as consumer electronics, the scale of sales and ordering of connectors in China has been increasing since October 2020 with a YoY growth of over 10%. The data released by Bishop & Associates shows that the Chinese connector market size reached USD25 billion in 2021 with a YoY growth of 23.76%. It had a 32.05% share in the global market, making it the largest market for connector sales in the world.

According to statistical data, the field of automobile is where the connectors are mostly applied to nowadays, accounting for 22% of the global connector market. The other application fields include the industry of communication, PC & NB, industrial use, orbit communication, and other areas such as military industry, consumer electronics, etc. For products like smart phones and computers in the downstream application areas of connectors, new generations of products are launched in a frequent manner. With vehicles and communication as the two major downstream application fields of connectors (jointly accounting for more than 40%), the focus on the development of downstream new energy vehicles and IoT is going to be the momentum that stimulates the unceasing expansion of the markets of automotive and communication connectors.

According to the prospectus of Dongguan Dingtong Precision Metal Co., Ltd. in China, there are nearly 100 types of electronic connectors required by conventional vehicles and around 600 types of connectors that can be used by a single model. These connectors are mainly for engine management systems, safety systems and entertainment systems. The price of the low-pressure connector used for a conventional fuel-powered vehicle is around NTD 1,000, while that of the connector used for a new energy vehicle ranges from NTD 3,000 to NTD 5,000. The demand for connectors of NEVs has significantly increased compared to conventional fuel-powered vehicles.

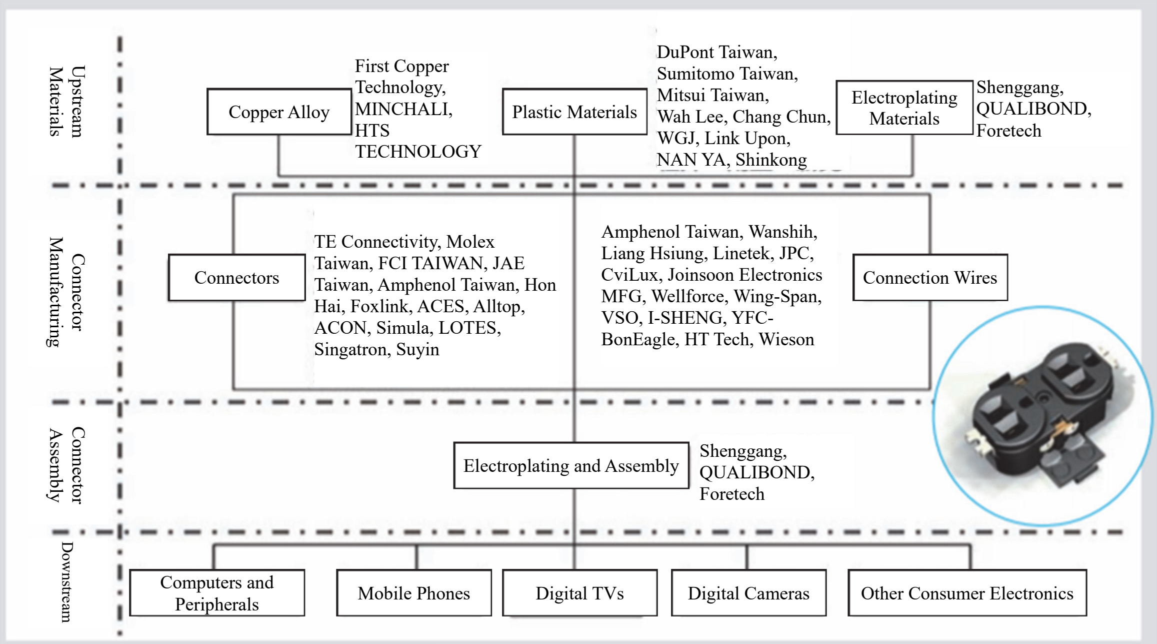
Thanks to the constantly growing penetration rate of NEVs, the volume and price of NEV connectors are likely to rise. The data GGII indicates that the sale of NEVs around the world has increased from 546 thousand vehicles in 2015 to 1,621 thousand vehicles in 2017 with a compound annual growth of 72.30%. In 2022, the global sales volume of NEVs reached 10.824 million with a YoY growth of 61.6%, and it is estimated to surpass 50 million in 2023. As the production and sale of NEVs both increase in a rapid manner, it is possible that the scale of NEV connector market exceeds NTD 10 billion with a compound annual growth of over 24% in 2024.

2. Correlation Among Upstream, Midstream, and Downstream in the Industry:



Source: ITIS project of Material and Chemical Research Laboratories, ITRI.

Structure of Connector Industry in Taiwan



Source: IEK (April 2013)

3. Development Trends of Products:

High-pressure Connectors:

High-capacity lithium batteries are adopted in NEVs. As the operating voltage rises to 400~600V compared to the 14V for conventional vehicles, the electrical/electronic architectures need to be fully changed, and the changes are first made to the key parts—connectors. Compared to conventional vehicles, NEVs have many more electric drive units and electrical equipment. The internal currents for power and information are complicated, and the high-current and high-voltage electric drive systems particularly require connectors with better reliability, ideal volume, and greater electrical performance. As a result, the demand for connectors and requirement for connector quality for NEVs will both rise to a significantly higher level.

Pure electric vehicles can only achieve very limited continuous driving distance due to the limitation of the current technologies; however, rapid replacement batteries can make up for the defect. The EV rapid replacement battery connectors are important parts of rapid replacement batteries used for quick electrical connection and disconnection between the vehicles and the rapid replacement battery systems. They fall into the category of high-pressure connectors.

Ethernet Connectors:

Automotive Ethernet technology is likely to be one of the automotive network architecture trends of the next generation. Owing to the vehicle intelligentization and incorporation of Internet, the trend of intelligent connection of vehicles has emerged. To cope with the development requirements of intelligent connection of vehicles, the computing power and hardware of vehicle processors have developed rapidly, and the ratio of automotive electronics in vehicles continues to increase. The demand for the network bandwidths for electronic control unit (ECU) connection has also grown correspondingly; such demand will go far beyond the capacity limits of conventional automotive networks such as CAN and FlexRay. Thus, with the vehicle intelligentization and incorporation of Internet, the utilization of cloud computing data, and the popularization of driver assistance systems (ADAS), a new platform for electronic networking bus is going to be established for sure in the development of NEVs. Furthermore, there is room for future growth.

Communication connectors:

Communication connectors need to meet the electrical indicators such as impedance, insertion loss and voltage standing wave ratio. Such products are mostly customized, with power connectors, RF connectors, and signal connectors adopted at the same time. The industry includes various segments that require different connectors:

For data centers or servers, there is a higher demand for high-speed connectors; for base stations, there is a relatively high demand for RF connectors due to the emerging of 5G technology. During the microwave signal transmission, the communication quality of high-frequency communication connectors can get impacted by attenuation and waveform disturbance easily. Therefore, the impedance compensation and simulation capability of connectors are the difficult technical points in the product design process. The data of Qianzhan Industry Research Institute shows that connectors make up 3-5% of the value of general communication equipment and even more than 10% of the value of some large equipment. The communication industry is the second largest downstream industry for connectors, representing around 20% of the global connector market. In 2014-2019, the market scale of the field showed a compound annual growth rate of 5.85%; the growth was greater than the entire global connector market scale of that time.

I/O connectors:

Regarding conventional USB, there are issues such as having many different models that are not incompatible, slow transfer rate and wide interface area. In contrast, USB Type-C has a faster transfer rate and compact size; it can be used in both directions, carry 3A or higher current, and support a charging power of up to 100W. As MacBook Air of Apple has been simplified and thus has only Thunderbolt ports, the ports of Windows laptops are being progressively integrated; such simplification starts from the laptop series that features thinness. The penetration rate of dongle/docking stations for the port expansion of USB Type-C is 20-25%, and is expected to keep growing with the integration of interfaces. In September 2021, EU proposed that electronic products, including mobile phones, tablets, cameras, headphones, stereo systems and game consoles, use only the USB Type-C ports. If the proposal is adopted by the European Parliament and the European Council, there will be two years of transition. It is estimated that in the following five years, the annual compound growth of USB Type-C market will reach 17.2%, and the global market scale of USB Type-C will reach USD10.34 billion in 2025.

4. Competition Status:

The traditional connector industry has sufficient competition and highly centralized market share, remaining in a strong leading position.

Between 1985 and 1999, there were 126 mergers and acquisitions in the connector industry; from 2000 to 2018, the number reached 463. In this trend of mergers and acquisitions, the three major connector companies, Amphenol, TE Connectivity and Molex, have been acquiring other competitors in an aggressive manner. From 1999 to 2018, Amphenol has acquired 52 companies, while Molex has acquired 27 companies and TE has acquired 25 companies. Between 1980 and 2020, the market share of the top 10 companies in the global connector industry increased from 38% to 61%. In addition, the 3 the market share of Amphenol, TE Connectivity and Molex combined rose from 29% to 35% (1999-2017).

Currently, there is only one connector company in China that ranks among the top 10 in the world, which is Luxshare Precision. There is great room for substitution in terms of the market demand and supply as well as competition and collaboration in China.

The companies in China are now the main competitors to connector manufacturers in Taiwan. In spite of the fact that the connector industry in China developed later, mainly consists of small and medium enterprises, and mostly provides mid and low-end products, with the active guidance of China's policies and the stimulation of demands in the downstream fields of automobiles and communication, etc., the connector industry of China is likely to rapidly catch up with considerably improved overall technologies. There has been a steady enhancement in the global connector industry. Due to the development of downstream industries and the improvement of the connector industry, connectors have become the bridge for energy and information connection in equipment; basically, the general market scale shows consistent growth.

With the rise of the large electronics manufacturing service (EMS) providers such as Celestica, Foxconn, Jabil and Sanmina, the supply chain, labor cost, and consumption in Asia have shown obvious advantages.

(III) Technology and R&D Overview:

Research and Development Expenses Invested and Technologies or Products Developed Successfully in the Most Recent Year and up to the Publication Date of the Annual Report:

1. The R&D Expenses Invested in the Most Recent Year and up to the Publication Date of the Annual Report:

Unit: NTD thousand

Year / Item	2022	As of March 31, 2023
R&D Expenses	115,875	34,724
Net Sales Revenue	3,727,014	668,187
Percentage of the Net Sales Revenue (%)	3.11	5.20

2. Technologies or Products Developed Successfully in the Most Recent Year:

(1) Fine-pitch low-profile straight FFC/FPC connectors.

(2) Automated reliable crimp FFC/FPC connectors

(3) High-density micro FFC/FPC connectors

(4) High-speed USB connection technology

(5) Sever power board-to-board connectors

(6) Self-locking three-in-one and high-power expandable connection technology

(7) Low-profile and straight high-speed welded plate connectors

(8) Digital high-speed 5G display module connectors

(9) Quick plug high-current low-voltage connectors

(10) High temperature resistance application technology for flexible and soft flat buses

(11) High-density flexible surface-mounting and soft flat buses

(IV)Long and Short-term Business Development Plans:

1.Short-term Business Development Plans (1-3 years)

(1) The product profit center system will be implemented based on three business units: Connector, Wire & Cable, and Electronic Accessories.

(2) The business units will use the resources of operations, marketing, materials, staff and established operating systems and platforms of the headquarters to reach the goals of professional division of work, integration of production and sales, efficiency enhancement, cost reduction, and stock clearance.

(3) Continuous digital transformation: A smart production management and operation platform will be arranged for statistical proof as well as analysis and improvement of the product manufacturing process and pricing strategies.

(4) Resource integration for cross-factory performance enhancement: The business units will gather the capital-intensive and technology-intensive processes as well as technical talents to the major factory.

(5) The MES assembly and processing platform will be set up based on the foundation built over the years. We will also enhance the business intelligence capability of outsourcing contractors as well as implementing vertical integration for them with the categorization of product series in the hope of boosting the manufacturing competitiveness.

(5) The trading model and production factories will be adjusted to achieve the maximum benefits in terms of costs, customer requirements, environmental protection, and tax mitigation.

(6) We will increase the talents of new generations with the

capacities of integration and comprehensive management to ensure the consistent growth and sustainable operation of CviLux.

2. Long-term Business Development Plans (4-5 years)

(1) The product profit center system will be implemented to launch the succession plan for the business units. Setting up a culture of "team succession," we recruit talents in different fields to let them gain experience through succession and fully develop comprehensive multi-competence. We also make improvements to the internal talent training methods and establish systems of recruitment, employment, promotion and reward. We will use these systems to attract professional senior managerial officers and teams to stay and thereby develop human capital for sustainable operation of the Company.

(2) In line with the market trends of the industry, the investment in and R&D of innovative applications such as energy vehicles, green energy and HPC as well as AIoT hardware and software integration products will be increased, with the diversified product lines kept robust through continuous smart manufacturing system optimization for product competitiveness enhancement, and with the marketing, supply chain and customer relationship management incorporated to build up the value chain, so that the comprehensive production and marketing competitiveness is maintained.

(3) The corporate resources and internal control mechanism will be integrated, and the [robotic process automation (RPA)] and [artificial intelligence (AI)] will be adopted and bolstered to set up a comprehensive audit mechanism for profit increase, risk prevention, and troubleshooting, in order to ensure that all the operations work correctly. Aside from the integration of internal resources, we will also support the effective division of work among the managers at all levels and teamwork in all operations, actively control the processes with timely measures developed, and effectively integrate corporate resources for asset activation, so that the corporate goals can be reached.

(4) We will combine the internal database AI computing to build a statistic-driven smart digitization system for the Company. We will also support the innovation of business models with statistics as the basis to create a statistical asset which value continuously

increases. Works that have certain rules and high repeatability will be automatically performed with the adoption of robotic process automation (RPA). This can facilitate work automation as well as saving a large amount of operation time and manpower. By utilizing system integration, data warehousing and synchronization of statistics, the business applications of the Group will be supported.

(5) In addition to the financial performance, we will focus on the Company's responsibility of sustainability and pay our attention more explicitly to the areas of green energy and energy saving in terms of business scope. All employees of the Group will strive to fulfill the "ESG" philosophy continually and firmly. Finally, we will continue to enhance the Company's structure in the aspects of corporate governance, digital transformation, green product, environmental sustainability, and employee care and cultivation to practically becoming a sustainable corporation.

II. Market and Production/Sales Overview

(I) Market Analysis:

1. Regions of Distribution (provision) for the Company's Major Products (services):

Unit: NTD thousand

Item		2021		2022	
		Amount	%	Amount	%
Domestic Sales		241,615	5.81	202,765	5.44
International Sales	China	2,828,984	68.01	2,341,464	62.82
	France	149,769	3.60	138,182	3.71
	Belgium	148,459	3.57	112,686	3.02
	Germany	101,426	2.44	90,970	2.44
	Italy	92,798	2.23	144,117	3.87
	Others	596,342	14.34	696,830	18.70
Total		4,159,393	100.00	3,727,014	100.00

2. Market Share, Future Supply and Demand in This Market, and Growth Outlook

The connectors, wires and cables, and electronic modules provided by CviLux are produced according to the models and customization requirements of customers in diverse industries. As a result, it is not easy to determine the market share of the respective markets.

The Company will keep on developing more application fields and improving the technologies in the hope that our market share in different markets can be gradually increased.

3. Competitive Niches

(1) Product R&D Technology and Production Equipment Development Capacity

The Company set up the R&D Department in 1996 to develop products that meet customized specifications. These diversified products have a broad application scope, and many of them are even protected by patents from other countries. The quality and stability of our products earn us the recognition and trust of customers. We also have a significant breakthrough in new product development. Leveraging the fundamental technologies of R&D and manufacturing of parts, we have developed terminal accessories and obtained the MFi certification.

(2) Thorough Production Systems and Stable Product Quality

Since 1996, the Company has successively passed the international ISO9001 and ISO9002 quality certifications, ISO14001 environmental management certification, QC080000 certification for HSF (hazardous substance free), etc. In 2018, we passed the IATF16949 automotive product quality certification. Also, we have obtained the safety certifications of USB 2.0, TUV and UL for our products. The R&D team of the Company is devoted to the enhancement of design and production procedures, process streamlining, automated testing, etc., sparing no effort to improve the product quality and control the production costs. In terms of the product quality, strict quality control is performed in multiple levels on the materials, semi-finished products, and finished products. Different pieces of automated testing equipment are introduced to the manufacturing processes to lower the defect rate of products. Therefore, we win the trust of customers with our quality, thereby maintaining a steady and long-term relationship of supply.

(3) Broad Product Application Scope and Complete Marketing System

CviLux has a wide range of product categories. We can greatly comply with customization requirements and produce products with a broad application scope. Our products have been sold to major electronics manufacturing countries in the world, with the regions of sales covering Europe, America, and Asia. More than half of the top 100 EMS providers in the world are our customers. We have developed complete agent/distributor sales systems in the main industrialized countries to provide multinational finished product manufacturers with rapid services and meet customer demands.

(4) Deployment in ASEAN Countries and More Production Lines in Taiwan for Customer Requirements for Local Delivery

Because of the U.S.-China trade war and COVID-19 pandemic, there has been a growing trend of “shorter” supply chain for global manufacturing. Customers (enterprises) have increasingly turned to “localization” and “regionalization” in lieu of “globalized” production.

Hence, we consider ways to shorten the delivery time, reduce total costs, cut the length of the supply chain, enhance the quality, lower the shipping fee and employee payment, and improve the customer experience, etc. for customers.

In the past, we established production bases in Dongguan, Suzhou, Chongqing, and Shenzhen in response to customer demands, and increased the investment in Lao to cope with the demand for nearby delivery in the supply chain of customers in ASEAN countries. Our Tamsui Factory in Taiwan adopts 24-hour operations with automated production lines. In 2021, new production lines for products with high added value were set up, while the mass production of mature products was appointed to the factories in China. Each factory has the capacities of product development and automated production, and the production lines may be adjusted according to regional requirements; a complete production layout has been achieved.

4. Favorable and Unfavorable Factors of Development and Countermeasures:

(1) Favorable Factors

A. Ongoing demands due to the digital technologies accelerated by human lifestyle and economy.

The application scope of connection is fairly wide. The great market covers the fields of computer peripheral, data center cloud computing, automobile, communication data, medical care, industrial use and so forth.

B. Good R&D Capacity and Stable Product Quality

Ranging from product R&D and design to mold and automated equipment development, we have corresponding technologies and experience. In addition to the independent R&D and the development of products that meet the specification requirements of customers, we also design and manufacture precision molds and automated assembly equipment on our own to satisfy the production needs and fully stay on top of the production process as well as quality.

C. Marketing Capability and Secure Customer Base

CviLux's products have been sold to more than 80 countries in Europe, America, and Asia, and complete agent/distributor sales systems have been established in the main industrialized countries to provide multinational finished product manufacturers with rapid services.

D. Fulfillment of CSR With Products Aligned With the ESG Requirements of Major International Companies

Receiving the international ISO14001 environmental protection certification, CviLux endeavors to become a sustainable partner of customers in the green supply chain. As the requirements for environmental protection features of products have become increasingly stringent nowadays, our contributions and efforts related to environmental protection will be our strengths in the competition in the market. There is the issue of minerals mined from conflict-affected and high-risk areas under the circumstances of armed conflicts and human rights violation; common minerals include tin (Sn), tungsten (W), tantalum (Ta), gold (Au), and cobalt (Co). CviLux Group complies with the requirements of the Responsible Business Alliance (RBA)/Responsible Minerals Initiative (RMI) and conducts due diligence on production and sales companies that are sources of minerals as per the "OECD Due Diligence Guidance for Responsible Mineral Supply Chains." At the same time, we inform the suppliers of the policy of responsible minerals sourcing and ask for their compliance with the policy requirements.

(2) Unfavorable Factors

The price competition of the companies in China is the main unfavorable factor. China is not only the place where the main production bases of global electronic products are located but also the largest market of mobile devices, PCs, and LCD TVs, etc. in the world, which gives the local brands in China geographical advantages and dominance.

Countermeasures:

We will strengthen our R&D technologies and capacities of manufacturing and mass production, and actively develop high-end products, securing our position in the market with high quality and differentiating ourselves from the manufacturers in China. Moreover, we will enhance the professional skills and competence of employees, and enhance the standardization, systemization and informatization of operations. In this way, our administrative and production processes can become smoother, which helps bring down different operating costs.

(II) Key Purposes and Production Processes of Major Products:

1. Key Purposes of the Major Products

(1) Connectors: The connectors can be installed internally in or connected externally with products related to IT, communication, computer peripherals, digital consumer electronics, etc.

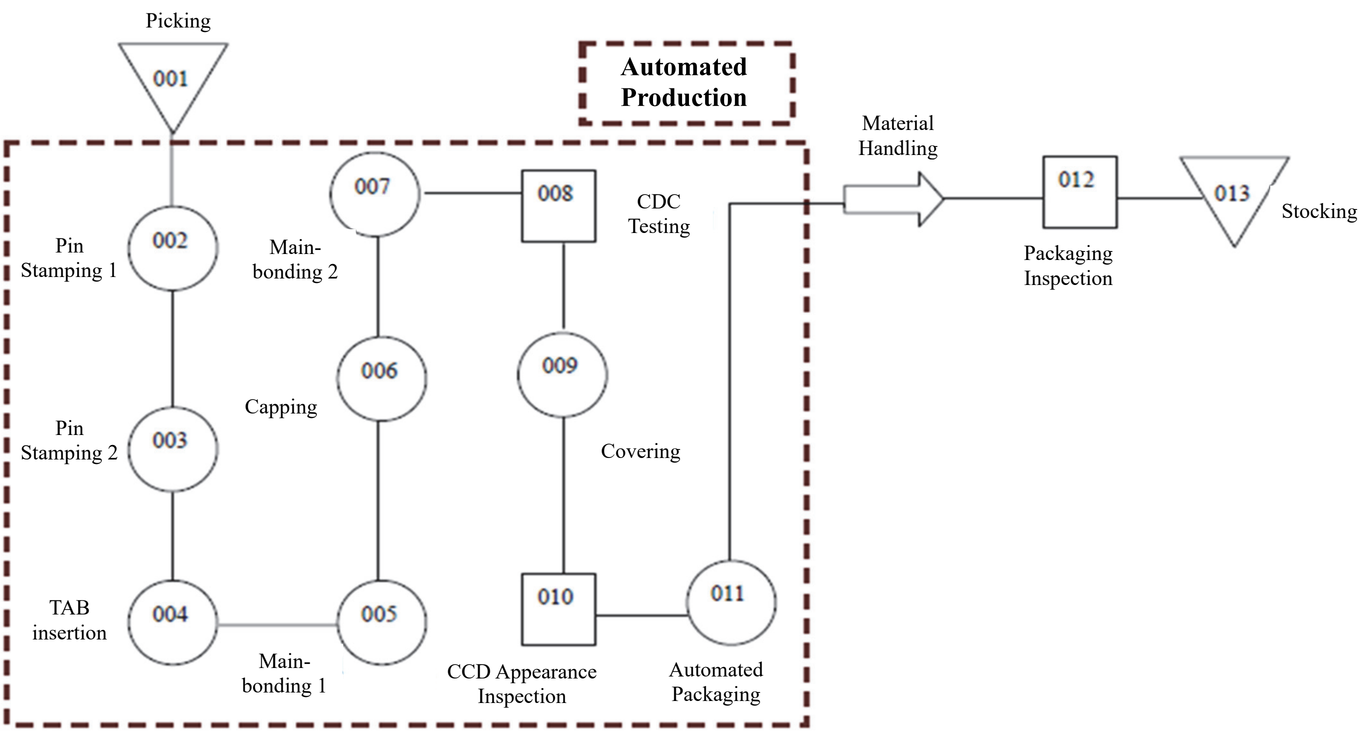
(2) FFC/FPC, wires & cables: The FFC/FPC go with the aforementioned connectors and are installed in scanners, printers, optical disk drives, digital cameras or digital consumer electronics for signal transmission. On the other hand, wires and cables refer to those for electronics and computer peripherals.

(3) Electronic accessories: These are used to control the functions of electronic products and save statistics as well as connecting different electronic components and circuit boards. Connections are usually made through these accessories with the use of plugs and jacks; moreover, overloading and short circuits can be prevented as well.

2. Production Processes:

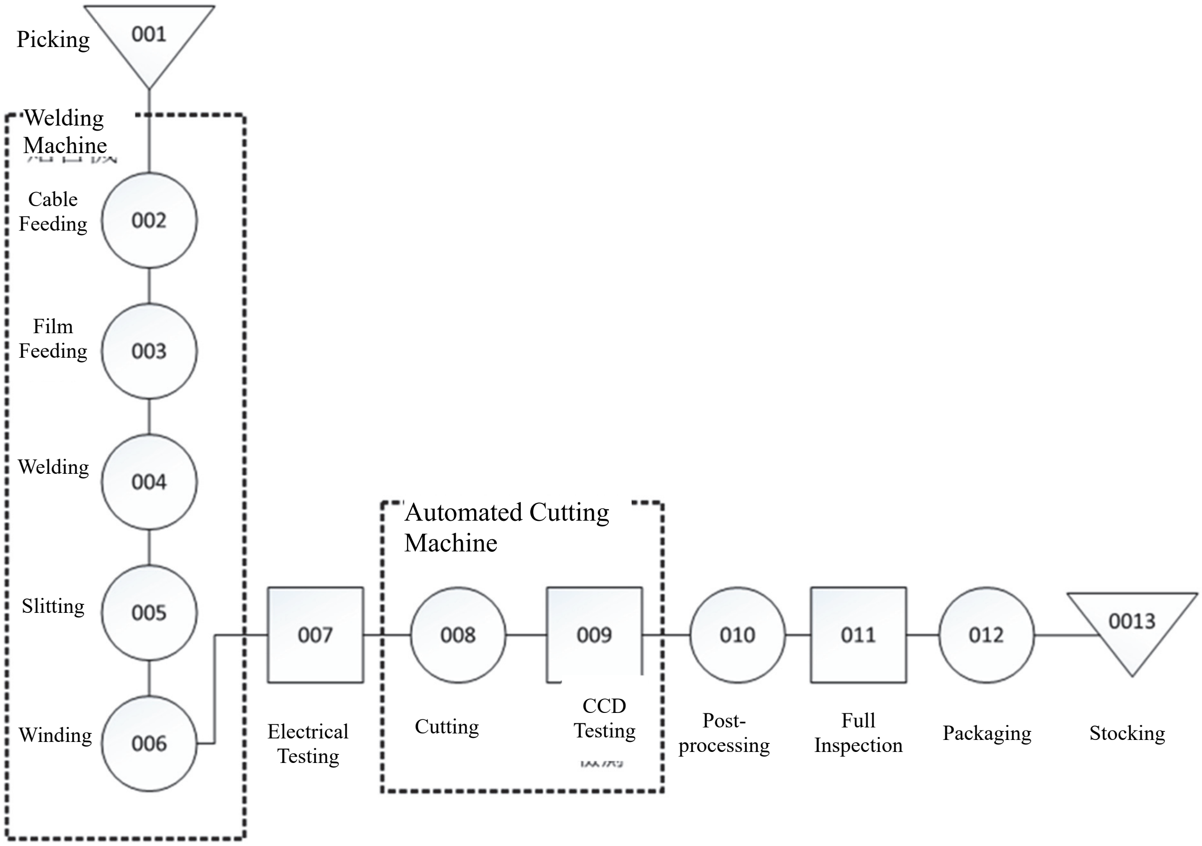
(1) Connectors:

Production Process Flow Chart



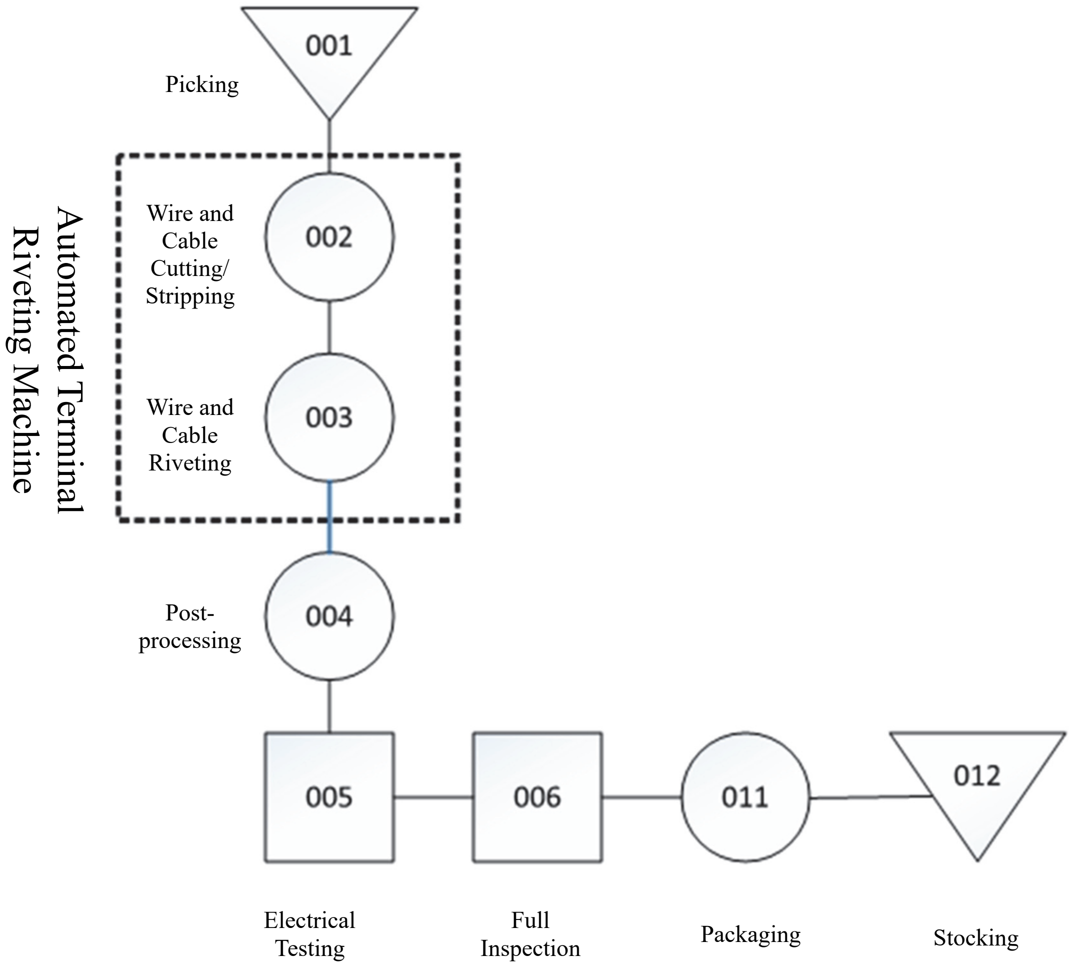
(2) FFC/FPC:

Production Process Flow Chart

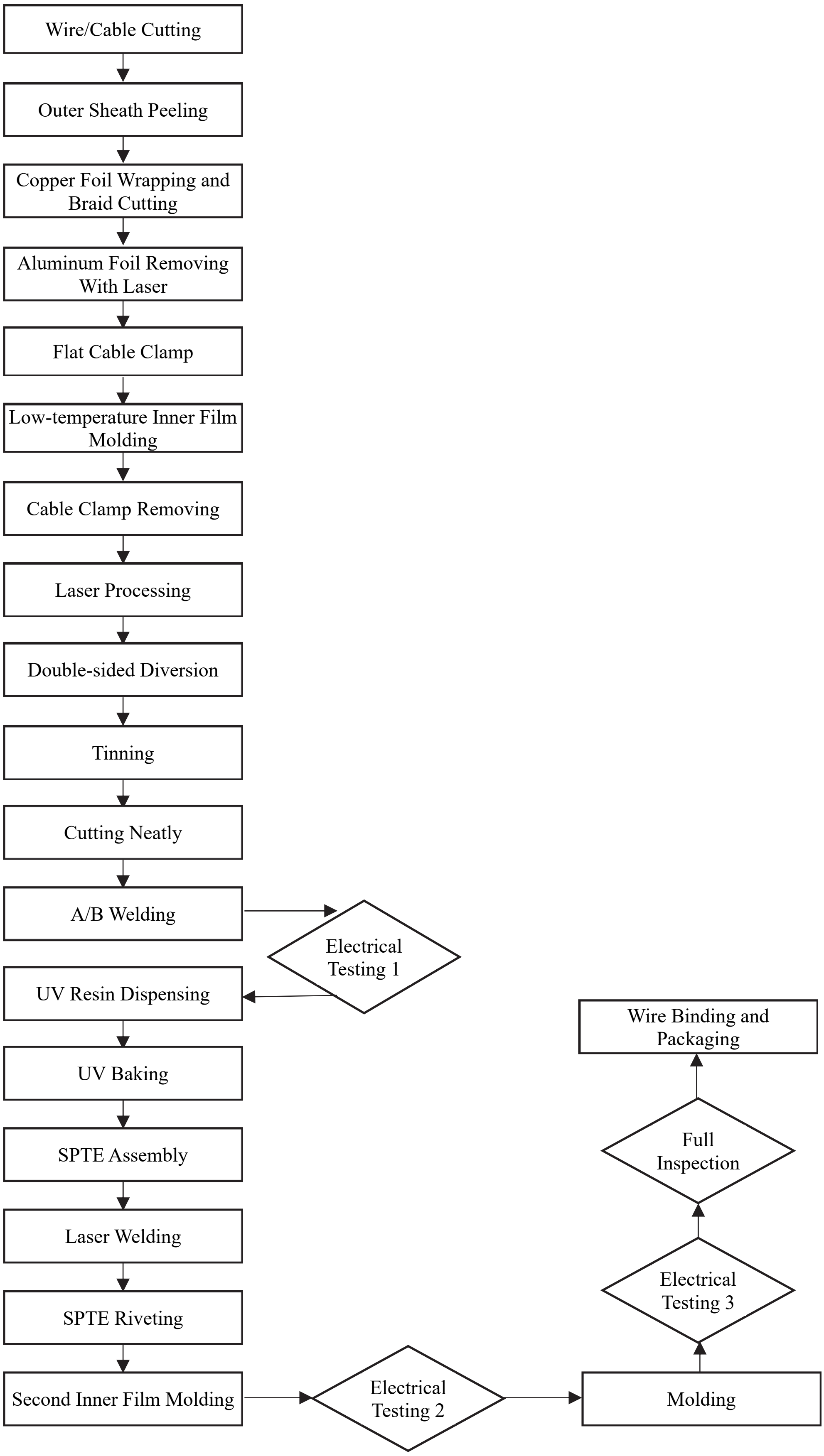


(3) Wires & Cables

Production Process Flow Chart



(4) Type C


Wire/Cable Cutting
Outer Sheath Peeling
Copper Foil Wrapping and Braid Cutting
Aluminum Foil Removing With Laser
Flat Cable Clamp
Low-temperature Inner Film Molding
Cable Clamp Removing
Laser Processing
Double-sided Diversion
Tinning
Cutting Neatly
A/B Welding
Electrical Testing 1
UV Resin Dispensing
UV Baking
SPTE Assembly
Laser Welding
SPTE Riveting
Second Inner Film Molding
Electrical Testing 2
Molding
Electrical Testing 3
Full Inspection
Wire Binding and Packaging

(III) Supply of Major Materials:

Major Materials	Names of Suppliers
Terminal	WU CHING, Duan Feng, TAI SHAN LIH, BAISHIWEI, Modest Advancement Technology, SHIANG SING
Plastic Base	CviLux Electronics (Dongguan) Co., Ltd., Dongguan Qunhan Electronics Co., Ltd., CviLux Technology (Suzhou) Co., Ltd., CviLux Technology (Chongqing) Corporation, CviLux Lao Co., Ltd., YOOCHI, HANN YIN
Electroplating	Connector Co., Ltd., UDAN, SENORES, TAI PERNG
Packaging Materials	ITW EBA, SINLIAN, Viwell Industry Co., Ltd., Kingsonpi2, TSUN HSIN, NEWGREEN

The Company and its subsidiaries have two or more suppliers for major materials or parts and components, diversifying the supply sources for lower supply risks. Furthermore, we have established a steady and long-term collaboration relationship with the suppliers, which helps maintain consistent supply despite the recent huge price fluctuation of materials like plastics/copper plates/iron casing/packaging materials. There has not been any disruption to the supply.

(IV) The name of the customer that accounted for more than 10% of the total purchase (sales) amount in any of the most recent two years, the proportion of the purchase (sales) amount, and the reason for the changes:

1. The name of major supplier that accounted for more than 10% of the total purchase in the most recent two years, the proportion of the purchase amount, and the reason for the changes: None in the most recent two years.
2. The name of major customer that accounted for more than 10% of the total sales in the most recent two years, the proportion of the sales amount, and the reason for the changes: None in the most recent two years.

(V) Production Volume and Value in the Most Recent Two Years:

Unit: thousand PCS/NTD thousand

Year	2021			2022		
Production Volume and Value / Major Products	Production Capacity	Production Volume	Production Value	Production Capacity	Production Volume	Production Value
Connectors	15,538,865	14,798,919	1,990,117	13,312,922	9,509,230	1,568,760
Wires and Cables	2,081,596	1,982,473	1,301,428	1,658,535	1,184,668	965,904
Electronic Accessories	2,499	2,380	297,073	2,499	2,273	325,425
IoT	0	0	0	0	0	0
Total	17,622,960	16,783,772	3,588,618	14,971,459	10,696,171	2,860,089

(VI) Sales Volume and Value in the Most Recent Two Years:

Unit: thousand PCS/NTD thousand

Year	2021				2022			
Sales Volume and Value / Major Products	Domestic Sales		International Sales		Domestic Sales		International Sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Connectors	91,251	144,392	2,060,097	2,479,022	80,296	140,817	1,704,714	2,269,216
Wires and Cables	3,279	23,469	330,966	1,219,919	2,203	27,543	234,222	1,013,838
Electronic Accessories	0	0	1,943	201,512	0	0	2,935	215,107
IoT	1,436	71,258	135	17,230	40	24,011	340	25,764
Others	10	2,496	1	95	18	10,394	1	324
Total	95,976	241,615	2,393,142	3,917,768	82,557	202,765	1,942,212	3,524,249

Note: The products mentioned above include our own products and externally purchased products.

III. Number of Employees, Average Years of Service, Average Age, and Degree Distribution Ratio in the Most Recent Two Years:

Year		2021	2022	As of March 31, 2023
Number of Employees	Direct Labor	20	21	20
	Indirect Labor	160	160	155
	Total	180	181	175
Average Age		41.31	42.87	43.52
Average Years of Service		10.04	11.02	11.5
Educational background (%)	Doctoral Degree	0	0	0
	Master's Degree	8	8	8
	Bachelor's Degree	73	73	73
	Senior High School	15	14	15
	Below Senior High School	4	5	4

IV. Information on Environmental Protection Expenses

Losses arising as a result of environmental pollution incidents in the most recent year and up to the publication date of the annual report (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection; the disciplinary date, number of the disciplinary letter, articles violated, provisions violated, and disciplinary actions shall be specified), the estimated amount of losses that may be incurred currently or in the future, responsive actions being or to be taken, and the reasons in cases where the losses cannot be reasonably estimated: None.

V. Labor-management Relations

(I) The Company's employee welfare measures, continuing education, training, retirement systems, and implementation status thereof, as well as labor-management agreements and employee rights protection measures:

1. Employee Welfare Measures:

(1) With the Labor Standards Act taken as the blueprint, we have established different management regulations for all the employees

to follow. Moreover, regular labor-management meetings and operation management meetings are held, not only for the promotion of the Company's policies but also for the communication with the attending representatives on the opinions on reformation, daily aspects, benefits and suggestions. The relationship between the management and employees has been harmonious; there have been no labor disputes.

(2) The Company develops remuneration and benefit plans that are internally encouraging and externally competitive based on the remuneration trends in the market and the operational status. Meanwhile, we adopt effective incentive plans to stimulate employees to deliver outstanding performance and attract, encourage, and retain talents. Appropriate remuneration and welfare plans are also devised according to the supply and demand status in the labor market.

(3) Performance evaluation system: Annual performance goals are set and performance evaluation and interviews are implemented at the end of each year. Evaluation results shall be the basis for promotion, wage adjustment, approval and payment of bonuses and distribution of remunerations.

(4) Distribution of remuneration and bonus: The Company connects bonuses with our operational performance, annual net profit and employee evaluation. In addition, profits concluded by the Company are subject to employee remuneration of 5% to 12% as per the Articles of Incorporation.

(5) Benefits

Category	Item
Profit Sharing/Stock Ownership	1. Employee Remuneration
Bonus/Gift	1. Year-end Bonus 2. Bonuses/Gifts for the Three Traditional Holidays 3. Prize/Gift for Labor Day
Insurance	1. Employee Group Insurance 2. Accident Insurance 3. Employment Injury Insurance
Relaxation	1. Domestic Travel 2. Overseas Travel 3. Birthday Party
System	1. Lunch Stipend 2. Complete Education and Training

	3. Smooth Promotion Channels
Facilities	1. Breastfeeding Room
Leave	1. Two-day Weekend 2. Annual Leave 3. Travel Leave 4. Pregnancy Checkup Accompaniment and Paternity Leave 5. Home Leave 6. Menstrual Leave 7. Parental Leave
Others	1. Employee Discount 2. Employee Parking Spaces 3. Physical Examination 4. Work Phones
Subsidization	1. Wedding Cash Gift 2. Maternity Allowance 3. Subsidy for Continuing Education 4. Travel Allowance 5. Hospitalization Consolation Money 6. Resignation Pay

2. Employees' Training and Continuing Education:

Every year, the annual training plan is formulated based on the Company's operational plans. Our training courses include induction training and in-service training. In order to develop talents, we enhance the professional knowledge through education to boost the quality and professional capabilities of employees. Aside from the arrangement of various training measures, we also place importance on the feedback of the trainees, and take the personal education and training data of employees as the reference for future promotion and transfers.

(1) The statistics of the Company's employee training courses in 2022 are shown below:

Number of Internal Training Sessions	Internal Training Hours	External Training Hours	Total cost of education and training
101	135.5	495	NTD 438 thousand

(2) Continuing Education and Training Methods for Employees: The Company has specially made the induction training requirement list to develop the concept of innovation and improve work competence as well as effectiveness. The department heads are responsible for the supervision and training so that their subordinates meet the professional requirements. When the employees fail to reach the standards of the requirements related to the information systems, operating processes, or skills, specific personnel are designated to provide assistance. The training results are recorded in the personal

education and training data of employees.

3. Retirement System and its Implementation Status:

   (1) The Company has implemented rules for the retirement of employees since 1998 in accordance with the Labor Standards Act. The "Supervisory Committee of the Labor Retirement Reserve" was formed to review the amount of the labor retirement reserve fund and take care of the payments thereof. In 2022, the Company contributed an amount equal to 4% of employees' salary as the retirement reserve fund every month into the pension account in the Bank of Taiwan. As of January 1, 2023, the balance of the pension account was NTD 17,886 thousand.

   (2) For any employee to whom the system under the "Labor Pension Act" applies, the Company has allocated 6% of his/her insured salary to his/her personal pension account at the Bureau of Labor Insurance on a monthly basis. In 2022, a total of NTD 6,905 thousand was allocated.

   (3) Implementation Status: Good.

4. Labor-management Agreements and Employee Rights Protection Measures:

   (1) The Labor Standards Act is applicable in the field where the Company belongs; thus, all operations follow the Labor Standards Act, which lead to 0 labor disputes heretofore.

   (2) The Company establishes complete operational procedures in every department and fulfills all employee rights and responsibilities according to relevant laws, regulations, and internal control norms. Moreover, the Company provides well-established communication mechanisms, pays attention to the exchange of opinions between workers and management, and takes proper actions according to the opinions to protect the rights of employees and the Company.

   (3) In view of the importance of protection measures in the work environment for employees' safety, the fulfillment of social responsibilities and the ESH-related implementation, the Company promotes hazardous substance free products and ESH management with the ISO14001 environmental management system. Our purposes are to protect the environment as well as the health and rights of employees, and become a company with sustainable development that is committed to improving environmental protection actions unceasingly.

(4) In order to avoid occupational safety incidents that might pose considerable threats to the corporate assets, cooperate image, and employees' life and safety, related work rules such as the Health and Safety Work Rules are established to prevent accidents. Moreover, we make plans for the crisis response items and perform emergency response exercises regarding accident handling procedures, emergency response plans and reporting conditions, disaster recovery, etc., minimizing the impact on the assets and personnel of the Company, society, and the environment.

A. Fire drills and emergency response exercises are conducted every six months to develop countermeasures for potential accidents.

B. The Company has appointed "visually impaired masseurs" since 2017 to provide employment opportunities for the minority group and allow employees to relieve stress and fatigue during work. In 2022, about 1,500 employees made appointment with the masseurs. We have also hired professional health care staff and doctors with contract, held irregular health education and educational training for occupational safety, and implemented health care for all employees, ensuring that the employees can work safely and at ease. In 2022, a total of 211 consultations were held.

C. With the support of a professional safety consulting firm, we make hazard identification and risk assessment for the factories to prevent occupational injuries or accidents of the employees. In 2022, there was no incident of occupational injuries.

D. The employees are the most important assets of the Company. We provide physical examinations every two years to prevent diseases, avoid occupational injuries, and protect body health.

(II) Losses arising as a result of labor disputes in the most recent year and up to the publication date of the annual report (including any violation of the Labor Standards Act found in labor inspections; the disciplinary date, number of the disciplinary letter, articles violated, provisions violated and disciplinary actions shall be specified), the estimated amount of losses that may incur currently or in the future and responsive actions being or to be taken, and the reasons in cases where the losses cannot be reasonably estimated: None.

VI. Cyber Security Management

(I) Cyber Security Risk Management Structure

1. Corporate Information Security Governance Organization

The CviLux Corporationestablished the "Information Security Management Committee" in 2021 to control and implement information security, define information security policies, and execute the policies after approval of the Committee. The Company passed the third-party verification ISO 27001 in July 2021. In order to keep promoting cyber security management, we appointed the Chief Information Security Officer to supervise matters related to cyber security, and report the outcome of information security management and relevant issues to the Board on a regular basis.

The"Information Security Management Committee"is formed with four teams,each responsible fordifferent cyber security issues:

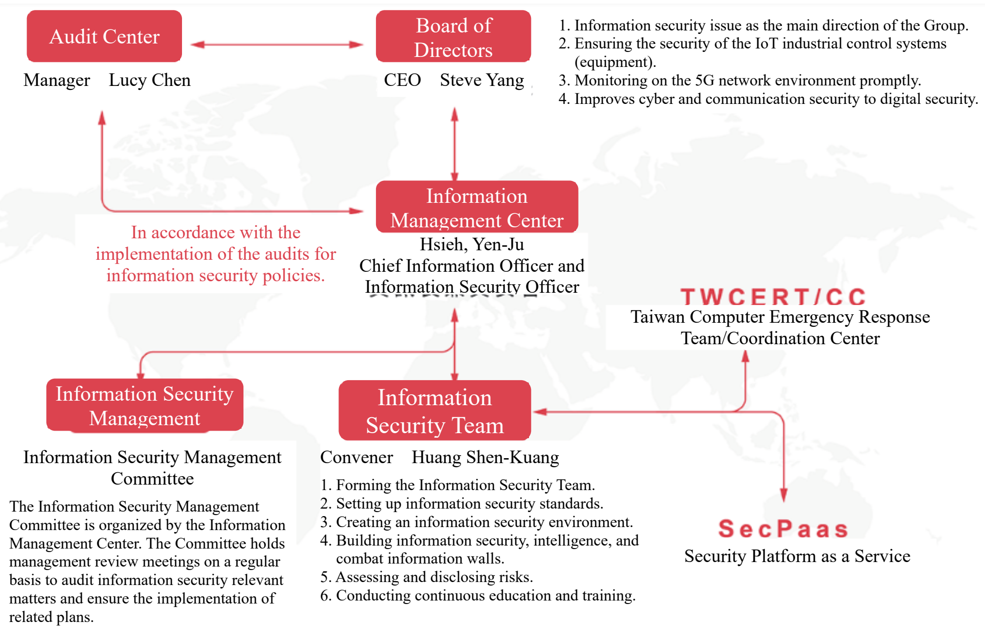
(1) Risk Management Team: Checks and makes risk assessment on information and cyber systems.

(2) Document Control Team: Establishes documents relevant to cyber security regulations, procedures, and systems for the Company, and ensures that the documents meet the requirements of the laws and agreements.

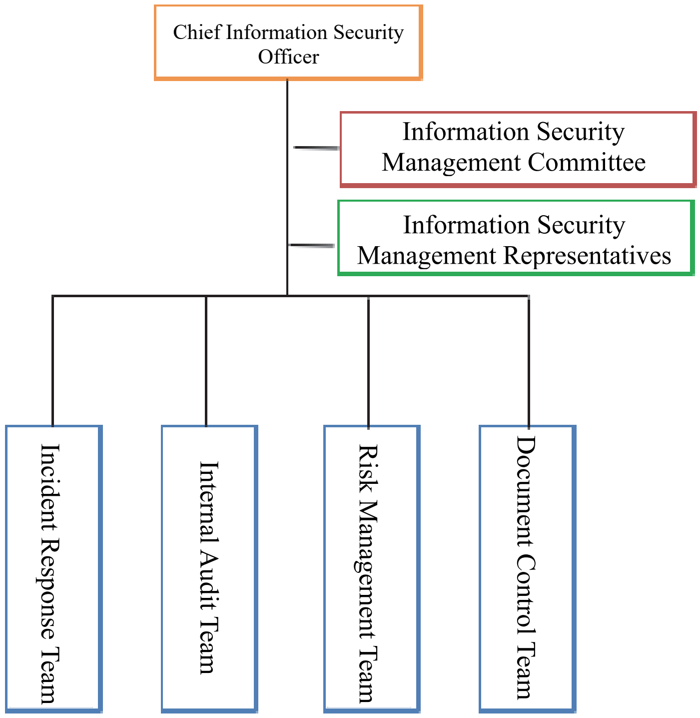
(3) Internal Audit Team: Implements internal cyber security audits.

(4) Incident Response Team: Reports cyber security incidents and executes responsive mechanisms.

2. CviLux Corporation Information Security Organization Structure



3. CviLux Corporation Information Security Management Committee Structure



(II) Cyber Security Policy

1. Information Security Management Strategies and Structure

The Information Security Organization holds regular meetings through "information teams" of domestic factories and units of foreign subsidiaries to effectively implement information security management. The Organization follows the "Planning - Execution - Audit - Correction" model of the ISO/IEC 27001:2013 standard, and develops, protects, and maintains the improvement of the documentary information security management system. The management team provides relative resources to develop and manage the information security management system, check on the applicability of the information security policies and the protection measures, and regularly report the execution results to the"Information Security Management Committee".

At the "planning stage", we establish an information security policy as a guideline for the information security management system. The policy is approved and issued by the management team and has been promoted to all employees via appropriate channels. The policy is also inspected regularly or when significant changes are made to ensure its applicability and effectiveness.

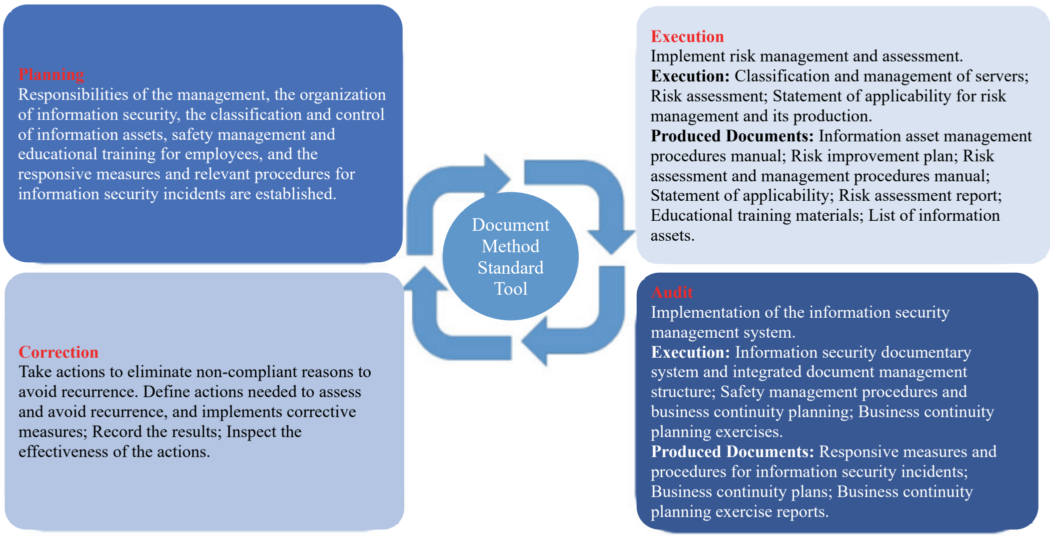
At the “execution stage”, the responsible or appointed person ratifies the high-asset levels and the acceptable risk level. The person also inspects the risk assessment results, risk improvement plans, and control measures, and produces risk assessment reports with respect to the topics to implement effective risk control.

At the “audit stage”, we implement internal audit and verify all activities and the related results to see if they meet the requirements of the information security management system. By doing so, the Company can be aware of possible deficiencies of the information security, take corrective actions, and track the issue promptly to make sure of the effectiveness and continuous improvement of the activities.

At the “correction stage”, we examine, analyze, track, and manage the reasons of abnormalities and non-compliances. We perform assessment and quantitative analysis of the information security metrics, and take corrective actions when the actual factors behind the issues are identified to prevent potential non-compliant incidents. We also establish relevant systems and regulations when needed.

In addition, improvement actions, such as information security measures and education, training, and dissemination practices are reviewed and implemented on a regular basis according to the assessment results of the performance metrics and maturity. When necessary, the Company invites responsible persons, experts, and scholars to attend the meetings for consultation and to provide opinions, ensuring that the CviLux Corporation operates in a relatively safe environment.

2. Information Security Risk Management and Continuous Improvement Structure



(III) Significant Cyber Security Events: None.

VII. Important Contracts

Nature of Contract	Parties	Duration	Main Contents	Restrictive Clauses
Long-term Loans	Hua Nan Commercial Bank	2012.8.27-2027.8.27	Factory Plant Mortgage Loan The Whole 9th Floor	None
Medium-term Loan	E.SUN Bank	2022.10.31-2025.10.31	Factory Plant Mortgage Loan No. 13, 15, 17 and 19, 8F	None
Medium-term Loan	Cathay United Bank	2021.5.28-2024.5.28	Factory Plant Mortgage Loan No. 29 and 31, B1	None

Six. Overview of Finance

I. Condensed Financial Information for the Most Recent Five Years

(I) Condensed Balance Sheet and Comprehensive Income Statement for the Most Recent Five Years

1. Based on the International Financial Reporting Standards (IFRS)

1-1 Condensed Balance Sheet - IFRS (consolidated)

Unit: NTD thousand

Item \ Year		Financial Information of the Recent Five Years (Note 1)					Financial Information up to March 31, 2023 for the Current Year
		2018	2019	2020	2021	2022	
Current Assets		2,734,894	2,918,125	3,030,850	3,697,816	3,752,490	3,764,918
Financial Assets Measured at Amortized Cost - Non-current		0	0	41,923	0	0	0
Property, Plant, and Equipment		1,021,627	1,060,439	1,160,876	1,193,125	1,163,430	1,141,397
Right-of-use Assets		0	166,051	214,009	178,668	134,478	124,934
Intangible Assets		8,641	8,946	16,217	15,917	16,622	14,702
Other Assets		211,070	158,330	65,271	73,072	55,548	61,915
Total Assets		3,976,232	4,311,891	4,529,146	5,158,598	5,122,568	5,107,866
Current Liabilities	Before Distribution	1,076,536	1,294,247	1,320,733	1,368,054	1,063,002	1,177,093
	After Distribution	1,157,935	1,375,646	1,431,268	1,525,961	1,220,909	(Note2)
Non-current Liabilities		392,812	492,724	581,766	928,611	994,215	978,574
Total Liabilities	Before Distribution	1,469,348	1,786,971	1,902,499	2,296,665	2,057,217	2,155,667
	After Distribution	1,550,747	1,868,370	2,013,034	2,454,572	2,215,124	(Note2)
Equity Attributable to Parent Company Shareholders		2,506,884	2,515,075	2,619,151	2,857,888	3,065,345	2,952,581
Share Capital		813,994	813,994	789,534	789,534	789,534	789,534
Capital Surplus		582,162	583,840	564,317	608,083	608,100	608,100
Retained Earnings	Before Distribution	1,152,040	1,244,546	1,356,184	1,582,049	1,759,936	1,630,197
	After Distribution	1,070,641	1,163,147	1,245,649	1,424,142	1,602,029	(Note2)
Other Equity		(41,312)	(127,305)	(90,884)	(121,778)	(92,225)	(75,250)
Treasury Stock		0	0	0	0	0	0

Non-controlling Interest		0	9,845	7,496	4,045	6	(382)
Total Equities	Before Distribution	2,506,884	2,524,920	2,626,647	2,861,933	3,065,351	2,952,199
	After Distribution	2,425,485	2,443,521	2,516,112	2,704,026	2,907,444	(Note2)

Note 1: The consolidated financial report for each year has been audited and certified by CPAs.
Note 2: The shareholders' meeting has not adopted a resolution on the surplus distribution for 2022.

1-2 Condensed Balance Sheet - IFRS (separate)

Unit: NTD thousand

Item \ Year		Financial Information of the Recent Five Years (Note 1)					Financial Information up to March 31, 2023 for the Current Year (Note 3)
		2018	2019	2020	2021	2022	
Current Assets		1,216,338	1,310,922	1,147,556	1,458,170	1,417,717	N/A
Financial Assets Measured at Amortized Cost - Non-current		0	0	41,923	0	0	
Investment Under the Equity Method		2,536,164	2,525,650	2,743,014	2,966,947	3,339,422	
Property, Plant, and Equipment		196,407	181,134	194,741	182,888	201,390	
Right-of-use Assets		0	985	2,779	8,039	6,768	
Intangible Assets		8,022	5,793	11,317	12,718	15,176	
Other Assets		24,728	31,493	31,502	47,315	34,977	
Total Assets		3,981,659	4,055,977	4,172,832	4,676,077	5,015,450	
Current Liabilities	Before Distribution	1,086,703	1,147,136	1,076,236	998,248	1,010,041	
	After Distribution	1,168,102	1,228,535	1,186,771	1,156,155	1,167,948	
Non-current Liabilities		388,072	393,766	477,445	819,941	940,064	
Total Liabilities	Before Distribution	1,474,775	1,540,902	1,553,681	1,818,189	1,950,105	
	After Distribution	1,556,174	1,622,301	1,664,216	1,976,096	2,108,012	
Equity Attributable to Parent Company Shareholders		2,506,884	2,515,075	2,619,151	2,857,888	3,065,345	
Share Capital		813,994	813,994	789,534	789,534	789,534	
Capital Surplus		582,162	583,840	564,317	608,083	608,100	
Retained Earnings	Before Distribution	1,152,040	1,244,546	1,356,184	1,582,049	1,759,936	
	After Distribution	1,070,641	1,163,147	1,245,649	1,424,142	1,602,029	
Other Equity		(41,312)	(127,305)	(90,884)	(121,778)	(92,225)	
Treasury Stock		0	0	0	0	0	
Non-controlling Interest		0	0	0	0	0	

Total Equity	Before Distribution	2,506,884	2,515,075	2,619,151	2,857,888	3,065,345	
	After Distribution	2,425,485	2,433,676	2,508,616	2,699,981	2,907,438	

Note 1: The separate financial report for each year has been audited and certified by CPAs.
Note 2: The shareholders' meeting has not adopted a resolution on the distribution for 2022.
Note 3: Only the consolidated financial report was published in Q1 2022. So, no information of the separate financial report can be provided.

1-3 Condensed Statements of Comprehensive Income - IFRS (consolidated)

Unit: NTD thousand

Item \ Year	Financial Information of the Recent Five Years (Note 1)					Financial Information up to March 31, 2023 for the Current Year (Note 1)
	2018	2019	2020	2021	2022	
Operating Revenue	3,110,632	3,133,851	3,134,712	4,159,393	3,727,014	668,187
Gross Profit	854,013	904,630	1,030,524	1,247,310	1,106,425	225,022
Operating Income (loss)	270,192	284,065	385,588	552,695	371,349	55,935
Non-operating Revenue and Expenses	64,953	1,696	(41,309)	(45,274)	132,630	(8,932)
Pre-tax Profit	335,145	285,761	344,279	507,421	503,979	47,003
Net Profit of Continuing Operations in the Current Period	203,947	175,590	214,340	336,322	328,082	27,778
Losses From Discontinued Operations	0	0	0	0	0	0
Net Income (loss) in the Current Period	203,947	175,590	214,340	336,322	328,082	27,778
Other comprehensive income for the period (net after tax)	(45,344)	(88,698)	31,921	(34,267)	33,226	16,977
Current Total Comprehensive Income	158,603	86,892	246,261	302,055	361,308	44,755
Net Profit Attributable to Owners of the Parent Company	204,528	175,680	215,884	338,615	331,509	28,168
Net Profit Attributable to Non-controlling Interests	(581)	(90)	(1,544)	(2,293)	(3,427)	(390)
Comprehensive Income Attributable to Owners of the Parent Company	159,385	87,912	248,610	305,506	365,347	45,143
Comprehensive Income Attributable to Non-controlling Interests	(782)	(1,020)	(2,349)	(3,451)	(4,039)	(388)
Earnings Per Share	2.51	2.16	2.70	4.29	4.20	0.36

Note 1: The consolidated financial report for each year has been audited and certified by CPAs.

1-4 Condensed Statements of Comprehensive Income - IFRS (separate)

Unit: NTD thousand

Item \ Year	Financial Information of the Recent Five Years (Note 1)					Financial Information up to March 31, 2023 for the Current Year (Note 2)
	2018	2019	2020	2021	2022	
Operating Revenue	1,947,031	1,971,726	1,980,733	2,581,683	2,384,968	N/A
Gross Profit	424,028	446,497	450,889	456,888	399,443	
Operating Income (loss)	124,711	160,477	152,299	138,201	53,626	
Non-operating Revenue and Expenses	146,162	60,000	120,857	294,546	369,656	
Pre-tax Profit	270,873	220,477	273,156	432,747	423,282	
Net Profit of Continuing Operations in the Current Period	204,528	175,680	215,884	338,615	331,509	
Losses From Discontinued Operations	0	0	0	0	0	
Net Income (loss) in the Current Period	204,528	175,680	215,884	338,615	331,509	
Other Comprehensive Income in the Current Period (Net income after tax)	(45,143)	(87,768)	32,726	(33,109)	33,838	
Current Total Comprehensive Income	159,385	87,912	248,610	305,506	365,347	
Net profit attributable to Owners of the parent	0	0	0	0	0	
Net profit attributable to non-controlling interests	0	0	0	0	0	
Total comprehensive income attributable to Owners of the parent	0	0	0	0	0	
Total comprehensive income attributable to Non-controlling interests	0	0	0	0	0	
Earnings Per Share	2.51	2.16	2.70	4.29	4.20	

Note 1: The consolidated financial report for each year has been audited and certified by CPAs.
Note 2: Only the consolidated financial report was published in Q1 2023. So, no information of the separate financial report can be provided.

(II) Names of CPAs and Audit Opinions for the Most Recent Five Years:

Year	Accounting Firm	CPA	Audit Opinions
2018	KPMG	Chen, Ya-Lin, Su, Yen-Ta	Unqualified Opinion
2019		Chen, Ya-Lin, Su, Yen-Ta	Unqualified Opinion
2020		Chen, Ya-Lin, Su, Yen-Ta	Unqualified Opinion
2021		Tan, Chia-Chien, Su, Yen-Ta	Unqualified Opinion
2022		Tan, Chia-Chien, Su, Yen-Ta	Unqualified Opinion

II. Financial Analysis for the Most Recent Five Years

(I) Analysis of Important Financial Ratios for the Most Recent Five Years:

1. Based on the International Financial Reporting Standards (IFRS)

1-1 Financial Analysis - IFRS (consolidated)

Analysis Item (Note 2) \ Year (Note 1)		Financial Analysis for the Most Recent Five Years					Up to March 31, 2023 for the Current Year
		2018	2019	2020	2021	2022	
Financial Structure (%)	Debt to Assets Ratio	36.95	41.44	42.00	44.52	40.16	42.20
	Long-term Capital to Property, Plant and Equipment Ratio	283.83	284.56	276.38	317.70	348.93	344.38
Debt Servicing Capability %	Current Ratio	254.04	225.46	229.48	270.30	353.01	319.85
	Quick Ratio	196.52	179.44	174.93	206.13	294.85	271.67
	Interest Coverage Ratio	54.86	18.28	20.53	32.37	29.50	10.97
Operating Capacity	Receivables Turnover (times)	3.27	3.06	2.95	3.27	3.08	2.88
	Average Collection Days	111	119	123	112	119	127
	Inventory Turnover (times)	4.15	4.05	3.45	3.87	3.76	3.25
	Payables Turnover (times)	5.2	4.86	3.92	4.57	4.85	4.55
	Average Days in Sales	88	90	105	94	97	113
	Property, Plant, and Equipment Turnover (times)	3.11	3.01	2.82	3.53	3.16	2.32
	Total Asset Turnover (times)	0.79	0.75	0.71	0.86	0.73	0.52
Profitability	Return on Asset (%)	5.35	4.55	5.17	7.21	6.66	0.62
	Return on equity (%)	8.25	6.97	8.32	12.26	11.07	0.92
	Net Income Before Tax to Paid-in Capital Ratio (%) (Note 7)	41.17	35.10	43.61	64.27	63.83	5.95
	Net Profit Margin (%)	6.55	5.6	6.84	8.09	8.80	4.16
	Earnings Per Share (NTD)	2.51	2.16	2.70	4.29	4.20	0.36
Cash Flow	Cash Flow Ratio (%)	12.63	39.44	23.50	23.58	100.00	18.75

	Cash Flow Adequacy Ratio (%)	71.83	89.87	83.71	74.73	119.94	152.33
	Cash Reinvestment Ratio (%)	1.53	12.04	5.93	4.69	18.27	4.53
Leverage	Operating Leverage	4.49	4.47	3.63	3.20	4.07	5.24
	Financial Leverage	1.02	1.06	1.05	1.03	1.05	1.09

Please describe the reasons for the variations of financial ratios in the most recent two years. (If the change in increase/decrease is less than 20%, analysis may be exempted.)

1. Current ratio, quick ratio: Primarily resulting from a decrease in the net amount of payables in current period.
2. Increased cash flow ratio, cash flow adequacy ratio and cash reinvestment ratio: Primarily resulting from an increase in the net cash outflow from operating activities and a decrease in the operating costs, which were caused by the decreased payables and inventories in current period.
3. Operational leverage: Primarily resulting from a decrease in operating income in current period.

1-2 Financial Analysis - IFRS (separate)

Analysis Item (Note 2) / Year (Note 1)		Financial Analysis for the Most Recent Five Years 2018	2019	2020	2021	2022	Up to March 31, 2023 for the Current Year
Financial Structure (%)	Debt to Assets Ratio	37.03	37.99	37.23	38.88	38.88	N/A
	Long-term Capital to Property, Plant and Equipment Ratio	1,473.95	1,605.9	1,590.11	2,010.97	1,988.88	
Debt Servicing Capability %	Current Ratio	111.92	114.28	106.63	146.07	140.36	
	Quick Ratio	99.08	104.09	91.82	127.52	128.49	
	Interest Coverage Ratio	44.53	30.44	46.88	61.54	45.76	
Operating Capacity	Receivables Turnover (times)	3.53	3.2	3.21	3.54	3.22	
	Average Collection Days	103	114	114	103	113	
	Inventory Turnover (times)	13.65	12.63	11.15	14.33	13.65	
	Payables Turnover (times)	2.81	2.67	2.68	3.44	3.07	
	Average Days in Sales	27	29	33	25	27	
	Property, Plant, and Equipment Turnover (times)	9.58	10.44	10.54	14.18	12.41	
	Total Asset Turnover (times)	0.50	0.49	0.48	0.59	0.49	
Profitability	Return on Asset (%)	5.44	4.52	5.36	7.89	7.00	
	Return on equity (%)	8.29	6.99	8.41	12.60	11.19	
	Net Income Before Tax to Paid-in Capital Ratio (%) (Note 7)	33.27	27.08	34.60	54.81	53.61	
	Net Profit Margin (%)	10.50	8.91	10.9	13.12	13.90	
	Earnings Per Share (NTD)	2.51	2.16	2.7	4.29	4.20	
Cash Flow	Cash Flow Ratio (%)	3.27	15.81	14.91	(1.71)	38.10	
	Cash Flow Adequacy Ratio (%)	85.65	116.63	79.95	64.62	95.11	
	Cash Reinvestment Ratio (%)	(1.51)	3.29	2.48	(3.38)	5.52	
Leverage	Operating Leverage	2.69	2.31	2.42	2.53	5.76	
	Financial Leverage	1.05	1.04	1.04	1.05	1.21	

Please describe the reasons for the variations of financial ratios in the most recent two years. (If the change in increase/decrease is less than 20%, analysis may be exempted.)

1.Interest coverage ratio: Primarily resulting from a decrease in the net profit in current period. 2.Cash flow ratio, cash flow adequacy ratio and cash reinvestment ratio: Primarily resulting from an increase in the net cash outflow from operating activities and a decrease in the operating costs, which were caused by the decreased payables and inventories in current period. 3.Operational leverage: Primarily resulting from a decrease in operating income in current period.

* A separate financial ratio analysis is required if separate financial reports are prepared.

Note 1: The year for which CPAs did not conduct audit or certification must be indicated.

Note 2: Where the Company has stocks listed on the Taiwan Stock Exchange or the Taipei Exchange and there is financial information audited, certified, or reviewed by CPAs in the most recent year prior to the publication date of this annual report, the information must also be analyzed.

Note 3: The following calculation formulas must be indicated at the end of the table on the annual report:

1. Financial Structure

(1) Debt to Asset Ratio = Total liabilities/Total assets

(2) Long-term Capital to Property, Plant, and Equipment Ratio= (total equity + non-current liabilities)/Net property, plant, and equipment.

2. Debt Servicing Capability

(1) Current Ratio = Current assets/Current liabilities

(2) Quick Ratio = (current assets - inventory-prepayments)/Current liabilities

(3) Interest Coverage Ratio = Net profit before interest and tax/Interest expenses for the current period

3. Operating Capacity

(1) Receivables (including accounts receivable and notes receivable from business activities) Turnover = Net sales/Average receivables balance (including accounts receivable and notes receivable from business activities)

(2) Average Collection Period = 365/Receivables turnover

(3) Inventory Turnover = Sales cost/Average inventory amount

(4) Payables (include payable amounts and payable bills from operation) turnover = Sales cost / Average accounts payable in each period (include payable amounts and payable bills from operation) balance.

(5) Average Days in Sales＝365/Inventory turnover

(6) Turnover of Property, Plant, and Equipment = Net sales/Average net value of property, plant and and equipment

(7) Total Asset Turnover = Net sales/Average total assets

4. Profitability

(1) Return on Assets = [net profits after tax + interest expense x (1 - tax rate)]/Average total assets

(2) Return on Equity = After tax net profit/Average total equity

(3) Net Profit Margin = After tax net profit/Net sales

(4) Earnings Per Share = (earnings of parent company owner - preferred dividends)/Weighted average number of shares issued (Note 4)

5. Cash Flow

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

(2) Cash Flow Adequacy Ratio = Net cash flow from operating activities in the most recent five years/(capital expenditure + inventory increase + cash dividends) in the last five years

(3) Cash Flow Reinvestment Ratio = (net cash flow from operating activities - cash dividends)/(gross property, plant, and equipment + long term investments + other non-current assets + working capital) (Note 5)

6. Degree of Leverage

(1) Degree of operating leverage = (net operating revenues - variable operating costs and expenses) / operating income (Note 6).

(2) Degree of financial leverage = Operating income / (operating income - interest expense).

Note 4: The following must be taken into account for the aforementioned EPS calculation formulas:

1. The weighted average number of common shares rather than the number of shares that have been issued at the end of the year shall apply.

2. In the case of cash capital increase or treasury stock trading, the circulation period shall be taken into account for the calculation of the weighted average number of shares.

3. In the case of capitalization of retained earnings into new shares or capitalization of capital reserves, retrospective adjustments shall be conducted based on the ratio in capital increase when EPS for the preceding fiscal year or half-year is calculated without the need to consider the period of the capitalization.

4. Where the preferred stocks involved are inconvertible cumulative preferred stocks, the dividends in the current year (regardless of distribution) shall be deducted from the post-tax net profit, or the post-tax net loss must be added. 4. Where the preferred stocks involved are not cumulative in nature, they shall be deducted from the post-tax net profit, if any; no adjustment is needed if there is loss.

Note 5: The following must be taken into account for cash flow analysis:

1. The net cash flow from operating activities means the net cash inflow from operating activities on the cash flow statement.

2. The capital expenditure means the cash outflow from capital investment of the year.

3. The inventory increase shall be counted only when the balance at the end of the period is greater than the balance at the beginning of the period; it is zero in the case of a decreased inventory at the end of the year.

4. The cash dividends include those deriving from common and preferred stocks.

5. Gross property, plant and equipment refers to the total property, plant and equipment before subtracting by accumulated depreciation.

Note 6: The issuer shall classify the operating costs and expenses into the fixed and variable items according to their nature. Where estimation or subject judgment is involved, their reasonableness must be taken into account and consistency must be ensured.

Note 7: Where the issuer's shares have no par value or have a par value not set at NT$10, the aforementioned calculation based on the paid-in capital ratio shall be changed to be based on the ratio in the equity attributable to parent company shareholders on the balance sheet.

Material Changes in Accounting Titles:

For the increase/decrease ratio reaching more than 10% and the amount of the change reaching more than 1% of the total assets in the current year under comparison of the accounting titles on the balance sheets and income statements in the most recent two years, the reasons of the changes shall be analyzed in detail:

Year / Title	2021		2022		Increase/Decrease		Remarks
	Amount	% (Note 1)	Amount	% (Note 1)	Amount	% (Note 2)	
Cash and cash equivalents	1,190,801	23.08%	1,980,468	38.66%	789,667	66.31%	Primarily resulting from a decrease in the payables and inventories in current period
Accounts Receivable	1,416,391	27.46%	966,453	18.87%	(449,938)	(31.77%)	Primarily resulting from a decrease in the revenue in current period
Inventory	826,949	16.03%	567,269	11.07%	(259,680)	(31.40%)	Primarily resulting from less goods, works in process and finished products in the current period in comparison with the previous period
Accounts Payable	694,586	13.46%	385,822	7.53%	(308,764)	(44.45%)	Primarily resulting from a decrease of operational needs and purchases
Deferred Income Tax Liabilities	213,936	4.15%	281,490	5.50%	67,554	31.58%	Primarily resulting from an increase in the deferred income tax liabilities in 2021
Retained Earnings	1,582,049	30.67%	1,759,936	34.36%	177,887	11.24%	Primarily resulting from an increase in the post-tax net profit in 2021
Net Operating Revenue	4,159,393	100.00%	3,727,014	100.00%	(432,379)	(10.40%)	Primarily resulting from a decrease in the revenue from connectors, wires and cables in current period
Operating Costs	(2,912,083)	(70.01%)	(2,620,589)	(70.31%)	291,494	(10.01%)	Primarily resulting from a decrease in the revenue in current period
Gross Profit	1,247,310	29.99%	1,106,425	29.69%	(140,885)	(11.30%)	Primarily resulting from a decrease in the revenue in current period
Operating Profit	552,695	13.29%	371,349	9.96%	(181,346)	(32.81%)	Primarily resulting from a decrease of

Title \ Year	2021		2022		Increase/Decrease		Remarks
	Amount	% (Note 1)	Amount	% (Note 1)	Amount	% (Note 2)	
							gross profit and an increase of operating expenses
Non-operating Revenue and Expenses	(45,274)	(1.09%)	132,630	3.56%	177,904	392.95%	Primarily resulting from an increase in other benefits in current period
Current Total Comprehensive Income	302,055	7.26%	361,308	9.69%	59,253	19.62%	Primarily resulting from an increase in other comprehensive income in current period

Note 1: This means the ratio of the same type on each relevant report.
Note 2: This means the change ratio compared to the preceding year as 100%.

III. Audit Committee’s Review Report of the Financial Statements in the Most Recent Year

CviLux Corporation
Audit Report of the Audit Committee

We, the Audit Committee of the Company, hereby acknowledge that the Board of Directors has worked out and submitted hereto the Business Report, financial statements, and proposed allocation of earnings of CviLux Corporation for 2022 and that among them, the financial statements have been duly audited by CPA Tan, Chia-Chien and CPA Su, Yen-Ta of KPMG, which already issued the Audit Report. We hereby further declare and confirm that the aforementioned Business Report, financial statements, and proposed allocation of earnings have been further duly audited by us, the Audit Committee, and no nonconformities were found. We hereby issue this Report in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please approve.

Submitted to

2023 Shareholders’ Meeting of CviLux Corporation

CviLux Corporation

Audit Committee Convener Shuling Lin

March 22, 2023

IV. Financial Statements for the Most Recent Year and the CPAs' Audit Report

For the 2022 consolidated financial statements of the Company and subsidiaries as well as the audit report, please referred to the Appendix Pages 175 to 252.

V. Company's Separate Financial Statements for the Most Recent Year Audited by Auditors

For the audited Company's separate financial statements for 2022 and certified by CPAs without material accounting details, please refer to the Appendix Pages 253 to 337.

VI. In the Case of Any Financial Difficulty of the Company or Affiliates in the Most Recent Year and Up to the Publication Date of This Annual Report, the Impact of Such Difficulty on the Company's Financial Status: None

Seven. Review and Analysis of Financial Status and Financial Performance and Risk Issues

I. Financial Status

The main reasons for any material change in the Company's assets, liabilities, or equity in the most recent years, and the effect thereof; where the effect is of material significance, describe the measures to be taken.

Table of Review and Analysis of Financial Status and Financial Performance

Unit: NTD thousand

Item \ Year	2021	2022	Difference	
			Amount	%
Current Assets	3,697,816	3,752,490	54,674	1.47
Property, Plant, and Equipment	1,193,125	1,163,430	(29,695)	(2.49)
Other Assets	267,657	206,648	(61,009)	(22.79)
Total Assets	5,158,598	5,122,568	(36,030)	(0.70)
Current Liabilities	1,368,054	1,063,002	(305,052)	(22.30)
Long-term Liabilities	565,717	597,627	31,910	5.64
Other Liabilities	362,894	396,588	33,694	9.28
Total Liabilities	2,296,665	2,057,217	(239,448)	(10.43)
Capital Stock	789,534	789,534	0	0
Capital Surplus	608,083	608,100	17	0
Retained Earnings	1,582,049	1,759,936	177,887	11.24
Other Equity	(121,778)	(92,225)	29,553	(24.27)
Non-controlling Interest	4,045	6	(4,039)	(99.85)
Total Equity	2,861,933	3,065,351	203,418	7.11

For the increase/decrease ratio reaching more than 20% and the amount of change reaching more than NTD 10 million, the main reasons and effects are described below:

1. Other assets: Decreased in current period compared to same period last year. This is primarily a result of a decrease in right-of-use assets and prepayment for equipment.
2. Current liabilities: Increased in current period compared to same period last year. This is primarily a result of a decrease in payables.
3. Other Equities: Decreased in the current period compared to same period last year. This is primarily a result of the difference in exchange from the conversion of financial statements of overseas operating entities.

II. Financial Performance

The main reasons for any material change In the Company's operating revenue, operating net profit, and net profit before tax in the most recent two years, and expected sales volume, and its basis on the future finance and business of the Company and countermeasures:

Operation Results Comparison and Analysis Table

Unit: NTD thousand

Item \ Year	2021	2022	Variable Proportion	
			Increase/Decrease in Amount	(%)
Net Operating Revenue	4,159,393	3,727,014	(432,379)	(10.40)
Operating Costs	(2,912,083)	(2,620,589)	291,494	(10.01)
Gross Profit	1,247,310	1,106,425	(140,885)	(11.30)
Operating Expenses	(694,615)	(735,076)	(40,461)	5.82
Operating Profit	552,695	371,349	(181,346)	(32.81)
Non-operating Revenue and Expenses	(45,274)	132,630	177,904	392.95
Net Profit Before Tax of Continuing Operations	507,421	503,979	(3,442)	(0.69)
Income Tax Expenses	(171,099)	(175,897)	(4,798)	2.80
Current Net Profit	336,322	328,082	(8,240)	(2.45)
Other Comprehensive Income	(34,267)	33,226	67,493	196.96
Current Total Comprehensive Income	302,055	361,308	59,253	19.62

For the increase/decrease ratio reaching more than 20% and the amount of change reaching more than NTD 10 million, the main reasons and effects are described below:

Description of the Increase/Decrease Ratio:

1. Operating profit: Decreased in current period compared to same period last year. This is primarily a result of a decrease in gross profit and an increase in operating expenses in current period.
2. Non-operating revenue and expense: Increased in current period compared to same period last year. This is primarily a result of an increase in other benefits in current period.
3. Other comprehensive income: Increased in current period compared to same period last year. This is primarily a result of the difference in exchange from the conversion of financial statements of overseas operating entities.

III. Cash Flow

(I) Analysis of Liquidity in the Most Recent Two Years

Year / Item	2021	2022	Increase/Decrease Ratio
Net Cash Inflow From Operating Activities	322,533	1,062,977	229.57%
Net Cash Outflow From Investment Activities	354,219	149,993	(57.66%)
Net Cash Inflow (outflow) >From Financing Activities	87,548	(159,240)	(281.89%)

Analysis and Description of the Increase/Decrease Ratio:
Increased net cash inflow from operating activities: This is primarily a result of a decrease in payables and inventories.
Decreased net cash outflow from investing activities: This is primarily a result of a decrease in financial assets measured at amortized cost.
Increased net cash outflow from financing activities: This is primarily a result of the issuance of convertible bonds in 2021.

(II) Cash Liquidity Analysis for the Next Fiscal Year

Cash Balance at the Beginning of the Year (1)	Expected Annual Net Cash Flow From Operating Activities (2)	Expected Annual Cash Outflow (3)	Expected Cash Surplus (deficiency) Amount (1)＋(2) - (3)	Expected Cash Deficiency Remedies	
				Investment Plan	Financial Management Plan
565,386	2,308,231	2,425,352	448,265	0	N/A

Cash Liquidity Analysis for the Next Fiscal Year (2023):
(1) Operating Activities: The Company expects the cash inflow from operating activities for the next fiscal year to primarily be a result of annual operating profit.
(2) Investing Activities: In line with the market and operational needs establish more or improve the equipment.
(3) Financing Activities: The Company plans to distribute cash dividends and remuneration for directors, supervisors, and employees.

IV. Effect Upon Financial Operations of Any Major Capital Expenditures in the Most Recent Year

(I) Usage of major capital expenditures and the source of funds: None

(II) Effect Upon Financial Operations: None

V. Reinvestment Policy in the Most Recent Year, Main Reasons for the Profit/Loss, Improvement Plan, and Investment Plan for the Next Fiscal Year

Remarks / Item	Amount of Profit and Loss in 2022 (NTD thousand)	Reinvestment Policy	Main Reason for Profit or Loss	Improvement Plan	Other Investment Plans for the Future
CONTEC(B.V.I.)Corp.	345,860	Holding Company	A result of the recognition of investees.	—	—
CviCloud Corporation	(26,778)	IoT, Software and Hardware Integration Services	A result of relatively high operating costs and expenses.	—	—
Cvilux USA Corp.(Cvilux USA)	(7,706)	Sales of Connectors, Wires, and Cables	A result of relatively high operating costs and expenses.	—	—
Cvilux Korea Corp.(Cvilux Korea)	(4,817)	Sales of Connectors, Wires, and Cables	The break-even point has not yet been achieved as a result of high operating expenses.	—	—
CviMall International Corporation	(6,788)	Development and Sales of E-commerce and Cosmetics	The break-even point has not yet been achieved as a result of high operating expenses.	—	—

VI. Risk Analysis and Assessment

(I) The effect of the fluctuation in interest and exchange rates and the inflation on the profit and loss of the Company, and the countermeasures in the future:

1. Interest Rate

Unit: NTD thousand

Item	2021	2022
Interest Expenses (1)	16,176	17,683
Revenue (2)	4,159,393	3,727,014
(1)/(2)	0.39%	0.47%

The ratio of the Company’s interest expenses to revenue was 0.39% in 2021 and 0.47% in 2022. The ratio of the Company’s interest income and expenses to revenue is not high; thus, the fluctuation in interest does not create immense impact on the profit and loss of the Company.

2. Exchange Rate

Unit: NTD thousand

Item	2021	2022
Foreign Exchange Gain/Loss	(46,562)	136,376
Revenue (2)	4,159,393	3,727,014
(1)/(2)	(1.12%)	3.66%

The ratio of the Company's foreign exchange gain/loss to revenue was 1.12% in 2021 and 3.66% in 2022, which were not high. However, the Company adopts the principle of stability and conservation for foreign exchange risk management to reduce the effect of exchange rate fluctuation on the Company's operating profits.

To cope with exchange rate fluctuation, the Company takes the following countermeasures:

(1) Fully utilize the receipt and disbursement hedge of the same currency to directly reduce the risk of exchange rate fluctuation.

(2) Set up foreign currency accounts and manage the foreign exchange positions in accordance with the actual demand for funds and the trend of currencies, and flexibly adjust the position of foreign currency held.

(3) Establish regulations relevant to derivatives transactions, and use FX hedging derivative products to hedge the risk of exchange rate fluctuation.

3. Inflation:

Though there was inflation in 2022 and up to the publication date of the annual report, the Company pays attention to the price fluctuation in the market at all times and maintains good interaction with suppliers and customers. Thus, there is no immense impact of inflation on the Company.

(II) Policies on engaging in high risk and high leverage investments, loaning funds to others, endorsement and guarantee as well as derivative transactions, main reasons for profit and loss, and countermeasures in the future:

1. High-risk and High-leverage Investments: None
2. Funds Loaned to Others: In response to the financial needs for operation of the subsidiaries CviMall International Corporation and Cvilux Korea as well as the third-tier subsidiary CviLux Lao Co., Ltd., the Company loaned funds to both subsidiaries and the third-tier subsidiary. Up to the end of 2022, the amount of funds loaned was NTD 99,846 thousand, and the amount of actual funds used was NTD 46,065 thousand.
3. Endorsement and Guarantee: In response to the financial needs for operation of the third-tier subsidiaries CviLux Lao Co., Ltd. and CviCloud (SZ) Limited, CviLux Electronics (Dongguan) Co., Ltd., CviCloud Limited, and CviMall International Corporation, the Company made endorsement and guarantee to a bank. Up to the end of 2022, the amount of endorsement/guarantee was NTD 262,436 thousand, and the amount of actual endorsement/guarantee used was NTD 68,388 thousand.
4. Derivative Products Transaction: None

(III) Future R&D Plan and Expected Funds for R&D:

The investment of the Company in consolidated R&D in 2022 was NTD 115 million. In the future, the Company will continue to make plans for advanced technologies, increase the added value of existing products via new technologies and new applications, and enhance the competitiveness of advanced new application products in the market.

In 2023, the Company plans to invest NTD 129 million in R&D. In the future, the Company will continue to make plans for advanced technologies, increase the added value of existing products via new technologies and new applications, and enhance the competitiveness of advanced new application products in the market. The abstract of main future R&D plans of the Company is as follows:

Project Title	Project Description	Current Process	Expected Time for Mass Production
High-speed Transmission Signal Completeness Technology Project	Considering that the development and usage of 5G will be more popular in the future, the completeness and retention time of the high-frequency transmission data will be more important. Thus, the Company will continue to focus on researching and developing the technology of connection with respect to relevant characteristics.	In Development	2022
Cloud Data Connection Project	The IoT continues to expand its applications, and the V2X is also in rapid development, requiring a massive amount of data and information to be uploaded to the cloud services for analysis and application. Thus, the Company will continue to develop stable and high-speed connection related products.	In Assessment	2023
EV Automotive Electronic Connection Project	Continue to develop electronic connectors that are waterproof, shock-resistant, flame-resistant, and highly reliable in response to all applications in the automotive electronic market.	In Development	2022
High Power Connection Technology Development Project	Continue to develop feature connectors with high current or high voltage that are highly reliable in response to applications in all new markets.	In Development	2022
USB Technology Development Project	There are many interfaces for charging and message transmission of electronic products, but the USB continues to renovate according to the standard and the EU establishes a	In Development	2022

Project Title	Project Description	Current Process	Expected Time for Mass Production
	common standard in the market, making the applications continue to expand. Thus, the Company continues to conduct R&D in accordance with updated standards and applications in all emerging fields.		
Common Display Connection Technology Development	Flexible cable connectors continue to be used in all display equipment, so the Company decides to develop connectors with goals such as automation, high reliability, lower height, and common high specifications. Moreover, the Company will actively expand additional functions of the connectors.	In Development	2022
FlexibleFFC Development Project	The Company continues to develop specifications applicable to high-frequency transmissions and makes continuous improvement in the micro-scale manufacturing process to increase product liability and their added value, and further expand the application of the products in all fields.	In Development	2022
Public Information Display Technology	Continuous development in technologies of highly reliable application displays with special forms to meet the product needs in all different application environments.	In Development	2022

(IV) Impact of the changes in domestic/foreign important policies and laws on the finance and business of the Company and countermeasures:

The Company pays attention to changes in domestic/foreign policies and laws at all times, and makes assessments about their impact on the Company. In the most recent year and up to the publication date of the annual report, the Company did not encounter any changes in domestic/foreign policies and laws that had substantial negative impact on the finance and business.

(V) Impacts of the changes in technology and industry on the finance and business of the Company and countermeasures:

The Company closely follows changes and developments in technologies in the electronics industry to keep up with the trend in the market. In the most recent year, there was no significant changes in technology that had substantial negative impact on the finance and business.

(VI) Impact of the changes in cooperate image on the crisis management of the Company and countermeasures:

In 2022 and up to the publication date of the annual report, the Company has not encountered any changes in cooperate image that have brought about corporate crises.

(VII) Expected benefits, potential risks, and countermeasures from merger or acquisition:

In order to integrate overall resources, reduce management costs, and meet operational needs, the Company, CviLux Corporation, merged with the subsidiary, Hanjun Investment Co., Ltd., through short-form merger on January 25, 2021. CviLux Corporation is the surviving company, and it obtained an approval letter from the Ministry of Economic Affairs on February 25, 2021.

(VIII) Expected benefits, potential risks, and countermeasures from expanding of plants: None.

(IX) Risks associated with any consolidation of purchasing or sales operations, and response measures:

The main sources of purchase and product buyers of the Company have different characteristics that depend on their industries as well as different phases of operation. Thus, the Company conducts proper diverse analysis for buyers with respect to the future and the growth trend of their industries. Moreover, we distribute future sources of purchase and product buyers to maintain a more balanced and stable operating outcome. This is also the goal for us to continue our efforts.

(X) Impacts and risks from large transfers of shares held by our company's directors, supervisors, and large shareholders holding more than 10% of shares, and response measures:

In the most recent year and up to the publication date of the annual report, there has not been a large transfer of shares held by the Company's directors, supervisors (the Audit Committee has been set up, thus inapplicable), or large shareholders holding more than 10% of shares. Thus, there is no significant impact on the Company caused by large transfer or exchange of shares.

(XI) Impacts and risks from changes in the Company's operating rights, and response measures:

In the most recent year and up to the publication date of the annual report, there have not been changes in the Company's operating rights. Furthermore, the Company has established a complete internal control system and related management regulations. If changes in operating rights occur, the Company will be able to reduce the risks and impact on the operation.

(XII) For litigation or non-litigation events, please indicate the Company and directors, supervisors, Chief Executive Officer, substantial responsible person, large shareholder holding more than 10% of the shares, and affiliated companies that are involved in significant litigation, non-litigation, or administrative dispute events with affirmative judgment or pending in the court proceeding; where the result may have a substantial impact on the shareholder's equity or stock price, the dispute fact, claim amount, start date of the litigation, primary litigation parties, and the handling status up to the publication date of this annual report shall be disclosed:

In October 2016, the Taiwan New Taipei District Prosecutors Office indicted the Company's responsible person in charge of violating the Securities and Exchange Act for the Company's LED CHIP transactions during Q2 2014 to Q2 2015. The Taiwan New Taipei District Prosecutors Office found the Company's responsible person not guilty in November 2019. The public prosecutor lodged an appeal in February 2020, and the Taiwan New Taipei District Court revoked the original decision (in the second instance), sentencing the Company's responsible person to a prison term of 22 months. The responsible person has appointed attorneys to make an appeal to a court of third instance. The Company’s operation remains normal, and there is no material impact on the finance and business.

(XIII) Other major risks and countermeasures:

Risk Management Structure

The directors are responsible for monitoring the risk management structure of the consolidated company. The governance officers of different sectors have formed a intersectoral business management meeting to manage the risk management policies of the consolidated company, and reported the meeting's operation to the directors periodically.

The risk management policies of the consolidated company are for identifying and analyzing the risks that the consolidated company faces, setting up risk limitation and control, and monitoring the risks and the conformity of risk limitation. The intersectoral business management meeting reviews the impact of external factors on operation on a regular basis, reflects the situation in the market in a timely manner, and adjusts the operation of the consolidated company appropriately to cope with changes in the market. The consolidated company makes all employees understand their roles and responsibilities through training, management methods, and operating procedures.

The Company’s Board of Directors and the Audit Committee monitor and control the conformity of the consolidated company's risk management policies and procedures, and review the adequacy of the consolidated company’s risk management structure related to the risks faced. Internal audit personnel assist the Audit Committee of the Company in being the supervisory role. Related officers regularly or exceptionally review the control and procedure of risk management, and report the results of the review to the Board of Directors and the Audit Committee.

VII. Other Important Matters: None.

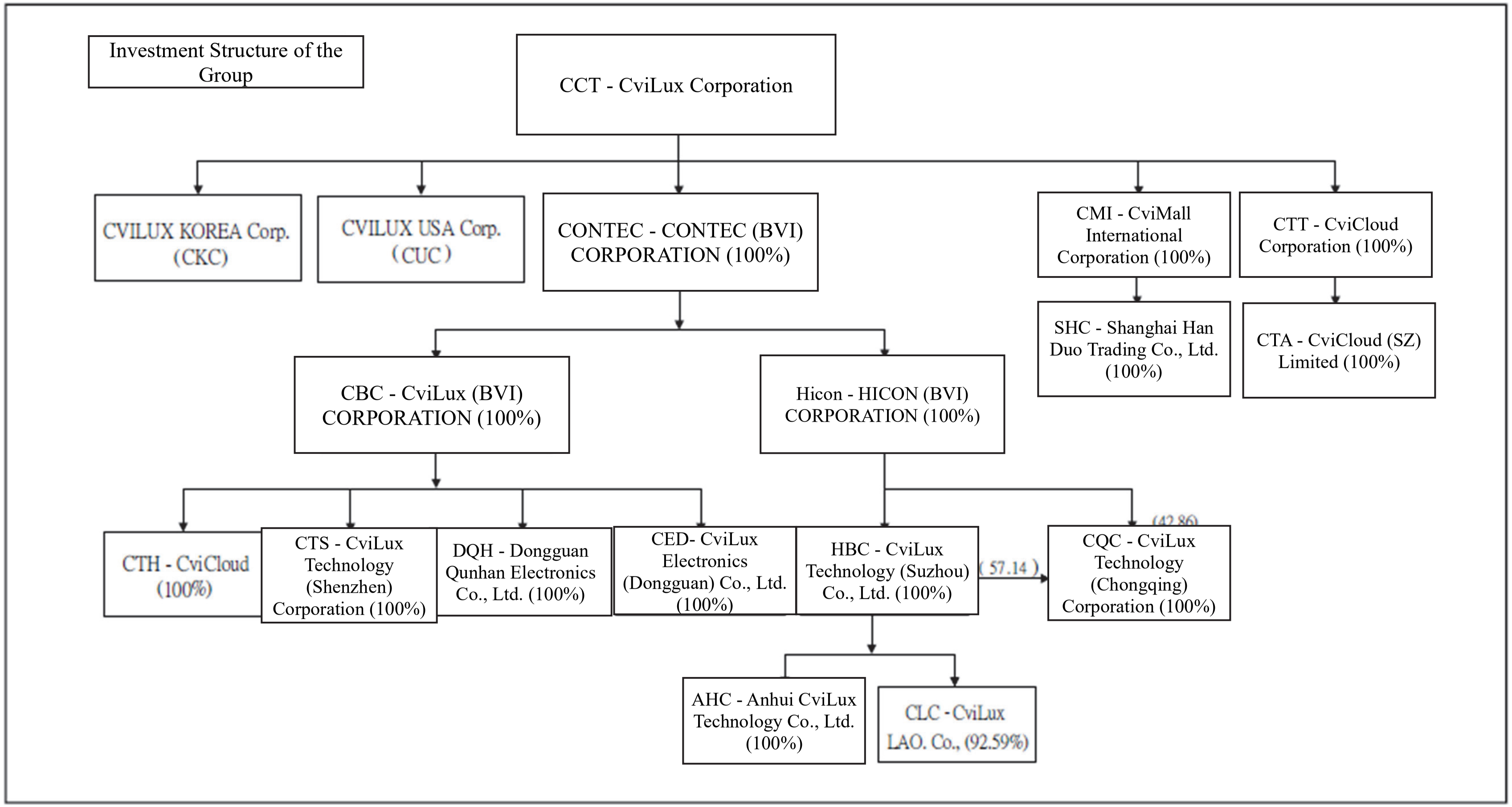
Eight. Special Notes

I. Information on Affiliates in the Most Recent Year

(I) Consolidated Business Report of Affiliated Companies

1. Organizational Chart of Affiliated Companies:

December 31, 2022



2. Basic Information on Affiliated Companies

December 31, 2022

Company	Establishment Date	Address	Paid-in Capital	Primary Business or Production Items
CviLux Corporation	March 1990	9F., No. 9, Lane 3, Section 1, Zhongzheng East Road, Tamsui District, New Taipei City, Taiwan	NTD 789,534 thousand	Manufacturing and Sales of Connectors and Others
CONTEC(B.V.I.)Corp.	June 2000	P.O.Box 3152, Road Town, Tortola, British Virgin Islands	NTD 481,884 thousand	Investment Holding
CviLux(B.V.I.)Corp.	July 1998	The Lake Building, 1st Floor, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands	NTD 337,569 thousand	Investment Holding
HICON(B.V.I.)Corp.	June 2001	P.O.Box 3152, Road Town, Tortola, British Virgin Islands	NTD 328,341 thousand	Investment Holding
CviLux Technology (Suzhou) Co., Ltd.	December 2001	No. 245 #215211, Donggang Road, Fenhugaoxin Zone, Wujiang District, Suzhou City, JIANGSU, P.R. CHINA	NTD 217,775 thousand	Manufacturing and Sales of Connectors, Wires and Cables
Dongguan Qunhan Electronics Co., Ltd.	February 2003	No. 3, Taihe Road, Gaolong Industrial Area, Huanzhuli Village, Changping Town, Dongguan City, GUANGDONG, P.R. CHINA	NTD 105,194 thousand	Manufacturing and Sales of Connectors, Wires and Cables
CviLux Electronics (Dongguan) Co., Ltd.	August 2010	No. 2, Taihe Road, Gaolong Industrial Area, Huanzhuli Village, Changping Town, Dongguan City, GUANGDONG, P.R. CHINA	NTD 264,623 thousand	Manufacturing and Sales of Connectors, Wires and Cables, Electronic Modules, etc.
CviLux Technology (Chongqing) Corporation	June 2011	No. 2609, Xinglong Avenue, Fenghuanghu Industrial Area, Yongchuan District, Chongqing City, P.R. CHINA	NTD 272,335 thousand	Manufacturing and Sales of Connectors, Wires and Cables
CviLux Technology (Shenzhen) Corporation	July 2013	No. 2404A2, Tower A, Tian An Cyber Building, Tairanyi Road, Tianan Community., Shatou Street, Futian	NTD 7,784 thousand	Sales of Connectors, Wires, and Cables

Company	Establishment Date	Address	Paid-in Capital	Primary Business or Production Items
		District, Shenzhen City, P.R. CHINA		
CviCloud (SZ) Limited	January 2014	No. 2404A, Tower A, Tian An Cyber Building, Tairanyi Road, Tianan Community, Shatou Street, Futian District, Shenzhen City, P.R. CHINA	NTD 55,014 thousand	IoT, Software and Hardware Integration Services
CviCloud Limited (Note 1)	July 2013	1004 AXA Centre, 151 Gloucester Road, Wanchai, Hong Kong	NTD 87,708 thousand	Investment Holding
CviCloud Corporation (Note 2)	April 2014	1F., No. 11, Lane 3, Section 9, Zhongzheng East Road, Tamsui District, New Taipei City, Taiwan	NTD 115,148 thousand	IoT, Software and Hardware Integration Services
Anhui CviLux Technology Co., Ltd.	December 2015	A4 Building, Gongtou SME Park, Hangbu Town, Shucheng County, Liuan City, ANHUI, P.R. CHINA	NTD 46,170 thousand	Manufacturing and Sales of Connectors, Wires and Cables
Cvilux Lao Co., Ltd	October 2014	KM10, Route No. 9 Nongdeun Village, Kaysone Phomvihance District, Savannakhet Province, LAO PDR	NTD 161,868 thousand	Manufacturing and Sales of Connectors, Wires and Cables
CviMall International Corporation	March 2016	1F., No. 29, Lane 3, Section 1, Zhongzheng East Road, Tamsui District, New Taipei City, Taiwan	NTD 29,999 thousand	Development and Sales of E-commerce and Cosmetics
Shanghai Han Duo Trading Co., Ltd.	October 2016	2F., Building 13, No. 27, Xinjinqiao Road, Pilot Free Trade Zone, SHANGHAI, P.R. CHINA	NTD 6,110 thousand	Development and Sales of E-commerce and Cosmetics
CviLux USA Corporation	October 2017	16000 Bothell-Everett Highway, Suite 125, Mill Creek, WA 98012	NTD 30,669 thousand	Sales of Connectors, Wires, and Cables
Cvilux KOREA Corporation	January 2019	14, Baranmanse-gil, Hyangnam-eup, Hwaseong-si, Gyeonggi-do, Republic of Korea	NTD 8,820 thousand	Sales of Connectors, Wires, and Cables

Note 1: Registered in Hong Kong.
Note 2: Registered in Taiwan.

3. Information of the Same Shareholders of Entities Presumed to Have a Controlling and Subordinate Relationship: Not applicable.
4. Operating Activities of the Affiliated Companies: Connectors, electronic parts and components, manufacturing and sales of finished electronics, and development and sales of cosmetics.
5. Information on the Directors, Supervisors, and Presidents of the Affiliated Companies:

Dec. 31, 2022

<table>
<tr><th rowspan="2">Company</th><th rowspan="2">Title</th><th rowspan="2">Name or Representative</th><th colspan="2">Shareholding</th></tr>
<tr><th>Shares Held</th><th>Shareholding Ratio</th></tr>
<tr><td rowspan="8">CviLux Corporation</td><td rowspan="7">Director</td><td>YANGTEK CORPORATION
Rep.: Steve Yang</td><td>5,803,149</td><td>7.35</td></tr>
<tr><td>Chuan Kai Investment Co., Ltd.
Rep.: Glen Chu</td><td>1,969,091</td><td>2.49</td></tr>
<tr><td>Alex Huang</td><td>636,490</td><td>0.81</td></tr>
<tr><td>Lawrence Yang</td><td>690,106</td><td>0.87</td></tr>
<tr><td>Shuling Lin</td><td>0</td><td>0</td></tr>
<tr><td>Yinchun Chuang</td><td>0</td><td>0</td></tr>
<tr><td>Alan Yu</td><td>0</td><td>0</td></tr>
<tr><td>President</td><td>Glen Chu</td><td>1,952,984</td><td>2.47</td></tr>
<tr><td>CONTEC(B.V.I.)Corp.</td><td>Director</td><td>CviLux Corporation
Rep.: Steve Yang</td><td>0</td><td>0</td></tr>
<tr><td>CviLux(B.V.I.)Corp.</td><td>Director</td><td>Steve Yang</td><td>0</td><td>0</td></tr>
<tr><td>HICON(B.V.I.)Corp.</td><td>Director</td><td>CONTEC (B.V.I.) Corp.
Rep.: Steve Yang</td><td>0</td><td>0</td></tr>
<tr><td rowspan="4">CviLux Technology (Suzhou) Co., Ltd.</td><td rowspan="3">Director</td><td>Steve Yang</td><td>0</td><td>0</td></tr>
<tr><td>Glen Chu</td><td>0</td><td>0</td></tr>
<tr><td>Alex Huang</td><td>0</td><td>0</td></tr>
<tr><td>President</td><td>Glen Chu</td><td>0</td><td>0</td></tr>
<tr><td rowspan="5">Dongguan Qunhan Electronics Co., Ltd.</td><td rowspan="3">Director</td><td>Steve Yang</td><td>0</td><td>0</td></tr>
<tr><td>Glen Chu</td><td>0</td><td>0</td></tr>
<tr><td>Alex Huang</td><td>0</td><td>0</td></tr>
<tr><td>President</td><td>Steve Yang</td><td>0</td><td>0</td></tr>
<tr><td>Supervisor</td><td>Lawrence Yang</td><td>0</td><td>0</td></tr>
<tr><td rowspan="5">CviLux Electronics (Dongguan) Co., Ltd.</td><td rowspan="3">Director</td><td>Steve Yang</td><td>0</td><td>0</td></tr>
<tr><td>Glen Chu</td><td>0</td><td>0</td></tr>
<tr><td>Alex Huang</td><td>0</td><td>0</td></tr>
<tr><td>President</td><td>Alex Huang</td><td>0</td><td>0</td></tr>
<tr><td>Supervisor</td><td>Johnson Hsu</td><td>0</td><td>0</td></tr>
<tr><td rowspan="5">CviLux Technology (Chongqing) Corporation</td><td rowspan="3">Director</td><td>Steve Yang</td><td>0</td><td>0</td></tr>
<tr><td>Glen Chu</td><td>0</td><td>0</td></tr>
<tr><td>Alex Huang</td><td>0</td><td>0</td></tr>
<tr><td>President</td><td>Glen Chu</td><td>0</td><td>0</td></tr>
<tr><td>Supervisor</td><td>Johnson Hsu</td><td>0</td><td>0</td></tr>
</table>

Company	Title	Name or Representative	Shareholding	
			Shares Held	Shareholding Ratio
CviLux Technology (Shenzhen) Corporation	Director	Steve Yang	0	0
		Glen Chu	0	0
		Lawrence Yang	0	0
	President	Lawrence Yang	0	0
	Supervisor	Johnson Hsu	0	0
CviCloud (SZ) Limited	Director	Lawrence Yang	0	0
	President	Lawrence Yang	0	0
	Supervisor	Chen, Pin-Jin	0	0
CviCloud Corporation (Taipei)	Director	CviLux Corporation Rep.: Steve Yang	0	0
	Supervisor	CviLux Corporation Rep.: Weiling Yuan	0	0
Anhui CviLux Technology Co., Ltd.	Director	Lawrence Yang	11,514,800	100
	Supervisor	Johnson Hsu	11,514,800	100
Cvilux Lao Co., Ltd	Director	Steve Yang	0	0
CviMall International Corporation	Director	CviLux Corporation Rep.: Steve Yang	0	0
	Supervisor	CviLux Corporation Rep.: Weiling Yuan	0	0
CviLux USA Corp.	Director	Steve Yang	2,999,900	100
Cvilux KOREA Corp.	Director	Lawrence Yang	2,999,900	100

6. Business Overview of Affiliated Companies

The Financial Status and Operation Results of Affiliated Companies (Note 1):

December 31, 2022; Unit: NTD thousand

Company	Capital	Total Value of Assets	Total Liabilities	Net Worth	Operating Revenue	Operating Income	After Tax	Earnings Per Share (after tax) (NTD)
CviLux Corporation	789,534	5,015,450	1,950,105	3,065,345	2,384,968	53,626	331,509	4.2
CONTEC(B.V.I.)Corp.	481,884	3,310,986	0	3,310,986	0	(93)	345,860	
CviLux(B.V.I.)Corp.	337,569	1,386,392	13,768	1,372,624	0	(26,297)	220,445	
HICON(B.V.I.)Corp.	328,341	1,912,876	0	1,912,876	0	0	122,910	
CviLux Technology (Suzhou) Co., Ltd.	217,775	1,705,636	162,182	1,543,454	945,618	46,282	90,781	
Dongguan Qunhan Electronics Co., Ltd.	105,194	407,968	205,590	202,378	529,244	76,782	84,357	
CviLux Electronics (Dongguan) Co., Ltd.	264,623	994,105	219,338	774,767	1,027,656	110,665	106,269	
CviLux Technology (Chongqing) Corporation	272,335	860,534	93,670	766,864	525,471	77,622	82,725	
CviLux Technology (Shenzhen) Corporation	7,784	391,105	130,487	260,618	600,931	67,063	44,253	
CviCloud (SZ) Limited	55,014	15,435	4,540	10,895	31,440	(364)	(613)	
CviCloud Limited (Note 2)	87,708	0	0	0	0	(203)	4,532	
CviCloud Corporation (Note 3)	115,148	72,525	30,385	42,140	37,309	(29,593)	(26,778)	
Anhui CviLux Technology Co., Ltd.	46,170	50,247	10,083	40,164	63,692	2,205	2,408	
Cvilux Lao Co., Ltd	161,868	92,757	92,670	87	40,514	(21,188)	(46,247)	
CviMall International Corporation	29,999	23,683	21,838	1,845	15,554	(6,975)	(6,788)	
Shanghai Han Duo Trading Co., Ltd.	6,110	3,303	11	3,292	0	(134)	(134)	
CviLux USA Corp.	30,669	14,974	16,359	(1,385)	20,912	(9,133)	(7,706)	
Cvilux KOREA Corp.	8,820	4,553	5,674	(1,121)	8,115	(4,505)	(4,817)	

Note 1: For affiliates that are foreign companies, relevant numbers are converted into NTD based on the exchange rate on the publication date of this table.

Note 2: Registered in Hong Kong.

Note 3: Registered in Taipei.

(II) Consolidated Financial Statements and the CPAs' Report of the Affiliated Companies: Please refer to page 175.

(III) Affiliation Reports: None.

II. Private placement of securities in the most recent year and up to the publication date of the annual report: None.

III. Holding or disposal of the Company's shares by subsidiaries in the most recent year and up to the publication date of the annual report: None.

IV. Additional Information Required to be Disclosed:

(I) The Enterprise Internal Control Basic Ability Test Held by the Securities and Futures Institute

Audit Office: 2 people - the chief auditor and the audit personnel.

Chairman Office: One person - the management specialist.

Management Department: 1 person - the personnel manager.

Finance Department: 2 people - the accountant staff.

Business Supporting Department: 1 person - the customer service supervisor.

(II) The Basic Ability Test for the Stock Affair Specialist Held by the Securities and Futures Institute:

Audit Department: 1 person - the audit personnel

Finance Department: 3 people - the financial accounting managers and the accountant staff.

(III) The Basic Ability Test for Corporate Governance Held by the Securities and Futures Institute:

Chairman Office: Two people - the corporate governance manager and the management specialist.

Finance Department: 1 people - the accountant staff.

(IV) The Senior Securities Specialist Qualification Test Held by the Securities and Futures Institute:

Chairman Office: One person - the corporate governance manager.

(V) The Futures Specialist Qualification Test Held by the Securities and Futures Institute:

Chairman Office: One person - the corporate governance manager.

Nine. Events Having Material Impact on Shareholders’ Equity or Securities Price

Any of the Matters Listed in Article 36, Paragraph 2, Subparagraph 2 of the Securities and Exchange Act, Which May Have Significant Impact on the Shareholders’ Equity of the Price of Securities in the Most Recent Year and up to the Publication Date of This Annual Report: None.

CviLux Corporation

Statement on the Internal Control System

Date: March 22, 2023

Based on the result of self-assessment of CviLux's internal control system in 2021, we hereby declare the following:

I. The Company acknowledges that the Board of Directors and managers are responsible for the establishment, implementation, and maintenance of the internal control system, and it has established a system as such to provide reasonable assurance for achievement of the objectives concerning the effectiveness and efficiency of operations (including profits, performance, and protection of asset security), reliability, timeliness, transparency, and regulatory compliance of reporting, and compliance with applicable laws, regulations, and bylaws.

II. Any internal control system has its inherent limitations. No matter how well an internal control system is designed, it can only provide reasonable assurance regarding the achievement of the above three objectives. Moreover, the effectiveness of an internal control system may be altered as a result of changes in the environment and circumstances. However, our internal control system has a self-monitoring mechanism, and we take corrective actions immediately once a nonconformity is identified.

III. The Company determines the effectiveness of the design and operation of the internal control system, referencing the effectiveness of items to be determined of the internal control system specified in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Regulations"). The internal control systems are divided into the following five constituent elements in the management control process in terms of the items to be judged pursuant to the "Regulations": 1. Environment control; 2. Risk assessment; 3. Activities control; 4. Information and communications; and 5. Activities monitoring. Each constituent element contains a number of items. Refer to the provisions of the above-mentioned "Regulations".

IV. The Company has adopted the aforementioned items to examine the effectiveness of the design and implementation of our internal control system.

V. Based on the result of the aforementioned assessment, the Company finds that, as of December 31, 2021, the design and implementation of our internal control (including supervision and management of subsidiaries) have worked well regarding the effectiveness and efficiency of the operation,the reliability, timeliness and transparency of reporting,and compliance with relevant rules and applicable laws and regulations, providing reasonable assurance that the above objectives have been achieved.

VI. The Declaration is to be part of the main contents of our annual reports and prospectuses, and released to the public. If there is any misrepresentation, nondisclosure, or other illegality in the contents open to the public referred to in the previous sentence, legal responsibility specified in Articles 20, 32, 171, and 174 of the Securities and Exchange Act shall apply.

VII. The Declaration was adopted by the Board of Directors during the meeting on March 22, 2023. All 7 Directors present approved the content of the Declaration, and none of them expressed dissent. This information is declared as an addition.

CviLux Corporation

Chairman: Steve Yang signature

President: Glen Chu signature

Stock Code:8103

CVILUX CORPORATION AND SUBSIDIARIES

Consolidated Financial Statements

With Independent Auditors' Report
For the Years Ended December 31, 2022 and 2021

Address: 9F., No.9. Ln.3. Sec. 1, Zhongzheng E. Rd., Tamsui Dist., New Taipei City, Taiwan.

Telephone: 886-2-2620-1000

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

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Representation Letter

The entities that are required to be included in the combined financial statements of CviLux Corporation as of and for the year ended December 31, 2022 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No.10 endorsed by the Financial Supervisory Commission of the Republic of China. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, CviLux Corporation and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: CviLux Corporation
Chairman: Chao-Chun, Yang
Date: March 22, 2023

Independent Auditors' Report

To the Board of Directors of CviLux Corporation:

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountants of Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of 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 current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and informing our opinion thereon, and we do not provide a separate opinion on these matters.

1. The loss allowance of accounts receivable

   Please refer to Note 4(g) " Financial Instruments" for accounting policy, Note 5(a) for accounting assumptions, judgments and estimation uncertainty of accounts receivable, and Note 6(d) for the disclosure of the valuation of accounts receivable to the consolidated financial statements.

   Description of key audit matters:

   Accounts receivable of the Group were measured by their recoverability. The Group operates in an industry where it may experience volatility due to changing market conditions. Impairment assessment requires management to exercise subjective judgment in making estimations for impairment allowance on accounts receivable. Therefore, the provision for impairment of accounts receivable is one of the key matters in our audit.

   How the matter was addressed in our audit:

   Our major audit procedures included testing the adequacy of the formula of the calculation for the expected loss rate; testing the adequacy of aging report by tracing the related vouchers; evaluating the appropriateness of loss allowance and expected credit loss by testing if the loss allowance was based on the expected loss rate; and evaluating the adequacy of the disclosure of loss allowance for accounts receivable prepared by management.

2. Evaluation of inventories

   Please refer to Note 4(h) " Inventories" for accounting policy, Note 5(b) for accounting assumption, judgments, and estimation uncertainty to the consolidated financial statement, and Note 6(f) for the illustration of the evaluation of inventories.

   Description of key audit matters:

   The Group's inventories are measured at the lower of costs and net realizable values which are in the risk of being lower than the carrying amounts as a result of potential inventory obsolescence arising from both the market demand and technological upgrade. Consequently, we have determined the subsequent measurement of inventories as one of our key audit matters.

   How the matter was addressed in our audit:

   Our principal audit procedures included understanding the net realizable value, which is used by the management to evaluate the inventory valuation; selecting the transition documentation; random sampling of the inventory aging report to ensure its accuracy; and analyzing the changes in the inventory ages in order to test the appropriateness of the inventory valuation.

Other Matter

CviLux Corporation has prepared its parent-company-only financial statements as of and for the years ended December 31, 2022 and 2021, on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, IFRIC, SIC endorsed and issued into effect the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors’ report are Chia-Chien Tang and Yen-Ta Su.

KPMG

Taipei, Taiwan (Republic of China)
March 22, 2023

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with the 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 accepted and applied in the Republic of China.

The independent auditors’ report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors’ report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

CVILUX CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 1,980,468	39	1,190,801	23
1110	Financial assets at fair value through profit or loss－current (note 6(b))	23,664	-	23,796	1
1136	Financial assets at amortized cost-current (note 6(c))	143,049	3	158,351	3
1150	Notes receivable, net (notes 6(d) and (t))	10,482	-	21,461	-
1170	Accounts receivable, net (notes 6(d) and (t))	966,453	19	1,416,391	28
1180	Accounts receivable-related parties, net (notes 6(d), (t) and 7)	2,177	-	1,997	-
1200	Other receivables (note 6(e))	6,728	-	6,428	-
1210	Other receivables-related parties (notes 6(e) and 7)	789	-	770	-
130X	Inventories (note 6(f))	567,269	11	826,949	16
1410	Prepayments	50,970	1	50,625	1
1470	Other current assets	441	-	247	-
	Total current assets	3,752,490	73	3,697,816	72
	Non-current assets:				
1510	Financial assets at fair value through profit or loss－non-current (notes 6(b) and (n))	50	-	1,850	-
1550	Investments accounted for using equity method (note 6(g))	-	-	1,081	-
1600	Property, plant and equipment (notes 6(h), 8 and 9)	1,163,430	23	1,193,125	23
1755	Right-of-use assets (notes 6(j) and 7)	134,478	3	178,668	4
1780	Intangible assets (notes 6(k) and 9)	16,622	-	15,917	-
1840	Deferred tax assets (note 6(q))	35,600	1	34,378	1
1915	Prepayments for business facilities (note 6(i))	8,341	-	19,512	-
1990	Other non-current assets	11,557	-	16,251	-
	Total non-current other assets	1,370,078	27	1,460,782	28
	Total assets	$ 5,122,568	100	5,158,598	100

	Liabilities and Equity	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current liabilities:				
2100	Short-term borrowings (note 6(l))	$ 240,000	5	224,055	4
2150	Notes payable	189	-	194	-
2170	Accounts payable	385,822	7	694,586	13
2200	Other payables (note 6(u))	258,861	5	291,459	6
2220	Other payables-related parties (note 7)	315	-	-	-
2230	Current tax liabilities	55,466	1	42,515	1
2280	Lease liabilities－current (notes 6(o) and 7)	36,967	1	38,937	1
2300	Other current liabilities (note 6(t))	55,189	1	55,142	1
2322	Long-term borrowings, current portion (notes 6(m) and 8)	30,193	1	21,166	-
	Total current liabilities	1,063,002	21	1,368,054	26
	Non-Current liabilities:				
2530	Bonds payable (note 6(n))	488,756	10	482,559	9
2540	Long-term borrowings (notes 6(m) and 8)	108,871	2	83,158	2
2570	Deferred tax liabilities (note 6(q))	281,490	5	213,936	4
2580	Lease liabilities－non-current (notes 6(o) and 7)	35,738	1	71,477	1
2640	Net defined benefit liability, non-current (note 6(p))	71,411	1	76,163	2
2645	Guarantee deposits received	230	-	1,318	-
2650	Credit balance of investments accounted for using equity method (note 6(g))	7,719	-	-	-
	Total non-current liabilities	994,215	19	928,611	18
	Total liabilities	2,057,217	40	2,296,665	44
	Equity attributable to owners of parent (notes 6(n), (p), (q) and (r)):				
3100	Ordinary shares	789,534	15	789,534	15
3200	Capital surplus	608,100	12	608,083	12
3300	Retained earnings	1,759,936	35	1,582,049	31
3410	Other equity	(92,225)	(2)	(121,778)	(2)
	Total equity attributable to owners of parent	3,065,345	60	2,857,888	56
36xx	Non-controlling interests	6	-	4,045	-
	Total equity	3,065,351	60	2,861,933	56
	Total liabilities and equity	$ 5,122,568	100	5,158,598	100

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

CVILUX CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

		2022 Amount	%	2021 Amount	%
	Operating Revenues:				
4111	Sales revenue	$ 3,807,095	102	4,211,227	101
4170	Less: Sales returns	(17,188)	-	(4,212)	-
4190	Sales discounts and allowances	(62,893)	(2)	(47,622)	(1)
	Operating revenue (notes 6(t) and 7)	3,727,014	100	4,159,393	100
5000	**Operating costs (notes 6(f), (h), (j), (k), (o), (p), (u) and 7)**	(2,620,589)	(70)	(2,912,083)	(70)
	Gross profit from operations	1,106,425	30	1,247,310	30
	Operating expenses (notes 6(d), (h), (i), (j), (k), (o), (p), (u), (w) and 7):				
6100	Selling expenses	(272,020)	(7)	(257,215)	(6)
6200	Administrative expenses	(345,651)	(10)	(336,388)	(9)
6300	Research and development expenses	(115,875)	(3)	(89,557)	(2)
6450	Expected credit loss	(1,530)	-	(11,455)	-
	Total operating expenses	(735,076)	(20)	(694,615)	(17)
	Net operating income	371,349	10	552,695	13
	Non-operating income and expenses (notes 6(g), (n), (o), (v) and 7):				
7100	Interest income	16,974	-	6,718	-
7010	Other income	3,312	-	8,830	-
7020	Other gains and losses	138,866	4	(37,926)	(1)
7050	Finance costs	(17,683)	-	(16,176)	-
7770	Share of loss of associates accounted for using equity method	(8,839)	-	(6,720)	-
	Total non-operating income and expenses	132,630	4	(45,274)	(1)
	Income before tax	503,979	14	507,421	12
	Income tax expense (note 6(q))	175,897	5	171,099	4
	Net income	328,082	9	336,322	8
8300	**Other comprehensive income (notes 6(p), (q) and (r)):**				
8310	**Items that may not be reclassified subsequently to profit or loss**				
8311	Gains (losses) on remeasurements of defined benefit plans	5,356	-	(2,769)	-
8349	Income tax related to items that may not be reclassified to profit or loss	1,071	-	(554)	-
	Total items that may not be reclassified subsequently to profit or loss	4,285	-	(2,215)	-
8360	**Items that may be reclassified subsequently to profit or loss**				
8361	Exchange differences on translation of foreign financial statement	28,941	1	(32,052)	(1)
8399	Income tax related to items that may be reclassified to profit or loss	-	-	-	-
	Total items that may be reclassified subsequently to profit or loss	28,941	1	(32,052)	(1)
8300	**Other comprehensive income (loss)**	33,226	1	(34,267)	(1)
	Total comprehensive income	**$ 361,308**	**10**	**302,055**	**7**
	Profit attributable to:				
8610	Owners of parent	$ 331,509	9	338,615	8
8620	Non-controlling interests	(3,427)	-	(2,293)	-
		$ 328,082	**9**	**336,322**	**8**
	Comprehensive income attributable to:				
8710	Owners of parent	$ 365,347	10	305,506	7
8720	Non-controlling interests	(4,039)	-	(3,451)	-
		$ 361,308	**10**	**302,055**	**7**
	Earnings per share (expressed in New Taiwan Dollars) (note 6(s))				
9750	**Basic earnings per share (NT dollars)**	**$ 4.20**		**4.29**	
9850	**Diluted earnings per share (NT dollars)**	**$ 3.67**		**4.13**	

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

CVILUX CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent									
			Retained earnings				Other equity			
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 2021	$ 789,534	564,317	379,441	127,305	849,438	1,356,184	(90,884)	2,619,151	7,496	2,626,647
Net income (loss)	-	-	-	-	338,615	338,615	-	338,615	(2,293)	336,322
Other comprehensive income	-	-	-	-	(2,215)	(2,215)	(30,894)	(33,109)	(1,158)	(34,267)
Total comprehensive income	-	-	-	-	336,400	336,400	(30,894)	305,506	(3,451)	302,055
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	19,303	-	(19,303)	-	-	-	-	-
Cash dividends	-	-	-	-	(110,535)	(110,535)	-	(110,535)	-	(110,535)
Special reserve	-	-	-	(36,421)	36,421	-	-	-	-	-
Conversion of convertible bonds	-	43,766	-	-	-	-	-	43,766	-	43,766
Balance at December 31, 2021	789,534	608,083	398,744	90,884	1,092,421	1,582,049	(121,778)	2,857,888	4,045	2,861,933
Net income (loss)	-	-	-	-	331,509	331,509	-	331,509	(3,427)	328,082
Other comprehensive income	-	-	-	-	4,285	4,285	29,553	33,838	(612)	33,226
Total comprehensive income	-	-	-	-	335,794	335,794	29,553	365,347	(4,039)	361,308
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	33,640	-	(33,640)	-	-	-	-	-
Special reserve	-	-	-	30,894	(30,894)	-	-	-	-	-
Cash dividends	-	-	-	-	(157,907)	(157,907)	-	(157,907)	-	(157,907)
Other changes in capital surplus	-	17	-	-	-	-	-	17	-	17
Balance at December 31, 2022	**$ 789,534**	**608,100**	**432,384**	**121,778**	**1,205,774**	**1,759,936**	**(92,225)**	**3,065,345**	**6**	**3,065,351**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

CVILUX CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	2022	2021
Cash flows from (used in) operating activities:		
Income before tax	$ 503,979	507,421
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	224,470	214,457
Amortization expense	12,395	10,172
Expected credit loss	1,530	11,455
Net loss on financial assets at fair value through profit or loss	3,556	118
Interest expense	17,683	16,176
Interest income	(16,974)	(6,718)
Dividend income	(150)	(107)
Shares of loss of associates accounted for using equity method	8,839	6,720
Loss on disposal of property, plant and equipment	4,313	5,053
Prepayments for business facilities and property, plant and equipment transferred to expenses	3,198	1,801
Loss on disposal of intangible assets	-	2
Lease modifications gains	(28)	(108)
Total adjustments to reconcile profit	258,832	259,021
Changes in operating assets/ liabilities:		
Acquistion of financial assets at fair value through profit or loss	(8,976)	(123,333)
Proceeds from disposal of financial assets at fair value through profit or loss	7,489	118,139
Note and account receivables	469,241	(336,791)
Accounts receivable-related parties	(180)	(1,037)
Other receivables	4,087	6,711
Other receivable-related parties	(18)	(767)
Inventories	266,005	(154,572)
Prepaidments and other current assets	1,025	(10,934)
Total changes in operating assets	738,673	(502,584)
Changes in operating liabilities:		
Note and account payable	(318,361)	119,932
Other payables	(30,083)	45,651
Other payables to related parties	315	-
Other current liabilities	(1,614)	10,730
Net defined benefit liability	604	812
Total changes in operating liabilities	(349,139)	177,125
Cash inflow generated from operations	1,152,345	440,983
Interest received	17,496	7,574
Dividends received	150	107
Interest paid	(13,024)	(12,292)
Income taxes paid	(93,990)	(113,839)
Net cash flows from operating activities	1,062,977	322,533
Cash flows from (used in) investing activities:		
Decrease (increase) in financial assets at amortized cost	17,159	(100,556)
Acquisition of investments accounted for using equity method	-	(7,756)
Acquisition of property, plant and equipment	(153,744)	(221,489)
Proceeds from disposal of property, plant and equipment	1,577	1,189
Decrease in refundable deposits	245	1,578
Acquisition of intangible assets	(12,244)	(9,370)
Proceeds from disposal of intangible assets	-	20
Increase in prepayments for business facilities	(2,986)	(17,835)
Net cash used in investing activities	(149,993)	(354,219)
Cash flows from (used in) financing activities:		
Increase in short-term loans	1,888,031	1,816,734
Decrease in short-term loans	(1,872,158)	(1,897,263)
Increase in short-term notes and bills payable	-	200,000
Decrease in short-term notes and bills payable	-	(250,000)
Proceeds from issuing convertible bonds payable	-	523,772
Proceeds from long-term borrowings	60,000	228,193
Repayments of long-term borrowings	(35,998)	(381,850)
Payments of lease liabilities	(40,045)	(41,668)
(Decrease) increase in guaranteed deposits received	(1,180)	165
Cash dividends paid	(157,907)	(110,535)
Others	17	-
Net cash (used in) flows from financing activities	(159,240)	87,548
Effect of exchange rate changes on cash and cash equivalents	35,923	(9,313)
Net increase in cash and cash equivalents	789,667	46,549
Cash and cash equivalents at beginning of period	1,190,801	1,144,252
Cash and cash equivalents at end of period	**$ 1,980,468**	**1,190,801**

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

CVILUX CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

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

(1) Company history

CviLux Corporation (the "Company") was incorporated on March 16, 1990 as a company limited by shares and registered under the Ministry of Economic Affairs (MOEA) of the Republic of China (R.O.C.). The address of Company's registered office is 9F., No.9, Ln. 3, Sec. 1, Zhongzheng E. Rd., Tamsui Dist., New Taipei City. The Company and its subsidiaries ("the Group")'s major operating activities are the assembling, manufacturing, processing, and trading of connectors used in the electronic industry, electrical machinery, communication cable wires, and computer equipment.

(2) Approval date and procedures of the consolidated financial statements

The consolidated financial statements were authorized for issue by the Board of Directors on March 22, 2023.

(3) New standards, amendments and interpretations adopted:

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2022:

- Amendments to IAS 16 "Property, Plant and Equipment－Proceeds before Intended Use"
- Amendments to IAS 37 "Onerous Contracts－Cost of Fulfilling a Contract"
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 "Reference to the Conceptual Framework"

(b) The impact of IFRS issued by the FSC but not yet effective

The Group's adoption of the new amendments, effective for annual period beginning on January 1, 2023, are expected to have the following impacts:

(i) Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

The amendments narrowed the scope of the recognition exemption so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Group may need to recognize equal deferred income tax assets and deferred income tax liabilities. The Group estimated the application of the amendments resulting in deferred tax assets, deferred tax liabilities to increase by $25,969 thousand and $17,221 thousand on January 1, 2022 and December 31, 2022, respectively.

(ii) The following amendments are not expected to have a significant impact on the Group's consolidated financial statements.

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance. The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.	January 1, 2024

The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “ Insurance Contracts” and amendments to IFRS 17 “ Insurance Contracts”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information “
- Amendments to IFRS16 “Requirements for Sale and Leaseback Transactions”

(4) Summary of significant accounting policies

The significant accounting policies presented in the consolidated financial statements are summarized below. The following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C.

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

1) Financial assets at fair value through profit or loss are measured at fair value;

2) The defined benefit liabilities are measured at fair value of the plan assets less the present value of the defined benefit obligation.

(ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollar (NTD), which is the Company's functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principle of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

(ii) List of subsidiaries in the consolidated financial statements

			Shareholding		
Name of investor	**Name of subsidiary**	**Principal activity**	**December 31, 2022**	**December 31, 2021**	**Note**
The company	CONTEC (B.V.I.) Corporation (CONTEC)	Holding company	100 %	100 %	
〃	Cvicloud Corporation (CTT)	Integration services for IoT, hardware and software system	100 %	100 %	
〃	Cvilux USA Corporation (CUC)	Sale of connectors, cable assemblies	100 %	100 %	
〃	Cvilux Korea Corporation (CKC)	Sale of connectors, cable assemblies	100 %	100 %	
〃	CviMall International Corporation (CMI)	Development and sale of e-commerce and cosmetics	100 %	100 %	
CONTEC	Cvilux (B.V.I.) Corporation (CBC)	Holding company	100 %	100 %	
〃	HICON (B.V.I.) Corporation (HICON)	Holding company	100 %	100 %	
Cvilux (B.V.I.)	Dongguan Qunhan Electronics Co., Ltd. (DQH)	Manufacture and sale of connectors and cable assemblies	100 %	100 %	
〃	CviLux Electronics (Dongguan) Co., Ltd. (CED)	Manufacture and sale of connectors, cable assemblies, electronic modules	100 %	100 %	
〃	CviLux Technology (Shenzhen) Corporation (CTS)	Sale of connectors, cable assemblies	100 %	100 %	
〃	CviCloud Ltd. (CTH)	Holding company	100 %	100 %	
HICON	CviLux Technology (Suzhou) Co.,Ltd. (HBC)	Manufacture and sale of connectors and cable assemblies	100 %	100 %	
〃	CviLux Technology (Chongqing) Corporation (CQC)	Manufacture and sale of connectors and cable assemblies	42.86 %	42.86 %	
HBC	CviLux Technology (Chongqing) Corporation (CQC)	Manufacture and sale of connectors and cable assemblies	57.14 %	57.14 %	
〃	Anhui Cvilux Technology Co.,Ltd. (AHC)	Manufacture and sale of connectors and cable assemblies	100 %	100 %	
〃	Cvilux Lao Co., Ltd. (CLC)	Manufacture and sale of connectors and cable assemblies	92.59 %	92.59 %	
CMI	Shanghai Han Duo Trading co., Ltd. (SHC)	Development and sale of e-commerce and cosmetics	100 %	100 %	Note1
CTT	CviCloud (SZ) Ltd. (CTA)	Integration services for IoT, hardware and software system	100 %	100 %	Note2

Note 1: The Company's board of directors resolved to liquidate SHC in December 2021. As of December 31, 2022, SHC was still in its liquidation process.

Note 2: CTT acquired the equity interest of CTA from CTH amounted $2,359 thousand in March 2021.

(iii) Subsidiaries excluded from the consolidated financial statements: None.

(d) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

- an investment in equity securities designated as at fair value through other comprehensive income;
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. Except for highly inflationary economies, the income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interest. When the Group disposes of only part of investment in an associate of joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(e) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

(i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is expected to be realized within twelve months after the reporting period; or

(iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

An entity shall classify a liability as current when:

(i) It is expected to be settled in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period; or

(iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issuance of equity instruments that do not affect its classification.

(f) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(g) Financial instruments

Account receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a account receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A account receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

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

On initial recognition, a financial asset is classified as financial assets at amortized cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, financial assets at amortized cost-current, account receivables and notes receivable, other receivables, guarantee deposit paid and other financial assets).

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following which is measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for notes and account receivables are always measured at an amount equal to lifetime ECL.

Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial instrument.

12-month ECL are the portion of ECL that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both qualitative and quantitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 180 days past due.

The Group considers a financial asset to be in default when the financial asset is more than one years past due or the debtor is unlikely to pay its credit obligations to the Group in full.

ECL are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECL are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than one year past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;

- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Except for account receivable, the loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charge to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

5) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

2) Compound financial instruments

Compound financial instruments issued by the Group comprise convertible bonds denominated in NTD that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of compound financial instruments is initially recognized at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognized at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognized in profit or loss. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognized.

3) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or canceled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

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

4) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(h) Inventories

Inventories are measured at the lower of cost or net realizable value. The cost of inventories is calculated using the weighted-average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(i) Investment in associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over their financial and operating policies. Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of those associates, after adjustments to align the accounting policies with those of the Group, from the date on which significant influence commences until the date on which significant influence ceases. The Group recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual proportionate share.

Gains and losses resulting from transactions between the Group and an associate are recognized only to the extent of unrelated Group's interests in the associate.

When the Group's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

(j) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

1) Buildings and structures: 5 to 55 years

2) Machinery and equipment: 2 to 15 years

3) Other equipment: 1 to 10 years

Depreciation methods, useful lives, and residual values are reviewed at each reporting date and adjusted if appropriate.

(k) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a leasee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

— fixed payments, including in-substance fixed payments;

— variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

— amounts expected to be payable under a residual value guarantee; and

— payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate;
- there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- there is a change of its assessment on whether it will exercise a extension or termination option; or
- there is any lease modification

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

If an arrangement contains lease and non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of other equipment that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a practical expedient, the Group elects not to assess whether all rent concessions that meet all the following conditions are lease modifications or not:

- the rent concessions occurring as a direct consequence of the COVID-19 pandemic;
- the change in lease payments that resulted in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

- any reduction in lease payments that affects only those payments originally due on, or before, June 30, 2022; and

- there is no substantive change in other terms and conditions of the lease.

In accordance with the practical expedient, the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

(ii) As a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies IFRS15 to allocate the consideration in the contract.

The Group recognizes a finance lease receivable at an amount equal to its net investment in the lease. Initial direct costs, such as lessors to negotiate and arrange a lease, are included in the measurement of the net investment. The interest income is recognized over the lease term based on a pattern reflecting a constant periodic rate of return on the net investment in the lease. The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of ‘other income'.

(l) Intangible assets

(i) Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The intangible assets of the Group is connector patents, trade marks and computer software, the estimated useful life was three to five years.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(m) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(n) Revenue recognition

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

1) Sale of goods

The Group manufactures and sells electronic components. The Group recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

2) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(ii) Contract costs

1) Incremental costs of obtaining a contract

The Group recognizes as an asset the incremental costs of obtaining a contract with a customer if the Group expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

The Group applies the practical expedient to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the entity otherwise would have recognized is one year or less.

2) Costs to fulfill a contract

If the costs incurred in fulfilling a contract with a customer are not within the scope of another standard (for example, IAS 2 Inventories, IAS 16 Property, Plant and Equipment or IAS 38 Intangible Assets), the Group recognizes an asset from the costs incurred to fulfill a contract only if those costs meet all of the following criteria:

- the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;
- the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

General and administrative costs, costs of wasted materials, labor or other resources to fulfill the contract that was not reflected in the price of the contract, costs that relate to satisfied performance obligations (or partially satisfied performance obligations), and costs for which the Group cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations (or partially satisfied performance obligations), the Group recognizes these costs as expenses when incurred.

(o) Government grants

The Group recognizes an unconditional government grant in profit or loss as other income when the grant becomes receivable. Other government grants related to assets are initially recognized as reduction of assets at fair value if there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant; they are then recognized in profit or loss as reduction of depreciation on a systematic basis over the useful life of the asset. Grants that compensate the Group for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

(p) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(q) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS37.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

(i) temporary differences in the initial recognition of assets and liabilities in a transaction that is not a business combination and that affect neither accounting nor taxable profits (losses) at the time of the transaction;

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) The Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(r) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as convertible bonds and employee compensation.

(s) Operating segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty

In preparing these consolidated financial statements, management has made judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is as follows:

(a) Judgment regarding control of subsidiaries

The Group holds 42.76% of the outstanding voting shares of Shenzhen Recon Health care Cloud Techco., Ltd, the remaining of Shenzhen Recon Health care Cloud Techco., Ltd, company's shares are concentrated within specific shareholders, the Group cannot obtain more than half of the total number of Shenzhen Recon Health care Cloud Techco., Ltd's directors. and it also cannot obtain more than half of the voting rights at a shareholders' meeting. Therefore, it is determined that the Group has significant influence on but has no control over Shenzhen Recon Health care Cloud Techco., Ltd.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows. Those assumptions and estimation have been updated to reflect the impact of COVID-19 pandemic:

(a) The loss allowance of account receivable

The Group has estimated the loss allowance of account receivables that is based on the risk of a default occurring and the rate of expected credit loss. The Group has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumptions to be used in calculating the impairments and the selected inputs. The relevant assumptions and input values, please refer to note 6(d).

(b) Evaluation of inventories

As inventories are stated at the lower of cost or net realizable value, the Group estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The valuation of the inventory is mainly determined basing on the demand of products in the future. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Refer to note 6(f) for further description of the valuation of inventories.

(6) Explanation of significant accounts

(a) Cash and cash equivalents

		December 31, 2022	December 31, 2021
Cash	$	6,591	3,559
Demand deposits		1,794,285	1,172,018
Time deposits		179,592	15,224
	$	**1,980,468**	**1,190,801**

Please refer to note 6(w) for credit risk and market risk information of the financial assets of the Group.

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

		December 31, 2022	December 31, 2021
Mandatorily measured at fair value through profit or loss－current:			
Non-derivative financial assets			
Funds	$	5,414	6,729
Foreign corporate bonds		10,748	11,223
Stocks listed on foreign markets		6,989	5,142
Financial assets designated at fair value thorough profit or loss			
Preferred stock listed on foreign markets		513	702
	$	**23,664**	**23,796**
Mandatorily measured at fair value through profit or loss－non-current:			
convertible bonds with embedded derivatives	$	**50**	**1,850**

(i) The derivative financial instruments arising from the issuance of convertible bonds of the Group were stated in note 6(n).

(ii) For credit risk and market risk information, please refer to note 6(w).

(iii) The financial assets were not collateralized.

(c) Financial assets at amortized cost－current

		December 31, 2022	December 31, 2021
Time deposits－current	$	112,845	123,370
Restricted deposits－current		30,204	34,981
	$	**143,049**	**158,351**

(i) Due to the Group’s investment in the government projects that has yet to be completed and in accordance with the Management, Utilization, and Taxation of Repatriated Offshore Funds Act, the Group's restricted bank deposits shall not be diverted for other purposes except for the approved plans.

(ii) For credit risk, please refer to note 6(w).

(d) Notes and accounts receivable

		December 31, 2022	December 31, 2021
Notes receivable	$	10,482	21,461
Accounts receivable		978,130	1,426,643
Accounts receivable－related parties		2,177	1,997
Subtotal		990,789	1,450,101
Less: Loss allowance		(11,677)	(10,252)
	$	**979,112**	**1,439,849**

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes and accounts receivables have been grouped based on shared credit risk characteristics and the days past due, as well as the incorporated forward looking information. The loss allowances for notes and accounts receivable of the Group were determined as follows:

	December 31, 2022			
		Gross carrying amount	**Weighted-average loss rate**	**Loss allowance provision**
Current	$	931,174	0%~0.25%	6,357
Overdue 1~30 days		31,820	0%~13.67%	1,107
Overdue 31~90 days		14,787	0%~84.98%	801
Overdue 91~180 days		10,902	0%~97.69%	1,352
Overdue 181~365 days		322	72.62%~100%	276
Overdue more than 366 days		1,784	100%	1,784
	$	**990,789**		**11,677**

	December 31, 2021		
	Gross carrying amount	**Weighted-average loss rate**	**Loss allowance provision**
Current	$ 1,409,201	0%~0.28%	5,843
Overdue 1~30 days	29,841	0%~11.97%	1,208
Overdue 31~90 days	9,127	0%~86.89%	1,418
Overdue 91~180 days	257	0%~96.13%	108
Overdue 181~365 days	224	50%~100%	224
Overdue more than 366 days	1,451	100%	1,451
	$ 1,450,101		**10,252**

The movements in the allowance for notes and accounts receivable were as follows:

	2022	**2021**
Balance at January 1	$ 10,252	10,214
Impairment loss recognized	1,530	820
Amounts written off	(186)	(741)
Effect of movement in exchange rates	81	(41)
Balance at December 31	**$ 11,677**	**10,252**

As of December 31, 2022 and 2021, the notes and accounts receivable were no pledged as collateral for borrowings. Other credit risk information please refer to note 6(w).

(e) Other receivables

	December 31, 2022	**December 31, 2021**
Other receivables	$ 17,492	17,036
Other receivables－related parties	789	770
Subtotal	18,281	17,806
Less: loss allowance	(10,764)	(10,608)
	$ 7,517	**7,198**

As of December 31, 2022 and 2021, the other receivable were no pledged as collateral for borrowings. Other credit risk information please refer to note 6(w).

(f) Inventories

(i) The details of inventories were as follows:

		December 31, 2022	December 31, 2021
Finished goods	$	188,002	280,443
Work in progress		77,664	157,019
Raw materials		126,886	117,914
Supplies		6,241	7,230
Merchandise		168,476	264,343
	$	**567,269**	**826,949**

(ii) Except for cost of goods sold, the gains or losses which were recognized as operating cost were as follows:

		2022	2021
Losses on valuation of inventories	$	2,732	61,210
Unallocated production overheads		50,044	49,098
Loss on obsolescence		26,522	32,987
Gains from disposal of scraps		(90,711)	(102,367)
Gains (losses) on inventory count		143	(1)
	$	**(11,270)**	**40,927**

(iii) The inventories were not pledged as collateral for borrowings.

(g) Investments accounted for using equity method (credit balance)

A summary of the Group's financial information for investments accounted for using the equity method (credit balance) at the reporting date is as follows:

		December 31, 2022	December 31, 2021
Associates	$	**(7,719)**	**1,081**

(i) Associates

On April 30, 2021, the Group acquired 42.76% shares of Shenzhen Recon Health care Cloud Tech Co., Ltd for $7,756 thousands, resulting in the Group to have significant influence over it. There was no such transaction in 2022.

The Group's financial information for investments accounted for using the equity method that are individually insignificant was as follows:

	December 31, 2022	December 31, 2021
Carrying amount of individually insignificant associates' equity	$ (7,719)	1,081

	2022	2021
Attributable to the Group:		
Loss from continuing operations	$ (8,839)	(6,720)
Other comprehensive income	-	-
Comprehensive income	$ (8,839)	(6,720)

(ii) Pledge

As of December 31, 2022 and 2021, the Group did not provide any investment accounted for using equity method as collaterals for its loans.

(h) Property, plant and equipment

(i) The movements were as follows:

	Land	Building and structure	Machinery and equipment	Other equipment	Unfinished construction	Total
Cost or deemed cost:						
Balance at January 1, 2022	$ 90,472	609,718	1,328,555	102,935	45,088	2,176,768
Additions	-	5,648	118,853	11,959	14,305	150,765
Disposals	-	(373)	(60,136)	(1,092)	-	(61,601)
Reclassification	-	4,619	28,456	(165)	(45,863)	(12,953)
Effect of movements in exchange rates	-	(8,233)	7,311	320	732	130
Balance at December 31, 2022	$ 90,472	611,379	1,423,039	113,957	14,262	2,253,109
Balance at January 1, 2021	$ 90,472	615,824	1,261,875	99,575	23,280	2,091,026
Additions	-	9,060	162,178	6,452	42,982	220,672
Disposals	-	(27)	(54,502)	(2,000)	-	(56,529)
Reclassification	-	-	(25,975)	1,142	(21,028)	(45,861)
Effect of movements in exchange rates	-	(15,139)	(15,021)	(2,234)	(146)	(32,540)
Balance at December 31, 2021	$ 90,472	609,718	1,328,555	102,935	45,088	2,176,768

	Land	Building and structure	Machinery and equipment	Other equipment	Unfinished construction	Total
Depreciation:						
Balance at January 1, 2022	$ -	189,035	723,427	71,181	-	983,643
Depreciation	-	36,687	132,227	13,697	-	182,611
Disposals	-	(373)	(54,340)	(998)	-	(55,711)
Reclassification	-	-	(22,263)	(829)	-	(23,092)
Effect of movements in exchange rates	-	(1,511)	4,596	(857)	-	2,228
Balance at December 31, 2022	**$ -**	**223,838**	**783,647**	**82,194**	**-**	**1,089,679**
Balance at January 1, 2021	$ -	155,243	714,385	60,522	-	930,150
Depreciation	-	36,411	122,195	14,272	-	172,878
Disposals	-	(27)	(48,168)	(2,092)	-	(50,287)
Reclassification	-	-	(58,476)	(338)	-	(58,814)
Effect of movements in exchange rates	-	(2,592)	(6,509)	(1,183)	-	(10,284)
Balance at December 31, 2021	**$ -**	**189,035**	**723,427**	**71,181**	**-**	**983,643**
Carrying amounts:						
Balance at December 31, 2022	**$ 90,472**	**387,541**	**639,392**	**31,763**	**14,262**	**1,163,430**
Balance at January 1, 2021	**$ 90,472**	**460,581**	**547,490**	**39,053**	**23,280**	**1,160,876**
Balance at December 31, 2021	**$ 90,472**	**420,683**	**605,128**	**31,754**	**45,088**	**1,193,125**

(ii) The property, plant and equipment of the Group had been pledged as collateral for long-term borrowing, please refer to note 8.

(i) Prepayment for business facility

The movements were as follows:

	2022	2021
Balance at January 1	$ 19,512	17,139
Additions	2,986	17,835
Reclassification	(13,677)	(14,137)
Transferred to expense	(491)	(1,159)
Effect of movements in exchange rates	11	(166)
Balance at December 31	**$ 8,341**	**19,512**

(j) Right-of-use assets

The Group lease many assets, including land, buildings and structures and vehicles machinery. Information about lease for which the Group as a lessee was presented below:

		Land	Buildings and structures	Vehicles	Total
Cost:					
Balance at January 1, 2022	$	66,311	212,972	488	279,771
Additions		-	1,321	-	1,321
Disposals		-	(2,236)	(488)	(2,724)
Effect of movements in exchange rates		(4,995)	3,117	-	(1,878)
Balance at December 31, 2022	**$**	**61,316**	**215,174**	**-**	**276,490**
Balance at January 1, 2021	$	70,901	208,940	488	280,329
Additions		-	13,879	-	13,879
Reclassification		521	-	-	521
Disposals		-	(8,181)	-	(8,181)
Effect of movements in exchange rates		(5,111)	(1,666)	-	(6,777)
Balance at December 31, 2021	**$**	**66,311**	**212,972**	**488**	**279,771**
Accumulated depreciation:					
Balance at January 1, 2022	$	3,490	97,308	305	101,103
Depreciation		1,711	39,965	183	41,859
Disposals		-	(1,441)	(488)	(1,929)
Effect of movements in exchange rates		(243)	1,222	-	979
Balance at December 31, 2022	**$**	**4,958**	**137,054**	**-**	**142,012**
Balance at January 1, 2021	$	1,914	64,345	61	66,320
Depreciation		1,763	39,572	244	41,579
Disposals		-	(6,107)	-	(6,107)
Effect of movements in exchange rates		(187)	(502)	-	(689)
Balance at December 31, 2021	**$**	**3,490**	**97,308**	**305**	**101,103**
Carrying amount:					
Balance at December 31, 2022	**$**	**56,358**	**78,120**	**-**	**134,478**
Balance at January 1, 2021	**$**	**68,987**	**144,595**	**427**	**214,009**
Balance at December 31, 2021	**$**	**62,821**	**115,664**	**183**	**178,668**

(k) Intangible assets

(i) The movements were as follows:

	Patent	Trademarks	Computer software	Total
Costs:				
Beginning balance at January 1, 2022	$ 112	640	55,896	56,648
Additions	-	-	12,244	12,244
Reclassification	-	-	831	831
Disposals	-	-	(887)	(887)
Effect of movements in exchange rates	1	-	111	112
Balance as of December 31, 2022	**$ 113**	**640**	**68,195**	**68,948**
Beginning balance at January 1, 2021	$ -	640	48,780	49,420
Additions	-	-	9,370	9,370
Reclassification	112	-	430	542
Disposals	-	-	(2,633)	(2,633)
Effect of movements in exchange rates	-	-	(51)	(51)
Balance at December 31, 2021	**$ 112**	**640**	**55,896**	**56,648**
Amortization and impairment loss:				
Beginning balance at January 1, 2022	$ 2	465	40,264	40,731
Amortization	11	59	12,325	12,395
Disposals	-	-	(887)	(887)
Effect on movements in exchange rates	-	-	87	87
Balance at December 31, 2022	**$ 13**	**524**	**51,789**	**52,326**
Beginning balance at January 1, 2021	$ -	407	32,796	33,203
Amortization	2	58	10,112	10,172
Disposals	-	-	(2,611)	(2,611)
Effect on movements in exchange rates	-	-	(33)	(33)
Balance at December 31, 2021	**$ 2**	**465**	**40,264**	**40,731**
Carrying amounts:				
Balance at December 31, 2022	**$ 100**	**116**	**16,406**	**16,622**
Balance at January 1, 2021	**$ -**	**233**	**15,984**	**16,217**
Balance at December 31, 2021	**$ 110**	**175**	**15,632**	**15,917**

(ii) The intangible assets were not pledged as collateral for borrowing.

(l) Short-term borrowings

	December 31, 2022	December 31, 2021
Unsecured bank loans (currency: NTD)	$ **240,000**	**224,055**
Unused short-term credit lines	$ **789,600**	**943,849**
Range of interest rates	**1.677%~2.10%**	**0.79%~4.05%**

There were no pledge as collateral for short-term borrowings.

(m) Long-term borrowings

	December 31, 2022	December 31, 2021
Secured long-term borrowing (currency: NTD)	$ 100,681	48,966
Secured long-term borrowing (currency: USD)	38,383	55,358
Subtotal	139,064	104,324
Less: Current portion	(30,193)	(21,166)
Total	$ **108,871**	**83,158**
Unused long-term credit lines	$ **120,000**	**60,000**
Range of interest rate	**1.48%~2.12%**	**1.49%~1.776%**
Maturity year	**113/5/28~116/8/27**	**113/5/28~116/8/27**

As of December 31, 2022, the remaining balances of the borrowing due were as follows:

Year due	Amount
112.1.1~112.12.31	$ 30,193
113.1.1~113.12.31	22,670
114.1.1~114.12.31	67,473
115.1.1~115.12.31	7,633
116.1.1~116.12.31	7,797
117.1.1~and after	3,298
	$ **139,064**

The collateral for these long-term borrowings, please refer to note 8.

(n) Bonds payable

The details of bonds payable were as follows:

	December 31, 2022	December 31, 2021
Total convertible corporate bonds issued	$ 500,000	500,000
Unamortized discounted corporate bonds payable	(11,244)	(17,441)
Corporate bonds issued balance at year-end	488,756	482,559
Less: Current portion	-	-
	$ 488,756	**482,559**
Embedded derivative instruments－call rights (included in non-current financial assets at fair value through profit or loss)	**$ 50**	**1,850**
Equity components–conversion options (included in capital surplus–share options)	**$ 43,766**	**43,766**

	2022	2021
Embedded derivative instruments call rights, (included net losses in financial assets at fair value through profit or loss)	**$ (1,800)**	**850**
Interest expenses	**$ 6,197**	**1,553**

On October 21, 2021, the Group issued the fourth unsecured domestic convertible bonds amounting to $500,000,000, with major terms as follows:

(i) Coupon rate: 0%.

(ii) Maturity date: three years (with the maturity date on October 21, 2024)

(iii) Method of repayment: Except for early redemption and conversion, the Group should repay its convertible bonds in cash upon maturity.

(iv) Redemption method: The Group may redeem its bonds from a creditor if it meets one of the following criteria:

1) If the closing price of the Group's ordinary shares listed on the Taipei Exchange exceeded 30% of the conversion price for 30 consecutive business days within the period between 3 months after the date of issuance and 40 days before the maturity date, the Group may redeem its entire convertible bonds outstanding at par value in cash.

2) Upon creditor's request to convert the bonds, if the total amount of unconverted bonds for the period is less than 10% of the total amount of the bonds issued for the period between 3 months after the issuance of convertible bonds and 40 days before the maturity date, the Group may redeem the bonds at par value in cash.

(v) Terms of conversion

1) After 3 months from the date of issue, the holders of the above-mentioned convertible bonds may convert their bonds into ordinary shares in accordance with the conversion method stipulated by the Group.

2) Pricing of convertible bonds:

Although the conversion price at the time of issuance was $42.2, the conversion price may be adjusted according to the formula prescribed in the conversion method in the event of a change in the Group's ordinary shares or a re-issuance of the conversion rights of the ordinary shares at a conversion price below the current price per share after the corporate bonds have been issued.

(o) Lease liabilities

The carrying amounts of lease liabilities were as follows:

	December 31, 2022	December 31, 2021
Current	$ 36,967	38,937
Non-current	$ 35,738	71,477

For the maturity analysis, please refer to note 6(w).

The amounts recognized in profit or loss were as follows:

	2022	2021
Interest expense on lease liabilities (recorded under finance costs)	$ 5,697	7,869
Expenses relating to short-term leases	$ 191	422
Expenses relating to leases of low-value assets	$ 307	188

The amounts recognized in the statement of cash flows by the Group were as follows:

	2022	2021
Total cash outflow for leases	$ 46,240	50,147

(i) Real estate and buildings leases

The Group leases land and buildings for its office space and retail stores. The leases of office space and factory typically run for a period of 5 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

Some leases of the factory contain extension options. These leases are negotiated and monitored by the local management, and accordingly, contain a wide range of different terms and conditions. The extension options held are exercisable only by the Group. In which lessee is not reasonably certain to use an optional extended lease term, payments associated with the optional period are not included within lease liabilities.

(ii) Other leases

The Group leases vehicles, with lease terms of two to three years. In some cases, the Group has options to purchase the assets at the end of the contract term.

The Group also leases other equipment with contract terms of two years. These leases are short-term and leases of low-value items. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

(p) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value were as follows:

	December 31, 2022	December 31, 2021
Present value of the defined benefit obligations	$ 95,536	97,147
Fair value of plan assets	(24,125)	(20,984)
Net defined benefit liabilities	**$ 71,411**	**76,163**

The Group makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service.

1) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

As of December 31, 2022, the balance of the employee pension reserve account with Bank of Taiwan amounted to $17,767 thousand and the balance of pension account for executive officers amounted to $6,358 thousand. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

	2022	2021
Defined benefit obligations at January 1	$ 97,147	92,402
Current Service costs and interest cost	2,575	2,727
Remeasurements gain	(4,186)	2,900
Benefits paid	-	(882)
Defined benefit obligations at December 31	**$ 95,536**	**97,147**

3) Movements of defined benefit plan assets

	2022	2021
Fair value of plan assets at January 1	$ 20,984	19,819
Expected return on plan assets	131	126
Remeasurements gain		
-Return on plan assets excluding interest income	1,170	131
Contributions paid by the employer	1,840	1,790
Benefits paid	-	(882)
Fair value of plan assets at December 31	**$ 24,125**	**20,984**

4) Movements of the effect of the asset ceiling

For the years ended December 31, 2022 and 2021, there were no movements in the effect of plan assets ceiling.

5) Expenses recognized in profit or loss

	2022	2021
Current service costs	$ 2,034	2,211
Net interest of net liabilities for defined benefit obligations	541	516
Expected return on plan assets	(131)	(126)
	$ 2,444	**2,601**

	2022	2021
Operating costs	$ 244	260
Selling expenses	2,200	2,341
	$ 2,444	**2,601**

6) The remeasurement of the not defined benefit liabilities recognized in other comprehensive income.

		2022	2021
Balance at January 1	$	(30,373)	(27,604)
Recognized during the period		5,356	(2,769)
Balance at December 31	**$**	**(25,017)**	**(30,373)**

7) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	December 31, 2022	December 31, 2021
Discount rate	1.750 %	0.625 %
Future salary rate increase	3.000 %	3.000 %

The expected allocation payment to be made by the Group to the defined benefit plans for the one-year period after the reporting date for 2022 is $1,798 thousand.

The weighted-average lifetime of the defined benefits plans for the year ended December 31, 2022 is 12.49 years.

8) Sensitivity analysis

When calculating the present value of the defined benefit obligations, the Group uses judgments and estimations to determine the actuarial assumptions for each measurement date, including discount rates and future salary changes. Any changes in the actuarial assumptions may significantly influence the amount of the defined benefit obligations.

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Impact on defined benefit obligations	
	Increased 0.25%	**Decreased 0.25%**
December 31, 2022		
Discount rate	(1,576)	1,640
Future salary increasing rate	1,578	(1,534)
December 31, 2021		
Discount rate	(1,912)	1,978
Future salary increasing rate	1,887	(1,839)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2022 and 2021.

(ii) Defined contribution plans

1) The Group allocate 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Group allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension cost incurred from the contributions to the Bureau of the Labor Insurance amounted to $7,370 thousand and $7,374 thousand for the years ended December 31, 2022 and 2021, respectively.

2) The Group's subsidiaries, including CviLux (Suzhou) Co., Ltd., Dongguan Qunhan Electronics Co., Ltd., CviLux (Dongguan) Co., Ltd., CviLux (Chongqing) Co., Ltd., CviLux (Shenzhen) Co., Ltd., CviCloud Shenzhen Limited, CviLux AnHui Co., Ltd., Shanghai Han Duo Trading Co., Ltd., and CviLux Korea Corporation, adopt the defined contribution plans, with the pension costs of $41,668 thousand and $34,155 thousand in 2022 and 2021, respectively.

(q) Income taxes

(i) The components were as follows:

	2022	2021
Current tax expenses		
Current period	$ (109,236)	(121,733)
Adjustment for prior periods	(1,430)	14,375
	(110,666)	(107,358)
Deferred tax expense		
Origination and reversal of temporary differences	(65,231)	(63,741)
Income tax expenses	**$ (175,897)**	**(171,099)**

There was no income tax expense of the Group directly recognized in equity or other comprehensive income for the years ended December 31, 2022 and 2021.

The amounts of income tax recognized in other comprehensive income were as follows:

	2022	2021
Remeasurement from defined benefit plans	**$ (1,071)**	**554**

Reconciliation of income tax expense and income before tax were as follows.

		2022	2021
Income before tax	$	**503,979**	**507,421**
Income tax using the Company's domestic tax rate	$	(100,796)	(101,484)
Effect of tax rates in foreign jurisdiction		(77,740)	(75,762)
Gain (loss) on domestic investments		7,657	(8,121)
Tax incentives		7,738	8,264
Non-deductible expense		(1,670)	(3,183)
Adjustment for perior periods		(1,430)	14,375
Additional tax on unappropriated earnings		(3,391)	-
Others		(6,265)	(5,188)
	$	**(175,897)**	**(171,099)**

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets and liabilities

The R.O.C. Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over period years for local tax reporting purposes. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

The consolidated entity is able to control the timing of the reversal of the temporary differences associated with investments in subsidiaries. Also, management considers it probable that the temporary differences will not reverse in the foreseeable future. Hence, such temporary differences are not recognized under deferred tax liabilities. Details are as follows:

		December 31, 2022	December 31, 2021
Unrecognized deferred tax assets:			
Loss carryforwards	$	**59,904**	**59,540**

		December 31, 2022	December 31, 2021
Unrecognized deferred tax liabilities:			
Aggregate amount of temporary differences related to investments in subsidiaries	$	**282,816**	**289,124**

As of December 31, 2022, the information of the Group's unused tax losses for which no deferred tax assets were recognized are as follows:

Year of loss	Unused tax loss	Expiry year
2014	$ 693	2024
2015	690	2025
2016	1,710	2026, indefinite
2017	8,006	2022, 2027, indefinite
2018	9,447	2023, 2028, indefinite
2019	13,750	2024, 2029, indefinite
2020	9,799	2025, 2030, indefinite
2021	7,625	2026, 2031
2022	8,184	2032, indefinite
	$ 59,904	

2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities were as follows:

	Defined Benefit Plan	Deferred Losses	Allowance for obsolete inventories	Others	Total
Deferred tax assets:					
Balance at January 1, 2022	$ 15,233	5,305	6,901	6,939	34,378
Recognized in profit or loss	152	(2,209)	3,026	1,277	2,246
Recognized in other comprehensive income	(1,071)	-	-	-	(1,071)
Effect of changes in foreign exchanges rates	-	-	-	47	47
Balance at December 31, 2022	$ 14,314	3,096	9,927	8,263	35,600
Balance at January 1, 2021	$ 14,517	4,462	4,991	6,341	30,311
Recognized in profit or loss	162	843	1,910	625	3,540
Recognized in other comprehensive income	554	-	-	-	554
Effect of changes in foreign exchanges rates	-	-	-	(27)	(27)
Balance at December 31, 2021	$ 15,233	5,305	6,901	6,939	34,378

	Gain on investment	Others	Total
Deferred tax liabilities:			
Balance at January 1, 2022	$ 209,545	4,391	213,936
Recognized in profit or loss	60,360	7,117	67,477
Effect of changes in foreign exchanges rates	-	77	77
Balance at December 31, 2022	$ 269,905	11,585	281,490
Balance at January 1, 2021	$ 141,519	5,164	146,683
Recognized in profit or loss	68,026	(745)	67,281
Effect of changes in foreign exchanges rates	-	(28)	(28)
Balance at January 1, 2021	$ 209,545	4,391	213,936

(iii) Assessment

The Company's income tax returns for the years through 2020 were assessed by the tax authorities.

(r) Capital and other equity

(i) Ordinary shares

As of December 31, 2022 and 2021, the Company's authorized share capital consisted of $1,000,000 thousand shares of ordinary shares, with par value of $10 per share, and the paid-in capital amounted to $789,534 thousand, of which 78,953 thousands shares, where issued. All issued shares were paid up upon issuance.

(ii) Capital surplus

		December 31, 2022	**December 31, 2021**
Cash subscription in excess of par value of shares	$	1,336	1,336
Additional paid-in capital from bond conversion		558,321	558,321
Stock options		43,766	43,766
Difference between actual acquiring or disposing subsidiary's equity and carrying amount		4,660	4,660
Other		17	-
	$	**608,100**	**608,083**

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(iii) Retained earnings

The Company's articles of incorporation stipulate that the Company's net earnings should first be used to offset the prior years'deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve. In addition, special reserve shall be appropriated according to related regulations, and then any remaining profit together with any distributable earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the shareholders' meeting for approval.

In accordance with the provisions of the preceding Article, Item 5 of Article 240 and Item 1 of Article 241 of the Company Act in June 2022, the distributable dividends and bonuses, in whole or in part, may be paid in cash after a resolution has been adopted by a majority vote at a board meeting attended by two thirds of the total number of directors; thereafter, to be reported at the shareholders’ meeting.

According to the Company's dividend policy, taking into account the future capital and investment requirement, foreign and domestic competition, as well as shareholders' interests, the profit sharing for shareholders shall not be lower than 15% of the total distributable dividends for the year.

Dividends for shareholders may be distributed in stocks or cash, however the cash dividends shall not be less than 10% of the total dividends.

1) Legal reserve

According to the Company Act, a company should provide 10% of its after tax net profit as Legal reserve until it is equal to its capital. If a company has no accumulated deficit, it may, pursuant to a resolution approved by the stockholders, distribute its legal reserve by issuing new shares or distributing cash for the portion in excess of 25% of the share capital.

2) Special reserve

A portion of current period earnings and undistributed prior period earnings shall be reclassified as a special reserve during earnings distribution. The amount to be reclassified should be equal to the current period's total net reduction of other shareholders equity. Similarly, a portion of undistributed prior period earnings shall be reclassified as a special reserve (which does not qualify for earnings distribution) to account for cumulative changes to other shareholders equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders equity shall qualify for additional distributions.

(iv) Earnings distribution

Earnings distribution for 2021 and 2020 was decided by the resolution adopted, at the general meeting of shareholders held on June 23, 2022 and August 5, 2021, respectively. The relevant dividend distributions to shareholders were as follows:

	2021		2020	
	Amount per share (in dollars)	**Total amount**	**Amount per share (in dollars)**	**Total amount**
Dividends distributed to ordinary shareholders				
Cash	$ 2.00	$ 157,907	1.14	110,535

On March 22, 2023, the Company's Board of Derectors resolved to appropriate the 2022 earnings. These earnings were appropriated as follows:

	2022	
	Amount per share (in dollars)	**Total amount**
Dividends distributed to ordinary shareholders		
Cash	$ 2.00	$ 157,907

(v) Other comprehensive income accumulated in reserves, net of tax-the Group

	Exchange differences on translation of foreign financial statements
Balance at January 1, 2022-the Group	$ (124,671)
Exchange differences on foreign operations-the Group	28,941
Balance at December 31, 2022-the Group	$ (95,730)

	Exchange differences on translation of foreign financial statements
Balance at January 1, 2021-the Group	$ (92,619)
Exchange differences on foreign operations-the Group	(32,052)
Balance at December 31, 2021-the Group	$ (124,671)

(s) Earnings per share ("EPS")

(i) Basic EPS

	2022	**2021**
Profit attributable to ordinary shareholders of the Company	$ 331,509	338,615
Weighted average number of ordinary shares outstanding during the period (in thousand shares)	78,953	78,953
Basic earnings per share (in dollars)	$ 4.20	4.29

(ii) Diluted EPS

	2022	2021
Profit attributable to ordinary shareholders of the Company	$ 331,509	338,615
Interest expense and other gains and losses on convertible bonds, net of tax	6,398	562
Profit attributable to ordinary shareholders of Company (after adjusting the effect of potentially dilutive ordinary shares)	**$ 337,907**	**339,177**
Weighted-average number of ordinary shares (in thousands shares)	78,953	78,953
Effect of potentially dilutive ordinary shares:		
Employee remuneration (in thousand shares)	1,270	800
Convertible bonds (in thousand shares)	11,848	2,338
Weighted-average number of ordinary shares (after adjusting the effect of potentially dilutive ordinary shares) (in thousand shares)	**92,071**	**82,091**
Diluted earnings per share (in dollars)	**$ 3.67**	**4.13**

(t) Revenue from contracts with customers

(i) Disaggregation of revenue

	2022		
	Electronics components	**Others**	**Total**
Primary geographical markets:			
Asia	$ 2,861,518	5,925	2,867,443
Europe	696,568	-	696,568
Others	162,988	15	163,003
	$ 3,721,074	**5,940**	**3,727,014**

	2021		
	Electronics components	**Others**	**Total**
Primary geographical markets:			
Asia	$ 3,315,097	2,821	3,317,918
Europe	691,608	183	691,791
Others	149,684	-	149,684
	$ 4,156,389	**3,004**	**4,159,393**

(ii) Contract balance

	December 31, 2022	**December 31, 2021**	**January 1, 2021**
Notes and accounts receivable (including related parties)	$ 990,789	1,450,101	1,116,879
Less: loss allowance	(11,677)	(10,252)	(10,214)
Total	**$ 979,112**	**1,439,849**	**1,106,665**
Contract liabilities (be included in other non-current liabilities)	**$ 24,500**	**18,256**	**10,945**

For details on notes and accounts receivable (including related parties) and allowance for impairment, please refer to note 6(d).

The amount of revenue recognized for the year that was included in the contract liability balance at the beginning of the period were as follows:

	2022	**2021**
Revenue recognized	**$ 10,642**	**9,928**

(u) Remuneration to employees and directors

In accordance with the articles of incorporation the Company should contribute 5%~12% of the profit as employees' remuneration and less than 3% as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions. The company allocate the remuneration to directors in cash.

The Company estimated its employee remuneration and directors' and supervisors' remuneration based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses during 2022 and 2021.The differences between the actual distributed amounts as determined by the Board of Directors and those recognized in the financial statements, if any, shall be accounted for as changes in accounting estimates and recognized in profit or loss in the following year.The numbers of shares to be distributed were calculated based on the closing price of the Company's ordinary shares, one day before the date of the meeting of Board of Directors.

The Company's estimated is as follows:

	2022	2021
Employees' remuneration	$ 34,143	34,907
Directors' remuneration	10,290	10,520
	$ 44,433	**45,427**

There was no difference between the actual distributed amounts as determined by the Board of Directors and those recognized in the Company's parent-company-only financial statements of the years ended December 31, 2022 and 2021. The related information can be found on Market Observation Post System website.

(v) Non-operating income and expenses

(i) Interest income

	2022	2021
Interest income from bank deposits	$ 13,232	4,964
Other interest income	3,742	1,754
	$ 16,974	**6,718**

(ii) Other income

	2022	2021
Rent income	$ 3,162	8,723
Dividend income	150	107
	$ 3,312	**8,830**

(iii) Other gains and losses

	2022	2021
Foreign exchange gain (losses)	$ 136,376	(46,562)
Losses on disposals of property, plant and equipment	(4,313)	(5,053)
Losses on financial assets at fair value through profit or loss	(3,556)	(118)
Government grants income	5,805	9,399
Others	4,554	4,408
	$ 138,866	**(37,926)**

(iv) Finance costs

	2022	2021
Interest expense on bank borrowings and bonds	$ (11,986)	(8,307)
Interest expenses on lease liabilities	(5,697)	(7,869)
	$ (17,683)	**(16,176)**

(w) Financial instruments

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

2) Concentration of credit risk

Accounts receivable were due from many customers and regional distributions were decentralized. Therefore, there was no concentration of credit risk. In order to reduce the credit risk of accounts receivable, the Group continually evaluates each customer's financial situation. However, the Group does not require its customers to provide collaterals.

3) Credit risk of receivables

For credit risk exposure of notes and accounts receivable, please refer to note 6(d).

Financial assets at amortized cost includes other receivables, guarantee depostis paid, restricted deposits and time deposits and etc.

All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12-months expected losses. Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(g). The loss allowances for other receivables of the Group were determined as follows:

		2022	2021
Balance at January 1	$	10,608	-
Impairment loss reversed		-	10,635
Effect of changes in foreign exchanges rates		156	(27)
Balance at December 31	$	**10,764**	**10,608**

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

		Carrying amount	Contractual cash flows	Within 1 year	1-2 years	2-5 years	Over 5 years
December 31, 2022							
Non-derivative financial liabilities							
Short-term borrowings	$	240,000	241,507	241,507	-	-	-
Notes and accounts payable, other payable (including related parties) and lease liabilities		712,892	748,296	694,497	45,746	8,053	-
Long-term borrowings (including current portion)		139,064	144,451	32,271	24,256	84,609	3,315
Guarantee deposits received		230	230	-	230	-	-
Bonds payable		488,756	500,000	-	500,000	-	-
	$	**1,580,942**	**1,634,484**	**968,275**	**570,232**	**92,662**	**3,315**
December 31, 2021							
Non-derivative financial liabilities							
Short-term borrowings	$	224,055	224,529	224,529	-	-	-
Notes and accounts payable, other payable (including related parties) and lease liabilities		1,091,653	1,250,049	1,143,766	53,452	52,534	297
Long-term borrowings (including current portion)		104,324	108,135	22,739	35,479	38,575	11,342
Guarantee deposits received		1,318	1,318	-	1,318	-	-
Bonds payable		482,559	500,000	-	-	500,000	-
	$	**1,903,909**	**2,084,031**	**1,391,034**	**90,249**	**591,109**	**11,639**

The Group does not expect that the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iii) Currency risk

1) Exposure to currency risk

The Group's significant exposure to foreign currency risk was as follows:

	December 31, 2022			December 31, 2021		
	Foreign currency (in thousands)	Exchange rate	NTD	Foreign currency (in thousands)	Exchange rate	NTD
Financial assets						
Monetary items						
USD	$ 63,532	30.71	1,951,068	73,592	27.68	2,037,027
CNY	30,364	4.408	133,845	12,226	4.344	53,110
HKD	1,671	3.938	6,580	2,418	3.549	8,581
EUR	2,904	32.72	95,019	3,367	31.32	105,454
JPY	11,934	0.232	2,769	13,552	0.241	3,259
Non-monetary items						
CNY	708,730	4.408	3,124,082	729,994	4.344	3,171,094
LAK	45,633 $	0.00177	80	20,397,036	0.0025	50,544
USD	-	-	-	212	27.68	5,869
Financial liabilities						
Monetary items						
USD	21,774	30.71	668,680	27,257	27.68	754,474
CNY	-	4.408	-	-	-	-
HKD	694	3.938	2,733	619	3.549	2,197
EUR	10	32.72	327	6	31.32	188
Non-monetary items						
USD	45	30.71	1,385	-	-	-
HKD	-	3.938	-	1,150	3.549	4,082
KRW	45,671	0.0245	1,121	88,307	0.0235	2,075

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, financial assets at fair value, financial assets at amortized cost, borrowing, accounts payable and other payables that are denominated in foreign currency. A strengthening (weakening) 5 % of the NTD against the USD, CNY, HKD, EUR, JPY, as of December 31, 2022 and 2021 would have increased (decreased) the net income before tax by $75,877 thousand and $72,529 thousand, respectively. The analysis is performed on the same basis for 2021.

3) Foreign exchange gains and losses on monetary items

Since the Group has many kinds of functional currency, the information on foreign exchange gains (losses) (including realized and unrealized portions) on monetary items were disclosed by total amounts:

	2022	2021
Foreign exchange gains (losses)	$ 136,376	(46,562)

(iv) Interest rate risk

Please refer to the notes on liquidity risk management and interest rate exposure of the Group's financial assets and liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 0.5% when reporting to management internally, which also represents the Group management's assessment of the reasonably possible interest rate change.

The interest rate risk is mainly due to the Group's borrowing at variable rates and fair value throught profit or loss at fixed-interest rate. If the interest rate increased (decreased) by 0.5% with all other variable factors remaining constant on the reporting date, the Group's profit loss before tax would increased (decreased) as follows:

	Impact on income (loss) before tax	
	Increase 0.5%	**Decreases 0.5%**
December 31, 2022	$ (4,646)	4,646
December 31, 2021	$ (4,547)	4,547

(v) Other market price risk

For the years ended December 31, 2022 and 2021, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

	2022		2021	
Price of securities at the reporting date	**Other Comprehensive Income after tax**	**Net income**	**Other Comprehensive Income after tax**	**Net income**
increasing 5%	$ -	516	-	219
decreasing 5%	$ -	(516)	-	(219)

(vi) Fair value of financial instruments

1) Fair value hierarchy

The fair value of financial assets at fair value through profit or loss is measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and the investments in equity instrument that are not quoted in an active market and can not reliably measure at fair value, disclosure of fair value information is not required:

	December 31, 2022				
	Book value	Fair value			
		Level 1	Level 2	Level 3	Total
Non-derivative financial assets mandatorily measured at fair value through profit or loss:					
Foreign corporate bonds	$ 10,748	-	10,748	-	10,748
Stocks listed on foreign markets	6,989	6,989	-	-	6,989
Funds	5,414	5,414	-	-	5,414
Derivative financial assets mandatorily measured at fair value through profit or loss	50	-	50	-	50
Designated at fair value through profit or loss:					
Preferred stock listed on foreign markets	513	-	513	-	513
Subtotal	**$ 23,714**	**12,403**	**11,311**	**-**	**23,714**
Financial assets measured at amortized cost:					
Cash and cash equivalents	$ 1,980,468	-	-	-	-
Time deposits and restricted deposits (current)	143,049	-	-	-	-
Notes and account receivable (including related parties) and other receivables (including related parties)	986,629	-	-	-	-
Guarantee deposits paid	11,557	-	-	-	-
Subtotal	**$ 3,121,703**	**-**	**-**	**-**	**-**

	December 31, 2022				
	Book	Fair value			
	value	Level 1	Level 2	Level 3	Total
Financial liabilities at amortized cost:					
Bank borrowing (Short and long-term)	$ 379,064	-	-	-	-
Bonds payable	488,756	-	-	-	-
Notes and account payable, other payables (including related parties) and lease liabilities	712,892	-	-	-	-
Guarantee deposits received	230	-	-	-	-
Subtotal	**$ 1,580,942**	**-**	**-**	**-**	**-**

	December 31, 2021				
	Book	Fair value			
	value	Level 1	Level 2	Level 3	Total
Non-derivative financial assets mandatorily measured at fair value through profit or loss:					
Foreign corporate bonds	$ 11,223	-	11,223	-	11,223
Stocks listed on foreign markets	5,142	5,142	-	-	5,142
Funds	6,729	6,729	-	-	6,729
Derivative financial assets mandatorily measured at fair value through profit or loss	1,850	-	1,850	-	1,850
Designated at fair value through profit or loss:					
Preferred stock listed on foreign markets	702	-	702	-	702
Subtotal	**$ 25,646**	**11,871**	**13,775**	**-**	**25,646**

	December 31, 2021				
	Book	Fair value			
	value	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost:					
Cash and cash equivalents	$ 1,190,801	-	-	-	-
Time deposits and restricted deposits (current)	158,351	-	-	-	-
Notes and account receivable (including related parties) and other receivables (including related parties)	1,447,047	-	-	-	-
Guarantee deposits paid	11,825	-	-	-	-
Subtotal	**$ 2,808,024**	**-**	**-**	**-**	**-**
Financial liabilities measured at amortized cost:					
Bank borrowing (Short and long-term)	$ 328,379	-	-	-	-
Bonds payable	482,559	-	-	-	-
Notes and account payable, other payables (including related parties) and lease liabilities	1,091,653	-	-	-	-
Guarantee deposits received	1,318	-	-	-	-
Subtotal	**$ 1,903,909**	**-**	**-**	**-**	**-**

2) Valuation techniques for financial instruments measured at fair value

Non-derivative financial instrument is regarded as being quoted in active market if quoted prices are readily as the fair value.

3) Transfer between Level 1 and Level 2

There were no transfers from Level 2 to Level 1 in 2022 and 2021.

4) Reconciliation of Level 3 fair values: None.

(x) Financial risk management

(i) Overview

The Group have exposures to the following risks from its financial instruments:

1) Credit risk

2) Liquidity risk

3) Market risk

The following likewise discusses the Group's objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying consolidated financial statements.

(ii) Structure of risk management

The Group's Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Group's inter-department management and committee, which consists of managers from all departments, is responsible for monitoring the Group's risk management policies and reports regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The inter-department management and committee are reviewed regularly to reflect change in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's Board of Directors and Audit Committee oversee how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risk faced by the Group. The Group's Board of Directors and Audit Committee are assisted in its oversight role by the Internal Audit. The Internal Audit undertakes both regular and adhoc review of risk management controls and procedures, the results of which are reported to the Board of Directors and Audit Committee.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instruments fails to meet its contractual obligations and arises principally from the Group's notes and accounts receivable from the customers and bank deposits.

1) Accounts receivable and other receivable

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. In accordance with the Group's policy for providing loans to others, the Group must analyze an individual customer's credit rating before granting payment terms and credit lines. For a customer rated as high risk, future transactions with that customer shall require an advance payment. Credit limited is offered to each customer as the limit of transaction and is reviewed regularly.

With a broad customer base, the Company's transactions are not concentrated within one single customer, and its sales market are spread in different regions; therefore, there is no concentration of credit risk. Also, the Group mitigates its exposure by regularly evaluating its customers' financial position, taking into account the possibility of collectable accounts receivable and making provision for bad debts, which are within management's expectations.

2) Investments

The exposure to credit risk for the bank deposits is measured and monitored by the Group's finance department.The Group only deals with banks, other external parties, corporate organizations, government agencies and financial institutions with good credit rating. The Group does not expect any counterparty above fails to meet its obligations hence there is no significant credit risk arising from these counterparties.

3) Guarantees

According to the Group's policy, the Group can only provide financial guarantees to an entity, wherein the Group owns 50% of its shares and has business transactions with. As of December 31, 2022 and 2021, the Group did not provide any guarantees to any non-consolidated subsidiaries.

(iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Group's management supervised the banking facilities and ensures compliance with the terms of the loan agreements.

The loan was an important source of liquidity for the Group. As of December 31, 2022 and 2021, the Group had unused credit facilities for short-term and long-term loans as follows:

	December 31, 2022	December 31, 2021
Unused bank credit lines	$ 909,600	1,003,849

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, which affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Group entities, primarily the NTD. The currencies used in these transactions are the NTD, EUR, USD, HKD, CNY and JPY. This provides an economic hedge without derivatives being entered into, and therefore, hedge accounting is not applied it these circumstances.

2) Interest rate risk

The Group has borrowed funds at fixed and variable interest rates, wherein the Group is exposed to risks associated with fair value change and cash flow. The Group manages its interest rate risk by maintaining a proper components of fixed interest rate and floating interest rate. Additionally, the Group's short term loans bear interests at floating rates. The effective rate varies depending on the market interest rate, thereby fluctuating the Company's future cash flow.

3) Other market price risk

The Group is exposed to equity price risk due to the investments in equity securities. This is held for trading. The management of the Group minimizes the risk by holding different investment portfolios. The Group's exposure to equity price risk is mainly due to the equity financial instruments in Taiwan.

(y) Capital management

The Board of Directors' policy is to maintain a strong capital base to ensure the confidence of investors, creditors, and the market and to sustain future development of the business.

The Group's debt-to-equity ratio at the reporting date was as follows:

	December 31, 2022	December 31, 2021
Total liabilities	$ 2,057,217	2,296,665
Less: cash and cash equivalents	(1,980,468)	(1,190,801)
Net liabilities	**$ 76,749**	**1,105,864**
Total equity	**$ 3,065,351**	**2,861,933**
Debt-to-equity ratio	**2.50 %**	**38.64 %**

As of December 31, 2022, The Group's capital management strategy was consistent with that of the prior years. The collectible receipts, which caused the decrease in net liabilities ratio to exceed the increase in total equity, resulted in the debt to equity ratio to decrease.

(z) Financing activities not affecting current cash flow

(i) For right-of-use assets under leases, please refer to note 6(j).

(ii) Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2022	Cash flows	Non-cash changes: Others	Non-cash changes: Foreign exchange movement	December 31, 2022
Short-term borrowings	$ 224,055	15,873	-	72	240,000
Long-term borrowings (including current portion)	104,324	24,002	-	10,738	139,064
Lease liabilities (current and non-current)	110,414	(40,045)	498	1,838	72,705
Total liabilities from financing activity	**$ 438,793**	**(170)**	**498**	**12,648**	**451,769**

	January 1, 2021	Cash flows	Non-cash changes: Others	Non-cash changes: Foreign exchange movement	December 31, 2021
Short-term borrowings	$ 304,652	(80,529)	-	(68)	224,055
Long-term borrowings (including current portion)	267,185	(153,657)	-	(9,204)	104,324
Lease liabilities (current and non-current)	141,513	(41,668)	11,697	(1,128)	110,414
Total liabilities from financing activity	**$ 713,350**	**(275,854)**	**11,697**	**(10,400)**	**438,793**

(7) Related-party transactions

(a) Names and relationship with the Group

The followings are entities that have had transactions with related party during the periods covered in the consolidated financial statements.

Name of related party	Relationship with the Group
Allsor Technology Corporation	The entity's chairman is the second immediate family member of the chairman of the Company
CviLux Opro9 Europe B.V.	The entity's chairman is the second immediate family member of the chairman of the Company
CviLux SDN. BHD	The entity's chairman is the second immediate family member of the chairman of the Company
Yang Plus Corporation	The entity's chairman is the second immediate family member of the chairman of the Company
Tvsoga Co., Ltd.	The entity's chairman is the second immediate family member of the chairman of the Company
Shenzhen Recon Health care Cloud Techco., Ltd.	Associate

(b) Significant transactions with related parties

(i) Sales

The amounts of significant sales and outstanding balance by the Group to related parties were as follows:

	Sales		Receivables from related parties	
	2022	**2021**	**December 31, 2022**	**December 31, 2021**
Other related parties	$ 7,342	8,607	2,177	1,997
Associates	7	671	-	-
	$ 7,349	**9,278**	**2,177**	**1,997**

The selling price for related parties approximated the market price. The credit terms ranged 90~120 days. Amounts receivable from related parties were uncollateralized, and no expected credit loss were required after the assessment by the management.

(ii) Purchases

The amounts of significant purchases and outstanding balances by the Group from related parties were as follows:

	Purchases		Payable to related parties	
	2022	**2021**	**December 31, 2022**	**December 31, 2021**
Other related parties	**$ 1,378**	**-**	**-**	**-**

The terms and pricing of purchase transactions with related parties were not significantly different from those offered by other vendors. The payment terms ranged 90~120 days.

(iii) Leases

The Group's rent income from related parties (included in other income) and the outstanding balances were as follows:

	Rent income		Other receivables from related parties	
	2022	**2021**	**December 31, 2022**	**December 31, 2021**
Other related parties	**$ 36**	**36**	**3**	**3**

Additionally, the Group lease offices from a related party for 5.25 years. The amounts recognized as right-of-use assets and lease liabilities for such lease transaction were both $1,311 thousand. The balances of interest expenses and lease liabilities were as follows:

	Interest expense		Lease liabilities	
	2022	**2021**	**December 31, 2022**	**December 31, 2021**
Other related parties	$ 1	10	-	759

(iv) Others

The Group paid certain expenses on behalf of related parties including advances and other disbursements were as follows:

	Other receivables from related parties	
	December 31, 2022	**December 31, 2021**
Associates-Shenzhen Recon Health care Cloud Techco., Ltd.	$ 786	767

	Other payables to related parties	
	December 31, 2022	**December 31, 2021**
Other related parties	$ 315	-

(c) Key management personnel compensation

	2022	**2021**
Short-term employee benefits	$ 38,974	38,280
Post-employment benefits	2,079	1,980
	$ 41,053	40,260

(8) Assets pledged as security

The carrying values of assets pledged as security were as follows:

Pledged assets	**Object**	**December 31, 2022**	**December 31, 2021**
Land	Long-term borrowings	$ 66,819	66,819
Building and structure	〃	68,362	70,208
		$ 135,181	137,027

(9) Commitments and contingencies

The agreements for purchases of the property, plant and equipment and Intangible assets was as follows:

	December 31, 2022	December 31, 2021
Total contract price	$ 181,764	186,122
Unexecuted amount	$ 13,854	18,796

(10) Losses Due to Major Disasters: None

(11) Subsequent Events: None.

(12) Other

(a) A summary of employee benefits, depreciation, and amortization, by function, is as follows:

By function / By item	2022 Operating costs	2022 Operating expenses	2022 Total	2021 Operating costs	2021 Operating expenses	2021 Total
Employee benefits						
Salary	448,026	318,269	766,295	561,052	295,833	856,885
Labor and health insurance	16,260	20,047	36,307	14,239	18,449	32,688
Pension	33,612	17,870	51,482	28,669	15,461	44,130
Remuneration of directors	-	12,444	12,444	-	12,827	12,827
Others	17,904	20,068	37,972	21,057	24,112	45,169
Depreciation	132,647	91,823	224,470	125,448	89,009	214,457
Amortization	144	12,251	12,395	165	10,007	10,172

(b) In October 2016, the owner of the Company was prosecuted by the New Taipei District Prosecutors Office for violating the Securities and Exchange Act, by selling LED CHIPS between the second quarters of 2014 and 2015. In November 2019, the owner of the Company was acquitted by the New Taipei District Prosecutors Office. However, in February 2020, the prosecutor filed an appeal regarding the above case to the Taiwan High Court, who sentenced the owner of the Company to a prison term of 1 year and 10 months, in which the owner of the Company disagreed with such decision; hence, filed an appeal to the Supreme Court. It also has hired a lawyer to deal with the court proceedings. The above case did not have any material impact on the financial and business operation of the Company.

(13)Other disclosures

(a)Information on significant transactions

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group for the year ended December 31, 2022:

i. Loan to other parties:

Unit:USD in thousand/NTD in thousand

Number	Name of lender	Name of borrower	Account name	Highest balance of financing to other parties during the period (Note 3)	Ending balance (Note 3)	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 1)	Transaction amount for business between two parties	Reasons for short-term financing	Loss allowance	Collateral		Individual funding loan limits (Note 2)	Maximum limit of fund financing (Note 2)
												Item	Value		
0	The Company	CTA	Other receivables - related parties	9,012 (RMB2,000)	- -	-	4%	2	-	Operating Captial	-	None	-	306,534	613,069
0	The Company	CMI	Other receivables - related parties	20,000 (NTD20,000)	20,000 (NTD20,000)	-	2%	2	-	Operating Captial	-	None	-	306,534	613,069
0	The Company	CviLux Korea	Other receivables - related parties	3,071 (USD100)	3,071 (USD100)	-	2%	2	-	Operating Captial	-	None	-	306,534	613,069
0	The Company	Cvilux Lao	Other receivables - related parties	76,775 (RMB2,500)	76,775 (USD2,500)	46,065 (USD1,500)	2%	2	-	Operating Captial	-	None	-	306,534	613,069

Note：The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

Note1：Purposes of fund financing for the borrower as follows:

(1)For entries the Company has business transactions with.

(2)For entries with short-term financing needs.

Note2：For entities with short-term financing needs, the total amount available for financing shall not exceed 20% of the Company's net worth. Any individual entity shall not exceed 10% of the Company's net worth.

Note3：The maximum balance and ending balance of the fund loans are converted into New Taiwan Dollars at the exchange rate at the end of each month, with the approval of the board.

ii. Guarantees and endorsements for other partie:

Number	Endorsement/ Guarantee Provider	Counter - party of guarantee and endorsement		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note 3)	Maximum Balance for the Period (Note 3)	Ending Balance (Note 2)	Amount Actually Drawn	Amount of Endorsement / Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Maximum amount for guarantees and endorsements (Note 3)	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
		Name	Relationship with the company (Note 1)										
0	The Company	CTT	Note 1	Net worth*30% 919,603	130,000	130,000	10,000	-	4.24 %	1,532,672	Y	N	N
0	The Company	CTA	Note 1	Net worth*30% 919,603	18,479	18,029	-	-	0.59 %	1,532,672	Y	N	Y
0	The Company	CED	Note 1	Net worth*30% 919,603	33,767	32,987	-	-	1.08 %	1,532,672	Y	N	Y
0	The Company	CMI	Note 1	Net worth*30% 919,603	20,000	20,000	20,000	-	0.65 %	1,532,672	Y	N	N
0	The Company	Cvilux Lao	Note 1	Net worth*30% 919,603	64,430	61,420	38,388	-	2.00 %	1,532,672	Y	N	N

Note：The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

Note 1：A subsidiary fully owned by the guarantor.
Note 2：The ending balance of guarantees and endorsements are converted into NTD at the exchange rate at the end of each month, with the approval of the board.
Note 3：The amount available for financing purposes for any individual entity shall not exceed 30% of the Company's net worth; and for other entity, the amount available for financing purposes shall not exceed 30% of the Company's net worth, and the total amount shall not exceed 50% of the Company's net worth.

iii.Securities held as of December 31, 2022 (excluding investment in subsidiaries, associates and joint ventures):

Unit:Shares/Units

Name of investee	Marketable Security Type and Name	Relationship with the company	Financial Statement Account	December 31,2022				Note
				Shares/Units	Book value	Percentage of Owership	Fair value	
CCT	D4507 Credit Suisse(RMB) Bonds	None	Financial assest at fair value through profit or loss-curreny	1,000,000	3,805	-	3,805	
〃	ETY5 Credit Suisse(RMB) Bonds	〃	〃	1,000,000	3,783	-	3,783	
〃	CTL 6 1/2 Preferred stock	〃	〃	1,000	513	-	513	
〃	BT100145 AT&T Bonds	〃	〃	50,000	1,029	-	1,029	
〃	Allianz Global Investors Income and Growth Fund(RMB)	〃	〃	44,149	1,522	-	1,522	
〃	Allianz Global Investors Income and Growth Fund(RMB)	〃	〃	22,383	772	-	772	
〃	Allianz Global Investors Income and Growth Fund(RMB)	〃	〃	43,910	1,513	-	1,513	
〃	Allianz Global Investors Income and Growth Fund(RMB)	〃	〃	22,215	766	-	766	
〃	GS 3.8 05/05/25 Bonds	〃	〃	500,000	2,127	-	2,127	
HBC	China Life Lnsurance Company Limited Sotck	〃	〃	5,700	933	-	933	
〃	Northeast Securities CO., LTD Sotck	〃	〃	10,000	287	-	287	
〃	Goldmantis Sotck	〃	〃	5,000	107	-	107	
〃	Fujian Longking Co.,Ltd. Stock	〃	〃	44,600	2,880	-	2,880	
〃	Suntak Technology Co., LTD Convertible bonds	〃	〃	10	4	-	4	
〃	Shengyi Electronics Co.,Ltd stock	〃	〃	500	20	-	20	
CQC	Fujian Longking Co.,Ltd. Stock	〃	〃	20,000	1,292	-	1,292	
〃	Goldmantis Sotck	〃	〃	10,000	214	-	214	
〃	China Minsheng Banking Stock	〃	〃	20,000	304	-	304	
〃	E Fund CSI Bio-Tech Them ETF	〃	〃	320,100	841	-	841	
〃	Vats liquor chain store management joint management joint stock co.,Ltd Stock	〃	〃	7,000	952	-	952	
					23,664		23,664	

iv. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NTD300 million or 20% of the capital stock: None.
v. Acquisition of individual real estate with amount exceeding the lower of NTD300 million or 20% of the capital stock: None.
vi. Disposal of individual real estate with amount exceeding the lower of NTD300 million or 20% of the capital stock: None.

vii. Related-party transactions for purchases and sales with amounts exceeding the lower of NTD100 million or 20% of the capital stock:

Name of company	Related party	Nature of relationship (Note1)	Transaction details				Transactions with terms different from others		Notes/ Trade receivables (payables)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/trade receivables (payables)	
CED	The Company	1	Sale	729,429	71%	60 days	-	no comparators	203,425	73%	〃
The Company	CED	1	Purchase	729,429	39%	〃	-	no significant difference	(203,425)	32%	〃
HBC	The Company	1	Sale	554,467	59%	〃	-	no comparators	188,265	66%	〃
The Company	HBC	1	Purchase	554,467	30%	〃	-	no significant difference	(188,265)	30%	〃
DQH	The Company	1	Sale	214,862	41%	〃	-	no comparators	46,259	41%	〃
The Company	DQH	1	Purchase	214,862	11%	〃	-	no significant difference	(46,259)	7%	〃
CQC	The Company	1	Sale	181,656	35%	〃	-	no comparators	54,908	35%	〃
The Company	CQC	1	Purchase	181,656	10%	〃	-	no significant difference	(54,908)	9%	〃

Note : The amount had been offset in the consolidated financial statements.

Note 1: Relationship with the company is as follows:

1) Parent company to subsidiary 1

2) Subsidiary to subsidiary

viii. Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of capital

Name of company	Related party	Nature of relationship	Ending balance	Turnover days	Overdue		Amounts received in subsequent period	Loss allowance
					Amount	Action taken		
CED	The Company	Parent company	203,425	-			155,070	-
HBC	The Company	Parent company	188,265	-			126,490	-

Note: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

ix. Trading in derivative instruments: Please refer to note 6 (b).

x. Business relationships and significant intercompany transactions:

No. (Note1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions, 2022			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
1	CED	The Company	2	Sale	729,429	The month ends 60 days	20%
2	HBC	The Company	2	〃	554,467	〃	15%
3	DQH	The Company	2	〃	214,862	〃	6%
4	CQC	The Company	2	〃	181,656	〃	5%
1	CED	The Company	2	Acounts receivable	203,425	offsetting of receivables and payables	4%
2	HBC	The Company	2	〃	188,265	〃	4%
3	DQH	The Company	2	〃	46,259	〃	1%
4	CQC	The Company	2	〃	54,908	〃	1%

Note : The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

Note 1: Company numbering is as follows:

Parent company 0

Subsidiary stars from 1

Note 2: Relationship wuth transaction party numbering is as follows:

1) Parent company to subsidiary

2) Subsidiary to parent company

3) Subsidiary to subsidiary

CVILUX CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) Information on investees:

The following is the information on investees for the year ended December 31, 2022 (excluding information on investees in Mainland China):

Unit:USD in thousand/NTD in thousand

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Highest balance during the year			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2022	December 31, 2021	Shares/Units	Percentage of ownership	Carrying value			
The Company	CONTEC	British Virgin Islands	Holding Company	481,884 (USD15,266)	481,884 (USD15,266)	15,265,948	100%	3,295,437	345,860	356,904	Note
The Company	Cvilux USA	United States	Sale of connectors, cable assemblies	30,669 (USD1,000)	30,669 (USD1,000)	100,000	100%	(1,385)	(7,706)	(7,706)	Note
The Company	Cvilux Korea	Korea	Sale of connectors, cable assemblies	8,820 (USD300)	2,839 (USD92)	35,000	100%	(1,121)	(4,817)	(4,817)	Note
The Company	CTT	Taiwan	Integration services for IoT, hardware and software system	187,000	130,000	11,514,800	100%	42,140	(26,778)	(26,778)	Note
The Company	CMI	Taiwan	Development and sale of e-commerce and cosmetics	56,245	56,245	2,999,900	100%	1,845	(6,788)	(6,788)	Note
CONTEC	HICON	British Virgin Islands	Holding Company	328,341 (USD10,370)	328,341 (USD10,370)	10,370,000	100%	1,912,876	122,910	122,910	Note
CONTEC	Cvilux (B.V.I.)	British Virgin Islands	Holding Company	342,813 (USD11,262)	342,813 (USD11,262)	11,102,371	100%	1,372,624	220,445	220,445	Note
Cvilux (B.V.I.)	CTH	Hong Kong	Holding Company	98,609 (USD3,232)	98,609 (USD3,232)	-	100%	0	4,532	4,532	Note
HBC	Cvilux Lao	Lao	Manufacture and sale of connectors, cable assemblies	149,313 (USD5,000)	149,313 (USD5,000)	-	92.59%	80	(46,248)	(42,821)	Note

Note : The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

(c) Information on investment in mainland China:

The following is the information on investees in Mainland China for the year 2022:

Unit:NTD in thousand/USD,RMB,HKD in dollar

Name of investee	Main businesses and products	Total amount of capital surplus (Note 5)		Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2022		Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2022		Net income (losses) of the investee	The highest percentage of the periords	Investment income (losses) (Notes 3)	Book value (Note 3)	Accumulated remittance of earnings in current period	Note
							Outflow	Inflow								
Cvilux Dongguan Changping Electronic Plant	Manufacture and sale of connectors	-	-	Note 1	USD 460,000	15,244	-	-	USD 460,000	15,244	-	100.00%	-	-	-	Note
HBC	Manufacture and sale of connectors, cable assemblies	USD 6,620,000	217,775	Note 2-1	USD 6,620,000	217,775	-	-	USD 6,620,000	217,775	90,781	100.00%	90,781	1,543,454	214,994	Note
DQH	Manufacture and sale of connectors, cable assemblies	HKD 25,590,000	105,194	Note 2-1	USD77,400 CNY 1,458,724 HKD 23,058,801	104,231	-	-	USD77,400 CNY 1,458,724 HKD 23,058,801	104,231	84,357	100.00%	84,357	202,378	13,706	Note
CED	Manufacture and sale of connectors, cable assemblies, electronic modules	USD 9,000,000	264,623	Note 2-1	USD 3,123,530	92,747	-	-	USD 3,123,530	92,747	106,269	100.00%	106,269	774,767	-	Note
CQC	Manufacture and sale of connectors, cable assemblies	USD 8,750,000	272,335	Note 2-1	USD 2,000,000	58,380	-	-	USD 2,000,000	58,380	82,725	100.00%	82,725	766,864	115,175	Note
CTS	Sale of connectors, cable assemblies	HKD 2,000,000	7,784	Note 2-1	-	-	-	-	-	-	44,253	100.00%	44,253	260,618	-	Note
CTA	Integration services for IoT, hardware and software system	USD 1,890,000	55,014	Note 2-1	USD 1,000,000	28,110	-	-	USD 1,000,000	28,110	(613)	100.00%	(613)	10,895	-	Note
AHC	Manufacture and sale of connectors, cable assemblies	CNY 10,000,000	46,170	Note 2-1	-	-	-	-	-	-	2,408	100.00%	2,408	40,164	-	Note
HRT	Development and sales of e-commerce and cosmetics	USD 200,000	6,110	Note 2-2	USD 200,000	6,110	-	-	USD 200,000	6,110	(134)	100.00%	(134)	3,292	-	Note
Shenzhen Recon Health care Cloud Techco., Ltd.	Manufacture and sale of medical care products	CNY 4,210,000	18,191	Note 2-1	-	-	-	-	-	-	(20,671)	42.76%	(8,839)	(7,719)	-	

Note : The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

ii. Limitation on investment in Mainland China:

Unit:NTD in thousand/USD,RMB,HKD in dollar

Accumulated Investment in Mainland China as of December 31, 2022 (Note 4)	Investment Amounts Authorized by Investment Commission, MOEA (Note 6)	Upper Limit on Investment (Note 7)
522,597 (USD 13,480,930、CNY 1,458,724 and HKD 23,058,801)	735,591 (USD 20,178,600、CNY 1,458,724 and HKD 27,800,000)	1,839,210

Note 1: Since Cvilux Dongguan Changping Electronic Plant, a plant established by Cvilux (B.V.I.) in Mainland China who engaged in processing materials provided by customers in accordance with the agreement, is not one of the Group's subsidiaries, it is not deemed as an "investment" as defined in Articles 4 and 6 of the "Regulations Governing the Approval of Investment or Technical Cooperation in Mainland China" by the Investment Commission. Therefore, the above information only discloses the name of the plant and its principal business activities.

Note 2: 1.The Company indirectly invested in the company in Mainland China through a third region.
2.The Company indirectly invested in the company in Mainland China through Taiwan region.

Note 3: The amount consist of invesment gain or loss and carrying values as of December 31, 2021, recognized by the Company which indirectly invested through a third region.

Note 4: The investment in Mainland China was recorded at the exchange rates prevailing at the transaction date. The equity in the earnings (losses) was translated into NTD at the average rates prevailing at the transaction date.

Note 5: In addition to the accumulated investment in Mainland China, the paid-in capital included the asset valuation and capital surplus transferred to common stock.

Note 6: In addition to the accumulated investment in Mainland China, the investment amounts authorized by the Investment Commission, MOEA included the asset valuation and capital surplus transferred to common stock, with the exchange rate of USD：NTD = 1：30.71；HKD：NTD = 1：3.938；CNY：NTD = 1：4.408 on December 31, 2022.

Note 7: The investment amount should not exceed 60% of the net worth of the Company or the Group.

iii. Significant transactions

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions".

(d) Major shareholders

Shareholding / Shareholder's Name	Shares	Percentage
Yangtek Corporation	5,796,149	7.34%

Note : The information on major shareholders, which is provided by the Taiwan Depository & Clearing Corporation, summarized the shareholders who held over 5% of the total non physical common stocks and preferred stocks (including treasury stocks) on the last business date of each quarter. The registered non physical stocks may be different from the capital stocks disclosed in the financial statement due to different calculations basis.

(b) Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers, and segment assets are based on the geographical location of the assets.

Location		**2022**	**2021**
Revenue from external customers			
China	$	2,341,464	2,828,984
Taiwan		202,765	241,615
France		138,182	149,769
Belgium		112,686	148,459
Italy		144,117	92,798
Other countries		787,800	697,768
	$	**3,727,014**	**4,159,393**

		December 31, 2022	**December 31, 2021**
Non-current assets:			
Taiwan	$	232,004	226,464
China		1,040,771	1,109,436
America		2,523	2,922
Lao		58,639	83,841
Korea		491	810
Total	**$**	**1,334,428**	**1,423,473**

Non-current assets include property, plant and equipment Right-of-use assets, intangible assets, and other assets, not including financial instruments, and deferred tax assetss.

(c) Information about revenue from major customers

The Group did not have any customer with revenues exceeding 10% of the revenues for the years ended December 31, 2022 and 2021.

(d) The total revenues of reportable segment amounting to $15,952 thousand and $5,520 thousand were eliminated for the years ended December 31, 2022 and 2021, respectively. The reconciliations of the aggregate amounts of reportable segment profits (losses) and net operating profits were consistent with those stated in the consolidated financial statements; please refer to non-operating income and expenses in the statement of comprehensive income.

(14) Segment information

(a) General information: The Group' s main business activities are the manufacture and sale of electronics components, and its reportable segment is the electronic components segment. The other segments, which mainly involved in the development and sale of cosmetics, have yet to meet the quantitative threshold of a reportable segment.

2022	Electronic components	Other	Elimination	Total
Revenues:				
Revenues from external customers	$ 3,721,074	5,940	-	3,727,014
Revenues from parent and consolidated subsidiaries	6,338	9,614	(15,952)	-
Interest income	16,953	21	-	16,974
Total revenues	**$ 3,744,365**	**15,575**	**(15,952)**	**3,743,988**
Interest expense	**$ 17,683**	**-**	**-**	**17,683**
Depreciation and amortization	**$ 236,730**	**135**	**-**	**236,865**
Share of profit of associates accounted for using equity method	**$ 8,839**	**-**	**-**	**8,839**
Segment income	**$ 378,458**	**(7,109)**	**-**	**371,349**

2021	Electronic components	Other	Elimination	Total
Revenues:				
Revenues from external customers	$ 4,156,389	3,004	-	4,159,393
Revenues from parent and consolidated subsidiaries	3,905	1,202	(5,107)	-
Interest income	7,106	25	(413)	6,718
Total revenues	**$ 4,167,400**	**4,231**	**(5,520)**	**4,166,111**
Interest expense	**$ 16,176**	**-**	**-**	**16,176**
Depreciation and amortization	**$ 224,359**	**270**	**-**	**224,629**
Share of profit of associates accounted for using equity method	**$ 6,720**	**-**	**-**	**6,720**
Segment income	**$ 558,102**	**(5,407)**	**-**	**552,695**

Stock Code:8103

CVILUX CORPORATION

Parent Company Only Financial Statements

With Independent Auditors' Report
For the Years Ended December 31, 2022 and 2021

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Independent Auditors' Report

To the Board of Directors of CviLux Corporation:

Opinion

We have audited the financial statements of CviLux Corporation ("the Company"), which comprise the balance sheets as of December 31, 2022 and 2021, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and 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 Financial Statements section of our report. We are independent of the Company in accordance with the Norm Professional Ethics for Certified Public Accountants of Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and informing our opinion thereon, and we do not provide a separate opinion on these matters.

1. The loss allowance of accounts receivable

   Please refer to Note 4(f) "Financial Instruments" for accounting policy, Note 5(a) for accounting assumptions, judgments and estimation uncertainty of accounts receivable, and Note 6(d) for the disclosure of the valuation of accounts receivable to the consolidated financial statements.

   Description of key audit matters:

   Accounts receivable of the Company were measured by their recoverability. The Company operates in an industry where it may experience volatility due to changing market conditions. Impairment assessment requires management to exercise subjective judgment in making estimations for impairment allowance on accounts receivable. Therefore, the provision for impairment of accounts receivable is one of the key matters in our audit.

How the matter was addressed in our audit:

Our major audit procedures included testing the adequacy of the formula of the calculation for the expected loss rate; testing the adequacy of aging report by tracing to related vouchers; evaluating the appropriateness of loss allowance and expected credit loss by testing if the loss allowance was based on the expected loss rate; and evaluating the adequacy of the disclosure of loss allowance for accounts receivable prepared by management.

2. Evaluation of inventories

   Please refer to Note 4(g) "Inventories" for accounting policy, Note 5(b) for accounting assumption, judgments, and estimation uncertainty to the financial statement, and Note 6(f) for the illustration of the evaluation of inventories.

   Description of key audit matters:

   The Company's inventories are measured at the lower of costs and net realizable values which are in the risk of being lower than the carrying amounts as a result of potential inventory obsolescence arising from both the market demand and technological upgrade. Consequently, we have determined subsequent measurement of inventories as one of our key audit matters.

   How the matter was addressed in our audit:

   Our principal audit procedures included understanding the net realizable value, which is used by the management to evaluate the inventory valuation; selecting the transition documentation; random sampling of the inventory aging report to ensure its accuracy; and analyzing the changes in the inventory ages in order to test the appropriateness of the inventory valuation.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using equity method to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Chia-Chien Tang and Yen-Ta Su.

KPMG

Taipei, Taiwan (Republic of China)
March 22, 2023

Notes to Readers

The accompanying parent company only financial statements are intended only to present the financial position, financial performance and cash flows in accordance with the 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 parent company only financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and parent company only financial statements, the Chinese version shall prevail.

(English Translation of Financial Statements Originally Issued in Chinese)

CviLux Corporation

Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 565,386	11	373,833	8
1110	Financial assets at fair value through profit or loss－current (note 6(b))	15,830	-	17,122	-
1136	Financial assets at amortized cost-current (note 6(c))	30,204	1	34,981	1
1150	Notes receivable, net (notes 6(d) and (t))	2,045	-	3,152	-
1170	Accounts receivable, net (notes 6(d) and (t))	613,336	12	801,138	17
1180	Accounts receivable-related parties, net (notes 6(d), (t) and 7)	22,977	1	37,929	1
1200	Other receivables (note 6(e))	113	-	11	-
1210	Other receivables-related parties (notes 6(e) and 7)	47,933	1	4,818	-
130X	Inventories (note 6(f))	110,578	2	180,355	4
1410	Prepayments and other current assets	9,315	-	4,831	-
	Total current assets	1,417,717	28	1,458,170	31
	Non-current assets:				
1510	Financial assets at fair value through profit or loss－non-current (notes 6(b) and (n))	50	-	1,850	-
1550	Investments accounted for using equity method (note 6(g))	3,339,422	67	2,966,947	64
1600	Property, plant and equipment (notes 6(h), 7 and 8)	201,390	4	182,888	4
1755	Right-of-use assets (note 6(i))	6,768	-	8,039	-
1780	Intangible assets (note 6(k))	15,176	-	12,718	-
1840	Deferred tax assets (note 6(q))	28,188	1	27,587	1
1915	Prepayments for business facilities (note 6(j))	6,389	-	12,657	-
1990	Other non-current assets	350	-	5,221	-
	Total non-current other assets	3,597,733	72	3,217,907	69
	Total assets	$ 5,015,450	100	4,676,077	100

	Liabilities and Equity	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current liabilities:				
2100	Short-term borrowings (note 6(l))	$ 210,000	4	160,000	3
2150	Notes payable	189	-	194	-
2170	Accounts payable	46,659	1	81,681	2
2180	Accounts payable-related parties (note 7)	584,905	12	581,591	12
2200	Other payables (note 6(u))	123,170	3	126,139	3
2220	Other payables-related parties (note 7)	1,199	-	485	-
2230	Current tax liabilities	14,501	-	18,676	-
2280	Lease liabilities－current (note 6(o))	1,802	-	1,829	-
2300	Other current liabilities (note 6(t))	20,453	-	20,326	-
2322	Long-term borrowings, current portion (notes 6(m) and 8)	7,163	-	7,327	-
	Total current liabilities	1,010,041	20	998,248	20
	Non-Current liabilities:				
2530	Bonds payable (note 6(n))	488,756	10	482,559	11
2540	Long-term borrowings (notes 6(m) and 8)	93,518	2	41,639	1
2570	Deferred tax liabilities (note 6(q))	278,837	6	211,253	5
2580	Lease liabilities－non-current (note 6(o))	5,036	-	6,252	-
2640	Net defined benefit liability, non-current (note 6(p))	71,411	1	76,163	2
2650	Credit balance of investments accounted for using equity method (note 6(g))	2,506	-	2,075	-
	Total non-current liabilities	940,064	19	819,941	19
	Total liabilities	1,950,105	39	1,818,189	39
	Equity (notes 6(n), (p), (q) and (r)):				
3100	Ordinary shares	789,534	16	789,534	17
3200	Capital surplus	608,100	12	608,083	13
3300	Retained earnings	1,759,936	35	1,582,049	34
3400	Other equity	(92,225)	(2)	(121,778)	(3)
	Total equity	3,065,345	61	2,857,888	61
	Total liabilities and equity	$ 5,015,450	100	4,676,077	100

See accompanying notes to consolidated financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

CviLux Corporation

Statements of Comprehensive Income

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

		2022		2021	
		Amount	%	Amount	%
	Operating Revenues:				
4111	Sales revenue	2,450,631	102	2,629,740	102
4170	Less: Sales returns	(8,970)	-	(9,103)	-
4190	Sales discounts and allowances	(56,693)	(2)	(38,954)	(2)
	Operating revenue (notes 6(t) and 7)	2,384,968	100	2,581,683	100
5000	**Operating costs (notes 6(f), (h), (i), (k), (p), (u) and 7)**	(1,985,525)	(83)	(2,124,795)	(82)
	Gross profit from operations	399,443	17	456,888	18
	Operating expenses (notes 6(d), (h), (i), (k), (o), (p), (u) and 7):				
6100	Selling expenses	(145,917)	(6)	(134,815)	(5)
6200	Administrative expenses	(175,007)	(8)	(163,919)	(6)
6300	Research and development expenses	(24,893)	(1)	(19,169)	(1)
6450	Expected credit loss	-	-	(784)	-
	Total operating expenses	(345,817)	(15)	(318,687)	(12)
	Net operating income	53,626	2	138,201	6
	Non-operating income and expenses (notes 6(n), (o), (v) and 7):				
7100	Interest income	2,647	-	1,387	-
7010	Other income	175	-	303	-
7020	Other gains and losses	65,476	3	4,322	-
7060	Share of profit of subsidiaries and associates accounted for using equity method	310,815	13	295,682	11
7050	Finance costs	(9,457)	-	(7,148)	-
	Total non-operating income and expenses	369,656	16	294,546	11
	Income before tax	423,282	18	432,747	17
7950	Less: tax expenses (note 6(q))	91,773	4	94,132	4
	Net income	331,509	14	338,615	13
8300	**Other comprehensive income (notes 6(p), (q) and (r)):**				
8310	**Items that may not be reclassified subsequently to profit or loss**				
8311	Gains (losses) on remeasurements of defined benefit plans	5,356	-	(2,769)	-
8349	Income tax related to items that may not be reclassified to profit or loss	1,071	-	(554)	-
	Total items that may not be reclassified subsequently to profit or loss	4,285	-	(2,215)	-
8360	**Items that may be reclassified subsequently to profit or loss**				
8361	Exchange differences on translation of foreign financial statement	242	-	(54)	-
8380	Share of other comprehensive income of subsidiaries and associates accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	29,311	1	(30,840)	(1)
8399	Income tax related to items that may be reclassified to profit or loss	-	-	-	-
	Total items that may be reclassified to profit or loss	29,553	1	(30,894)	(1)
8300	**Other comprehensive income (loss)**	33,838	1	(33,109)	(1)
	Total comprehensive income	**$ 365,347**	**15**	**305,506**	**12**
	Earnings per share (expressed in New Taiwan Dollars) (note 6(s))				
9750	**Basic earnings per share**	**$ 4.20**		**4.29**	
9850	**Diluted earnings per share**	**$ 3.67**		**4.13**	

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

CviLux Corporation

Statements of Changes in Equity

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Other equity: Exchange differences on translation of foreign financial statements	Total equity
Balance at January 1, 2021	$ 789,534	564,317	379,441	127,305	849,438	1,356,184	(90,884)	2,619,151
Net income	-	-	-	-	338,615	338,615	-	338,615
Other comprehensive income	-	-	-	-	(2,215)	(2,215)	(30,894)	(33,109)
Total comprehensive income	-	-	-	-	336,400	336,400	(30,894)	305,506
Appropriation and distribution of retained earnings:								
Legal reserve	-	-	19,303	-	(19,303)	-	-	-
Cash dividends	-	-	-	-	(110,535)	(110,535)	-	(110,535)
Special reserve	-	-	-	(36,421)	36,421	-	-	-
Other changes in capital surplus:								
Conversion of convertible bonds	-	43,766	-	-	-	-	-	43,766
Balance at December 31, 2021	789,534	608,083	398,744	90,884	1,092,421	1,582,049	(121,778)	2,857,888
Net income	-	-	-	-	331,509	331,509	-	331,509
Other comprehensive income	-	-	-	-	4,285	4,285	29,553	33,838
Total comprehensive income	-	-	-	-	335,794	335,794	29,553	365,347
Appropriation and distribution of retained earnings:								
Legal reserve	-	-	33,640	-	(33,640)	-	-	-
Special reserve	-	-	-	30,894	(30,894)	-	-	-
Cash dividends	-	-	-	-	(157,907)	(157,907)	-	(157,907)
Other changes in capital surplus	-	17	-	-	-	-	-	17
Balance at December 31, 2022	**$ 789,534**	**608,100**	**432,384**	**121,778**	**1,205,774**	**1,759,936**	**(92,225)**	**3,065,345**

See accompanying notes to consolidated financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

CviLux Corporation

Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	2022	2021
Cash flows from (used in) operating activities:		
Income before tax	$ 423,282	432,747
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	10,637	11,052
Amortization expense	9,898	7,414
Expected credit loss	-	784
Net loss on financial assets at fair value through profit or loss	5,257	450
Interest expense	9,457	7,148
Interest income	(2,647)	(1,387)
Share of income of subsidiaries and associates accounted for using equity method	(310,815)	(295,682)
Loss on disposal of property, plant and equipment	206	(934)
Prepayments for business facilities and property, plant and equipment transferred to expenses	136	133
Total adjustments to reconcile profit	(277,871)	(271,022)
Changes in operating assets/ liabilities:		
Acquistion of financial assets at fair value through profit or loss	(7,299)	(6,567)
Proceeds from disposal of financial assets at fair value through profit or loss	5,134	674
Note and account receivables	188,909	(205,461)
Accounts receivable-related parties	14,952	(19,875)
Other receivables	4,074	2,003
Other receivables-related parties	(812)	9
Inventories	69,777	(21,962)
Prepaid expenses, other current assets and non-current assets	(4,289)	(4,077)
Total changes in operating assets	270,446	(255,256)
Changes in operating liabilities:		
Note and account payable	(35,027)	21,038
Accounts payable to related parties	3,314	69,488
Other payables	(768)	26,317
Other payables to related parties	390	(98)
Other current liabilities	127	704
Net defined benefit liability	604	812
Total changes in operating liabilities	(31,360)	118,261
Cash inflow generated from operations	384,497	24,730
Interest received	2,109	2,244
Dividends received	31,536	-
Interest paid	(3,241)	(5,663)
Income taxes paid	(30,036)	(38,410)
Net cash flows from (used in) operating activities	384,865	(17,099)
Cash flows from (used in) investing activities:		
Proceeds from disposal of financial assets at amortised cost	4,777	20,944
Acquisition of investments accounted for using equity method	(62,981)	-
Acquisition of property, plant and equipment	(24,185)	(21,110)
Proceeds from disposal of property, plant and equipment	5,556	22,310
Decrease in refundable deposits	500	473
Increase (decrease) in other receivables-related parties	(46,065)	46,338
Acquisition of intangible assets	(11,876)	(8,815)
Net cash inflows from business combination	-	43,319
Increase in prepayments for business facilities	(921)	(10,789)
Net cash flows from (used in) investing activities	(135,195)	92,670
Cash flows from (used in) financing activities:		
Increase in short-term loans	1,770,000	1,744,000
Decrease in short-term loans	(1,720,000)	(1,880,000)
Increase in short-term notes and bills payable	-	200,000
Decrease in short-term notes and bills payable	-	(250,000)
Proceeds from long-term borrowings	60,000	150,000
Repayments of long-term borrowings	(8,285)	(368,219)
Payment of lease liabilities	(1,942)	(1,593)
Cash dividends paid	(157,907)	(110,535)
Proceeds from issuing convertible bonds payable	-	523,772
Others	17	-
Net cash (used in) flows from financing activities	(58,117)	7,425
Net increase in cash and cash equivalents	191,553	82,996
Cash and cash equivalents at beginning of period	373,833	290,837
Cash and cash equivalents at end of period	**$ 565,386**	**373,833**

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)

CviLux Corporation

Notes to the Parent Company Only Financial Statements

For the years ended December 31, 2022 and 2021

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

(1) Company history

CviLux Corporation (the "Company") was incorporated on March 16, 1990 as a company limited by shares and registered under the Ministry of Economic Affairs (MOEA) of the Republic of China (R.O.C.). The address of Company's registered office is 9F., No.9, Ln. 3, Sec. 1, Zhongzheng E. Rd., Tamsui Dist., New Taipei City. The Company and its subsidiaries (the Company)'s major operating activities are the assembling, manufacture, processing, and trading of connectors used in the electronic industry, electrical machinery, communications, and computer equipment.

(2) Approval date and procedures of the financial statements

The financial statements were authorized for issue by the Board of Directors on March 22, 2023.

(3) New standards, amendments and interpretations adopted:

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2022:

- Amendments to IAS 16 "Property, Plant and Equipment－Proceeds before Intended Use"
- Amendments to IAS 37 "Onerous Contracts－Cost of Fulfilling a Contract"
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 "Reference to the Conceptual Framework"

(b) The impact of IFRS issued by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2023, would not have a significant impact on its financial statements:

- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Company, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance. The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.	January 1, 2024

The Company is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its financial position and financial performance. The results thereof will be disclosed when the Company completes its evaluation.

The Company does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its financial statements:

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 " Insurance Contracts" and amendments to IFRS 17 " Insurance Contracts"
- Amendments to IAS 1 "Non-current Liabilities with Covenants"
- Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 – Comparative Information "
- Amendments to IFRS16 "Requirements for Sale and Leaseback Transactions"

(4) Summary of significant accounting policies

The significant accounting policies presented in the financial statements are summarized below. The following accounting policies were applied consistently throughout the periods presented in the financial statements.

(a) Statement of compliance

These financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as "the Regulations").

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the financial statements have been prepared on a historical cost basis:

The defined benefit liabilities are measured at fair value of the plan assets less the present value of the defined benefit obligation.

(ii) Functional and presentation currency

The functional currency of each Company entity is determined based on the primary economic environment in which the entity operates. The financial statements are presented in New Taiwan Dollar (NTD), which is the Company's functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

(c) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Company entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Nonmonetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

- an investment in equity securities designated as at fair value through other comprehensive income;
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates of the reporting date. Except for highly inflationary economies, the income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interest. When the Company disposes of only part of investment in an associate of joint venture that includes a foreign operation while retaining significant or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(d) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

(i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is expected to be realized within twelve months after the reporting period; or

(iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

An entity shall classify a liability as current when:

(i) It is expected to be settled in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting date; or

(iv) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issuance of equity instruments that do not affect its classification.

(e) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting shortterm cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(f) Financial instruments

Account receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a account receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A account receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

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

On initial recognition, a financial asset is classified as financial assets at amortized cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

3) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, financial assets at amortized cost-current, account receivables and notes receivable, other receivables, guarantee deposit paid and other financial assets).

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following which is measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for notes and account receivables are always measured at an amount equal to lifetime ECL.

Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial instrument.

12-month ECL are the portion of ECL that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECL is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both qualitative and quantitative information and analysis based on the Company's historical experience and informed credit assessment as well as forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 180 days past due.

The Company considers a financial asset to be in default when the financial asset is more than one years past due or the debtor is unlikely to pay its credit obligations to the Company in full.

ECL are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECL are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is ‘credit-impaired'when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than one year past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Except for account receivable, the loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charge to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

4) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

2) Compound financial instruments

Compound financial instruments issued by the Company comprise convertible bonds denominated in NTD that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of compound financial instruments is initially recognized at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognized at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognized in profit or loss. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognized.

3) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or canceled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

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

4) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(g) Inventories

Inventories are measured at the lower of cost or net realizable value. The cost of inventories is calculated using the weighted-average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses

(h) Investment in associates

Associates are those entities in which the Company has significant influence, but not control or joint control, over their financial and operating policies. Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The financial statements include the Company's share of the profit or loss and other comprehensive income of those associates, after adjustments to align the accounting policies with those of the Company, from the date on which significant influence commences until the date on which significant influence ceases. The Company recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual proportionate share.

Gains and losses resulting from transactions between the Company and an associate are recognized only to the extent of unrelated Company's interests in the associate.

When the Company's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

(i) Investment in subsidiaries

When preparing the financial statements, investment in subsidiaries which are controlled by the Company is accounted for using the equity method. Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of profit or loss and other comprehensive income of the subsidiary as well as the distribution received. The Company also recognized its share in the changes in the equity of subsidiaries. In subsidiaries which are controlled by the Company is accounted for preparing the consolidated statement by each period.

Changes in a parent's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity.

(j) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

1) Buildings and structures: 5 to 55 years

2) Machinery and equipment: 2 to 10 years

3) Other equipment: 1 to 8 years

Depreciation methods, useful lives, and residual values are reviewed at each reporting date and adjusted if appropriate.

(k) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a leasee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate;
- there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or

- there is a change of its assessment on whether it will exercise a extension or termination option; or
- there is any lease modification

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

If an arrangement contains lease and non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of other equipment that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a practical expedient, the Company elects not to assess whether all rent concessions that meet all the following conditions are lease modifications or not:

- the rent concessions occurring as a direct consequence of the COVID-19 pandemic;
- the change in lease payments that resulted in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments that affects only those payments originally due on, or before, June 30, 2022; and
- there is no substantive change in other terms and conditions of the lease.

In accordance with the practical expedient, the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

(ii) As a lessor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Company applies IFRS15 to allocate the consideration in the contract.

The Company recognizes a finance lease receivable at an amount equal to its net investment in the lease. Initial direct costs, such as lessors to negotiate and arrange a lease, are included in the measurement of the net investment. The interest income is recognized over the lease term based on a pattern reflecting a constant periodic rate of return on the net investment in the lease. The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of ‘other income'.

(l) Intangible assets

(i) Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The intangible assets of the Company is trade marks and computer software, the estimated useful life was three to five years.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(m) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(n) Revenue recognition

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company's main types of revenue are explained below.

1) Sale of goods

The Company manufactures and sells electronic components. The Company recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

2) Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(ii) Contract costs

1) Incremental costs of obtaining a contract

The Company recognizes as an asset the incremental costs of obtaining a contract with a customer if the Company expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Company incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

The Company applies the practical expedient to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the entity otherwise would have recognized is one year or less.

2) Costs to fulfill a contract

If the costs incurred in fulfilling a contract with a customer are not within the scope of another standard (for example, IAS 2 Inventories, IAS 16 Property, Plant and Equipment or IAS 38 Intangible Assets), the Company recognizes an asset from the costs incurred to fulfill a contract only if those costs meet all of the following criteria:

- the costs relate directly to a contract or to an anticipated contract that the Company can specifically identify;
- the costs generate or enhance resources of the Company that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

General and administrative costs, costs of wasted materials, labor or other resources to fulfill the contract that was not reflected in the price of the contract, costs that relate to satisfied performance obligations (or partially satisfied performance obligations), and costs for which the Company cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations (or partially satisfied performance obligations), the Group recognizes these costs as expenses when incurred.

(o) Government grants

The Company recognizes an unconditional government grant in profit or loss as other income when the grant becomes receivable. Other government grants related to assets are initially recognized as reduction of assets at fair value if there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant; they are then recognized in profit or loss as reduction of depreciation on a systematic basis over the useful life of the asset. Grants that compensate the Company for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

(p) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(q) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS37.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

(i) temporary differences in the initial recognition of assets and liabilities in a transaction that is not a business combination and that affect neither accounting nor taxable profits (losses) at the time of the transaction;

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) The Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(r) Earnings per share

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as convertible bonds and employee compensation.

(s) Operating segment

The Company discloses the operating segment information in the consolidated financial statements. Therefore, the Company does not disclose the operating segment information in the parent company only financial statements.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty

The preparing of the financial statements in conformity with the Regulations requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows. Those assumptions and estimation have been updated to reflect the impact of COVID-19 pandemic:

(a) The loss allowance of account receivable

The Company has estimated the loss allowance of account receivables that is based on the risk of a default occurring and the rate of expected credit loss. The Company has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumptions to be used in calculating the impairments and the selected inputs. The relevant assumptions and input values, please refer to note 6(d).

(b) Evaluation of inventories

As inventories are stated at the lower of cost or net realizable value, the Company estimatesthe net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The valuation of the inventoy is mainly determined basing on the demand of products in the future. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Refer to note 6(f) for further description of the valuation of inventories.

(6) Explanation of significant accounts

(a) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash	$ 1,076	580
Demand deposits	533,600	373,253
Time deposits	30,710	-
	$ 565,386	**373,833**

Please refer to note 6(w) for credit risk and market risk information of the financial assets of the Company.

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

		December 31, 2022	December 31, 2021
Mandatorily measured at fair value through profit or loss－current:			
Non-derivative financial assets			
Funds	$	4,573	5,812
Foreign corporate bonds		10,744	10,608
Financial assets designated at fair value thorough profit or loss			
Preferred stock listed on foreign markets		513	702
	$	**15,830**	**17,122**
Mandatorily measured at fair value through profit or loss－non-current:			
convertible bounds with embedded derivatives	**$**	**50**	**1,850**

(i) The derivate financial instruments arising from the issuance of convertible bonds of the Company were stated in note 6(n).

(ii) For credit risk and market risk information, please refer to note 6(w).

(iii) The financial assets were not collateralized.

(c) Financial assets at amortized cost－current

		December 31, 2022	December 31, 2021
Restricted deposits－current	**$**	**30,204**	**34,981**

(i) Due to the Company's investment in the government projects that has yet to be completed and in accordance with the Management, Utilization, and Taxation of Repatriated Offshore Funds Act, the Company's restricted bank deposits shall not be diverted for other purposes except for the approved plans.

(ii) For credit risk, please refer to note note 6(w).

(d) Notes and accounts receivable

		December 31, 2022	December 31, 2021
Notes receivable	$	2,045	3,152
Accounts receivable		617,850	805,695
Accounts receivable－related parties		22,977	37,929
Subtotal		642,872	846,776
Less: loss allowance		(4,514)	(4,557)
	$	**638,358**	**842,219**

The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes and accounts receivables have been grouped based on shared credit risk characteristics and the days past due, as well as the incorporated forward looking information. The loss allowances for notes and accounts receivable of the Company were determined as follows:

	December 31, 2022		
	Gross carrying amount	**Weighted-average loss rate**	**Loss allowance provision**
Current	$ 626,929	0.09%	2,549
Overdue 1~30 days	13,847	3.77%~9.34%	711
Overdue 31~90 days	1,102	19.91%~84.98%	262
Overdue 91~180 days	91	97.69%	89
Overdue 181~365 days	156	100%	156
Overdue more than 366 days	747	100%	747
	$ 642,872		**4,514**

	December 31, 2021		
	Gross carrying amount	**Weighted-average loss rate**	**Loss allowance provision**
Current	$ 826,984	0.10%	2,149
Overdue 1~30 days	14,982	3.90%~9.97%	873
Overdue 31~90 days	4,056	18.92%~86.89%	783
Overdue 91~180 days	49	96.13%	47
Overdue 181~365 days	224	100%	224
Overdue more than 366 days	481	100%	481
	$ 846,776		**4,557**

The movements in the allowance for notes and accounts receivable were as follows:

	2022	**2021**
Beginning at January 1	$ 4,557	4,514
Impairment loss recognized	-	784
Amounts written off	(43)	(741)
Balance at December 31	**$ 4,514**	**4,557**

As of December 31, 2022 and 2021, the notes and accounts receivable were no pledged as collateral for borrowings.

(e) Other receivables

	December 31, 2022	December 31, 2021
Other receivables	$ 113	11
Other receivables－related parties	47,933	4,818
Subtotal	48,046	4,829
Less: loss allowance	-	-
	$ 48,046	**4,829**

As of December 31, 2022 and 2021, the other receivable were no overdue and no pledged as collateral for borrowings.

(f) Inventories

(i) The details of inventories were as follows:

	December 31, 2022	December 31, 2021
Finished goods	$ 6,847	12,399
Work in progress	1,143	2,670
Raw materials	122	88
Supplies	340	345
Merchandise	102,126	164,853
	$ 110,578	**180,355**

(ii) Except for cost of goods sold, the gains or losses which were recognized as operating cost were as follows:

	2022	2021
Losses on valuation of inventories	$ 15,130	9,550
Loss on obsolescence	5,044	3,558
Unallocated production overheads	5,363	9,399
Gains from disposal of scraps	(820)	(372)
Gains on inventory count	(21)	(27)
	$ 24,696	**22,108**

(iii) As of December 31, 2022 and 2021, the inventories were not pledged as collateral for borrowings.

(g) Investments accounted for using equity method (credit balance)

A summary of the Company's financial information for investments accounted for using the equity method (credit balance) at the reporting date is as follows:

	December 31, 2022	December 31, 2021
Subsidiaries	$ 3,339,422	2,966,947
Subsidiaries	$ (2,506)	(2,075)

Please refer to the consolidated financial statements for the year ended December 31, 2022.

The Company participated in the cash capital increase of Cvilux Korea Corp. and Cvicloud Corp. in the second and fourth quarters of 2022, with new investments of $5,981,000 and $57,000,000, respectively, according to its shareholding ratios in both companies.

(i) Pledge

As of December 31, 2022 and 2021, the Company did not provide any investment accounted for using equity method as collaterals for its loans.

(ii) Meger with subsidiaries

The Company merged with its subsidiary, Data System Consulting Co., Ltd. (hereinafter referred to as " CIC") based on a resolution approved during the board meeting held in December 2020. Thereafter, CIC became the dissolved entity, and the equity interest in CIC, which was formerly held in by CMI, became directly owned by the Company, with the carrying amounts of assets and liabilities of CIC on January 25, 2021, the record date of consolidation, were as follows:

	Amount
Cash and cash equivalents	$ 43,319
Prepayment	38
Investments accounted for using equity method	13,735
Other payables	(140)
Total identifiable net assests acquired	$ 56,952

(h) Property, plant and equipment

(i) The movements were as follows:

		Land	Building and structure	Machinery and equipment	Other equipment	Unfinished construction	Total
Cost or deemed cost:							
Balance at January 1, 2022	$	90,472	115,317	119,173	22,772	1,865	349,599
Additions		-	2,780	10,459	8,507	543	22,289
Reclassification		-	-	7,774	664	(1,865)	6,573
Disposals		-	-	(12,821)	(66)	-	(12,887)
Balance at December 31, 2022	**$**	**90,472**	**118,097**	**124,585**	**31,877**	**543**	**365,574**
Balance at January 1, 2021	$	90,472	115,189	133,551	22,659	2,056	363,927
Additions		-	128	17,520	674	1,865	20,187
Reclassification		-	-	1,923	-	(2,056)	(133)
Disposals		-	-	(33,821)	(561)	-	(34,382)
Balance at December 31, 2021	**$**	**90,472**	**115,317**	**119,173**	**22,772**	**1,865**	**349,599**
Depreciation:							
Balance at January 1, 2022	$	-	38,185	112,343	16,183	-	166,711
Depreciation		-	2,916	2,497	3,254	-	8,667
Disposals		-	-	(11,128)	(66)	-	(11,194)
Balance at December 31, 2022	**$**	**-**	**41,101**	**103,712**	**19,371**	**-**	**164,184**
Balance at January 1, 2021	$	-	34,164	121,147	13,875	-	169,186
Depreciation		-	4,021	2,679	2,724	-	9,424
Disposals		-	-	(11,483)	(416)	-	(11,899)
Balance at December 31, 2021	**$**	**-**	**38,185**	**112,343**	**16,183**	**-**	**166,711**
Carrying amounts:							
Balance at December 31, 2022	**$**	**90,472**	**76,996**	**20,873**	**12,506**	**543**	**201,390**
Balance at January 1, 2021	**$**	**90,472**	**81,025**	**12,404**	**8,784**	**2,056**	**194,741**
Balance at December 31, 2021	**$**	**90,472**	**77,132**	**6,830**	**6,589**	**1,865**	**182,888**

(ii) The property, plant and equipment of the Company had been pledged as collateral for long-term borrowings, please refer to note 8.

CviLux Corporation
Notes to the Parent Company Only Financial Statements

(i) Right-of-use assets

The movements were as follows:

		Building and structure	Vehicles	Total
Cost:				
Balance at January 1, 2022	$	9,501	488	9,989
Additions		699	-	699
Disposals		-	(488)	(488)
Balance at December 31, 2022	**$**	**10,200**	**-**	**10,200**
Balance at January 1, 2021	$	2,613	488	3,101
Additions		6,888	-	6,888
Balance at December 31, 2021	**$**	**9,501**	**488**	**9,989**
Accumulated depreciation:				
Balance at January 1, 2022	$	1,645	305	1,950
Depreciation		1,787	183	1,970
Disposals		-	(488)	(488)
Balance at December 31, 2022	**$**	**3,432**	**-**	**3,432**
Balance at January 1, 2021	$	261	61	322
Depreciation		1,384	244	1,628
Balance at December 31, 2021	**$**	**1,645**	**305**	**1,950**
Carrying amount:				
Balance at December 31, 2022	**$**	**6,768**	**-**	**6,768**
Balance at January 1, 2021	**$**	**2,352**	**427**	**2,779**
Balance at December 31, 2021	**$**	**7,856**	**183**	**8,039**

(j) Prepayment for business facility

The movements were as follows:

		2022	2021
Balance at January 1	$	12,657	1,868
Additions		921	10,789
Reclassification		(7,075)	-
Transferred to expense		(114)	-
Balance at December 31	**$**	**6,389**	**12,657**

(k) Intangible assets

(i) The movements were as follows:

	Trademarks	Computer software	Total
Costs:			
Beginning balance at January 1, 2022	$ 640	44,334	44,974
Additions	-	11,876	11,876
Disposals	-	(322)	(322)
Reclassification	-	480	480
Balance as of December 31, 2022	**$ 640**	**56,368**	**57,008**
Beginning balance at January 1, 2021	$ 640	38,116	38,756
Additions	-	8,815	8,815
Disposals	-	(2,597)	(2,597)
Balance at December 31, 2021	**$ 640**	**44,334**	**44,974**
Amortization and impairment loss:			
Beginning balance at January 1, 2022	$ 465	31,791	32,256
Amortization	58	9,840	9,898
Disposals	-	(322)	(322)
Balance at December 31, 2022	**$ 523**	**41,309**	**41,832**
Beginning balance at January 1, 2021	$ 407	27,032	27,439
Amortization	58	7,356	7,414
Disposals	-	(2,597)	(2,597)
Balance at December 31, 2021	**$ 465**	**31,791**	**32,256**
Carrying amounts:			
Balance at December 31, 2022	**$ 117**	**15,059**	**15,176**
Balance at January 1, 2021	**$ 233**	**11,084**	**11,317**
Balance at December 31, 2021	**$ 175**	**12,543**	**12,718**

(ii) The intangible assets were not pledged as collateral for borrowing.

(l) Short-term borrowings

	December 31, 2022	December 31, 2021
Unsecured bank loans (currency: NTD)	**$ 210,000**	**160,000**
Unused short-term credit lines	**$ 689,600**	**919,600**
Range of interest rates	**1.6765%~2.1%**	**0.79%~1.10%**

There were no pledge as collateral for short-term borrowings.

(m) Long-term borrowings

	December 31, 2022	December 31, 2021
Secured long-term borrowing (currency: NTD)	$ 100,681	48,966
Less: Current portion	(7,163)	(7,327)
Total	**$ 93,518**	**41,639**
Unused long-term credit lines	**$ 120,000**	**60,000**
Range of interst rate	**1.48%~2.120%**	**0.93%~1.49%**
Maturity year	**116/8/27**	**116/8/27**

(i) As of December 31, 2022, the remaining balances of the borrowing due were as follows:

Year due	Amount
112.1.1~112.12.31	$ 7,163
113.1.1~113.12.31	7,317
114.1.1~114.12.31	67,473
115.1.1~115.12.31	7,633
116.1.1~116.12.31	7,797
117.1.1~and after	3,298
	$ 100,681

(ii) Pledge for loan

The collateral for these long term borrowings, please refer to note 8.

(n) Bonds payable

The details of bonds payable were as follows:

	December 31, 2022	December 31, 2021
Total convertible corporate bonds issued	$ 500,000	500,000
Unamortized discounted corporate bonds payable	(11,244)	(17,441)
Repayment of bonds payable	-	-
Corporate bonds issued balance at year-end	488,756	482,559
Less: Current portion	-	-
	$ 488,756	**482,559**
Embedded derivative instruments－call rights (included in non-current financial assets at fair value through profit or loss)	**$ 50**	**1,850**
Equity components–conversion options (included in capital surplus–share options)	**$ 43,766**	**43,766**

	2022	2021
Embedded derivative instruments call rights, (included net losses in financial assets at fair value through profit or loss)	$ (1,800)	850
Interest expenses	$ 6,197	1,553

On October 21, 2021, the Company issued the fourth unsecured domestic convertible bonds amounting to $500,000,000, with major terms as follows:

(i) Coupon rate: 0%.

(ii) Maturity date: three years (with the maturity date on October 21, 2024)

(iii) Method of repayment: Except for early redemption, sale and conversion, the Company should repay its convertible bonds in cash upon maturity.

(iv) Redemption method: The Company may redeem its bonds from a creditor if it meets one of the following criteria:

1) If the closing price of the Company's ordinary shares listed on the Taipei Exchange exceeded 30% of the conversion price for 30 consecutive business days within the period between 3 months after the date of issuance and 40 days before the maturity date, the Company may redeem its entire convertible bonds outstanding at par value in cash.

2) Upon creditor's request to convert the bonds, if the total amount of unconverted bonds for the period is less than 10% of the total amount of the bonds issued for the period between 3 months after the issuance of convertible bonds and 40 days before the maturity date, the Company may redeem the bonds at par value in cash.

(v) Terms of conversion

1) After 3 months from the date of issue, the holders of the above-mentioned convertible bonds may convert their bonds into ordinary shares in accordance with the conversion method stipulated by the Company.

2) Pricing of convertible bonds:

Although the conversion price at the time of issuance was $42.2, the conversion price may be adjusted according to the formula prescribed in the conversion method in the event of a change in the Company's ordinary shares or a re-issuance of the conversion rights of the ordinary shares at a conversion price below the current price per share after the corporate bonds have been issued.

(o) Lease liabilities

The carrying amounts of lease liabilities were as follows:

	December 31, 2022	December 31, 2021
Current	$ 1,802	1,829
Non-current	$ 5,036	6,252

For the maturity analysis, please refer to note 6(w).

The amounts recognized in profit or loss were as follows:

	2022	2021
Interest expense on lease liabilities (recorded under finance costs)	$ 86	81
Expenses relating to short-term leases	$ -	5
Expenses relating to leases of low-value assets	$ 48	48

The amounts recognized in the statement of cash flows by the Company were as follows:

	2022	2021
Total cash outflow for leases	$ 2,076	1,727

(i) Buildings leases

The Company leases buildings for its office space and retail stores. The leases of office space and retail stores typically run for a period of 5 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

(ii) Other leases

The Company leases vehicles, with lease terms of two to three years. In some cases, the Company has options to purchase the assets at the end of the contract term.

The Company also leases other equipment with contract terms of two years. These leases are short-term and leases of low-value items. The Company has elected not to recognize right-of-use assets and lease liabilities for these leases.

(p) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value were as follows:

		December 31, 2022	December 31, 2021
Present value of the defined benefit obligations	$	95,536	97,147
Fair value of plan assets		(24,125)	(20,984)
Net defined benefit liabilities	**$**	**71,411**	**76,163**

The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service.

1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

As of December 31, 2022, the balance of the employee pension reserve account with Bank of Taiwan amounted to $17,767 thousand and the balance of pension account for executive officers amounted to $6,358 thousand. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

		2022	2021
Defined benefit obligations at January 1	$	97,147	92,402
Current Service costs and interst cost		2,575	2,727
Remeasurements gain		(4,186)	2,900
Benefits paid		-	(882)
Defined benefit obligations at December 31	**$**	**95,536**	**97,147**

3) Movements of defined benefit plan assets

		2022	2021
Fair value of plan assets at January 1	$	20,984	19,819
Expected return on plan assets		131	126
Remeasurements gain			
-Return on plan assets excluding interest income		1,170	131
Contributions paid by the employer		1,840	1,790
Benefits paid		-	(882)
Fair value of plan assets at December 31	**$**	**24,125**	**20,984**

4) Movements of the effect of the asset ceiling

For the years ended December 31, 2022 and 2021, there were no movements in the effect of plan assets ceiling.

5) Expenses recognized in profit or loss

		2022	2021
Current service costs	$	2,034	2,211
Net interest of net liabilities for defined benefit obligations		541	516
Expected return on plan assets		(131)	(126)
	$	**2,444**	**2,601**

		2021	2021
Operating costs	$	244	260
Selling expenses		2,200	2,341
	$	**2,444**	**2,601**

6) The remeasurement of the not defined benefit liabilities recognized in other comprehensive income.

		2022	2021
Balance at January 1	$	(30,373)	(27,604)
Recognized during the period		5,356	(2,769)
Balance at December 31	**$**	**(25,017)**	**(30,373)**

7) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	December 31, 2022	December 31, 2021
Discount rate	1.750 %	0.625 %
Future salary rate increase	3.000 %	3.000 %

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date of 2022 is $1,798 thousand.

The weighted-average lifetime of the defined benefits plans for the year ended December 31, 2022 is 12.49 years.

8) Sensitivity analysis

When calculating the present value of the defined benefit obligations, the Company uses judgments and estimations to determine the actuarial assumptions for each measurement date, including discount rates and future salary changes. Any changes in the actuarial assumptions may significantly influence the amount of the defined benefit obligations.

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Impact on defined benefit obligations	
	Increased 0.25%	Decreased 0.25%
December 31, 2022		
Discount rate	(1,576)	1,640
Future salary increasing rate	1,578	(1,534)
December 31, 2021		
Discount rate	(1,912)	1,978
Future salary increasing rate	1,887	(1,839)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2022 and 2021.

(ii) Defined contribution plans

The Company allocate 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension cost incurred from the contributions to the Bureau of the Labor Insurance amounted to $6,284 thousand and $6,066 thousand for the years ended December 31, 2022 and 2021, respectively.

(q) Income taxes

(i) The components were as follows:

		2022	2021
Current tax expenses			
Current period	$	(20,973)	(29,519)
Adjustment for prior periods		(4,888)	659
		(25,861)	(28,860)
Deferred tax expense			
Origination and reversal of temporary differences		(65,912)	(65,272)
Income tax expenses	**$**	**(91,773)**	**(94,132)**

The amounts of income tax recognized in other comprehensive income were as follows:

		2022	2021
Remeasurement from defined benefit plans	**$**	**(1,071)**	**554**

Reconciliation of income tax expense and income before tax were as follows.

		2022	2021
Income before tax	**$**	**423,282**	**432,747**
Income tax using the Company's domestic tax rate	$	(84,656)	(86,550)
Gain (loss) on domestic investments		7,657	(8,046)
Additional tax on unappropriated earnings		(3,391)	-
Adjustment for perior periods		(4,888)	659
Non-deductible expense		(927)	(232)
Others		(5,568)	37
	$	**(91,773)**	**(94,132)**

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets and liabilities

The consolidated entity is able to control the timing of the reversal of the temporary differences associated with investments in subsidiaries. Also, management considers it probable that the temporary differences will not reverse in the foreseeable future. Hence, such temporary differences are not recognized under deferred tax liabilities. Details are as follows:

		December 31, 2022	December 31, 2021
Unrecognized deferred tax liabilities:			
Aggregate amount of temporary differences related to investments in subsidiaries	$	**282,816**	**289,124**

2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities were as follows:

		Defined Benefit Plan	Deferred Losses	Allowance for obsolete inventories	Others	Total
Deferred tax assets:						
Balance at January 1, 2022	$	15,233	5,305	6,903	146	27,587
Recognized in profit or loss		152	(2,209)	3,026	703	1,672
Recognized in other comprehensive income		(1,071)	-	-	-	(1,071)
Balance at December 31, 2022	$	**14,314**	**3,096**	**9,929**	**849**	**28,188**
Balance at January 1, 2021	$	14,517	4,462	4,993	163	24,135
Recognized in profit or loss		162	843	1,910	(17)	2,898
Recognized in other comprehensive income		554	-	-	-	554
Balance at December 31, 2021	$	**15,233**	**5,305**	**6,903**	**146**	**27,587**

		Gain on investment	Others	Total
Deferred tax liabilities:				
Balance at January 1, 2022	$	209,545	1,708	211,253
Recognized in profit or loss		60,360	7,224	67,584
Balance at December 31, 2022	$	**269,905**	**8,932**	**278,837**
Balance at January 1, 2021	$	141,519	1,564	143,083
Recognized in profit or loss		68,026	144	68,170
Balance at January 1, 2021	$	**209,545**	**1,708**	**211,253**

(iii) Assessment

The Company's income tax returns for all years through 2020 were assessed by the tax authorities.

(r) Capital and other equity

(i) Ordinary shares

As of December 31, 2022 and 2021, the Company's authorized share capital consisted of $1,000,000 thousand shares of ordinary shares, with par value of $10 per share, and the paid-in capital amounted to both $789,534 thousand, of which 78,953 thousands shares, where issued. All issued shares were paid up upon issuance.

(ii) Capital surplus

	December 31, 2022	December 31, 2021
Cash subscription in excess of par value of shares	$ 1,336	1,336
Additional paid-in capital from bond conversion	558,321	558,321
Stock options	43,766	43,766
Difference between actual acquiring or disposing subsidiary's equity and carrying amount	4,660	4,660
Other	17	-
	$ 608,100	608,083

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(iii) Retained earnings

The Company's articles of incorporation stipulate that the Company's net earnings should first be used to offset the prior years'deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve. In addition, special reserve shall be appropriated according to related regulations, and then any remaining profit together with any distributable earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the shareholders' meeting for approval.

In accordance with the provisions of the preceding Article, Item 5 of Article 240 and Item 1 of Article 241 of the Company Act in June 2022, the distributable dividends and bonuses, in whole or in part, may be paid in cash after a resolution has been adopted by a majority vote at a board meeting attended by two thirds of the total number of directors; thereafter, to be reported at the shareholders' meeting.

According to the Company's dividend policy, taking into account the future capital and investment requirement, foreign and domestic competition, as well as shareholders' interests, the profit sharing for shareholders shall not be lower than 15% of the total distributable dividends for the year.

Dividends for shareholders may be distributed in stocks or cash, however the cash dividends shall not be less than 10% of the total dividends.

1) Legal reserve

According to the Company Act, a company should provide 10% of its after tax net profit as Legal reserve until it is equal to its capital. If a company has no accumulated deficit, it may, pursuant to a resolution approved by the stockholders, distribute its legal reserve by issuing new shares or distributing cash for the portion in excess of 25% of the share capital.

2) Special reserve

A portion of current period earnings and undistributed prior period earnings shall be reclassified as a special reserve during earnings distribution. The amount to be reclassified should be equal to the current period's total net reduction of other shareholders equity. Similarly, a portion of undistributed prior period earnings shall be reclassified as a special reserve (which does not qualify for earnings distribution) to account for cumulative changes to other shareholders equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders equity shall qualify for additional distributions.

3) Earnings distribution

Earnings distribution for 2021 and 2020 was decided by the resolution adopted, at the general meeting of shareholders held on June 23, 2022 and August 5, 2021, respectively. The relevant dividend distributions to shareholders were as follows:

	2021		2020	
	Amount per share (in dollar)	**Total amount**	**Amount per share (in dollar)**	**Total amount**
Dividends distributed to ordinary shareholders				
Cash	$ 2.00	$ 157,907	1.14	110,535

On March 22, 2023, the Company's Board of Derectors resolved to appropriate the 2022 earnings. These earnings were appropriated as follows:

	2022	
	Amount per share (in dollar)	**Total amount**
Dividends distributed to ordinary shareholders		
Cash	$ 2.00	$ 157,907

(iv) Other comprehensive income accumulated in reserves, net of tax

	Exchange differences on translation of foreign financial statements
Beginning balance at January 1, 2022	$ (121,778)
Exchange differences on translation of foreign financial statements	242
Exchange differences on associates accounted for using equity method	29,311
Balance at December 31, 2022	$ (92,225)

	Exchange differences on translation of foreign financial statements
Balance at January 1, 2021	$ (90,884)
Exchange differences on translation of foreign financial statements	(54)
Exchange differences on associates accounted for using equity method	(30,840)
Balance at December 31, 2021	$ (121,778)

(s) Earnings per share ("EPS")

(i) Basic EPS

	2022	2021
Profit attributable to ordinary shareholders of the Company	$ 331,509	338,615
Weighted average number of ordinary shares outstanding during the period (thousand shares)	$ 78,953	78,953
Basic earnings per share (in dollars)	$ 4.20	4.29

(ii) Diluted EPS

	2022	2021
Profit attributable to ordinary shareholders of Company	$ 331,509	338,615
Interest expense and other gains and losses on convertible bonds, net of tax	6,398	562
Profit attributable to ordinary shareholders of Company (after adjusting the effect of potentially dilutive ordinary shares)	**$ 337,907**	**339,177**
Weighted-average number of ordinary shares (in thousands shares)	78,953	78,953
Effect of potentially dilutive ordinary shares:		
Employee remuneration (in thousand shares)	1,270	800
Convertible bonds (thousand shares)	11,848	2,338
Weighted-average number of ordinary shares (after adjusting the effect of potentially dilutive ordinary shares) (in thousand shares)	**92,071**	**82,091**
Diluted earnings per share (in dollars)	**$ 3.67**	**4.13**

(t) Revenue from contracts with customers

(i) Disaggregation of revenue

	Electronics components	
	2022	2021
Primary geographical markets:		
Asia	$ 1,662,146	1,794,897
Europe	592,615	618,915
Others	130,207	167,871
	$ 2,384,968	**2,581,683**

(ii) Contract balance

	December 31, 2022	December 31, 2021	January 1, 2021
Notes and accounts receivable (including related parties)	$ 642,872	846,776	622,181
Less: loss allowance	(4,514)	(4,557)	(4,514)
Total	**$ 638,358**	**842,219**	**617,667**
Contract liabilities (be included in other non-current liabilities)	**$ 4,437**	**4,068**	**2,768**

For details on notes and accounts receivable (including related parties) and allowance for impairment, please refer to note 6(d).

The amount of revenue recognized for the year that was included in the contract liability balance at the beginning of the period were as follows:

	2022	2021
Revenue recognized	$ 3,607	2,507

(u) Remuneration to employees and directors

In accordance with the articles of incorporation the Company should contribute 5%~12% of the profit as employees' remuneration and less than 3% as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions. The company allocate the remuneration to directors in cash.

The Company estimated its employee remuneration and directors' and supervisors' remuneration based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses during 2022 and 2021. The differences between the actual distributed amounts as determined by the Board of Directors and those recognized in the financial statements, if any, shall be accounted for as changes in accounting estimates and recognized in profit or loss in the following year.The numbers of shares to be distributed were calculated based on the closing price of the Company's ordinary shares, one day before the date of the meeting of Board of Directors.

The Company's estimated is as follows:

	2022	2021
Employees’ remuneration	$ 34,143	34,907
Directors’ remuneration	10,290	10,520
	$ 44,433	45,427

There was no difference between the actual distributed amounts as determined by the Board of Directors and those recognized in the Company's parent-company-only financial statements of the years ended December 31, 2022 and 2021. The related information can be found on Market Observation Post System website.

(v) Non-operating income and expenses

(i) Interest income

	2022	2021
Interest income from bank deposits	$ 1,288	332
Other interest income	1,359	1,055
	$ 2,647	1,387

(ii) Other income

	2022	2021
Rent income	$ 175	303

(iii) Other gains and losses

	2022	2021
Foreign exchange gain (losses)	$ 57,233	(14,104)
Gain (losses) on disposals of property, plant and equipment	(206)	934
Losses on financial assets at fair value through profit or loss	(5,257)	(450)
Consultant income	16,466	12,766
Government grants income	396	4,500
Others	(3,156)	676
	$ 65,476	4,322

(iv) Finance costs

	2022	2021
Interest expense on bank borrowings and bonds	$ (9,371)	(7,067)
Interest expense on lease liabilities	(86)	(81)
	$ (9,457)	(7,148)

(w) Financial instruments

(i) Credit risk

1) Credit risk exposure

As at reporting date, the Company's exposure to credit and the maximum exposure were mainly from:

- The carrying amount of financial assets recognized in the consolidated balance sheet; and
- As of December 31, 2022 and 2021, the financial guarantees, provided by the Company to its, directly or indirectly, fully owned subsidiaries, amounted to $262,436 thousand and $213,568 thousand, respectively.

2) Concentration of credit risk

Accounts receivable were due from many customers and regional distributions were decentralized. Therefore, there was no concentration of credit risk. In order to reduce the credit risk of accounts receivable, the Company continually evaluates each customer's financial situation. However, the Company does not require its customers to provide collaterals.

3) Credit risk of receivables

For credit risk exposure of notes and accounts receivable, please refer to note 6(d).

Financial assets at amortized cost includes other receivables and restricted deposits. Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(f). All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses.

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying amount	Contractual cash flows	Within 1 year	1-2 years	2-5 years	Over 5 years
December 31, 2022						
Non-derivative financial liabilities						
Short-term borrowings	$ 210,000	211,495	211,495	-	-	-
Notes and accounts payable, other payable (including related parties) and lease liabilities	757,960	758,258	753,056	1,914	3,288	-
Long-term borrowings (including current portion)	100,681	105,616	8,845	8,847	84,609	3,315
Bonds payable	488,756	500,000	-	-	500,000	-
	$ 1,557,397	**1,575,369**	**973,396**	**10,761**	**587,897**	**3,315**
December 31, 2021						
Non-derivative financial liabilities						
Short-term borrowings	$ 160,000	160,155	160,155	-	-	-
Notes and accounts payable, other payable (including related parties) and lease liabilities	793,171	795,429	788,908	1,784	4,440	297
Long-term borrowings (including current portion)	48,966	51,373	8,006	8,006	24,019	11,342
Bonds payable	482,559	500,000	-	-	500,000	-
	$ 1,484,696	**1,506,957**	**957,069**	**9,790**	**528,459**	**11,639**

The Company does not expect that the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iii) Currency risk

1) Exposure to currency risk

The Company's significant exposure to foreign currency risk was as follows:

	December 31, 2022			December 31, 2021		
	Foreign currency (in thousands)	Exchange rate	NTD	Foreign currency (in thousands)	Exchange rate	NTD
Financial assets						
Monetary items						
USD	$ 30,505	30.71	936,809	36,472	27.68	1,009,559
CNY	15,235	4.4080	67,156	9,067	4.344	39,385
HKD	1,599	3.9380	6,297	2,349	3.549	8,336
EUR	2,772	32.7200	90,700	3,351	31.320	104,962
JPY	7,370	0.2320	1,701	7,112	0.241	1,711
Non-monetary items						
USD	-	-	-	212	27.68	5,869
Financial liabilities						
Monetary items						
USD	18,803	30.71	577,440	22,494	27.68	622,629
HKD	694	3.9380	2,733	619	3.549	2,198
Non-monetary items						
KRW	45,671	0.02450	1,121	88,307	0.0235	2,075
USD	45	30.710	1,385	-	-	-

2) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, financial assets at fair value, financial assets at amortized cost, borrowing, accounts payable and other payables that are denominated in foreign currency. A strengthening (weakening) 5 % of the NTD against the USD, CNY, HKD, EUR, JPY, as of December 31, 2022 and 2021 would have increased (decreased) the net income before tax by $26,125 thousand and $26,956 thousand, respectively. The analysis is performed on the same basis for 2021.

3) Foreign exchange gains and losses on monetary items

Since the Company has many kinds of functional currency, the information on foreign exchange gains (losses) (including realized and unrealized portions) on monetary items were disclosed by total amounts:

	2022	2021
Foreign exchange gains (losses)	$ 57,233	(14,104)

(iv) Interest rate risk

Please refer to the notes on liquidity risk management and interest rate exposure of the Company's financial assets and liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 0.5% when reporting to management internally, which also represents the Company management's assessment of the reasonably possible interest rate change.

The interest rate risk is mainly due to the Company's borrowing at variable rates and fair value throught profit or loss at fixed-interest rate. If the interest rate increased (decreased) by 0.5% with all other variable factors remaining constant on the reporting date, the Company's profit loss before tax would increased (decreased) as follows:

	Impact on income (loss) before tax	
	Increase by 0.5%	**Decreases by 0.5%**
December 31, 2022	$ (3,975)	3,975
December 31, 2021	$ (3,441)	3,441

(v) Other market price risk

For the years ended December 31, 2022 and 2021, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

	2022		2021	
Price of securities at the reporting date	**Other Comprehensive Income after tax**	**Net income**	**Other Comprehensive Income after tax**	**Net income**
increase 5%	$ -	183	-	232
decrease 5%	$ -	(183)	-	(232)

(vi) Fair value of financial instruments

1) Fair value hierarchy

The fair value of financial assets at fair value through profit or loss is measured on a recurring basis. The carrying amount and fair value of the Company's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and the investments in equity instrument that are not quoted in an active market and can not reliably measure at fair value, disclosure of fair value information is not required:

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	December 31, 2022				
	Book value	Fair value			
		Level 1	Level 2	Level 3	Total
Non-derivative financial assets mandatorily measured at fair value through profit or loss:					
Foreign corporate bonds	$ 10,744	-	10,744	-	10,744
Funds	4,573	4,573	-	-	4,573
Derivative financial assets mandatorily measured at fair value through profit or loss	50	-	50	-	50
Designated at fair value through profit or loss:					
Preferred stock listed on foreign markets	513	-	513	-	513
Subtotal	**$ 15,880**	**4,573**	**11,307**	**-**	**15,880**
Financial assets measured at amortized cost:					
Cash and cash equivalents	$ 565,386	-	-	-	-
Restricted deposits (current)	30,204	-	-	-	-
Notes and account receivable and other receivables (including related parties)	686,404	-	-	-	-
Guarantee deposits paid	350	-	-	-	-
Subtotal	**$ 1,282,344**	**-**	**-**	**-**	**-**
Financial liabilities measured at amortized cost:					
Bank borrowing (Short and long-term)	$ 310,681	-	-	-	-
The liability component of convertible bonds payable	488,756	-	-	-	-
Notes and account payable, other payables (including related parties) and lease liabilities	757,960	-	-	-	-
Subtotal	**$ 1,557,397**	**-**	**-**	**-**	**-**

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	December 31, 2021				
	Book value	Fair value			
		Level 1	Level 2	Level 3	Total
Non-derivative financial assets mandatorily measured at fair value through profit or loss:					
Foreign corporate bonds	$ 10,608	-	10,608	-	10,608
Funds	5,812	5,812	-	-	5,812
Derivative financial assets mandatorily measured at fair value through profit or loss	1,850	-	1,850	-	1,850
Designated at fair value through profit or loss:					
Preferred stock listed on foreign markets	702	-	702	-	702
Subtotal	**$ 18,972**	**5,812**	**13,160**	**-**	**18,972**
Financial assets measured at amortized cost:					
Cash and cash equivalents	$ 373,833	-	-	-	-
Restricted deposits (current)	34,981	-	-	-	-
Notes and account receivable and other receivables (including related parties)	847,048	-	-	-	-
Guarantee deposits paid	850	-	-	-	-
Subtotal	**$ 1,256,712**	**-**	**-**	**-**	**-**
Financial liabilities measured at amortized cost:					
Bank borrowing (Short and long-term)	$ 208,966	-	-	-	-
The liability component of convertible bonds payable	482,559	-	-	-	-
Notes and account payable, other payables (including related parties) and lease liabilities	793,171	-	-	-	-
Subtotal	**$ 1,484,696**	**-**	**-**	**-**	**-**

2) Valuation techniques for financial instruments measured at fair value

Non-derivative financial instrument is regarded as being quoted in active market if quoted prices are readily as the fair value.

3) Transfer between Level 1 and Level 2

There were no transfers from Level 2 to Level 1 in 2022 and 2021.

4) Reconciliation of Level 3: None.

(x) Financial risk management

(i) Overview

The Company has exposures to the following risks from its financial instruments:

1) Credit risk

2) Liquidity risk

3) Market risk

The following likewise discusses the Company's objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying consolidated financial statements.

(ii) Structure of risk management

The Company's Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Company's inter-department management and committee, which consists of managers from all departments, is responsible for monitoring the Company's risk management policies and reports regularly to the Board of Directors on its activities.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The inter-department management and committee are reviewed regularly to reflect change in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Board of Directors and Audit Committee oversee how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risk faced by the Company. The Company's Board of Directors and Audit Committee are assisted in its oversight role by the Internal Audit. The Internal Audit undertakes both regular and adhoc review of risk management controls and procedures, the results of which are reported to the Board of Directors and Audit Committee.

(iii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to financial instruments fails to meet its contractual obligations and arises principally from the Company's notes and accounts receivable from the customers and bank deposits.

1) Accounts receivable and other receivable

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. In accordance with the Company's policy for providing loans to others, the Company must analyze an individual customer's credit rating before granting payment terms and credit lines. For a customer rated as high risk, future transactions with that customer shall require an advance payment. Credit limited is offered to each customer as the limit of transaction and is reviewed regularly.

With a broad customer base, the Company's transactions are not concentrated within one single customer, and its sales market are spread in different regions; therefore, there is no concentration of credit risk. Also, the Company mitigates its exposure by regularly evaluating its customers' financial position, taking into account the possibility of collectable accounts receivable and making provision for bad debts, which are within management's expectations.

2) Investments

The exposure to credit risk for the bank deposits is measured and monitored by the Company's finance department.The Company only deals with banks, other external parties, corporate organizations, government agencies and financial institutions with good credit rating. The Company does not expect any counterparty above fails to meet its obligations hence there is no significant credit risk arising from these counterparties.

3) Guarantees

According to the Company's policy, the Company can only provide financial guarantees to an entity, wherein the Company owns 50% of its shares and has business transactions within. As of December 31, 2022 and 2021, the Company has provided guarantees for subsidiaries wherein 100% equity interest was directly or indirectly owned by the Company.

(iv) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company manages sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Company's management supervised the banking facilities and ensures compliance with the terms of the loan agreements.

The loan was an important source of liquidity for the Company. As of December 31, 2022 and 2021, the Company had unused credit facilities for short-term and long-term loans as follows:

	December 31, 2022	December 31, 2021
Unused bank credit lines	$ 809,600	979,600

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, which will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Company entities, primarily the NTD. The currencies used in these transactions are the NTD, EUR, USD, HKD, JPY and RMB. This provides an economic hedge without derivatives being entered into, and therefore, hedge accounting is not applied it these circumstances.

2) Interest rate risk

The Company has borrowed funds at fixed and variable interest rates, wherein the Company is exposed to risks associated with fair value change and cash flow. The Company manages its interest rate risk by maintaining a proper components of fixed interest rate and floating interest rate. Additionally, the Company's short-term loans bear interest at floating rates. The effective rate varies depending on the market interest rate, thereby fluctuating the Company's future cash flow.

3) Other market price risk

The Company is exposed to equity price risk due to the investments in equity securities. This is held for trading. The management of the Company minimizes the risk by holding different investment portfolios. The Company's exposure to equity price risk is mainly due to the equity financial instruments in Taiwan.

(y) Capital management

The Board of Directors' policy is to maintain a strong capital base to ensure the confidence of investors, creditors, and the market and to sustain future development of the business.

The Company's debt-to-equity ratio at the reporting date was as follows:

	December 31, 2022	December 31, 2021
Total liabilities	$ 1,950,105	1,818,189
Less: cash and cash equivalents	(565,386)	(373,833)
Net liabilities	**$ 1,384,719**	**1,444,356**
Total equity	**$ 3,065,345**	**2,857,888**
Debt-to-equity ratio	**45.17 %**	**50.54 %**

As of December 31, 2022, there were no changes in the Company's approach to capital management.

(z) Financing activities not affecting current cash flow

(i) For right-of-use assets under leases, please refer to note 6(i).

(ii) Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2022	Cash flows	Non-cash changes	December 31, 2022
Lease liabilities (current and non-current)	**$ 8,081**	**(1,942)**	**699**	**6,838**

	January 1, 2021	Cash flows	Non-cash changes	December 31, 2021
Lease liabilities (current and non-current)	**$ 2,786**	**(1,593)**	**6,888**	**8,081**

(7) Related-party transactions

(a) Names and relationship with the Company

Name of related party	Relationship with the Company
CONTEC (B.V.I.) Corporation (CONTEC)	Subsidiary
Data System Consulting Co., Ltd. Data (CIC)	Subsidiary (note)
Cvilux USA Corporation (CUC)	Subsidiary
Cvilux Korea Corporation (CKC)	Subsidiary
Cvicloud Corporation (CTT)	Subsidiary
CviMall International Corporation (CMI)	Subsidiary
HICON (B.V.I.) Corporation (HICON)	Sub-subsidiary
Cvilux (B.V.I.) Corporation (CBC)	Sub-subsidiary
Cvilux Lao Co., Ltd. (CLC)	Sub-subsidiary
CviLux Technology (Suzhou) Co.,Ltd. (HBC)	Sub-subsidiary

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Name of related party	Relationship with the Company
Dongguan Qunhan Electronics Co., Ltd. (DQH)	Sub-subsidiary
CviLux Electronics (Dongguan) Co., Ltd. (CED)	Sub-subsidiary
CviLux Technology (Chongqing) Corporation (CQC)	Sub-subsidiary
CviLux Technology (Shenzhen) Corporation (CTS)	Sub-subsidiary
CviCloud Ltd. (CTH)	Sub-subsidiary
CviCloud (SZ) Ltd. (CTA)	Sub-subsidiary (Note 1)
Anhui Cvilux Technology Co.,Ltd. (AHC)	Sub-subsidiary
Shanghai Han Duo Trading co., Ltd. (SHC)	Sub-subsidiary
Allsor Technology Corporation (Allsor)	The entity's chairman is the second immediate family member of the chairman of the Company
CviLux Opro9 EUROPE B.V.	The entity's chairman is the second immediate family member of the chairman of the Company
CviLux SDN BHD	The entity's chairman is the second immediate family member of the chairman of the Company
Tvsoga Co., Ltd.	The entity's chairman is the second immediate family member of the chairman of the Company

Note: In January 2021, the Company merged with CIC, wherein CIC became the dissolved entity thereafter, and the equity interest in CMI, which was formerly held by CIC, became directly owned by the Company.

Note 1: CTT acquired the equity interest of CTA from CTH at the amount of $2,359 thousand in March 2021.

(b) Significant transactions with related parties

(i) Sales

The amounts of significant sales and outstanding balance by the Company to related parties were as follows:

	2022	2021
Subsidiary	$ 61,543	82,109
Other related parties	7,304	5,953
	$ 68,847	**88,062**

Items	Type of related party	December 31, 2022	December 31, 2021
Accounts receivable	Subsidiary	$ 20,816	35,971
Accounts receivable	Other related parties	2,161	1,958
		$ 22,977	**37,929**

Except for the payables to, and receivables from, related parties, which had been offset against each other, the payment terms are the same as those of the arm's length transactions.

(ii) Purchases

The amounts of significant purchases and outstanding balances by the Company from related parties were as follows:

	2022	2021
Subsidiary-HBC	$ 554,467	742,147
Subsidiary-CED	729,429	720,010
Subsidiary-CQC	181,656	181,280
Subsidiary-DQH	214,862	226,742
Subsidiary-Others	36,971	7,706
	$ 1,717,385	**1,877,885**

Items	Type of related party	December 31, 2022	December 31, 2021
Accounts payable	Subsidiary-CED	$ 203,425	191,324
Accounts payable	Subsidiary-HBC	188,265	187,204
Accounts payable	Subsidiary-CBC	74,507	92,507
Accounts payable	Subsidiary-DQH	46,259	58,567
Accounts payable	Subsidiary-CQC	54,908	49,217
Accounts payable	Subsidiary-Others	17,541	2,772
		$ 584,905	**581,591**

Since the items purchased from related parties are not the same with those of other vendors, the purchase price could not be compared. The additional payment terms, which are not significantly different from those offered by other vendors, are offset against the receivables from related parties.

(iii) Leases

The Company's rent income from related parties (included in other income) and the outstanding balances were as follows:

	2022	2021
Rent income-Subsidiary-CTT	$ 36	36
Rent income-Subsidiary-CMI	36	36
Rent income-Other related parties-Allsor	36	36
Rent income-Subsidiary-CIC	-	3
	$ 108	**111**

Items	Type of related party	December 31, 2022	December 31, 2021
Other receivables-related parties	Subsidiary	$ -	13
Other receivables-related parties	Other related parties	3	3
		$ 3	**16**

(iv) Consultant income

The Company provided services to its subsidiaries, including human resources wherein the revenues are recognized as consultant income under other gains and losses. The transaction amount and outstanding balance were listed as follows:

	2022	2021
Subsidiary-HBC	$ 5,603	5,766
Subsidiary-CED	3,449	3,515
Subsidiary-DQH	3,462	1,235
Subsidiary-CQC	1,962	1,742
Subsidiary-CLC	1,235	508
Subsidiary-Others	755	-
	$ 16,466	**12,766**

Items	Type of related party	December 31, 2022	December 31, 2021
Other receivables-related parties	Subsidiary	**$ 729**	**-**

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(v) Property transactions

1) Equipment is sold to related parties of the Company and outstanding balance were as follows:

	2022	2021
Subsidiary－CED－Sale price	$ -	22,363
Subsidiary－DQH－Sale price	-	754
Subsidiary－CMI－Sale price	-	12
Subsidiary－CLC－Sale price	1,246	-
	$ 1,246	**23,129**
Subsidiary－CED－Gain (loss) on sales	$ -	641
Subsidiary－DQH－Gain (loss) on sales	-	25
Subsidiary－CMI－Gain (loss) on sales	-	(1)
Subsidiary－CLC－Gain (loss) on sales	34	-
	$ 34	**665**

Items	Type of related party	December 31, 2022	December 31, 2021
Other receivables-related parties	Subsidiary-CED	**$ -**	**4,300**

2) Equipment is purchased from related parties of the Company and outstanding balance were as follows:

	2022	2021
Subsidiary－CED－Purchase price	$ -	27
Subsidiary－CTT－Purchase price	-	70
Subsidiary－HBC－Purchase price	1,123	-
Subsidiary－DQH－Purchase price	253	-
Subsidiary－CMI－Purchase price	189	-
	$ 1,565	**97**

Items	Type of related party	December 31, 2022	December 31, 2021
Other payables-related parties	Subsidiary-CED	$ -	27
Other payables-related parties	Subsidiary-CTT	-	70
Other payables-related parties	Subsidiary-DQH	232	-
Other payables-related parties	Subsidiary-CMI	189	-
		$ 421	**97**

(vi) Loans to related parties

Loans to related parties and outstanding balance were listed as follows:

	December 31, 2022	December 31, 2021
Subsidiary-CLC	$ 46,065	-

Interest income from the Company's loans to related parties (included in interest income) and the outstanding balances were as follows:

Interest income：

	December 31, 2022	December 31, 2021
Subsidiary-CTS	$ -	178
Subsidiary-CLC	537	235
	$ 537	413

Items	Type of related party	December 31, 2022	December 31, 2021
Other receivables-related parties	Subsidiary-CLC	$ 538	-

The interest rates of the Company's unsecured loans to related parties were between 2% and 4%, wherein the Company assessed not to recognize any impairment loss.

(vii) Guarantees and endorsements

As of December 31, 2021 and 2020, the endorsements provided by the Company to its subsidiaries amounted to $262,436 thousand and $213,568 thousand, where the actual amounts of $68,388 thousand and $119,415 thousand, respectively, had been used.

(viii) Advances to related parties and advances from related parties

Receivables and payables arising from payments made by the Company and related parties on behalf of each other for transactions were as follows:

Items	Type of related party	December 31, 2022	December 31, 2021
Other receivables-related parties	Subsidiary	$ 598	502

Items	Type of related party	December 31, 2022	December 31, 2021
Other payables-related parties	Subsidiary	$ 778	388

(ix) Other receivables from related parties and other payables to related parties were listed as follows:

	Items	December 31, 2022	December 31, 2021
Other receivables:			
	Other receivables－rent	$ 3	16
	Other receivables－equipment	-	4,300
	Other receivables－consultant income	729	-
	Other receivables－loans	46,065	-
	Other receivables－interest	538	-
	Other receivables－others	598	502
		$ 47,933	**4,818**
Other payables:			
	Other payables－equipment	421	97
	Other payables－others	778	388
		$ 1,199	**485**

(c) Key management personnel compensation

	2022	2021
Short-term employee benefits	$ 38,974	38,280
Post-employment benefits	2,079	1,980
	$ 41,053	**40,260**

(8) Pledged assets

The carrying values of assets pledged as security were as follows:

Pledged assets	Object	December 31, 2022	December 31, 2021
Land	Long-term borrowings	$ 66,819	66,819
Building and structure	〃	44,753	46,017
		$ 111,572	**112,836**

(9) Commitments and contingencies

The agreements purchases of the equipment and Intangible assets was as follows:

	December 31, 2022	December 31, 2021
Total contract price	$ 13,241	15,131
Unexecuted amount	$ 4,476	5,791

(10) Losses due to major disasters: None

(11) Subsequent events: None.

(12) Other

(a) A summary of employee benefits, depreciation, and amortization, by function, is as follows:

By function / By item	2022			2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	15,747	174,377	190,124	22,295	160,934	183,229
Labor and health insurance	1,699	12,682	14,381	2,151	12,328	14,479
Pension	1,028	7,700	8,728	1,208	7,459	8,667
Remuneration of directors	-	12,444	12,444	-	12,827	12,827
Others	1,440	7,706	9,146	1,322	7,789	9,111
Depreciation	3,523	7,114	10,637	2,832	8,220	11,052
Amortization	77	9,821	9,898	89	7,325	7,414

As of December 31, 2022 and 2021, the additional information for employee numbers and employee benefits were as follows:

	2022	2021
Employees number	184	184
Directors number without serving concurrently as employees	3	3
Average employee benefit	$ 1,229	1,191
Average employee salary	$ 1,050	1,012
Average adjustment rate of employee salaries	3.75 %	15.26 %
Supervisor's remuneration	$ -	-

Directors: Directors (including independent directors) are entitled to remuneration for the performance of their duties, irrespective of the Company's profits or losses; directors' remuneration shall be determined by the board of directors in accordance with the value of their participation in, and contribution to, the operation of the Company, with reference to the industry levels.

Managers and employees: Their remunerations, which comprise their basic salaries, meal allowances and fringe benefits based on their job positions, shall be determined according to their educational background, work experience, individual performance, the " Regulations Governing Management of Salaries and Wages" , the" Regulations Governing Distribution of Employee Remuneration" , as well as the performance of the Company.

(b) In October 2016, the owner of the Company was prosecuted by the New Taipei District Prosecutors Office for violating the Securities and Exchange Act, by selling LED CHIPS between the second quarters of 2014 and 2015. In November 2019, the owner of the Company was acquitted by the New Taipei District Prosecutors Office. However, in February 2020, the prosecutor filed an appeal regarding the above case to the Taiwan High Court, who sentenced the owner of the Company to a prison term of 1 year and 10 months, in which the owner of the Company disagreed with such decision; hence, filed an appeal to the Supreme Court. It also has hired a lawyer to deal with the court proceedings. The above case did not have any material impact on the financial and business operation of the Company.

(13)Other disclosures

(a)Information on significant transactions

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Company for the year ended December 31, 2022:

i. Loan to other parties:

Unit:USD in thousand/NTD in thousand)

Number	Name of lender	Name of borrower	Account name	Highest balance of financing to other parties during the period (Note 3)	Ending balance (Note 3)	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 1)	Transaction amount for business between two parties	Reasons for short-term financing	Loss allowance	Collateral		Individual funding loan limits (Note 2)	Maximum limit of fund financing (Note 2)
												Item	Value		
0	The Company	CTA	Other receivables - related parties	9,012 (RMB2,000)	- -	-	4%	2	-	Operating Captial	-	None	-	306,534	613,069
0	The Company	CMI	Other receivables - related parties	20,000 (NTD20,000)	20,000 (NTD20,000)	-	2%	2	-	Operating Captial	-	None	-	306,534	613,069
0	The Company	CviLux Korea	Other receivables - related parties	3,071 (USD100)	3,071 (USD100)	-	2%	2	-	Operating Captial	-	None	-	306,534	613,069
0	The Company	Cvilux Lao	Other receivables - related parties	76,775 (RMB2,500)	76,775 (USD2,500)	46,065 (USD1,500)	2%	2	-	Operating Captial	-	None	-	306,534	613,069

Note1：Purposes of fund financing for the borrower as follows:

(1)For entries the Company has business transactions with.

(2)For entries with short-term financing needs.

Note2：For entities with short-term financing needs, the total amount available for financing shall not exceed 20% of the Company's net worth. Any individual entity shall not exceed 10% of the Company's net worth.

Note3：The maximum balance and ending balance of the fund loans are converted into New Taiwan Dollars at the exchange rate at the end of each month, with the approval of the board.

ii. Guarantees and endorsements for other partie:

Number	Endorsement/ Guarantee Provider	Counter - party of guarantee and endorsement		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note 3)	Maximum Balance for the Period (Note 3)	Ending Balance (Note 2)	Amount Actually Drawn	Amount of Endorsement / Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Maximum amount for guarantees and endorsements (Note 3)	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
		Name	Relationship with the company (Note 1)										
0	The Company	CTT	Note 1	Net worth*30% 919,603	130,000	130,000	10,000	-	4.24 %	1,532,672	Y	N	N
0	The Company	CTA	Note 1	Net worth*30% 919,603	18,479	18,029	-	-	0.59 %	1,532,672	Y	N	Y
0	The Company	CED	Note 1	Net worth*30% 919,603	33,767	32,987	-	-	1.08 %	1,532,672	Y	N	Y
0	The Company	CMI	Note 1	Net worth*30% 919,603	20,000	20,000	20,000	-	0.65 %	1,532,672	Y	N	N
0	The Company	Cvilux Lao	Note 1	Net worth*30% 919,603	64,430	61,420	38,388	-	2.00 %	1,532,672	Y	N	N

Note 1：A subsidiary fully owned by the guarantor.
Note 2：The ending balance of guarantees and endorsements are converted into NTD at the exchange rate at the end of each month, with the approval of the board.
Note 3：The amount available for financing purposes for any individual entity shall not exceed 30% of the Company's net worth; and for other entity, the amount available for financing purposes shall not exceed 30% of the Company's net worth, and the total amount shall not exceed 50% of the Company's net worth.

CVILUX CORPORATION
Notes to the Parent Company Only Financial Statements

iii.Securities held as of December 31, 2022 (excluding investment in subsidiaries, associates and joint ventures):

Unit:Shares/Units

Name of investee	Marketable Security Type and Name	Relationship with the company	Financial Statement Account	December 31,2022				Note
				Shares/Units	Book value	Percentage of Owership	Fair value	
CCT	D4507 Credit Suisse(RMB) Bonds	None	Financial assest at fair value through profit or loss-curreny	1,000,000	3,805	-	3,805	
〃	ETY5 Credit Suisse(RMB) Bonds	〃	〃	1,000,000	3,783	-	3,783	
〃	CTL 6 1/2 Preferred stock	〃	〃	1,000	513	-	513	
〃	BT100145 AT&T Bonds	〃	〃	50,000	1,029	-	1,029	
〃	Allianz Global Investors Income and Growth Fund(RMB)	〃	〃	44,149	1,522	-	1,522	
〃	Allianz Global Investors Income and Growth Fund(RMB)	〃	〃	22,383	772	-	772	
〃	Allianz Global Investors Income and Growth Fund(RMB)	〃	〃	43,910	1,513	-	1,513	
〃	Allianz Global Investors Income and Growth Fund(RMB)	〃	〃	22,215	766	-	766	
〃	GS 3.8 05/05/25 Bonds	〃	〃	500,000	2,127	-	2,127	
HBC	China Life Lnsurance Company Limited Sotck	〃	〃	5,700	933	-	933	
〃	Northeast Securities CO., LTD Sotck	〃	〃	10,000	287	-	287	
〃	Goldmantis Sotck	〃	〃	5,000	107	-	107	
〃	Fujian Longking Co.,Ltd. Stock	〃	〃	44,600	2,880	-	2,880	
〃	Suntak Technology Co., LTD Convertible bonds	〃	〃	10	4	-	4	
〃	Shengyi Electronics Co.,Ltd stock	〃	〃	500	20	-	20	
CQC	Fujian Longking Co.,Ltd. Stock	〃	〃	20,000	1,292	-	1,292	
〃	Goldmantis Sotck	〃	〃	10,000	214	-	214	
〃	China Minsheng Banking Stock	〃	〃	20,000	304	-	304	
〃	E Fund CSI Bio-Tech Them ETF	〃	〃	320,100	841	-	841	
〃	Vats liquor chain store management joint management joint stock co.,Ltd Stock	〃	〃	7,000	952	-	952	
					23,664		23,664	

iv. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NTD300 million or 20% of the capital stock: None.
v. Acquisition of individual real estate with amount exceeding the lower of NTD300 million or 20% of the capital stock: None.
vi. Disposal of individual real estate with amount exceeding the lower of NTD300 million or 20% of the capital stock: None.

CVILUX CORPORATION
Notes to the Parent Company Only Financial Statements

. Related-party transactions for purchases and sales with amounts exceeding the lower of NTD100 million or 20% of the capital stock:

Name of company	Related party	Nature of relationship (Note1)	Transaction details				Transactions with terms different from others		Notes/ Trade receivables (payables)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/trade receivables (payables)	
CED	The Company	1	Sale	729,429	71%	60 days	-	no comparators	203,425	73%	〃
The Company	CED	1	Purchase	729,429	39%	〃	-	no significant difference	(203,425)	32%	〃
HBC	The Company	1	Sale	554,467	59%	〃	-	no comparators	188,265	66%	〃
The Company	HBC	1	Purchase	554,467	30%	〃	-	no significant difference	(188,265)	30%	〃
DQH	The Company	1	Sale	214,862	41%	〃	-	no comparators	46,259	41%	〃
The Company	DQH	1	Purchase	214,862	11%	〃	-	no significant difference	(46,259)	7%	〃
CQC	The Company	1	Sale	181,656	35%	〃	-	no comparators	54,908	35%	〃
The Company	CQC	1	Purchase	181,656	10%	〃	-	no significant difference	(54,908)	9%	〃

Note 1: Relationship with the company is as follows:
1) Parent company to subsidiary 1
2) Subsidiary to subsidiary

CVILUX CORPORATION
Notes to the Parent Company Only Financial Statements

viii. Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of capital

Name of company	Related party	Nature of relationship	Ending balance	Turnover days	Overdue		Amounts received in subsequent period	Loss allowance
					Amount	Action taken		
CED	The Company	Parent company	203,425	-			155,070	-
HBC	The Company	Parent company	188,265	-			126,490	-

ix. Trading in derivative instruments: Please refer to note 6 (b).

(b) Information on investees:

The following is the information on investees for the year ended December 31, 2022 (excluding information on investees in Mainland China):

Unit:USD in thousand/NTD in thousand

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Highest balance during the year			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2022	December 31, 2021	Shares/Units	Percentage of ownership	Carrying value			
The Company	CONTEC	British Virgin Islands	Holding Company	481,884 (USD15,266)	481,884 (USD15,266)	15,265,948	100%	3,295,437	345,860	356,904	Note
The Company	Cvilux USA	United States	Sale of connectors, cable assemblies	30,669 (USD1,000)	30,669 (USD1,000)	100,000	100%	(1,385)	(7,706)	(7,706)	Note
The Company	Cvilux Korea	Korea	Sale of connectors, cable assemblies	8,820 (USD300)	2,839 (USD92)	35,000	100%	(1,121)	(4,817)	(4,817)	Note
The Company	CTT	Taiwan	Integration services for IoT, hardware and software system	187,000	130,000	11,514,800	100%	42,140	(26,778)	(26,778)	Note
The Company	CMI	Taiwan	Development and sale of e-commerce and cosmetics	56,245	56,245	2,999,900	100%	1,845	(6,788)	(6,788)	Note
CONTEC	HICON	British Virgin Islands	Holding Company	328,341 (USD10,370)	328,341 (USD10,370)	10,370,000	100%	1,912,876	122,910	122,910	Note
CONTEC	Cvilux (B.V.I.)	British Virgin Islands	Holding Company	342,813 (USD11,262)	342,813 (USD11,262)	11,102,371	100%	1,372,624	220,445	220,445	Note
Cvilux (B.V.I.)	CTH	Hong Kong	Holding Company	98,609 (USD3,232)	98,609 (USD3,232)	-	100%	0	4,532	4,532	Note
HBC	Cvilux Lao	Lao	Manufacture and sale of connectors, cable assemblies	149,313 (USD5,000)	149,313 (USD5,000)	-	92.59%	80	(46,248)	(42,821)	Note

CVILUX CORPORATION
Notes to the Parent Company Only Financial Statements

(c) Information on investment in mainland China:

The following is the information on investees in Mainland China for the year 2022:

Unit:NTD in thousand/USD,RMB,HKD in dollar)

Name of investee	Main businesses and products	Total amount of capital surplus (Note 5)		Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2022		Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2022		Net income (losses) of the investee	Investment income (losses) (Notes 3)	Book value (Note 3)	Accumulated remittance of earnings in current period	Note
							Outflow	Inflow							
Cvilux Dongguan Changping Electronic Plant	Manufacture and sale of connectors	-	-	Note 1	USD 460,000	15,244	-	-	USD 460,000	15,244	-	-	-	-	Note
HBC	Manufacture and sale of connectors, cable assemblies	USD 6,620,000	217,775	Note 2-1	USD 6,620,000	217,775	-	-	USD 6,620,000	217,775	90,781	90,781	1,543,454	214,994	Note
DQH	Manufacture and sale of connectors, cable assemblies	HKD 25,590,000	105,194	Note 2-1	USD77,400 CNY 1,458,724 HKD 23,058,801	104,231	-	-	USD77,400 CNY 1,458,724 HKD 23,058,801	104,231	84,357	84,357	202,378	13,706	Note
CED	Manufacture and sale of connectors, cable assemblies, electronic modules	USD 9,000,000	264,623	Note 2-1	USD 3,123,530	92,747	-	-	USD 3,123,530	92,747	106,269	106,269	774,767	-	Note
CQC	Manufacture and sale of connectors, cable assemblies	USD 8,750,000	272,335	Note 2-1	USD 2,000,000	58,380	-	-	USD 2,000,000	58,380	82,725	82,725	766,864	115,175	Note
CTS	Sale of connectors, cable assemblies	HKD 2,000,000	7,784	Note 2-1	-	-	-	-	-	-	44,253	44,253	260,618	-	Note
CTA	Integration services for IoT, hardware and software systemt	USD 1,890,000	55,014	Note 2-1	USD 1,000,000	28,110	-	-	USD 1,000,000	28,110	(613)	(613)	10,895	-	Note
AHC	Manufacture and sale of connectors, cable assemblies	CNY 10,000,000	46,170	Note 2-1	-	-	-	-	-	-	2,408	2,408	40,164	-	Note
HRT	Development and sales of e-commerce and cosmetics	USD 200,000	6,110	Note 2-2	USD 200,000	6,110	-	-	USD 200,000	6,110	(134)	(134)	3,292	-	Note
Shenzhen Recon Health care Cloud Techco., Ltd.	Manufacture and sale of medical care products	CNY 4,210,000	18,191	Note 2-1	-	-	-	-	-	-	(20,671)	(8,839)	(7,719)	-	

ii. Limitation on investment in Mainland China:

Unit:NTD in thousand/USD,RMB,HKD in dollar

Accumulated Investment in Mainland China as of December 31, 2022 (Note 4)	Investment Amounts Authorized by Investment Commission, MOEA (Note 6)	Upper Limit on Investment (Note 7)
522,597 (USD 13,480,930、CNY 1,458,724 and HKD 23,058,801)	735,591 (USD 20,178,600、CNY 1,458,724 and HKD 27,800,000)	1,839,210

Note 1: Since Cvilux Dongguan Changping Electronic Plant, a plant established by Cvilux (B.V.I.) in Mainland China who engaged in processing materials provided by customers in accordance with the agreement, is not one of the Group's subsidiaries, it is not deemed as an "investment" as defined in Articles 4 and 6 of the "Regulations Governing the Approval of Investment or Technical Cooperation in Mainland China" by the Investment Commission. Therefore, the above information only discloses the name of the plant and its principal business activities.

Note 2: 1.The Company indirectly invested in the company in Mainland China through a third region.
2.The Company indirectly invested in the company in Mainland China through Taiwan region.

Note 3: The amount consist of invesment gain or loss and carrying values as of December 31, 2021, recognized by the Company which indirectly invested through a third region.

Note 4: The investment in Mainland China was recorded at the exchange rates prevailing at the transaction date. The equity in the earnings (losses) was translated into NTD at the average rates prevailing at the transaction date.

Note 5: In addition to the accumulated investment in Mainland China, the paid-in capital included the asset valuation and capital surplus transferred to common stock.

Note 6: In addition to the accumulated investment in Mainland China, the investment amounts authorized by the Investment Commission, MOEA included the asset valuation and capital surplus transferred to common stock, with the exchange rate of USD：NTD = 1：30.71；HKD：NTD = 1：3.938；CNY：NTD = 1：4.408 on December 31, 2022.

Note 7: The investment amount should not exceed 60% of the net worth of the Company or the Group.

iii. Significant transactions

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions".

(d) Major shareholders

Shareholding / Shareholder's Name	Shares	Percentage
Yangtek Corporation	5,796,149	7.34%

Note : The information on major shareholders, which is provided by the Taiwan Depository & Clearing Corporation, summarized the shareholders who held over 5% of the total non physical common stocks and preferred stocks (including treasury stocks) on the last business date of each quarter. The registered non physical stocks may be different from the capital stocks disclosed in the financial statement due to different calculations basis.

(14)Segment information

Please refer to the consolidated financial statements for the year ended December 31, 2022.

CviLux Corporation

Statement of cash and cash equivalents

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount
Cash on hand		$ 1,076
Demand deposits		133,477
Demand deposits-foreign	(USD9,778,659.33、HKD896,778.35、JPY7,269,691.00、EUR839,806.76 and CNY15,227,659.08)	400,123
Time deposits	(USD1,000,000, Due date on 2023.01.08, annual interest rate is 4.23%)	30,710
		$ 565,386

The ending rates of foreign deposits are as follows:

USD：NTD＝1：30.71

HKD：NTD＝1：3.938

JPY：NTD＝1：0.232

EUR：NTD＝1：32.72

RMB：NTD＝1：4.408

Statement of financial assets measured at amortized cost - current

Item	Description	Amount
Restricted deposits	Repatriated funds from abroad	**$ 30,204**

CviLux Corporation

Statement of notes receivable

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Company A	$ 924
Company B	293
Company C	292
Company D	234
Company E	103
Others (each amount was less than 5%)	199
	$ 2,045

Statement of accounts receivable

Item	Amount
Company G	$ 98,476
Company H	93,659
Company I	70,727
Company J	60,288
Company K	32,063
Others (each amount was less than 5%)	262,637
	617,850
Less: loss allowance	(4,514)
	$ 613,336

CviLux Corporation

Statement of other receivables

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount
Other receivables	Interest receivable	$ 113

Statement of inventories

Item	Amount Book value (Note)	Amount Net realizable value
Finished goods	$ 6,847	8,766
Work in progress	1,143	1,143
Raw materials	122	219
Supplies	340	403
Merchandise	102,126	149,695
Total	$ **110,578**	**160,226**

Note: The amounts includeds the allowance to reduce inventory to market and obsolescence.

CviLux Corporation

Statement of prepayments and other current assets

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount
Input Tax		$ 3,715
Prepaid expenses	Prepaid project fees and other prepaid expense	2,379
Prepayments to suppliers		3,221
		$ 9,315

Statement of other non-current assets

Item	Description	Amount
Tax refund receivables	Enterprise tax refund receivable	$ 4,177
Loss allowance-tax refund receivable		(4,177)
Guarantee deposits paid	Guarantee deposits of paid building rent	350
		$ 350

CviLux Corporation

Statement of changes in investments accounted for using the equity method

For the year ended December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Name of investee	Beginning Balance		Increase		Decrease		Investment income (loss)	Other	Exchange differences on translation of foreign financial statements	Ending balance			Collateral or pledge
	Amount	Shares	Amount	Shares	Amount	Shares				Shares	Percentage of ownership	Amount	
Investments accounted for using the equity method:													
CONTEC (B.V.I.) Corp.	$ 2,940,758	15,266	-	-	(31,536)	-	356,904	231	29,080	15,266	100.00 %	3,295,437	None
CviCloud Corp.	11,735	13,000	57,000	5,700	-	7,185	(26,778)	-	183	11,515	100.00 %	42,140	None
CviMall International Corp.	8,585	3,000	-	-	-	-	(6,788)	-	48	3,000	100.00 %	1,845	None
	2,961,078		57,000		(31,536)		323,338	231	29,311			3,339,422	
Credit balance of investments accounted for using the equity method:													
Cvilux USA CORPORATION	5,869	-	-	-	-	-	(7,706)	-	452	-	100.00 %	(1,385)	None
CVILUX KOREA CO., LTD.	(2,075)	-	5,981	-	-	-	(4,817)	-	(210)	-	100.00 %	(1,121)	None
Total	**$ 2,964,872**		**62,981**		**(31,536)**		**310,815**	**231**	**29,553**			**(2,506)**	

CviLux Corporation

Statement of short-term borrowings

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Lender	Item	Ending balance	Range of annual interest rate	Due date	Financing credit lines	Collateral or pledge
Mega Bank	Credit loan	$ 50,000	1.725 %	2023.05.23	50,000	None
Citi Bank	〃	30,000	1.700 %	2023.03.30	159,600	〃
First Bank	〃	50,000	2.100 %	2023.02.24	50,000	〃
The Export-Import Bank of the Republic of China	〃	80,000	1.6765 %	2023.08.25~2023.10.06	100,000	〃
		$ 210,000				

Statement of accounts payable

Item	Amount
Company L	$ 11,063
Company M	8,556
Company N	4,016
Company O	3,090
Company P	2,703
Others (each amount was less than 5%)	17,231
	$ 46,659

CviLux Corporation

Statement of other payables

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Saliaries, bonuses and pensions payable	$ 39,552
Payable on employees' remuneration	34,143
Payable on ditectors' remuneration	10,290
Other payables	39,185
Total	**$ 123,170**

Statement of other current liabilities

Item	Description	Amount
Contract liabilities-Current	Advance receipt	$ 4,437
Receipts under custody	Receipts under custody of mold	16,009
Other advance receipt	Parking rental	7
		$ 20,453

CviLux Corporation

Statement of long-term borrowings and long-term borrowings current portion

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Lender	Amount: Current amount expired within one year	Amount: Non current amount expired after one year	Period	Range of annual interest rate	Collateral or pledge (Book value)	
Hua Nan Bank	$ 7,163	33,518	2012/8/27~2027/8/27	2.12%	Building and structure	35,074 thousand
					Land	50,277 thousand
Esunbank	-	60,000	2022/4/1~2023/4/1	1.48%	Building and structure	9,679 thousand
					Land	16,542 thousand
Total	$ 7,163	93,518				

Statement of bonds payable

Item	Issued date	Issued amount	Ending balance	Unamortized discounted	Book value	Note
The fourth unsecured domestic convertible bonds	2021.10	$ 500,000	500,000	11,244	488,756	

CviLux Corporation

Statement of operating revenue

For the year ended December 31, 2022

Item	Quantity	Amount
Connector	1,056,999,562 PCS	$ 1,780,596
Cable assemblies	114,888,075 PCS	603,859
IoT	1,000 PCS	500
Electronic components	5,020 PCS	13
		$ 2,384,968

CviLux Corporation

Statement of operating costs

For the year ended December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Item		Amount
Raw materials		
Beginning balance of raw materials	$	97
Add: purchases		4,531
Less: ending balance of raw materials		(219)
Transferred to work in process inventory		(123)
Transferred to expenses		(52)
Raw materials used		4,234
Supplies		
Beginning balance of supplies		396
Add: purchases		2,134
Gains on inventory count		28
Less: ending balance of supplies		(403)
Transferred to expenses		(170)
Disposal of supplies		(16)
Cost of sales of supplies		(21)
Supplies used		1,948
Direct labor		8,527
Manufacturing overhead		17,769
Processing expenses		9,550
Manufacturing cost		42,028
Add: beginning balance of work in process		2,670
Transferred from Raw materials		123
Transferred from merchandise and finished goods		92,297
Less: ending balance of work in process		(1,143)
Transferred to merchandise		(38,933)
Unallocated production overheads		(5,363)
Cost of work in process		91,679
Add: beginning balance of finished goods		13,067
Purchase		7,655
Gains on inventory count		4
Return materials		88
Less: ending balance of finished goods		(8,766)
Transferred to work in process		(22,126)
Disposal of finished goods		(333)
Cost of sales of finished goods		81,268
Beginning balance of merchandise		198,642
Add: purchase		1,867,024
Transferred from work in process		38,933
Less: ending balance of merchandise		(149,695)
Transferred to work in process		(70,171)
Disposal of merchandise		(4,695)
Losses on inventory count		(11)
Transferred to expenses		(619)
Cost of sales of merchandise		1,879,408
Add: Sales of raw materials		21
Loss of inventory disposal		5,044
Loss on valuation of inventories and obsolescence		15,130
Gains on inventory counts		(21)
Unallocated production overheads		5,363
Scrap income		(820)
Others		132
Total operating cost	$	**1,985,525**

CviLux Corporation

Statement of operating expenses

For the year ended December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Item		Selling expenses	Administrative expenses	Research and development expenses
Salary and wages expense	$	56,277	113,805	16,739
Export expenses		49,582	-	-
Insurance expenses		4,451	7,198	1,598
Commissions expenses		10,237	-	-
Others (each amount was less than 5%)		25,370	54,004	6,556
	$	**145,917**	**175,007**	**24,893**

Other

Item	Description
Statement of financial assets at fair value through profit or loss-current	Disclosed in note 6(b)
Statement of accounts receivable－related parties	Disclosed in note 7
Statement of other receivables－related parties	Disclosed in note 7
Statement of financial assets at fair value through profit or loss－non current	Disclosed in note 6(n)
Statement of changes of property, plant and equipment	Disclosed in note 6(h)
Statement of changes of property, plant and equipment's accumulated depreciation	Disclosed in note 6(h)
Statement of changes of right-of-use assets	Disclosed in note 6(i)
Statement of changes of right-of-use assets's accumulated depreciation	Disclosed in note 6(i)
Statement of prepayments for business facilities	Disclosed in note 6(j)
Statement of changes of intangible assets	Disclosed in note 6(k)
Statement of changes of intangible assets's accumulated amortization	Disclosed in note 6(k)
Statement of deferred tax assets	Disclosed in note 6(q)
Statement of accounts payable－related parties	Disclosed in note 7
Statement of other payables－related parties	Disclosed in note 7
Statement of lease liabilities	Disclosed in note 6(o)
Statement of deferred tax liabilities	Disclosed in note 6(q)
Statement of other income	Disclosed in note 6(v)
Statement of other gains and losses	Disclosed in note 6(v)
Statement of finance costs	Disclosed in note 6(v)

瀚荃股份有限公司
CviLux Corporation

Chairman: Steve Yang