Stock Code: 5314

MYSON CENTURY, INC.

2022
Annual Report

Printed on May 12, 2023

Website for the Annual Report: http：//mops.twse.com.tw

I. Information on the Company's spokesperson and their deputy

Spokesperson
Name: Chu, Li-Chuan
Title: Accounting Officer
Tel: 06-2988158
E-mail: bigcity_21@yahoo.com.tw

Deputy Spokesperson
Name: Huang, Wei-Sheng
Title: Section Manager.
Tel: 06-2988158
E-mail: sunyad129@gmail.com

II. Address and Telephone Number of Headquarters and Factory

Headquarters: 2F., No. 24-2, Gongye E. 4th Rd., East Dist., Hsinchu City
Tel: (03) 578-4866 (10 lines)
Fax: (03) 578-5002

III. Share Transfer Agency:

Name: Yuanta Securities Co., Ltd.
Address: B1F., No. 210, Sec. 3, Chengde Rd., Datong Dist., Taipei City
Website: http://www.yuanta.com.tw/
Tel: (02) 2586-5859

IV. Independent Auditor:

Name of CPAs: Mr.Tien, Chung-Yu and Ms. Lin, Tzu-Yu
Firm Name: Pricewaterhouse Coopers Taiwan
Address: 27F., No. 333, Sec. 1, Keelung Rd., Xinyi Dist., Taipei City
Website: http://www.pwcglobal.com.tw/
Tel: (02) 2729-6666

V. Trading Venue of Overseas Marketable Securities Listed for Trading and Method of Searching Overseas Marketable Securities Information: None

VI. Company Website

http://www.myson.com.tw/

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One. Letter to Shareholders

Dear Shareholders:

Being grateful to all the shareholders for making time to attend the 2023 shareholders' meeting of Myson Century, Inc., we would like to thank all of you for your support and love on behalf of the Company and all of our employees. We hereby report the results of operation for 2022 and the outlook for 2023 as follows:

I.Result of operating plan for 2022

The Company's total consolidated net revenue for 2022 was NT$18,432 thousand; net loss before tax was NT$2,671 thousand; and net loss after tax was NT$2,671 thousand. The results of the Company's operating plan for 2022 are presented as follows.

Unit：NTD thousand

Product Type	2022	2021	Increase (Decrease)	Variation Ratio
Operating Revenue	18,432	13,989	4,443	31.76
Operating Cost	(1,641)	(8,654)	7,013	(81.04)
Operating Gross Profit	16,791	5,335	11,456	214.73
Operating Expense	(30,072)	(34,147)	4,075	(11.93)
Net Operating Loss	(13,281)	(28,812)	15,531	(53.90)
Non-operating Revenue and Expense	10,610	(1,196)	11,806	(987.12)
Profit (Loss) Before Tax	(2,671)	(30,008)	27,337	(91.10)
Net Profit (Loss) for the Year	(2,671)	(30,008)	27,337	(91.10)

The business scope of the Company includes the design, production and sales of integrated circuits, automotive electrical system modules, digital surveillance systems, etc., together with chargeable technical services and trade in goods. The total consolidated net operating revenues of 2022 increased by 31.76% compared to the previous year. Within the total consolidated revenue, the revenue from ICs was $7,526 thousand, accounting for 40.83% of the total revenue, and the revenue from digital surveillance system products was $10,906 thousand, accounting for 59.17% of the total revenue. The decline in revenue of each product line can be attributed to the following reasons: Owing to the intense competition in the market, IC product revenue continued to decline after the sale of relevant intellectual properties in 2018. Currently, revenue is mainly from sales to existing customers, and there is no new product developed; since the customers' vehicle model was stopped from mass production, the sales amount of vehicle electric system module products decreased; revenue from digital surveillance products increased compared to the same period last year due to the sales of inventory. The consolidated product gross profit margin increased was at 91% in 2022, a 53% increase compared to the 38% from the previous year. The main reason was because of the sales of the initially-recorded inventory write-downs which made the inventory’s net realizable value go up and the cost of sales go down.

The consolidated operating expenses of $30,072 thousand in 2022 decreased by $4,075 thousand from the previous year is due to the decrease in personnel and related operating costs in 2022. The consolidated net non-operating expenses for 2022 were NT$10,610 thousand, a decrease of NT$11,806 thousand from the net non-operating expenses of NT$1,196 thousand in the previous year, mainly due to the increase in other incomes. Based on the above, the net loss totaled NT$2,671 thousand in 2022, with a net loss of NT$2,671 thousand or a loss per share of NT$0.18 attributed to owners of the parent company.

II.Financial revenue/expenses and profitability analysis

1. The cash outflow from operating activities in 2022 was NT$10,890 thousand; the cash inflow from investing activities was NT$33,259 thousand; and the cash outflow from financing activities was NT$43,238 thousand; hence, the net cash outflow for the period was NT$553 thousand.
2. Budget execution: The Company is not required to disclose financial forecast information for 2022, therefore, this is not applicable.

3. Profitability analysis:

Year / Analysis items		2022	2021
Liquidity	Current ratio(%)	467.10	683.10
	Quick ratio (%)	452.26	681.68
Profitability	Return on assets (%)	(1.08)	(15.67)
	Return on equity(%)	(1.86)	(17.62)
	Profit Margin(%)	(14.49)	(214.51)
	Loss per Share($)	(0.18)	(0.50)

III.Future development strategy of the Company

1. In 2022, the Company made great efforts to destock and reorganize, thereby significantly reduced the Company’s overall operating costs.
2. The Company's business goals 2023 are as follows:
   (1) Continue to carry out reorganization, inventory reduction, operating cost reduction, thus decreasing losses.
   (2) Under the principle of prudence, we will continue to explore new service items proactively in the hope that they will be a momentum for operation and can be developed into independent and profitable businesses, thus benefiting the growth of the Company's image.

IV.Influence arising from the environment relating to external competition, regulations and the overall business

Under the shadow of COVID-19 lockdowns, the U.S.-China technology conflict, and geopolitics, the global semiconductor supply chain was facing disruptions in operations, hence there was always uncertainty in industries. Further, shortages of materials and labor, and high costs were all difficult issues. Facing these challenges and external competition, the Company will strive to strengthen its corporate governance, care for society, the environment and its stakeholders, thereby pursuing sustainable management.

Lastly, on behalf of the management team, we would like to express our sincere gratitude to all of our shareholders and wish you all good health, happiness and peace.

Chairman: Chang, Yu-Ming   General Manager: Chang, Yu-Ming   Controller: Chu, Li-Chuan

Two. Corporate Overview

I.Date of Incorporation

July 29, 1991

II.Corporate Profile

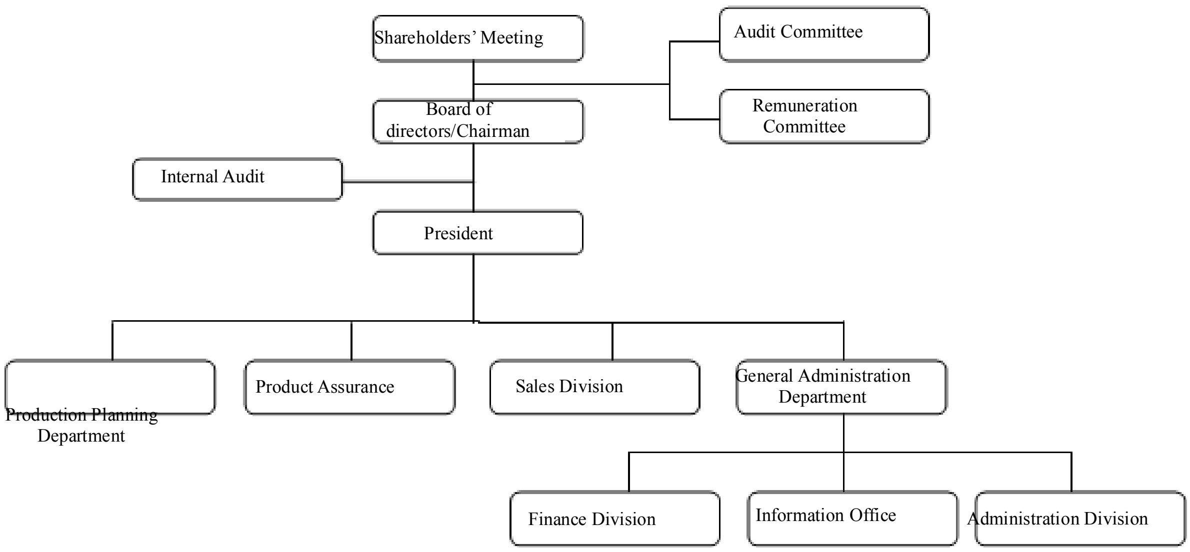
Time	Milestones
1990–1995	The founding team established Myson Technology, Inc. in California, USA (July 1990). Myson Technology Inc. was established in Hsinchu Science Park (July 1991). As the world's first company to design ethernet coaxial transceivers, our market share reached over 90% and we became the top 1 supplier in the world. Our customers included 3COM, HP, and D-Link, which were the largest network providers in the world at that time.
1996–2000	The Company was listed on Taipei Exchange (September 1996). The Company became the top 1 supplier of OSD products for CRT monitors, with a 33% global market share. 10/100 Mbit Ethernet solution was launched. The Company received ISO9001 certification (June 2000).
2001–2005	Yulon Group joined the management team (March 2001). In October of the same year, the company merged with Century Semiconductor, and its name changed to "Myson Century Inc." Flash MCU products were successfully applied to LCD monitors, and the company became the world's top 1 Supplier with a market share of over 45% and an average shipment of 5KK/month. The USB 2.0 device was successfully developed and certified by the USB-IF USB2.0 high-speed test. The TFT-LCD driver chip shipment reached 2KK/month (June 2003). The Fiber optic communication products were introduced. The VoIP single chip was officially released for mass production. In terms of USB hard drive controller, our market share in Mainland China surged to No. 1.
2006–2009	The Company became the world's top 1 supplier of 155M TIA. The Company started developed automotive MCU with CAN bus The Company launched the first single-chip controller for automotive instrumentation and digital distance measurement chip between the two sides of the Taiwan Strait. The automotive CAN Gateway has been officially tested in real vehicles(technology project). The single-chip solution of network voice for home gateway was shipped to Shanxi Mobile via FiberHome.
2010–2014	The Company Introduced the first 1.25G TIA with drivers and highly integrated circuit chips of MCU in the world. The Graphics OSD has been successfully implemented into automotive computers, parking assist systems, dashboards, etc. The Flash MCU is successfully used in the automotive cooling fan of motors, HDMI audio and video systems, etc. The CAN microcontroller was successfully verified in real vehicles, which includes: car body control, steering column control and engine compartment control of front body shell. BLDC motors, MCU for permanent magnet synchronous (PMSM) motor control, and the solutions(Includes firmware and hardware) were introduced. Further, the competitiveness and functionality of MCU is continuously enhanced. The Company developed automotive grade touch key solutions and introduced automotive human-machine interface applications, and enhanced our development capabilities to meet part delivery requirements. The Company Introduced the 2.5G TIA with drivers and highly integrated circuit chips of MCU for GPON and EPON optical module, and they were successfully shipped by major optical

Time	Milestones
	module suppliers in mainland China. The BLDC solution successfully penetrated into the handheld power tool system industry. The PMSM solutions have been successfully introduced into split type air conditioners of Taiwanese home appliance brands and high wattage negative pressure ventilators for industrial use.
2015–2020	The automotive grade touch key technology and CAN bus technology were successfully introduced into U7 and M7 models of Dongfeng Yulong. In December 2015, the Company invested in ZAVIO Inc. and its product development was focused on providing webcam products and surveillance solutions. The new product development layout of general 8-bit Flash MCU was completed; new product series, such as CS8963, CS8964, CS8967A, CS8978A, CS8969 and CS5523 were added. In March 2016, Wuhan Qumao invested and established Xinlida Semiconductor Co., Lte. in Shenzhen, which focuses on MCU sales and solution provision. The ASIC business was launched, and the first generation of customized product development and trial run were completed. In 2017, the Company disposed of its subsidiaries and all the overseas investee companies and recognized gains on disposal of investments. In 2018, the Company sold its IC assets, such as patents and related equipment and recognized gains on sale of assets.
2021	Sun Yad Group entered the management (July 2021)

Three. Corporate Governance Report

I.Corporate Organization

(I)Corporate Organization



(II)Functions of major departments

Internal Audit	Internal audit related affairs.	
Office of Chairman & General Manager	The Office of Chairman & General Manager is responsible for the execution, coordination, setting of operational goals and directing and supervising the personnel to implement the business of the company.	
Production Planning Department	The Production Planning Department manages the procurement of raw materials, storage and transportation management, import and export, as well as the management and application of the system chain of suppliers and outsourced processing plants, while it also manages the production schedule, production delivery control, and communication and coordination of delivery progress.	
Product Assurance Department	The Product Assurance Department is responsible to identify and record problems in the product and quality control system, and it prepares, inspects, monitors, controls and executes the management system such as organizational quality control and inspection standards. The Quality Assurance Department is also responsible for the inspection and quality control of all incoming materials, semi-finished and finished products and the disposal and management of non-conforming products. Further, It is in charge of supervising, inspecting, coordinating and managing the company's product quality, operation and services.	
Sales Division	The Sales Department is responsible for sales services, market development, customer service and execution of sales plans.	
General Administration Department	Finance Division	The Finance Division is in charge of corporate finance, capital deployment, investment management, budget analysis and reporting, accounting, costing, taxation, and stock affairs.
	Information Office	The Information Office is in charge of planning, developing, evaluating application systems, while it also maintains the security and operation of the company's computer system.
	Administration Division	The Administration Division is in charge of: the planning and execution of recruitment, employment, payroll and employee benefits; general administrative affairs, factory and property management; ISO-related document control; and website maintenance.

II.Information on Directors, General Manager and Managers of Branch Organizations

(I)Information on directors (I):

April 8, 2023

Title	Nationality or place of registration	Name	Gender Age	Date elected	Tenure	Date first elected	Shares held when elected		Shares currently held		Shares currently held by spouse & minors		Shares held by nominee arrangement		Main working (education) experience	Current positions at Myson Century and other companies	Spouse or relative within the second degree of kinship who is also an manager, director, or supervisor of the Company			Remark
							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. R.O.C.	Huo Jui Investment Co. Lit. Representative: Chang, Yu-Ming(Note 1)	N/A Male 41~50	July 1, 2021	3 years	July 1, 2021	5,694,000 0	9.49% 0.00%	782,530 754,110	5.32% 5.13%	0 0	0.00% 0.00%	0 0	0.00% 0.00%	Master of business, National Taiwan University/bachelor of mechanical engineering, Sun Yat-sen University/17th president of Yizai Association/chairperson of Shang Yu Construction/chairperson of Boromi Optronics Co., Ltd./Chairperson of City Family Co., Ltd./chairperson of Tai Chan Construction Co., Ltd.	Chairperson of Sun Yad Construction Co., Ltd./Chairperson of U-BEST Innovative Technology Co., Ltd./Chairperson of Hsin-li Chemical Industrial Co., Ltd./Chairperson of Feei Cherng Enterprise Co., Ltd.	Director General Manager	Chang, Shuo-Wen Chang, Hui-Fen	Second degree of kinship Spouse	(Note 1)
Director	R.O.C. R.O.C.	Sun Yad Construction Co., Ltd. Chang, Shuo-Wen	N/A Male 41~50	July 1, 2021	3 years	July 1, 2021	10,203,400 0	17.00% 0.00%	2,507,367 0	17.06% 0.00%	0 0	0.00% 0.00%	0 0	0.00% 0.00%	Master of Information Engineering at Shu-Te University	Person in charge of Boromi Optronics Co., Ltd./Representative of institutional director of Hsin-li Chemical Industrial Co., Ltd./Representative of institutional director of Feei Cherng Enterprise Co., Ltd./Person in charge of Shangyu Construction Co., Ltd. , Chairperson of City Family Co., Ltd., Chairperson of Tai Chan Construction Co., Ltd.	Chairman	Chang, Yu-Ming	Second degree of kinship	
Director	R.O.C. R.O.C.	Sun Yad Construction Co., Ltd. Representative: Chao, Tien-Tsung	N/A Male 61~70	July 1, 2021	3 years	July 1, 2021	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Sinying Senior High School	Business executive of Chunghwa Telecom Co., Ltd./representative of institutional director of U-BEST Innovative Technology Co., Ltd/representative of institutional director Hsin-li Chemical Industrial Co., Ltd.	None	None	None	
Director	R.O.C. R.O.C.	Sun Yad Construction Co., Ltd. Representative: Tseng, Peng-Kuang	N/A Male 51~60	July 1, 2021	3 years	July 1, 2021	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Doctor of Architecture, National Cheng Kung University	Adjunct assistant professor of Department Of Land Management And Development at Chang Jung Christian University, adjunct assistant professor of Department of Real Estate Development and Management of Kun Shan University/representitive of directors of Sun Yad Construction Co., Ltd./representitive of directors of Feei Cherng Enterprise Co., Ltd.	None	None	None	
Independent director	R.O.C.	Hsu, Shou-Te	Male 61~70	July 1, 2021	3 years	July 1, 2021	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Doctor in Financial Management at the University of Alabama, USA/professor and president of Takming University of Science and Technology	Member of the Company's remuneration committee and audit committee/ Visiting professor of Takming University of Science and Technology/Independent director of Wah Lee Industrial Corp./ Independent director of Soft-World International Corp.	None	None	None	
Independent director	R.O.C.	Hsu, Chi-Jeng	Female 41~50	July 1, 2021	3 years	July 1, 2021	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Accounting Department at Tainan University of Technology/underwriting department manager of MasterLink Securities Corporation, underwriting department associate of First Securities Inc.	Member of the Company’s audit committee/professional associate of First Securities Inc./independent director of Flkcat Co., Ltd./independent director of Hsin-li Chemical Industrial Co., Ltd.	None	None	None	
Independent director	R.O.C.	Lin, I-Chi	Female 51~60	July 1, 2021	3 years	July 1, 2021	0	0.00%	0	0.00%	0	0.00%	0	0.00%	EMBA, National Sun Yat-sen University/general manager of Chun Feng Human Resources Co., Ltd.	Member of the Company's remuneration committee and audit committee/independent director of U-Best Innovative Technology Co., Ltd.	None	None	None	

Note 1: The reason why the general manager and the chairman of the Company are currently spouses is mainly due to the organizational restructuring and search for new business projects after the disposal of IC properties. In the future, the Company will increase the number of independent directors to improve or strengthen this situation based on the overall business development. Except for the above, none of the Company's directors are employees or managers; in addition, the Company has appointed three independent directors.

Major institutional shareholders:

April 8, 2023

Name of institutional shareholder	Major shareholders and shareholding of institutional shareholders
Huo Jui Investment Co. Lit.	1. Chang, Yu-Ming(48.90%) 2. Chang, Pai-Hung(24.50%) 3. Chang, Jen-Wei(24.50%) 4. Chang, Hui-Fen(2.10%)
Sun Yad Construction Co., Ltd.	1. Chung Ching Technology Co., Ltd. (8.16%) 2. U-BEST Innovative Technology Co., Ltd.(7.77%) 3. Chi Hang Investment Co., Ltd.(4.45%) 4. Huo Jui Investment Co., Ltd.(2.71%) 5. Chin Hung Co., Ltd.(1.20%) 6. Tseng, Chieh-Wei(1.13%) 7. Chang, Yu-Ming(1.06%) 8. Feei Cherng Enterprise Co., Ltd.(0.97%) 9. Chen, Ya-Chin(0.96%) 10. Chang, Chao Su-Chu(0.85%)

Major shareholders of major shareholders who are juristic persons:

April 8, 2023

Name of juridical person	Major shareholders and shareholding of juridical person
Chung Ching Technology Co. Ltd.	Chang, Hui-Fen 12.31%, Chang, Yu-Ming 39.17%, Chang, Pai-Hung 21.58%, Chang, Jen-Wei 24.21%, Chang, Yueh-Hua 2.72%, City Family Co., Ltd. 0.010%
U-BEST Innovative Technology Co., Ltd	Sun Yad Construction Co., Ltd. 16.14%, Chi Hang Investment Co., Ltd. 2.50%, Myson Century, Inc. 2.15%, Tseng, Chun-Jung 2.1%, Chung Ching Technology Co., Ltd. 1.44%, Hsin-Li Chemical Industrial Corporation 1.43%, Sung, Chuan-Kung 1.17%, Boromi Optronics Corp. 1.13%, Chen, Su-Ling 0.99%
Chi Hang Investment Co., Ltd.	Chang, Pai-Hung 21.48%, Chang, Jen-Wei, 21.48%, Lai, Hsiu-Chiung16.00%, and Chang, Yu-Ching 12.00%, Chang, Yu-Chen 11.00%, Chang, Yueh-Hua 10.28%, Chang Chao, Su-Chu 6.28%, Chang, Yu-Ming 1.00%, Chang, Hui-Fen 0.48%
Chin Hung Co., Ltd.	Chang, Hui-Fen 39.98%, Chang, Pai-Hung 25.00%, Chang, Jen-Wei 25.00%, Chang, Yu-Ming 10%
Feei Cherng Enterprise Co., Ltd.	1. U-BEST Innovative Technology Co., Ltd (24.45%) 2. Chi Fu Investment Co., Ltd.(8.42%) 3. Chang, Yu-Ming (8.42%) 4. Sun Yad Construction Co., Ltd. (8.42%) 4. Hung Fu Investment Co., Ltd. (3.03%) 6. City Family Co., Ltd. (2.53%) 7. Yang, Chih-Ming (1.96%) 8. Wu, Shun-Cheng (1.69%) 9. Investment accounts under the custody of Capital Securities Corp. for Capital group’s Hong Kong clients (1.55%) 10. Su, Wen-Liang (0.97%)

Information on directors(II):

I.Disclosure of directors' professional qualifications and independent directors' independence:

Qualifications / Name	Professional qualifications and experience (Note 1)	Independence (Note 2)	Number of other public companies in which the person concurrently serve as an independent director
Chang, Yu-Ming	1. Department of Mechanical and Electro-Mechanical Engineering, National Sun Yat-sen University; EMBA, National Sun Yat-sen University 2. Extensive experience in business administration, as the Chairman and CEO of U-BEST Innovative Technology Co., Ltd., Chairman of Sun Yad Construction Co., Ltd., Chairman of Hsin-li Chemical Industrial Corp. and Chairman of Feei Cherng Enterprise Co., Ltd. 3.The director has been in or is under any circumstances stated in Article 30 of the Company Act.	1. The Company's current chairman; concurrent chairman of the parent company in the group—Sun Yad Construction Co., Ltd., and the fellow companies—Hsin-li Chemical Industrial Co., Ltd. and Feei Cherng Enterprise Co., Ltd. 2. The other parts were verified in accordance with the independence requirements referred to in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by Financial Supervisory Commission and held satisfying such requirements.	N/A
Chang, Shuo-Wen	1. Master of Information Engineering at Shu-Te University 2. The former director and representative of institutional director of U-BEST Innovative Technology Co., Ltd., person in charge of Boromi Optronics Corp., general manager of Feei Cherng Enterprise Co., Ltd., and deputy manager in chairman's office of the Sun Yad Construction Co., Ltd., dedicated to assisting the Chairman in dealing with the Group's affairs. 3. The director has been in or is under any circumstances stated in Article 30 of the Company Act.	1. Person in charge of Boromi Optronics Co., Ltd./Representative of institutional director of Hsin-li Chemical Industrial Co., Ltd./Representative of institutional director of Feei Cherng Enterprise Co., Ltd./Person in charge of Shangyu Construction Co., Ltd., Chairperson of City Family Co., Ltd., Chairperson of Tai Chan Construction Co., Ltd. 2. A relative within 2nd degree of kinship of the Company's Chairman. 3. The other parts were verified in accordance with the independence requirements referred to in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by Financial Supervisory Commission and held satisfying such requirements.	N/A
Chao, Tien-Tsung	1. Sinying Senior High School 2. Former business executive of Chunghwa Telecom Co., Ltd., supervisor of the Company, juristic person director's representative of U-BEST Innovative Technology Co., Ltd. and juristic person director's representative of Hsin-Li Chemical Industrial Corp, with the practical experience in sales and management. 3. The director has been in or is under any circumstances stated in Article 30 of the Company Act.	1. Doubled as juristic person director's representative of the fellow company, U-BEST Innovative Technology Co., Ltd., and juristic person director's representative of Hsin-Li Chemical Industrial Corp. 2. The other parts were verified in accordance with the independence requirements referred to in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by Financial Supervisory Commission and held satisfying such requirements.	N/A
Tseng, Peng-Kuang	1. Doctor of Architecture, National Cheng Kung University 2. Hold the license of architect. 3. Former adjunct assistant professor of Chang Jung Christian University and Kun Shan University, and representative of institutional director of Myson Century, Inc. and Feei Cherng Enterprise Co., Ltd., with professional skills and extensive experience in management. 4. The director has been in or is under any circumstances stated in Article 30 of the Company Act.	1. The concurrent general architect of the subsidiary, Shangyu Construction Co., Ltd., and juristic person representative of director of the subsidiaries (Myson Century, Inc. and Feei Cherng Enterprise Co., Ltd.). 2. The other parts were verified in accordance with the independence requirements referred to in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by Financial Supervisory Commission and held satisfying such requirements.	N/A
Hsu, Shou-Te	1. Doctor in Financial Management at the University of Alabama, USA 2. Former professor and president of Takming University of Science and Technology 3. Current visiting professor of Takming University of Science and Technology 4. With the expertise and background in accounting and finance. 5. The director has been in or is under any circumstances stated in Article 30 of the Company Act.	According to the Company's Articles of Incorporation and "Corporate Governance Best Practice Principles," the directors shall be elected under the candidate nomination system. When nominating and electing the board members, the Company has received the written statement, information about work experience, current certificate of employment and kinship chart from each director and, therefore, already verified the independence of them, their spouses, and relatives within 3rd degree of kinship as to the Company. Meanwhile, upon verification, the three independent directors identified in the left column were held satisfying the qualification requirements under the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by FSC and Article 14-2 of the Securities and Exchange Act within two years before they assume the positions and during their term of office. The independent directors have also been empowered to participate in the decision making and express opinions under Article 14-3 of the Securities and Exchange Act, in order to perform their job duties independently.	3 companies
Hsu, Chi-Jeng	1. Accounting major at Tainan University of Technology. 2. Former underwriting department manager of MasterLink Securities Corporation 3. Former underwriting department associate of First Securities Inc. 4. With the expertise and background in accounting and finance. 5. The director has been in or is under any circumstances stated in Article 30 of the Company Act.		2
Lin, I-Chi	1. EMBA, National Sun Yat-sen University 2. Current general manager of Chun Feng Human Resources Co., Ltd 3. With the expertise and background in sales and management. 4. The director has been in or is under any circumstances stated in Article 30 of the Company Act.		1

II.Diversity and independence of the Board directors

(I) Diversity of the board of directors: Please specify the board of directors' diversity policy, goals and achievement thereof. The board of directors' diversity policy includes without limitation to the directors' election criteria, professional qualifications and experience required from the board of directors, and the composition or percentage of gender, age, nationality and culture. Please also specify the Company's specific

goals for said policy, and achievement thereof.
Policy, objectives and achievement of diversity of the board of directors: When selecting the members of the Board of Directors, the Company considers the diversity of the candidates' education, experience, expertise, gender and nationality based on the needs of the Company's operation, business model and development. The Company's 12th board of directors consists of seven members from the fields of commerce, accounting and finance; their ages range from 41 to 70 years old, and two of them are women. Further, the Company is constantly working on diversifying the composition in terms of age, gender, nationality and culture. With a diverse range of professional experience, the directors from various fields can provide valuable insight and experience to assist the Company in its development.
All seven directors of the Company are Taiwanese citizens with the necessary knowledge, skills and education to perform their duties (please refer to the foregoing for the education and experience of the directors), and they have extensive expertise in accounting, finance, business, law, marketing or industrial technology, respectively. The age range of directors is as below: three in the age group of 41-50 (42.8%, Chang, Yu-Ming, Chang, Shuo-Wen and Hsu, Chi-Jeng), two in the age group of 51-60 (28.6%, Tseng, Peng-Kuang and Lin, I-Chi), and two in the age group of 61-70 (28.6%, Chao, Tien-Tsung and Hsu, Shou-Te).

Name of Director	Gender & age	Independent director position		Diversified core expertise				
		Less than 3 terms	More than 3 terms	Finance and accounting	Business	Law	Marketing	Industrial technology
Huo Jui Investment Co. Lit. Representative: Chang, Yu-Ming	Male 41~50				V		V	
Sun Yad Construction Co., Ltd. Representative: Chang, Shuo-Wen	Male 41~50				V		V	
Representative of Sun Yad Construction Co., Ltd.: Chao, Tien-Tsung	Male 61~70				V		V	
Representative of Sun Yad Construction Co., Ltd.: Tseng, Peng-Kuang	Male 51~60				V	V	V	V
Hsu, Shou-Te (Independent Director)	Male 61~70	V		V	V			
Hsu, Chi-Jeng (Independent Director)	Female 41~50	V		V	V			
Lin, I-Chi (Independent Director)	Female 51~60	V			V		V	

(II) Independence of the Board of Directors: Specify the number and percentage of independent directors, and also explain that the board of directors is functioning independently, attached with the reasons to explain whether the circumstances referred to in Paragraph 3 and Paragraph 4, Article 26-3 of the Securities and Exchange Act are met or not, and also the statement about the relationship, such as spouse or relative within 2nd degree of kinship, between directors, supervisors, or directors and supervisors:

1. Structure of the board of directors:
The Company adopts the director election system. All of the directors are elected openly and fairly, in accordance with the Company's "Articles of Incorporation," "Regulations for Election of Directors" and "Corporate Governance Best Practice Principles." The current board of directors consists of 3 independent directors (42.9%) and 4 non-independent directors (57.1%), 1 out of them are also the employees/managers of the Company (14.3%, not exceed one-third of the whole directors) and the other 2 out of them have the relationship, such as spouse or relative within the second degree of kinship, between both of them (28.5%, not exceed one-third of the whole directors). Therefore, the composition of the board of directors is held satisfying Paragraph 3 and Paragraph 4, Article 26-3 of the Securities and Exchange Act.
2. The Board of Directors is functioning independently:
The Company's board of directors directs the Company's strategies, supervises the management and is responsible to the Company and shareholders. Through the operations and arrangements under the corporate governance system, the board of directors exercises its powers per laws, the Articles of Incorporation, or resolutions made by shareholders' meetings. The Company's board of directors emphasizes the independent operation and transparent functions. Each director and independent director function and exercise their powers independently. The three independent directors also comply with related laws and regulations and, in response to the audit committee's powers, audit the control over the Company's existing or potential risks, in order to supervise the effective implementation of the Company's internal controls, appointment (discharge) and independence of the independent auditors, and adequate preparation of financial statements. Meanwhile, according to the Company's "Regulations Governing the Election of Directors and Independent Directors," the Company adopts the cumulative voting system and candidate nomination system for election of directors and independent directors. The Company encourages shareholders to participate in the election. The shareholders who hold specific number of shares may propose the roster of candidates. The candidates' qualifications will be reviewed, whether they violate Article 30 of the Company Act will be verified, according to laws, and the review and verification results will be published according to laws, in order to protect shareholders' equity and prevent the right to nominate from being monopolized or abused to keep directors' independence. The Company has established the board of directors' performance assessment system. The Company conducts

the board of directors' internal self-assessment and Board members' self-assessment for once per year. The board of directors' performance assessment is decided subject to the five major indicators including (1) engagement in the Company's operation, (2) the board decision-making quality, (3) composition and structure of the board of directors, (4) election and continuing education of directors and (5) internal control. The board members' self-assessment is decided subject to the six major indicators including (1) alignment with the goals and mission of the Company, (2) knowledge of directors' duties, (3) engagement in the Company's operations, (4) management of internal relationship and communication, (5) professionalism and continuing education of directors and (6) internal control. Said related self-assessment results are disclosed in the Company's annual report and on the Company's official website after being reported to the board of directors.

Note 1: Professional qualification and experience: Please specify the individual directors' and supervisor's professional qualification and experience. In the case of an Audit Committee member specialized in accounting or finance, please specify his/her educational background and work experience in accounting or finance, and whether he/she meets the circumstances referred to in Article 30 of the Company Act.

Note 2: Please specify the independent directors' compliance of independence, including but not limited to, whether they or their spouses or relatives within 2nd degree of kinship serve as directors, supervisors or employees in the Company or any of its affiliated companies; the number and percentage of the Company's shares held in their own names or names of the spouses or relatives within 2nd degree of kinship (or proxy shareholder); whether they serve as directors, supervisors, or employees in any entity that has certain relationship with the Company (please refer to the subparagraphs 5~8, Paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies); and the amount of remuneration received in the last two years for providing commercial, legal, financial, accounting or other professional services to the Company or its affiliated companies.

Note 3: For the method by which such information shall be disclosed, please refer to the sample annual report disclosed on the website of TWSE Corporate Governance Center.

(II)Information on Directors, General Manager and Managers of Branch Organizations

April 8, 2023

Title	Nationality	Name	Gender	Date elected	Shares held		Shares held by spouse & minors		Shares held by nominee arrangement		Main working (education) experience	Current positions at other companies	Managers are spouse or within the 2 degrees of kinship			Remark
					Number of shares	Share holding ratio	Number of shares	Share holding ratio	Number of shares	Share holding ratio			Title	Name	relation	
General Manager	R.O.C.	Chang, Yu-Ming (Note)	Male	July 1, 2022	754,110	5.13%	0	0.00%	0	0.00%	Master of business, National Taiwan University/bachelor of mechanical engineering, Sun Yat-sen University/17th president of Yizai Association/chairperson of Shang Yu Construction/chairperson of Boromi Optronics Co., Ltd./Chairperson of City Family Co., Ltd./chairperson of Tai Chan Construction Co., Ltd.	Chairperson of Sun Yad Construction Co., Ltd./Chairperson of U-BEST Innovative Technology Co., Ltd./Chairperson of Hsin-li Chemical Industrial Co., Ltd./Chairperson of Feei Cherng Enterprise Co., Ltd.	None	None	None	
General Manager	R.O.C.	Chang, Hui-Fen	Female	January 31, 2023	0	0.00%	0	0.00%	0	0.00%	Graduated from National Sun Yat-sen University	None	None	None	None	The reason why the general manager and the chairman of the Company are currently spouses is mainly due to the organizational restructuring and search for new business projects after the disposal of IC properties. In the future, the Company will increase the number of independent directors to improve or strengthen this situation based on the overall business development. Except for the above, none of the Company's directors are employees or managers; in addition, the Company has appointed three independent directors.

Note: Dismissed due to position adjustment on January 31, 2023.

(III)Remuneration to directors and general managers for the most recent year

• Remuneration of directors and independent directors:

Unit: thousand dollars

Title	Name	Directors' remuneration								Percent of A, B, C and D to net profit after tax		Relevant remuneration of part-time personnel								Percent of A, B, C, D, E, F and G to net profit after tax		Remuneration from other invested business apart from subsidiaries
		Base compensation (A)		Pension(B)		Compensation to Directors (C)		Business expenses (D)				Base compensation, bonuses, and business expenses (E)		Pension(F)		Compensation to Employees (G)						
		The Company	All the companies stated in the financial report	The Company	All the companies stated in the financial report	The Company	All the companies stated in the financial report	The Company	All the companies stated in the financial report	The Company	All the companies stated in the financial report	The Company	All the companies stated in the financial report	The Company	All the companies stated in the financial report	The Company		All the companies stated in the financial report		The Company	All the companies stated in the financial report	
																Cash	Stock value	Cash	Stock value			
Chairman	Huo Jui Investment Co. Lit. Representative: Chang, Yu-Ming	0	0	0	0	0	0	111	111	111 (4.16)%	111 (4.16)%	0	0	0	0	0	0	0	0	111 (4.16)%	111 (4.16)%	None
Director	Sun Yad Construction Co., Ltd. Chang, Shuo-Wen	0	0	0	0	0	0	111	111	111 (4.16)%	111 (4.16)%	0	0	0	0	0	0	0	0	111 (4.16)%	111 (4.16)%	None
Director	Sun Yad Construction Co., Ltd. Representative: Chao, Tien-Tsung	0	0	0	0	0	0	111	111	111 (4.16)%	111 (4.16)%	0	0	0	0	0	0	0	0	111 (4.16)%	111 (4.16)%	None
Director	Sun Yad Construction Co., Ltd. Representative: Tseng, Peng-Kuang	0	0	0	0	0	0	111	111	111 (4.16)%	111 (4.16)%	0	0	0	0	0	0	0	0	111 (4.16)%	111 (4.16)%	None
Independent director	Hsu, Shou-Te	0	0	0	0	0	0	136	136	136 (5.09)%	136 (5.09)%	0	0	0	0	0	0	0	0	136 (5.09)%	136 (5.09)%	None
Independent director	Hsu, Chi-Jeng	0	0	0	0	0	0	144	144	144 (5.39)%	144 (5.39)%	0	0	0	0	0	0	0	0	144 (5.39)%	144 (5.39)%	None
Independent director	Lin, I-Chi	0	0	0	0	0	0	144	144	144 (5.39)%	144 (5.39)%	0	0	0	0	0	0	0	0	144 (5.39)%	144 (5.39)%	None

1. Please state the policies, systems, standards and structure of compensation to independent directors, and the relations between the compensation and the job responsibility, risk and engagement hours borne by the independent directors:
The remuneration to the independent directors of the Company shall be in accordance with the Company's articles of incorporation. The remuneration is determined based on the extent of their participation and value of their contributions to the Company's operations with reference to the normal standards in the industry.
2. Compensation received by directors for providing services for all the companies included in the financial report (e.g. consultancy service without the title of an employee in the parent company/all companies included in the financial statements/investees) in the most recent year, except those disclosed in the above table: None.

Remuneration Scale Table

Breakdown of compensation to directors	Name of Director			
	Total of the first four remunerations (A+B+C+D)		Total of the first seven remunerations (A+B+C+D+E+F+G)	
	The Company	All the companies stated in the financial report	The Company	All the companies stated in the financial report
Below $1,000,000	Representative of Huo Jui Investment Co. Lit.: Chang, Yu-Ming, Sun Yad Construction Co., Ltd. Representative: Chang, Shuo-Wen, Chao, Tien-Tsung, Tseng, Peng-Kuang, Hsu, Shou-Te, Hsu, Chi-Jeng, and Lin, I-Chi	Same as the left	Representative of Huo Jui Investment Co. Lit.: Chang, Yu-Ming, Sun Yad Construction Co., Ltd. Representative: Chang, Shuo-Wen, Chao, Tien-Tsung, Tseng, Peng-Kuang, Hsu, Shou-Te, Hsu, Chi-Jeng, and Lin, I-Chi	Same as the left
$1,000,000 (inclusive) – $2,000,000 (exclusive)	None	None	None	None
$2,000,000 (inclusive) – $3,500,000 (exclusive)	None	None	None	None
$3,500,000 (inclusive) – $5,000,000 (exclusive)	None	None	None	None
$5,000,000 (inclusive) – $10,000,000 (exclusive)	None	None	None	None
$10,000,000 (inclusive) – $15,000,000 (exclusive)	None	None	None	None
$15,000,000 (inclusive) – $30,000,000 (exclusive)	None	None	None	None
$30,000,000 (inclusive) – $50,000,000 (exclusive)	None	None	None	None
$50,000,000 (inclusive) – $100,000,000 (exclusive)	None	None	None	None
Above $100,000,000	None	None	None	None
Total	7 persons	7 persons	7 persons	7 persons

• Remuneration to supervisors: not applicable (a complete re-election was held at the Company's General Shareholders' Meeting on June 9, 2015 and independent directors were established to replace the supervisors).

• Remuneration to general manager and deputy general manager:

Unit: Thousands of dollars

Title	Name	Base compensation (A)		Pension(B)		Bonuses, and business expenses (C)		Remuneration to employees (D)				Percent of A, B, C and D to net profit after tax (%)		Remuneration from other invested business apart from subsidiaries
								The Company		All the companies stated in the financial report				
		The Company	All the companies stated in the financial report	The Company	All the companies stated in the financial report	The Company	All the companies stated in the financial report	Cash	Stock value	Cash	Stock value	The Company	All the companies stated in the financial report	
General Manager	Chang, Yu-Ming (Note)	0	0	0	0	0	0	0	0	0	0	0	0	None

Note: Dismissed due to position adjustment on January 31, 2023.

Remuneration Scale Table

Range of remuneration to each general manager and deputy general manager of the Company	Name of general manager/deputy general manager	
	The Company	All the companies stated in the financial report
Below $1,000,000	None	None
$1,000,000 (inclusive) – $2,000,000 (exclusive)	None	None
$2,000,000 (inclusive) – $3,500,000 (exclusive)	None	None
$3,500,000 (inclusive) – $5,000,000 (exclusive)	None	None
$5,000,000 (inclusive) – $10,000,000 (exclusive)	None	None
$10,000,000 (inclusive) – $15,000,000 (exclusive)	None	None
$15,000,000 (inclusive) – $30,000,000 (exclusive)	None	None
$30,000,000 (inclusive) – $50,000,000 (exclusive)	None	None
$50,000,000 (inclusive) – $100,000,000 (exclusive)	None	None
Above $100,000,000	None	None
Total	0 persons	0 persons

・Remuneration to top five highest paid managers of listed companies

Unit: thousand dollars

Title	Name	Base compensation (A)		Pension(B)		Bonuses, and business expenses (C)		Remuneration to employees (D)				Percent of A, B, C and D to net profit after tax (%)		Remuneration from other invested business apart from subsidiaries
		The Company	All the companies stated in the financial report	The Company	All the companies stated in the financial report	The Company	All the companies stated in the financial report	The Company		All the companies stated in the financial report		The Company	All the companies stated in the financial report	
								Cash	Stock value	Cash	Stock value			
Finance & Accounting Executive	Chu, Li-Chuan	972	972	0	0	392	392	0	0	0	0	1,364 (51.07)%	1,364 (51.07)%	None

Remuneration paid to managers and names thereof:

Unit: thousand dollars

	Title	Name	Stock value	Cash	Total	Percentage of total amount to net income after tax (%)
Manager	General Manager	Chang, Yu-Ming (Note)	0	0	0	0
	General Manager	Chang, Hui-Fen				
	Finance officer	Chu, Li-Chuan				
	Accounting officer	Chu, Li-Chuan				

Note: Dismissed due to position adjustment on January 31, 2023.

(IV) Separately compare and describe total remuneration, as a percentage of net income stated in the parent company only financial reports or individual financial reports, as paid by the Company and by each other company included in the consolidated financial statements during the past 2 fiscal years to directors, supervisors, general managers, and assistant general managers, and analyze and describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure.

(1) Proportion of the total remuneration to directors, general managers and deputy general managers of the Company paid by the Company and all companies in the consolidated financial statement to net profit after tax in parent company only financial statements of the past two years:

Unit: thousand dollars; %

	2022				2021			
	The Company		All the companies included in the consolidated financial statements		The Company		All the companies included in the consolidated financial statements	
Title	Total remuneration	After-tax Net profit ratio	Total remuneration	After-tax Net profit ratio	Total remuneration	After-tax Net profit ratio	Total remuneration	After-tax Net profit ratio
Director	868	(32.50)	868	(32.50)	3,929	(13.09)	3,929	(13.09)
General manager and deputy general manager	0	0	0	0	0	0	0	0

(2) Note:

1. In accordance with the Company's Articles of Incorporation, if the Company makes a profit in a year, it shall allocate 1% to 10% of the total amount for employee remuneration and not more than 5% for director remuneration. However, if the Company still has accumulated deficit, the amount shall be retained in advance to compensate for the deficit. However, if the Company still has accumulated deficits, the Company shall reserve the amount to compensate in advance. In addition to the evaluation results obtained from the director performance evaluation, the directors shall submit the same to the board of directors for resolution according to the principle of distribution suggested by the Remuneration Committee.

2. The remuneration of the general manager and deputy general manager includes salary, bonus, and company car, etc. The standard of payment is based on their positions, responsibilities, and the value of their contributions with reference to the industry standard.

3. The Company's remuneration policy is based on the Company's current financial status, business results, and future capital needs for overall planning, and future risk assessments are also taken into consideration to minimize the possibility of risk occurrence; As of the publication date of the annual report, there is no current event that causes the company to be liable, responsible or liable in the future.

III.Corporate Governance Practices

(I)Functionality of the board of directors:

A total of 7 board of directors' meetings were held in the most recent year (2022). 3 meetings has been held by the date of publication of the prospectus in 2023. At least one independent director would attend each of the meetings. Below are the directors' attendance records:

Title	Name	Actual presence (attendance) (times)	Times of attendance by proxy	Actual presence (attendance) rate (%) (Note 1)	Remark
Chairman	Huo Jui Investment Co. Lit. Representative: Chang, Yu-Ming	10	0	100%	
Director	Sun Yad Construction Co., Ltd. Chang, Shuo-Wen	10	0	100%	
Director	Sun Yad Construction Co., Ltd. Representative: Chao, Tien-Tsung	10	0	100%	
Director	Sun Yad Construction Co., Ltd. Representative: Tseng, Peng-Kuang	10	0	100%	
Independent director	Hsu, Shou-Te	9	1	90%	
Independent director	Hsu, Chi-Jeng	10	0	100%	
Independent director	Lin, I-Chi	10	0	100%	

Other matters to be recorded:

I. If any of the following circumstances occurs, the dates, terms, contents of motions, resolutions of all the directors, and the Company's handling of the directors' opinions shall be specified:

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

Board of directors Session/Date	Description	Independent directors' opinions and how the Company has responded to the opinions.
March 8, 2022	1. Motion for private placement of common shares. 2. Amendment of the Company's internal control system. 3. Motion for amendments to the Company's "Procedures for Acquisition and Disposal of Assets". 4. Proposal to approve the remuneration to the CPAs for FY2022.	None.
April 14, 2022	1. Proposal for a private placement of common stock	None.
May 12, 2022	1. Amendments to the [Approval Authority Table] of the internal control system. 2. The Company's proposal to sign a letter of intent for the disposal of assets.	None.
November 10, 2022	1. Motion for the establishment of risk assessment regulations 2. Motion for the establishment of internal information handling procedures.	None.
January 13, 2023	1. Discussion on matters to be reviewed at 3rd meeting of the 5th remuneration committee.	None.
January 31, 2023	1. Discussion on matters to be reviewed at 4th meeting of the 5th remuneration committee.	None.
February 24, 2023	1. Motion for amendments to the Company's "Procedures for Acquisition and Disposal of Assets". 2. Motion for amendments to "Regulations Governing the Preparation of Financial Statements" and "Internal Control over the Management of the Preparation of Financial Statements". 3. Motion for the replacement of CPAs. 4. Proposal to approve the remuneration to the CPAs for FY2023.	None.

(II) Any other resolutions by the board of directors' meetings passed but with independent directors voicing opposing or qualified opinions on the record or in writing: None.

II. For directors' avoidance of motions which involves conflict of interest, the names of directors, contents of the motions, reasons of the recusal for conflict of interest, and participation in voting must be disclosed:

(1) Summary of the Board of Directors' meeting on January 13, 2023: During the discussion on matters to be reviewed at the 3rd meeting of the fifth remuneration committee, the chairman and relevant directors recused themselves in turn for conflict of interest.

(2) Summary of the Board of Directors' meeting on January 31, 2023: During the discussion on matters to be reviewed at the 4th meeting of the fifth remuneration committee, the chairman and relevant directors recused themselves in turn for conflict of interest.

III. Status of evaluation conducted by the board of directors:

On March 27, 2020, the Company's Board of Directors established the "Rules for Performance Evaluation of Board of Directors" as follows. The first evaluation was completed in the first quarter of 2023.

Periodicity of evaluation	Evaluation period	Scope of evaluation	Evaluation method	Contents of evaluation
Once per year	The performance evaluation of the board of directors and functional committees for the year is conducted before the board of directors meeting in the first quarter of the following year.	1. Board of directors 2. Individual board member 3. Performance evaluation of functional committee	Internal self-evaluation by the board, self-evaluation by board members, peer evaluation, performance evaluation by appointing external professional institutions, experts or other appropriate means	(1) Performance evaluation of the board of directors: The evaluation includes participation in the operation of the Company, the quality of the board of directors' decision-making, composition and structure of the board of directors, election and continuing education of directors, and internal control. (2) Performance evaluation of individual directors: The evaluation includes alignment of the goals and missions of the Company, awareness of the duties of directors, participation in the operation of the Company, management of internal relationship and communication, professionalism and continuing education of directors, and internal control. (3) Performance evaluation of functional committees: The evaluation includes participation in the operation of the Company, awareness of the duties of functional committees, the quality of functional committees' decision-making, composition of functional committees and election of members, and internal control.

IV. Enhancement of the functionality of the board of directors in the current and the most recent year (e.g. the establishment of an audit committee, the improvement of information transparency, etc.) and the respective progress reports:

1. The Company has established the “Regulations Governing Procedure for Board Of Directors’ Meetings” and the relevant operations of the board of directors are conducted in accordance with these regulations .
2. On March 16, 2015, the board of directors approved to elect three independent directors and to establish an audit committee at the 2015 general shareholders' meeting.
3. On July 6, 2018, the board of directors approved the appointment of three independent directors who were elected at the 2018 general shareholders' meeting as members of the fourth remuneration committee. They were appointed in a professional and objective position to evaluate and make recommendations on the remuneration policies of the board members and managers as references for the board of directors' decisions.
4. The Company has a public website to disclose relevant information to enhance the transparency of information
5. Improvement of information transparency: The board members continue to attend the corporate governance themed-based continuing education courses when they are elected or during their term of office. The independent directors all comply with the Securities and Exchange Act and Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies. Meanwhile, in consideration of the different functions held by the board members, the board of directors’ diversify policy is held in place.

(II)Functionality of audit committee

Information about functionality of Audit committee

Six meetings of the audit committee (note) were held in the most recent year (FY2022), and the attendance of independent directors is as follows:

Title	Name	Times of attendance in person	Times of attendance by proxy	Attendance Rate (Note)	Remark
Independent director	Hsu, Shou-Te	5	1	83.33	
Independent director	Hsu, Chi-Jeng	6	0	100.00	
Independent director	Lin, I-Chi	6	0	100.00	

Other matters to be recorded:

I. If any of the following circumstances occurs, the dates, terms, contents of motions, resolutions of the audit committee, how the Company handled the audit committee's opinions shall be specified:

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

Audit Committee Session/Date	Description	Resolutions of the audit committee and how the Company handled the audit committee's opinions
March 8, 2022	1. Motion for ratification on 2021 business report and financial statements. 2. Approval of the 2021 assessment of the effectiveness of the Company's internal control system (issued a statement of internal control system). 3. Proposal to Approve the motion to offset FY2021 losses. 4. Capital reduction to cover losses of the Company. 5. Motion for private placement of common shares. 6. Amendment of the Company's internal control system. 7. Motion for amendments to the Company's "Procedures for Acquisition and Disposal of Assets". 8. Proposal to approve the remuneration to the CPAs for FY2022.	The proposal was approved by all members present.
April 14, 2022	1. Proposal for a private placement of common stock	The proposal was approved by all members present.
May 12, 2022	1. Amendments to the [Approval Authority Table] of the internal control system. 2. The Company's proposal to sign a letter of intent for the disposal of assets.	The proposal was approved by all members present.
August 11, 2022	1. Discussion about the consolidated financial statements for the second quarter of 2022.	The proposal was approved by all members present.
November 10, 2022	1. Discussion about the consolidated financial statements for the third quarter of 2022. 2. Motion for the establishment of risk assessment regulations. 3. Motion for the establishment of internal information handling procedures.	The proposal was approved by all members present.
December 16, 2022	1. The Company's "2023 Audit Plan". 2. Amendment to the Company's "Rules of Procedure for Board of Directors Meetings."	The proposal was approved by all members present.

(II) In addition to the said items, other resolutions passed by two-thirds of all the directors but yet to be approved by the audit committee: None.

II. Regarding recusals of independent directors from voting due to conflicts of interest, the names of the independent directors, contents of motions, reasons for recusal, and results of voting shall be specified: None.

III. Communication between independent directors, the internal audit officer, and independent auditors (including material issues, methods, and results of communication regarding the Company's finances and operations): Communication between independent directors, the internal audit officer, and independent auditors

1. After audit reports and follow-up reports are submitted to the board chairman, the audit unit will present them to the independent directors for review (in person or by e-mail) each year. Audit officer also attends the Board of Directors' meeting to present the internal audit report. Each independent director is able to communicate and discuss with the audit officer depending on the contents of the foregoing matters whenever necessary.
2. Therefore, independent directors can grasp the Company's operation, financial and business status through the audit reports provided by the board of directors and the audit unit, thus fully communicating the audit purpose, process, audit findings, follow-up on the improvement of audit deficiencies and effectiveness thereof.
3. The Company's independent auditors report to the independent directors on the Company's and its subsidiaries' finance positions and internal control audits. Moreover, the independent auditors fully communicate with the independent directors on key audit matters, material adjusting entries and important regulations. The

communication between the independent directors and the independent auditors are well conducted through meetings or other forms (e.g., conference calls, emails, etc.).

Memo about communications between directors (including independent directors) and internal audit officer:
FY2022 (No report on December 16)

Date	Method of communication	Contents of communication	Outcome of communication
03/08/2022	Meeting of board of directors and audit committee	● Report of the internal audit reports dated January–February 2022 . ● Assessment of the effectiveness of the Company's internal control system of 2021.	Upon discussion and communication, the independent directors have no dispute over the audit report.
05/12/2022	Meeting of board of directors and audit committee	● Internal audit reports dated January–April 2022	Upon discussion and communication, the independent directors have no dispute over the audit report.
08/11/2022	Meeting of board of directors and audit committee	● Internal audit reports dated May–July 2022	Upon discussion and communication, the independent directors have no dispute over the audit report.
11/10/2022	Meeting of board of directors and audit committee	● Internal audit reports dated August–October 2022 ● Tracking report on the design of internal control system and the items to be adjusted in the preparation of financial statements for Q3, 2022.	Upon discussion and communication, the independent directors have no dispute over the audit report.
12/16/2022	Meeting of board of directors and audit committee	● Internal audit reports dated November 2022. ● The Company's "2023 Audit Plan".	Upon discussion and communication, the independent directors have no dispute over the audit report.

Memo about communications between directors (including independent directors) and independent auditors:
2022

Date	Method of communication	Contents of communication	Outcome of communication
03/08/2022	Meeting of audit committee and board meetings	● Assessment of the effectiveness of the Company's internal control system of 2021. ● Proposal to adopt 2021 business report and financial statements.	The 2021 financial report has been approved by the audit committee and submitted to the Board of Directors for approval, and announced and reported to the competent authorities as scheduled.
05/12/2022	In writing	● Proposal to adopt the financial report of Q1 2022	The Q1 2022 consolidated financial statements have been approved by the audit committee and submitted to the Board of Directors for approval, and announced and reported to the competent authorities as scheduled.
08/11/2022	In writing	● Proposal to adopt the financial report of Q2 2022.	The Q2 2022 consolidated financial statements have been approved by the audit committee and submitted to the Board of Directors for approval, and announced

			and reported to the competent authorities as scheduled.
11/10/2022	In writing	● Proposal to adopt the financial report of Q3 2022.	The Q3 2022 consolidated financial statements have been approved by the audit committee and submitted to the Board of Directors for approval, and announced and reported to the competent authorities as scheduled.

1. The internal audit unit regularly and sporadically reports the internal control results audited to the members of the audit committee, and the communication may be conducted by e-mail or verbal inquiries.
2. Regarding the governance matters in the planning stage of review/audit, the independent auditors list them in letters and communicate them to the directors in accordance with statement of auditing standards no. 39, "Communication with those Charged with. Governance."

Note: The 1st audit committee was formed by all independent directors through an election held at the Company's general shareholders' meeting on June 9, 2015, and the supervisory system was abolished.

(III)Implementation status of corporate governance and deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof

Evaluation item	Implementation status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	
I. Does the Company establish and disclose its corporate governance best practice principles based on "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies"?	Yes		The Company has established a "Corporate Governance Best Practice Principles" and the amendments were approved by the board of directors on March 8, 2022. Please refer to the Company's website at http://www.myson.com.tw/ for details.	No significant differences.
II. The Company's equity structure and shareholders' equity				
(I) Does the Company have the internal procedures regulated to handle shareholders' proposals, doubts, disputes, and litigation matters, and have the procedures implemented accordingly?	Yes		The Company has a spokesperson and a deputy spokesperson to proposals, doubts, disputes, and litigation matters in a timely manner. The board of directors has approved the standard and procedures for the review of shareholders' proposals and the nomination of independent director candidates at the general shareholders' meetings.	No discrepancy.
(II) Does the Company possess the list of the Company's major shareholders of ultimate controllers, and the list of the ultimate controllers of the major shareholders?	Yes		The Company keeps good interaction with the major shareholders and has appointed Yuanta Securities Co., Ltd., Shareholders Service Agency Dept. to handle its stock affairs, thereby grasping the list of major shareholders who effectively control over the Company and the ultimate controllers of the major shareholders.	No discrepancy.
(III) Does the Company establish and implement the risk control and firewall mechanism with its affiliated companies?	Yes		Procedures and regulations for transactions with related parties have been stipulated in the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees" and "Regulations Governing the Acquisition and Disposal of Assets" of the Company, and "Management of Related Party Transactions" and " Regulations on Management of Subsidiaries" have also been stipulated in the internal control system.	No discrepancy.
(IV) Does the Company adopt internal rules prohibiting company insiders from trading securities using information not disclosed to the market?	Yes		The Company's "Codes of Ethical Conduct for Directors, Supervisors and Managerial Officers" and "Codes of Ethical Conduct for Directors, Supervisors and Managerial Officers" have stipulated that insiders are prohibited from trading marketable securities by exploiting undisclosed information in the market.	No discrepancy.
III. Composition and responsibilities of the board of directors				

Evaluation item	Implementation status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	
(I) Does the board of directors have member diversity policies and specific management goals regulated and implemented substantively?	Yes		1. Article 20 of the "Corporate Governance Best Practice Principles" adopted by the Company has expressly stated the board of directors' diversity policies. In order to achieve a robust board of directors' structure, the board members shall be diversified and specialized in different professions across different genders or fields, and shall have the knowledge, skills and experience necessary to perform their duties. 2. In order to diversify the board members, irrelevant with gender or age, the Company takes the professional qualification and engagement into consideration primarily. The current directors are at the age of 53 years old averagely. 3 out of them at the age of 41~50 years old, 2 at the age of 51~60 years old, and 2 at the age of 61~70 years old. For the purpose of gender equality, 7 directors will include two female directors upon the reelection to be held in 2021, so as to increase the female director ratio to 28% or more. For the details about the current directors' diversity policies, please visit the website of Myson Century Inc.	No discrepancy.
(II) Does the Company, in addition to setting up the remuneration committee and audit committee lawfully, have other functional committees set up voluntarily?		No	In addition to the establishment of the remuneration committee as required by law, the Company's board of directors approved the establishment of an audit committee on March 16, 2015. In the future, the Company will establish other functional committees in accordance with regulations or operational needs.	Establishment will be done in accordance with regulations or operational needs.
(III) Does the Company establish a set of policies and assessment methods to evaluate the board of directors' performance, conduct the performance evaluation regularly at least on an annual basis, and submit the results of performance assessments to the board of directors and use them as reference in determining remuneration for individual directors, and their nomination for additional office term?	Yes		On March 27, 2020, the board of directors approved the formulation of the Rules for Performance Evaluation of Board of Directors and its evaluation method; the evaluation was completed in Q1 2023.	No discrepancy.

Evaluation item	Implementation status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	
(IV) Does the Company have the independence of the external auditors evaluated regularly?	Yes		As required by the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies," the Company regularly assesses the independence of CPAs on a yearly basis. The procedures of assessing the independence of CPAs in 2022 based on the Company's internal completion of "CPA Independence Assessment Table" (the assessment content is based on the "The Norm of Professional Ethics for Certified Public Accountant of the Republic of China" No. 10 and Article 47 of the "Certified Public Accountant Act") before being submitted to and approved by resolution of the board of directors. (See p. 40)	No discrepancy.
IV. Does the TWSE/TPEx-listed company assign the adequate number of competent corporate governance officers, and appoint the chief corporate governance officer responsible for the corporate governance affairs (including but not limited to, provision to directors/supervisors of the information needed by them to perform their duties, assistance to directors/supervisors in compliance, organization of the Board of Directors' meetings and shareholders' meetings, and preparation of the Board of Directors' meetings and shareholders' meeting minutes, etc.)?	Yes		The Company has the General Administration Department serve as the unit dedicated to corporate governance. On August 11, 2021, the board of directors approved that the finance & accounting executive of the General Administration Department to serve as the chief corporate governance officer concurrently, who are experienced in management of finance, shareholders service and parliamentary affairs of public companies for more than three years, in order to protect the shareholders' equity and strengthen the board of directors' functions. The chief corporate governance officer is primarily responsible for organization of the board of directors' meetings and shareholders' meetings, preparation of the board of directors' meetings and shareholders' meeting minutes, assistance to directors in assumption of the position and continuing education, provision to directors/supervisors of the information needed by them to perform their duties, and assistance to directors in compliance.	No discrepancy.
V. Does the Company provide proper channels of communication with stakeholders (including but not limited to shareholders, employees, customers and suppliers) and create a stakeholder section on its website to address corporate social responsibility issues that are of significant concern to stakeholders?	Yes		The Company has designated a spokesperson and a deputy spokesperson; business, finance and corporate governance information is disclosed on the public website. Furthermore, the Company has created a stakeholder section on its website to address corporate social responsibility issues that are of significant concern to stakeholders?	No discrepancy.

Evaluation item	Implementation status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	
VI. Does the Company engage a shareholders service agency to handle shareholders' meeting affairs?	Yes		The Company has appointed a shareholders service agency—Yuanta Securities Co., Ltd., Shareholders Service Agency Dept.— to handle its shareholders' meeting affairs.	No discrepancy.
VII. Information disclosure				
(I) Does the Company set up a website to disclose the Company's business, finance and corporate governance information?	Yes		The Company has set up a website to disclose the Company's business, finance and corporate governance information, which can be found at http://www.myson.com.tw/.	No discrepancy.
(II) Does the Company adopt other information disclosure methods (e.g., establishing an English website, designating responsible person for collecting and disclosing information of the Company, practicing the spokesperson system, posting the investor conference on the Company's website, etc.)?	Yes		The Company fully practice the spokesperson system. The Company has designated a dedicated person to collect and disclose the Company's information. The relevant information disclosure can be found on the Company's website.	No discrepancy.
(III) Does the Company publish and report its annual financial report within two months after the end of a fiscal year, and publish and report its financial reports for the first, second and third quarters as well as its operating status for each month before the specified deadline?		No	For the time being, the Company publishes and reports its annual financial report within three months after the end of the fiscal year and publishes and reports its financial reports for the first, second and third quarters, as well as its operating status for each month within 45 days at the end of fiscal years, as required. The Company will evaluate the possibility of compliance with said requirements subject to the operational condition.	The Company publishes and reports the same within the prescribed time limit, while it is still impossible for the Company to publish and report the same earlier before the prescribed time limit now.

Evaluation item	Implementation status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	
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' interests, continuing education of directors and supervisors, implementation of risk management policies and risk measurements, implementation of customer policies, and the Company's purchase of liability insurance for directors and supervisors)?	Yes		(I)Employee rights and employee care:For information on the Company's various employee benefits, training and retirement systems and their implementation, as well as agreements between employees and employers, please refer to V.4. Information on Environmental Protection Costs and V.5. Labor Relations of the annual report. (II)Investor relations: The Company fully practice the spokesperson system and addresses shareholders' proposals in a timely manner. (III)supplier relations: The Company maintains good relationships with its suppliers under the principle of honesty and integrity. (IV)Implementation of risk management policies and risk measurements: The Company has formulated internal regulations. In addition, major operating policies, loans or endorsements of funds, acquisition or disposal of assets, and significant investments must be processed in accordance with the relevant regulations and executed base on the level of authority or by resolution of the board of directors. (V)Implementation of customer policies: The Company has a dedicated department and procedures for handling customer after-sales services and grievance. (VI)The Company's purchase of liability insurance for directors and independent directors: The Company has purchased liability insurance for its directors and independent directors in 2022. (VII)Continuing education for directors and supervisors: Continuing education of the Company’s directors all met the requirements of the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies" in 2022. Please refer to (Note 1) for details of participation.	No significant differences.
IX.Please explain the improvements made, based on the latest Corporate Governance Evaluation results published by the TWSE Corporate Governance Center, and propose enhancement measures for any issues that are yet to be rectified: N/A				

Note 1:

Title	Name	Date of Continuing Education	Organizer	Name of Course	Education hours
Director	Chang, Yu-Ming	02/25/2022	Taiwan Investor Relations Institute	Director/Supervisor Credit Certification Courses - Corporate Governance Courses	6
Director	Chang, Shuo-Wen	02/25/2022	Taiwan Investor Relations Institute	Director/Supervisor Credit Certification Courses - Corporate Governance Courses	6
Director	Chao, Tien-Tsung	02/25/2022	Taiwan Investor Relations Institute	Director/Supervisor Credit Certification Courses - Corporate Governance Courses	6
Director	Tseng, Peng-Kuang	02/25/2022	Taiwan Investor Relations Institute	Director/Supervisor Credit Certification Courses - Corporate Governance Courses	6
Independent director	Hsu, Shou-Te	1. 05/11/2022 2. 06/10/2022 3. 08/10/2022	1. Securities and Futures Institute 2. Securities and Futures Institute 3. Securities and Futures Institute	1. The concept, practice and tools of Group tax governance 2. 2022 Prevention of Insider Trading Conference 3. External innovation and sustainable development	9
Independent director	Hsu, Chi-Jeng	02/25/2022	Taiwan Investor Relations Institute	Director/Supervisor Credit Certification Courses - Corporate Governance Courses	6
Independent director	Lin, I-Chi	02/25/2022	Taiwan Investor Relations Institute	Director/Supervisor Credit Certification Courses - Corporate Governance Courses	6

(IV)If a remuneration committee is established within the Company, the composition, responsibilities and functionality of such a committee:

(1) Information about the Remuneration Committee members

Identity / Name	Qualifications	Professional qualification and experience (note 2)	Compliance with independence (note 3) The following: V for Yes; X for No				Number of other public companies in which the person concurrently serve as an independent director
			(1)	(2)	(3)	(4)	
Independent director Convener	Hsu, Shou-Te	1. Doctor in Financial Management at the University of Alabama, USA 2. Former professor and president of Takming University of Science and Technology 3. Current visiting professor of Takming University of Science and Technology 4. With the expertise and background in accounting and finance. 5. The director has been in or is under any circumstances stated in Article 30 of the Company Act.	X	X	X	X	3 companies
Independent director	Hsu, Chi-Jeng	1. Accounting major at Tainan University of Technology. 2. Former underwriting department manager of MasterLink Securities Corporation. 3. Former underwriting department associate of First Securities Inc. 4. With the expertise and background in accounting and finance. 5. The director has been in or is under any circumstances stated in Article 30 of the Company Act.	X	X	X	X	2 companies
Independent director	Lin, I-Chi	1. EMBA, National Sun Yat-sen University 2. Current general manager of Chun Feng Human Resources Co., Ltd 3. With the expertise and background in sales and management. 4. The director has been in or is under any circumstances stated in Article 30 of the Company Act.	X	X	X	X	1 companies

Note 1: Please specify the related seniority, professional qualification & experience, and independence of each remuneration committee member in the Table. For members who are also independent directors, references have been made to Table 1 - Information about Directors and Supervisors (I)on page OO. Please describe the party's identity as independent director, or others (with additional remark for the role of convener, if any).
Note 2: Professional qualification and experience: Please specify the professional qualification and experience of the remuneration committee members individually.
Note 3: Compliance of independence: Please specify the remuneration committee members' compliance of independence, including but not limited to:
(1) Whether they or their spouses or relatives within 2nd degree of kinship serve as directors, supervisors or employees in the Company or any of its affiliates.
(2) The number and percentage of the Company's shares held in their own names or names of the spouses or relatives within 2nd degree of kinship (or proxy shareholder).
(3) Whether they serve as directors, supervisors, or employees in any entity that has certain relationship with the Company (please refer to the subparagraphs 5~8, Paragraph 1, Article 6 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange).
(4) The amount of remuneration received in the last two years for providing commercial, legal, financial, accounting or other professional services to the Company and its affiliates.
Note 4: For the method by which such information shall be disclosed, please refer to the sample annual report disclosed on the website of TWSE Corporate Governance Center.

(2) Information about functionality of remuneration committee

I. The Company's remuneration committee consists of 3 members.
II. The current members' term of office: July 1, 2021–June 30, 2024.
The meetings of the remuneration committee were held zero times (A) in the most recent year (2022), and held 2 times in 2023 as of the printed date of the prospectus, qualifications and attendance of the members are as follows:

Title	Name	Times of attendance in person (B)	Times of attendance by proxy	Attendance Rate (B/A)	Remark
Convener	Hsu, Shou-Te	2	0	2	-
Member	Hsu, Chi-Jeng	2	0	2	-
Member	Lin, I-Chi	2	0	2	-

Other matters to be recorded:

I. If the board of directors rejects or amends the suggestions of the remuneration committee, the date and session of the board meeting, contents of the motion, and approval of the board of directors as well as the company's responsive actions to the opinions of the remuneration committee (e.g. remuneration approved by the Board is better than that proposed by the Remuneration Committee) shall be stated: None.

II. Regarding resolutions of the meeting of the remuneration committee, if there is any written record or statement pertaining to members' objections or reservations, the date and session of the remuneration committee meeting, contents of the motion, the opinion of the said member, and the responsive actions to the said opinion shall be stated: None

III. Resolutions of the remuneration committee in the most recent year up to the date of publication of the annual report:

Date	Description	Resolution
01/13/2023	1. Deliberation to approve the proposal of 2022 year-end bonus to managers of the Company by the remuneration committee. 2. Review and approval of the amendments to the salary and transportation allowance of the directors. 3. Amendments to the expenses of travels and expenses of each functional committee member.	The proposal was approved as proposed
01/31/2023	1. The proposal for remuneration to the new General Manager is hereby submitted for discussion.	The proposal was approved as proposed

(V)Implementation status of corporate sustainable development and deviations from the Corporate Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and reasons thereof

Promotion item	Implementation Status			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 for sustainable development and a dedicated (or ad-hoc) sustainable development organization with board of directors authorization for senior management, which is reviewed by the board of directors?	Yes		1. The Company's governance framework that promotes sustainable development: The Company establishes the "Corporate Governance Team," "Sustainable Environment Team" and "Social Public Welfare Team" to implement the corporate sustainable development plans. The implementation status and results are disclosed in the "Sustainable Development Report" on the Company's website. The implementation status will be reported to the board of directors each year. 2. The implementation status of the Company's organizations includes without limitation to: (1) The unit that specializes (or is involved) in the promotion of sustainable development refers to the "sustainable development committee" reformed from the corporate social responsibility committee," which will be further reformed into the "sustainable development promotion committee" this year. Meanwhile, the authorization was obtained from the board of directors in 2022. (2) Composition and functionality of the promotion committee members, and implementation status in the current year: The chairman of board serves the committee chairman, and deputy general manger as the execution officer. (3) Date of report to the board of directors: December 26, 2022 Please disclose the board of directors' supervision on the sustainable development. The board of directors approved all of the matters proposed by the sustainable development committee unanimously.	No significant differences.
II. Does the Company, in accordance with the materiality principle, conduct risk assessments on environmental, social and corporate governance issues pertaining to company operations and establish the relevant risk management policy or strategy? (Note 2)	Yes		The Company disclosed the risk assessment on the environment, society and corporate governance issues related to the Company's operations in the report and on the Company's website in accordance with the materiality principle, . The results of the review on various aspects of the Company serve as the basis for following discussion and improvement. In the future, the Company will continue to practice the corporate social responsibility and strengthen the adoption of related risk management strategies, in order to achieve the Company's vision for sustainable development.	No significant differences.
III. Environmental issues				

Promotion item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	
(I) Does the Company have an appropriate environmental management system established in accordance with its industrial character?	Yes		The Company belongs to the IC design industry; it reports its waste in accordance with the regulations and effectively enforces environmental management.	No discrepancy.
(II) Does the Company endeavor to utilize all resources more efficiently, and use renewable materials which have a low impact on the environment?	Yes		The Company endeavors to utilize all resources more efficiently when executing its business activities and internal management, in order to enable the global resources to be used sustainably. The related environmental protection policies include promotion of the recycling and reuse of photocopying paper, and implementation of recycling.	No discrepancy.
(III) Does the Company assess the current and future potential risks and opportunities that climate change may present to enterprises and adopt the responsive measures against climate-related issues?	Yes		The Company has established the "Energy, Carbon, Water, Power and Waste Reduction Policy" to avoid wasting all kinds of resources, thus becoming an energy-saving and environmentally sustainable company.	No discrepancy.
(IV) Does the Company maintain statistics on GHG emission, water consumption, and total waste volume in the last two years, and implement policies aiming at saving energy and reducing carbon, COGHG, water, or other wastes?		No	The Company promotes paper waste reduction and switching off of lights and air conditioning in unused offices to minimize carbon and greenhouse gas emissions so as to avoid waste of resources. The Company has not yet compiled statistics on greenhouse gas emissions, water consumption and total weight of waste.	The Company has set the greenhouse gas inventory and inspection timetable and plans; the uncalculated items will be proceeded in accordance with the timetable thereafter.
IV. Social issues				
(1) Does the Company formulate relevant management policies and procedures in accordance with applicable laws and the International Bill of Human Rights?	Yes		The Company's current CSR policy is implemented in accordance with relevant laws and regulations.In addition, the Company has formulated a written environmental protection policy and executes relevant affairs under the spirit of environmental protection. Therefore, the Company’s management philosophy—supporting green environmental protection and contributing to global environmental sustainability—is recognized.	No discrepancy.
(II) Does the Company adopt and implement reasonable employee benefit policy (including remuneration, vacation and other benefits, etc.), and reflect the operating performance or results to the remuneration to employees adequately?	Yes		The Company values the employee care, employees’ retirement system and friendly workplace. The Company provides the employees with complete salary, bonus, dividend and welfare systems to enable each employee to do his/her part at work. The related welfare measures include enrollment of employees to the labor insurance/national health insurance/group insurance programs, payment of gift money for the three major festivals, organization of employees’ health checkup and employee trip at home and abroad, provision of the meal allowance, pension and disability subsidies to the employees, and	No discrepancy.

Promotion item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	
			establishment of the welfare committee to handle the subsidies for employees' marriage/childbirth/travel/injury & sickness/death, and birthday parties. The Company also allows the applications for parental leave. The Company has already reflected the operating results to the remuneration to employees. According to the Articles of Incorporation, if the Company retains earnings at the end of a fiscal year, the Company shall allocate no less than 15% thereof as the remuneration to employees, provided that the profit must first be taken to offset against the Company's cumulative losses, if any, and then the remuneration to employees and directors/supervisors may be allocated subject to the proportions referred to in the preceding paragraph. The remuneration to individual employees includes the Company's operating performance bonus. The bonus shall be decided subject to the business performance achieved in the year.	
(III) Does the Company provide employees with a safe and healthy work environment, and provide safety and health education to employees regularly?	Yes		Regarding the safe and healthy work environment, and safety and health education to employees regularly provided by the Company for the employees, please refer to (I)6.Information on protective measures for work environment and employee safety of 5. Labor Relations of V.Operational Highlights of the annual report.	No discrepancy.
(IV) Does the Company have an effective career capacity development training program established for employees?	Yes		Based on the development needs of the employees and the Company, the Company offers a variety of educational training courses, such as new employee orientation, professional knowledge and technique training.	No discrepancy.
(V) Does the Company comply with applicable laws and international standards regarding issues, such as customer health and safety, customer privacy, as well as marketing and labelling of products and services? Has it formulated relevant policies and complaint procedures to protect consumers' or customers' rights and interest?	Yes		The marketing and labeling of the Company's products and services are in compliance with relevant regulations and international standards. The Company has set up a related party section on its website. All the related parties can find complaint channels through this website to protect their rights.	No discrepancy.
(VI) Does the Company adopt any specific supplier management policy demanding that the suppliers should comply with the related regulations governing environmental protection, occupational safety and health or labors' human rights, and how the policy is implemented?	Yes		Does the Company adopt any specific supplier management policy demanding that the suppliers should comply with the related regulations governing environmental protection, occupational safety and health or labors' human rights too ensure product safety and further enhance corporate social responsibility, and how the policy is implemented? If a major supplier is in breach of its CSR policy and has a significant environmental and social impact, the Company may terminate or cancel its contract at any time.	No discrepancy.

Promotion item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	
V. Does the Company prepare the CSR report or any report on non-financial information based on international reporting standards or guidelines? Does said report have been assured or guaranteed by a third party certification unit?		No	The Company fulfills its corporate social responsibility in accordance with the regulations of the competent authorities and applicable regulations. Moreover, A CSR section has been set up on the Company's website. Based on the actual operation. relevant information can be found on the Company's website and the Market Observation Post System.	The Company has not prepared a CSR; however, it will prepare one in the future depending on the Company's development needs and regulations.
VI. Where the Company has formulated its own sustainable development code in accordance with the Sustainable Development Best Practice Principles, please specified the differences between the implementation and the principles: The Company has established sustainable development best practice principles in accordance with "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies," and the current practices thereof have no deviations from such principles:				
VII. Other information useful to the understanding of promotion of the corporate social responsibility: The Company has established the "Energy, Carbon, Water, Power and Waste Reduction Policy" to promote feasible energy saving measures. Further, the Company has been certified by ISO6001, and its products are all in compliance with RoHS, EU REACH SVHC requirements.				

Note 1: If the implementation status is specified "Yes," please specifically explain the key policies, strategies, and measures taken and the execution progress. If the implementation status is specified "No," please explain deviation and cause of deviation in the field titled "Deviation from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and causes thereof," and state any policy, strategy, and measure planned for the future.

Note 2: The materiality principle refers to environmental, social and corporate governance issues that are of material impact to the Company's investors and stakeholders.

Note 3: For the method by which such information shall be disclosed, please refer to the sample annual report disclosed on the website of TWSE Corporate Governance Center.

(VI)Performance of ethical corporate management and deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and causes thereof:

Item	Status (Note 1)			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and causes thereof
	Yes	No	Summary	
I. Establishment of ethical management policies and plans				
(I) Does the Company state in its regulations or external correspondence about the ethical management polices and practices passed by the board of directors and the commitment of the board of directors and senior management to actively implement the operating policies?	Yes		The Company has established the "Ethical Corporate Management Best Practice Principles," which clearly states the policy and approach of ethical management; besides, the board of directors and the management are all committed to their fulfillment.	No discrepancy.
(II) Does the Company establish the assessment mechanism about unethical conduct to analyze and assess the operating activities with higher risk of unethical conduct in the scope of business periodically, and adopt the unethical conduct prevention program based on the mechanism, which shall at least cover the prevention measures referred to in the subparagraphs of Paragraph 2, Article 7 of the “Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies”?	Yes		Regarding the business activities with higher risk of unethical behavior, e.g., offering and accepting bribes, providing illegal political contributions, etc., the Company's internal audit unit conducts regular audits to prevent their occurrence.	No discrepancy.
(III) Does the Company expressly state the SOP, guidelines for conduct and reward & punishment and grievance systems in the unethical conduct prevention program, implement the same precisely, and review amendments to said program?	Yes		For enforcement, the regulations of the Company stipulate the prevention of unethical behavior, conduct guidelines, penalties for non-compliance and grievance systems.	No discrepancy.
II.Implementation of ethical management				
(I) Does the Company evaluate the ethical record of all counterparts it has business relationships with? Are there any ethical management clauses in the agreements it signs with business partners?	Yes		When the Company engages in commercial cooperation with its clients, the Company always stipulates the terms of ethical behavior in the contracts under the principles of lawfulness and good faith.	No significant differences.
(II) Does the Company establish a unit dedicated to promoting ethical corporate management under supervision of the board of directors which shall be responsible for reporting the status of implementation of the ethical management policy and unethical conduct prevent program to the Board of Directors periodically (at least for once per year)?	Yes		The Company has the chairman’s office and General Administration Department form the “Ethical Management Promotion Taskforce.” Chairman, Chang Yu-Ming, serves as the convener of the Taskforce, responsible for promoting the Company’s corporate governance practices including ethical management, anti-corruption, anti-bribery and compliance with laws, and report the implementation status to the board of directors at the end of each year. It reported to the board of directors on December 28, 2021.	No discrepancy.

Item	Status (Note 1)			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and causes thereof
	Yes	No	Summary	
(III) Does the Company have any policy that prevents conflict of interest, and channels that facilitate the report of conflict of interest?	Yes		The "Regulations Governing Procedure for Board Of Directors' Meetings" adopted by the Company provide the directors' avoidance of conflict of interest system, specifying that when a director or the juristic person represented by the director is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the Company, that director may not participate in discussion and voting on that item, but should recuse himself from the discussion and voting or exercise voting rights as proxy for any other director. The Board of Directors' meetings dated May 11, 2021, January 13, 2023, and January 31, 2023 have complied with the avoidance of conflict of interest requirements under the Regulations Governing Procedure for Board of Directors' Meetings.	No discrepancy.
(IV) Does the Company fulfill the ethical management by establishing an effective accounting system and internal control system, and have an internal audit unit research and adopt related audit plans based on the unethical conduct risk assessment result and conduct audits on the compliance by the unethical conduct prevention program, or appoint a CPA to conduct the audits?	Yes		The Company has established an effective accounting system and internal control system. The internal auditors regularly review the compliance of the system and prepare audit reports to the board of directors, or independent auditors may be appointed to conduct the audits instead.	No discrepancy.
(V) Does the Company organize internal or external training on a regular basis to maintain ethical management?	Yes		The Company organizes the educational training and promotional events for the Company's personnel from time to time. Meanwhile, the Company adopts the "Employee Educational Training Plan" to organize the ethical management educational trainingand announce and discuss the amendments to any important laws and regulations, in order to ensure that the Company may comply with related laws and regulations while it is developing business	No discrepancy.
III.Implementation of the company's whistleblowing system				
(I) Does the Company have a specific whistleblowing and reward system stipulated, a convenient whistleblowing channel established, and a responsible staff designated to deal with the accused party?	Yes		A concrete whistleblowing and reward system has been stipulated in the "Employee Code of Ethics", and an accessible whistleblowing channel is set up. For those who are reported, an auditor or the audit committee will be assigned to handle the case.	No discrepancy.
(II) Does the Company define the standard operating procedure, followup measures to be taken upon completion of the investigation, and nondisclosure mechanism toward the investigation of reported cases as accepted?	Yes		The standard operating procedures for the investigation of whistleblowing matters and the related confidentiality mechanism are set forth in the "Employee Code of Ethics." If such matter is related to a director or senior officer, the report may be submitted to other appropriate persons such as supervisors.	No discrepancy.

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Status (Note 1)</th><th rowspan="2">Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and causes thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>(III) Does the Company have taken proper measures to protect the whistleblowers from suffering any consequence of reporting an incident?</td><td>Yes</td><td></td><td>The Company has a protection rule for whistleblowers to protect them from retaliation.</td><td>No discrepancy.</td></tr>
<tr><td>IV.Enhanced information disclosure</td><td></td><td></td><td></td><td></td></tr>
<tr><td>Does the Company disclose the contents of its ethical management best practice principles and the result of implementation at its official website and MOPS?</td><td>Yes</td><td></td><td>The Information on the ethical management stipulated by the Company is available on the Company's website at http://www.myson.com.tw/ or the Market Observation Post System.</td><td>No discrepancy.</td></tr>
<tr><td colspan="5">V. If the Company has established sustainable development best practice principles in accordance with "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies," please describe the current practices and any deviations thereof from such principles: No significant differences.</td></tr>
<tr><td colspan="5">VI. Other important information that is helpful in understanding the ethical corporate management practices of the Company: (e.g. the Company’s discussion on amendments to the ethical management best practice principles adopted by it)
1. The transactions between the Company and related parties are all disclosed on the MOPS pursuant to laws and regulations.
2. The audit office is established to perform the random check on the Company’s business activities internally periodically, and submit the audit report to the board of directors periodically.</td></tr>
</table>

(VII)If the Company has established corporate governance principles or other relevant guidelines, the access to such principles must be disclosed:
The Company has established the "Corporate Governance Best Practice Principles" and related regulations, which have been disclosed on the Market Observation Post System and the Company's website.

(VIII)Other information material to the understanding of corporate governance within the Company:
The Company designates the General Administration Division to serve as the unit dedicated to the corporate governance, and delegates the “Chief Corporate Governance Officer” to help the corporate governance practices. The relevant implementation status report will be reported to the board of directors at the end of each year, and disclosed on the Company’s website.

(IX)Implementation of internal control system

1. Statement of Internal Control:

Myson Century, Inc.
Statement of Internal Control System

Date: December 31, 2022

The following declaration is made based on the 2022 self-appraisal on the Company's internal control policies:

I. The Company acknowledges and understands that the establishment, implementation and maintenance of the internal control system are the responsibility of the board of directors and managers, and that such a system has been implemented within the Company. The purpose of this system is to provide reasonable assurance in terms of business performance, efficiency (including profitability, performance and asset security etc), reliable, timely and transparent financial reporting, and regulatory compliance.

II. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and the Company takes immediate remedial actions in response to any identified deficiencies.

III. The Company has assessed the effectiveness of the internal control system design and implementation in accordance with the criteria provided in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as "the Regulations"). The criteria introduced by the Regulations consist of five major elements, each representing a different stage of internal control: 1. Control environment; 2. Risk assessment; 3. Control operation; 4. Information and communication; and 5. Supervision. Each element further encompasses several sub-elements. Please refer to "the Regulations" for details.

IV. The Company has adopted said criteria to assess the effectiveness of its internal control system design and implementation thereof.

V. Based on the assessment result referred to in the preceding paragraph, the Company believes that the design and implementation of the internal control system (including monitoring and management on subsidiaries) as of December 31, 2022, including the achievement rate of effectiveness and efficiency of operations and reliability, timeliness, transparency, and regulatory compliance of reporting, as well as the compliance with applicable laws, regulations, and bylaws, are effective and may reasonably ensure the achievement of said goals.

VI. The Statement will be the major contents of the annual report and prospectus of the Company and to be publicly disclosed. Any illegalities such as misrepresentations or concealments in the published contents mentioned above will be considered a breach of Articles 20, 32, 171, and 174 of the Securities and Exchange Act and incur legal liability.

VII. The Statement was passed unanimously without objection by all 7 directors present at the board meeting dated February 24, 2023.

Myson Century, Inc.
Chairman: Chang, Yu-MingSignature and Seals
General Manager Chang, Yu-MingSignature and Seals

Note 1: For major defects in the internal control system of a public company in the middle of a fiscal year, the related information as well as the related examples of the findings and remedial actions made before the balance sheet date shall be added in the explanatory paragraph after #4 of the statement of internal control system.
Note 2: The date of the statement is the "fiscal year-end date".

2. If the Company is required by the Securities and Futures Institute to appoint independent auditors to audit the internal control system, the auditors' report shall be disclosed: None.

(X) If the result of a punishment may have a significant impact on the shareholders' equity or the price of the securities, the punishments received by the Company and its internal personnel pursuant to laws and punitive actions issued by the Company against its internal employees in violation of the internal control system provisions for the latest year until the date of publication of the annual report, major deficiency and correction status shall be specified: None

(XI) Important resolution of the shareholders' meeting, board of directors and remuneration committees for the latest year until the date of publication of the annual report:

1. Important resolution of the shareholders' meetings

Date		Important resolution	Resolution	Status
May 31, 2022	Adoption	(1) Adoption of 2021 business report and financial statements.	Pass the motion per the resolution adopted based on the present shareholders' voting results. Total voting rights: 41,275,984 votes; number of votes in favor: 40,205,295 (97.41%); number of opposing votes: 35,922; number of invalid votes: 0; abstentions (unvoted): 1,034,767 votes.	Compliance with the resolution.
		(2) Motion for ratification on loss recovery in 2021.	Pass the motion per the resolution adopted based on the present shareholders' voting results. Total voting rights: 41,275,984 votes; number of votes in favor: 40,204,548 (97.40%); number of opposing votes: 36,598; number of invalid votes: 0; abstentions (unvoted): 1,034,838 votes.	Compliance with the resolution.
	Discussion	(1) Capital reduction to cover losses of the Company.	Pass the motion per the resolution adopted based on the present shareholders' voting results. Total voting rights: 41,275,984 votes; number of votes in favor: 40,146,218 (97.26%); number of opposing votes: 96,504; number of invalid votes: 0; abstentions (unvoted): 1,033,262 votes.	Compliance with the resolution.
		(2) Motion for private placement of common shares.	Pass the motion per the resolution adopted based on the present shareholders' voting results. Total voting rights: 41,275,984 votes; number of votes in favor: 40,148,632 (97.27%); number of opposing votes: 93,907; number of invalid votes: 0; abstentions (unvoted): 1,033,445 votes.	Compliance with the resolution.
		(3) Amendments to the Company's Articles of Incorporation.	Pass the motion per the resolution adopted based on the present shareholders' voting results. Total voting rights: 41,275,984 votes; number of votes in favor: 40,206,279 (97.41%); number of opposing votes: 34,987; number of invalid votes: 0; abstentions (unvoted): 1,034,718 votes.	Already operated per the revised regulations.
		(4) Amendment to the Company's "Procedures for Asset Acquisition and Disposal" .	Pass the motion per the resolution adopted based on the present shareholders' voting results. Total voting rights: 41,275,984 votes; number of votes in favor: 40,206,323 (97.41%); number of opposing votes: 34,941; number of invalid votes: 0; abstentions (unvoted): 1,034,720 votes.	Already operated per the revised regulations.

2. Important resolution of the board of directors:

Date	Important resolution	Status

Date	Important resolution	Status
March 8, 2022	1. The Company’s “2022 Budget” 2. Review on 2021 business report and financial statements 3. Approval of the 2021 assessment of the effectiveness of the Company's internal control system (issued a statement of internal control system). 4. Proposal to Approve the motion to offset FY2021 losses 5. Capital reduction and reserve to cover losses of the Company 6. Proposal for a private placement of common stock 7. Amendments to the Company’s Articles of Incorporation. 8. Amendment of the Company's internal control system. 9. Amendments to the Company’s “Corporate Governance Best Practice Principles”. 10. Amendments to the Company’s “Procedure for Acquisition or Disposal of Assets” 11. Organization of 2022 shareholders’ meeting and acceptance of proposals submitted by shareholders 12. 2022 CPA independence assessment 13. Remuneration to the CPAs for FY 2022	All directors present have approved the proposals and the relevant procedures are completed.
April 14, 2022	1. Proposal for a private placement of common stock. 2. Amendment to part of the Company's Sustainable Development Best Practice Principles.	All directors present have approved the proposals and the relevant procedures are completed.
May 12, 2022	1. Amendments to the [Approval Authority Table] of the internal control system. 2. The Company's proposal to sign a letter of intent for the disposal of assets. 3. Formulate the Company's greenhouse gas inventory and verification schedule.	All directors present have approved the proposals and the relevant procedures are completed.
August 11, 2022	1. Discussion about the consolidated financial statements for the second quarter of 2022.	The proposal was approved by all members present
October 7, 2022	1. The setting of the record date for capital reduction and the "Operation Plan for Capital Reduction and Share Exchange".	The proposal was approved by all members present
November 10, 2022	1. Discussion about the consolidated financial statements for the third quarter of 2022. 2. Establishment of risk assessment guidelines. 3. Motion for the establishment of internal information handling procedures.	All directors present have approved the proposals and the relevant procedures are completed.
December 16, 2022	1. The Company’s “2023 Audit Plan”. 2. The Company’s "2023 Budget". 3. Amendment to the Company's "Rules of Procedure for Board of Directors Meetings."	All directors present have approved the proposals and the relevant procedures are completed.
January 13, 2023	1. 2023 Business plan. 2. Discussion on matters to be reviewed at 3rd meeting of the 5th remuneration committee.	The proposal was approved by all members present
January 31, 2023	1. Change of the Company’s managers. 2. Discussion on matters to be reviewed at 4th meeting of the 5th remuneration committee.	All directors present have approved the proposals and the relevant procedures are completed.

Date	Important resolution	Status
February 24, 2023	1. Review the 2022 Business Report and Financial Report. 2. Approval of the 2022 assessment of the effectiveness of the Company's internal control system (issued a statement of internal control system). 3. Proposal to Approve the motion to offset FY2022 losses. 4. The motion for not to proceed with the private placement of common shares approved by the general shareholders' meeting in 2022. 5. Motion for private placement of common stock. 6. Amendments to the Company's Articles of Incorporation. 7. Repealing and redefining the Company's "Rules and Procedures of Shareholders' Meeting". 8. Motion for amendments to the Company's "Procedures for Acquisition and Disposal of Assets". 9. Motion for amendments to "Regulations Governing the Preparation of Financial Statements" and "Internal Control over the Management of the Preparation of Financial Statements". 10. Convening of the 2023 general shareholders' meeting and matters related to the shareholders' proposal received at the general shareholders' meeting. 11. Motion for the replacement of CPAs. 12. 2022 CPA independence assessment. 13. Proposal to approve the remuneration to the CPAs for FY2023. 14. Approval in advance for establishing the general principles of the Company's non-assurance service policy. 15. Formulate the Company's greenhouse gas inventory and verification schedule.	All directors present have approved the proposals and the relevant procedures are completed.

3. Important resolution of the remuneration committee

Date	Important resolution	Status
January 13, 2023	1. Deliberation to approve the proposal of 2022 year-end bonus to managers of the Company by the remuneration committee. 2. Review and approval of the amendments to the salary and transportation allowance of the directors. 3. Amendments to the expenses of travels and expenses of each functional committee member.	The proposal was approved by all members present.
January 31, 2023	1. The proposal for remuneration to the new General Manager is hereby submitted for discussion.	The proposal was approved by all members present.

(XII) The main contents of important resolutions of the board of directors passed but with directors or supervisors voicing opposing opinions on the record or in writing during the most recent year and up to the date of publication of the annual report: None.

(XIII) Summary of resignation/dismissal of the Company's related personnel (including Chairman, President, accounting manager, financial manager, chief internal audit officer, chief corporate governance officer or chief R&D officer) in the most recent year and until the date of publication of the annual report: None.

Title	Name	Inauguration Date	Termination Date	Reasons for Dismissal or Termination
General Manager	Chang, Yu-Ming	July 1, 2021	January 31, 2023	Company Position Adjustment

IV.Information on fees to independent auditors

1.

Unit: NT$ Thousand

Name of CPA Firm	Name of CPA	Audit Period	Audit Fees	Non-Audit Fees	Total	Remark
PricewaterhouseCoopers, Taiwan	Tien, Chung-Yu	2022/01/01-2022/12/31	1,600	70	1,670	None
	Lin, Tzu-Yu	2022/01/01-2022/12/31				

Please specify the contents of services subject to non-audit fees: (e.g. tax certification, assurance or other financial consulting and advising services).

Non-audit services: These are services related to the filing of securities offerings.

2. If the audit fee is reduced by 10% or more compared to the previous year, disclose the amount, percentage and reasons for the reduction: N/A.

Note: If there is any change of CPA or CPA firm during the year, please specify the duration of their services separately and state the reason for making the change in the remarks column. Any audit and non-audit fee paid to CPAs should also be disclosed separately. Details of services rendered based on the non-audit fees must be specified in the remarks column.

V. Changing of Auditors

(I) Information on former CPAs:

<table>
<tr><td>Replacement date</td><td colspan="4">February 2023</td></tr>
<tr><td>Reason for replacement and explanation</td><td colspan="4">Due to the needs of internal management, the Company plans to terminate the appointment of CPA firm for financial statement certification by PricewaterhouseCoopers (PwC) Taiwan and at the same time appoint KPMG as the new CPA.</td></tr>
<tr><td rowspan="3">Description of whether the CPAs or the appointer terminated or discontinued the engagement.</td><td colspan="2">Party / Condition</td><td>CPA</td><td>Appointer</td></tr>
<tr><td colspan="2">Terminated the engagement</td><td>N/A</td><td>v</td></tr>
<tr><td colspan="2">Discontinued the engagement.</td><td>N/A</td><td>N/A</td></tr>
<tr><td>The opinions other than unqualified opinion issued in the last two years and the reasons for the said opinions</td><td colspan="4">N/A</td></tr>
<tr><td rowspan="7">Is there any disagreement in opinion with the issuer</td><td rowspan="5">Yes</td><td></td><td colspan="2">Accounting principle or practice</td></tr>
<tr><td></td><td colspan="2">Disclosure of financial statements</td></tr>
<tr><td></td><td colspan="2">Auditing scope or procedures</td></tr>
<tr><td></td><td colspan="2">Others</td></tr>
<tr><td></td><td colspan="2"></td></tr>
<tr><td>None</td><td colspan="3">v</td></tr>
<tr><td colspan="4">Explanation</td></tr>
<tr><td>Supplementary disclosure (Disclosures Specified in Article 10.6.1.4~7 of the regulations)</td><td colspan="4">None</td></tr>
</table>

(II)Information on successor CPAs:

CPA firm	KPMG
Name of CPA	Hsu, Chen-Lung CPA, Chen, Kuo-Tsung CPA
Date of appointment	February 24, 2023
Prior to the formal engagement, any inquiry or consultation on the accounting treatment or accounting principles for specific transactions, and the type of audit opinion that might be rendered on the financial report	N/A
Written opinions from the successor CPAs that are different from the former CPA's opinions	None

(III)The reply of former CPAs on article 10.6.1 and article 10.6.2.3 of the Regulations Governing Information to be Published in Annual Reports of Public Companies : None.

VI. The Company's chair, general manager, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its Cpa or at an affiliated enterprise: None

Independence and Competency Assessment of CPAs

Assessed CPA: PricewaterhouseCoopers Taiwan

Factors Affecting the CPA's Independence		Yes	None
1.	The accountant has a direct or material indirect financial interest relationship with the Company.		ˇ
2.	Financing or guarantees entered into between the accountant and the Company or its directors or supervisors.		ˇ
3.	The CPA considers the possibility of loss of the Company.		ˇ
4.	There is a close business relationship between the accountant and the Company.		ˇ
5.	There is a potential employment relationship between the accountant and the Company.		ˇ
6.	The CPA requests for contingent expenses related to the audit case.		ˇ
7.	Members of the CPA/Audit Service Team who are currently or, in the last 2 years, serve as the Company's director, supervisor, manager, or in a position that has a significant impact on the audit case.		ˇ
8.	The non-audit services provided by the CPA to the Company will directly affect the important items of the audit case.		ˇ
9.	Promotion or brokerage of the shares or other securities issued by the Company.		ˇ
10.	The CPA acts as the defenders of the Company or coordinates conflicts with other third parties on behalf of the Company.		ˇ
11.	The accountant has a family relationship with the Company's directors, supervisors, managers, or personnel who have a significant impact on the audit case.		ˇ
12.	Co-practicing CPAs within one year of resignation serve as the Company's directors, supervisors, managers, or positions that have a significant impact on audit cases.		ˇ
13.	The CPA has accepted of gifts or gifts of great value from the Company, its directors, supervisors, or managers.		ˇ
14.	The CPA is asked to accept the management's improper choice of accounting policies or improper disclosure in the financial statements.		ˇ
15.	In order to reduce audit fees, the Company had pressured the CPA to inappropriately reduce the audit work that should be performed.		ˇ

VII. Transfer & pledge of stock equity by directors, managerial officers and holders of 10% or more of company shares

1. Changes in the shareholdings and pledges of directors, managers and major shareholders holding 10% of the shares:

Unit: Shares

Title	Name	Representative	2022		As of April 7, 2023	
			Increase (decrease) in number of shares held	Increase (decrease) in number of pledged shares	Increase (decrease) in number of shares held	Increase (decrease) in number of pledged shares
Chairman	Huo Jui Investment Co. Lit.	Chang, Yu-Ming	(2,323,890)	0	0	0
Director	Huo Jui Investment Co. Lit.		(2,411,470)	0	0	0
Director	Sun Yad Construction Co., Ltd.		(7,696,033)	0	0	0
Director	Sun Yad Construction Co., Ltd.	Chang, Shuo-Wen	0	0	0	0
Director	Sun Yad Construction Co., Ltd.	Chao, Tien-Tsung	0	0	0	0
Director	Sun Yad Construction Co., Ltd.	Tseng, Peng-Kuang	0	0	0	0
Independent director	Hsu, Shou-Te		0	0	0	0
Independent director	Hsu, Chi-Jeng		0	0	0	0
Independent director	Lin, I-Chi		0	0	0	0
General Manager	Chang, Hui-Fen		0	0	0	0
Finance & Accounting Executive	Chu, Li-Chuan		0	0	0	0

2. The counterpart of transfer or pledge of shares is a related party: None

VIII.Information on relationships among the top ten shareholders

Name	Shareholding		Shares held by spouse & minors		Shares held by nominee arrangement		If there is relationship, such as spouse, or relative within the second degree of kinship, among the top ten shareholders, please disclose the designation or name and relationship.		Remark
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Name	relation	None
Sun Yad Construction Co., Ltd. Representative: Chang, Yu-Ming	2,507,367	17.06%	0 0	0 0	0 0	0 0	Chang, Yu-Ming	Doubled as the company's representative	None
Chang, Yu-Ming	754,110	5.13%	0	0	0	0	Sun Yad Construction Co., Ltd.	Chairperson of this company	None
							Huo Jui Investment Co. Lit.	Doubled as the company's representative	None
							Chi Hang Investment Co., Ltd.	Doubled as the company's representative	None
							City Family Co., Ltd.	Second degree relatives of the representative of this company	None
Chi Hang Investment Co., Ltd. Representative: Chang, Yu-Ming	1,469,510	10.00%	0	0	0	0	Chang, Yu-Ming	Doubled as the company's representative	None
Chung Ching Technology Co. Ltd. Representative: Chang, Yu-Ming	927,735	6.31%	0	0	0	0	Chang, Yu-Ming	Doubled as the company's representative	None
Huo Jui Investment Co. Lit. representative : Chang, Yu-Ming	782,530	5.32%	0	0	0	0	Chang, Yu-Ming	Doubled as the company's representative	None
Yang, Hung-Chin	309,000	2.10%	0	0	0	0	None	None	None
Huang, Sen-Yuan	249,213	1.70%	0	0	0	0	None	None	None
Chang, Chun-Ming	219,629	1.49%	0	0	0	0	None	None	None
City Family Co., Ltd. Representative: Chang, Shuo-Wen	219,275	1.49%	0	0	0	0	Chang, Yu-Ming	Second degree relatives of the representative of this company	None
Kao, Tung-Min	197,470	1.34%	0	0	0	0	None	None	None

IX. Number of Shares Held by the Company, the Company's Directors, managers, and Number of Shares Invested in a Single Company which are Held by the entities Directly or indirectly Controlled by the Company, and Calculating the Consolidated Shareholding Percentage

March 31, 2023 Units: Shares

Investee companies (Note)	Investment by the Company		Investment by directors, supervisors, managers and enterprises controlled either directly or indirectly by the Company		Comprehensive investment	
	Quantity of shares	Share holding ratio	Quantity of shares	Share holding ratio	Quantity of shares	Share holding ratio
e-Phocus, Inc.	2,583,333	22.91%	-	-	2,583,333	22.91%
ZAVIO Inc.	900,000	100.00%	-	-	900,000	100.00%

Note: The Company’s investment under equity method.

Four. Shares and fund raising

I. Company Capital and Shares

(I) Source of capital share

Year Month	Issue price($)	Authorized capital		Paid-in capital		Remark		
		Quantity of shares (shares)	Amount ($)	Quantity of shares (shares)	Amount ($)	Source of capital share	Offset share capital via properties other than cash	Date and number of approval letter
November 1995	10	25,000,000	250,000,000	21,250,000	212,500,000	Issuance of shares by cash, earnings and employee bonuses	None	October 7, 1995 (1995) Tai-Tsai-Cheng (I)no. 53654 letter
May 1996	10	25,000,000	250,000,000	24,221,300	242,213,000	Issuance of shares by capital surplus, earnings and employee bonuses	None	April 30, 1996 (1996) Tai-Tsai-Cheng (I)no.27172 letter
June 1997	10	60,000,000	600,000,000	34,221,300	342,213,000	Issuance of shares for cash	None	April 16, 1997 (1997) Tai-Tsai-Cheng (I)no.27258 letter
September 1997	10	60,000,000	600,000,000	39,800,282	398,002,820	Issuance of shares by earnings and employee bonuses	None	August 26, 1997 (1997) Tai-Tsai-Cheng (I)no.67074 letter
June 1998	10	65,000,000	650,000,000	61,807,922	618,079,220	Issuance of shares by capital surplus, earnings and employee bonuses	None	May 15, 1998 (1998) Tai-Tsai-Cheng (I)no.42653 letter
June 1999	10	120,000,000	1,200,000,000	89,875,989	898,759,890	Issuance of shares by capital surplus, earnings and employee bonuses	None	May 29, 1999 (1999) Tai-Tsai-Cheng (I)no.49944 letter
April 2000	10	120,000,000	1,200,000,000	119,875,989	1,198,759,890	Issuance of shares for cash	None	January 29, 2000 (2000) Tai-Tsai-Cheng (I)no. 112067 letter and February 10, 2000 (2000) Tai-Tsai-Cheng (I)no. 18146 letter
August 2000	10	160,000,000	1,600,000,000	152,832,985	1,528,329,850	Issuance of shares by capital surplus, earnings and employee bonuses	None	July 17, 2000 (2000) Tai-Tsai-Cheng (I)no.62151 letter
September 2001	10	350,000,000	3,500,000,000	224,261,556	2,242,615,560	Merger of Century Semiconductor	None	September 24, 2001 (2001) Tai-Tsai-Cheng (I)no.157548 letter
September 2003	10	350,000,000	3,500,000,000	224,648,556	2,246,485,560	Using employee stock option	None	July 26, 2001 (2001) Tai-Tsai-Cheng (I)no. 144288 letter
November 2003	10	350,000,000	3,500,000,000	221,903,556	2,219,035,560	Write-off of 2,745,000 shares by short form merger	None	October 29, 2003 Cheng-Kuei-Shang-Tzu no. 0920032566
April 2004	10	350,000,000	3,500,000,000	222,280,056	2,222,800,560	Using employee stock option	None	July 26, 2001 (2001) Tai-Tsai-Cheng (I)no. 144288 letter
August 2005	10	350,000,000	3,500,000,000	112,186,292	1,121,862,920	Capital reduction	None	August 9, 2005 Chin-Kuan-Cheng-Yi-Tzu no. 0940125564
February 2008	10	350,000,000	3,500,000,000	112,281,887	1,122,818,870	Using employee stock option	None	August 24, 2005 Chin-Kuan-Cheng-Yi-Tzu no. 0940135207
November 2008	10	350,000,000	3,500,000,000	111,575,298	1,115,752,980	Write-off of treasury stock to reduce capital	None	November 23, 2005 Chin-Kuan-Cheng-San-Tzu no. 0940154024
January 2010	10	350,000,000	3,500,000,000	111,853,744	1,118,537,440	Using employee stock option	None	August 24, 2005 Chin-Kuan-Cheng-Yi-Tzu no. 0940135207
November 2010	10	350,000,000	3,500,000,000	112,027,024	1,120,270,240	Using employee stock option	None	August 24, 2005 Chin-Kuan-Cheng-Yi-Tzu no. 0940135207
March 2011	10	350,000,000	3,500,000,000	112,062,829	1,120,628,290	Using employee stock option	None	August 24, 2005 Chin-Kuan-Cheng-Yi-Tzu no. 0940135207
September 2011	10	350,000,000	3,500,000,000	112,218,329	1,122,183,290	Using employee stock option	None	August 24, 2005 Chin-Kuan-Cheng-Yi-Tzu no. 0940135207
November 2011	10	350,000,000	3,500,000,000	112,407,419	1,124,074,190	Using employee stock option	None	August 24, 2005 Chin-Kuan-Cheng-Yi-Tzu no. 0940135207
January 2012	10	350,000,000	3,500,000,000	60,000,000	600,000,000	Cash refund	None	January 17, 2012 Chin-Kuan-Cheng-Fa-Tzu no. 1000064954
October 2022	10	350,000,000	3,500,000,000	14,700,000	147,000,000	Capital reduction to cover losses	None	October 4, 2022 Cheng-Kuei-Chien-Tzu No. 1110010564

Share type	Authorized capital			Remark
	Outstanding TPex listed companies	Unissued shares	Total	
Common shares	14,700,000	335,300,000	350,000,000	TPex listed companies

(II) Shareholders structure

April 8, 2023

Shareholders structure / Quantity	Government agencies	Financial institutions	Other juristic persons	Natural persons	Foreign institutions and natural persons	Total
Number of person	1	0	40	13,378	4	13,423
Shares held	10	0	6,051,908	8,647,383	699	14,700,000
Share holding ratio	0.00%	0.00%	41.17%	58.83%	0.00%	100.00%
Share holding ratio of Chinese companies" 0 %						

(III) Diversification of equity

Face value per share $10

April 8, 2023

Shareholding range	Number of shareholders	Shares held	Share holding ratio
1–999	12,427	1,215,056	8.27%
1,000–5,000	774	1,641,684	11.17%
5,001–10,000	97	661,797	4.5%
10,001–15,000	41	504,088	3.43%
15,001–20,000	21	364,962	2.48%
20,001–30,000	22	533,660	3.63%
30,001–40,000	6	203,058	1.38%
40,001–50,000	4	189,901	1.29%
50,001–100,000	13	804,187	5.47%
100,001–200,000	9	1,143,238	7.78%
200,001–400,000	4	997,117	6.78%
400,001–600,000	0	0	0%
600,001–800,000	2	1,536,640	10.45%
800,001–1,000,000	1	927,735	6.31%
Above 1,000,001	2	3,976,877	27.06%
Total	13,423	14,700,000	100.00%

(IV) List of major shareholders (shareholders with at least 5% of the shares)

Shares / Name of major shareholder	Shares held	Share holding ratio
Sun Yad Construction Co., Ltd.	2,507,367	17.06%
Chi Hang Investment Co., Ltd.	1,469,510	10.00%
Chung Ching Technology Co. Ltd.	927,735	6.31%
Huo Jui Investment Co. Lit.	782,530	5.32%
Chang, Yu-Ming	754,110	5.13%

(V) Information on share market price, net worth, earnings and dividends

Item \ Year			2021	2022	As of March 31, 2023 (Note 2)
Market price per share	Highest		8.00	20.90	28.85
	Lowest		4.81	3.72	15.25
	Average		6.94	5.77	19.99
Net worth per share	Before allocation		2.74	8.33	8.62
	After allocation		Note 1	Note 1	Note 1
Earnings per share	Weighted average shares (thousand shares)		60,000	14,700 (Note 3)	14,700
	Earnings per share	Non-retrospective	(0.50)	(0.18)	(0.33)
		Retrospective	Note 1	Note 1	Note 1
Dividends per Share	Cash dividends (note 1)		Note 1	Note 1	Note 1
	Stock dividends	Dividends from retained earnings	Note 1	Note 1	Note 1
		Dividends from capital surplus	Note 1	Note 1	Note 1
	Accumulated undistributed dividends		0	0	0
Return on investment analysis	Price / earning ratio		(13.88)	(32.06)	(1.65)
	Price / dividend ratio		Note 1	Note 1	Note 1
	Cash dividend yield rate		Note 1	Note 1	Note 1

* If shares are distributed in connection with a capital increase out of earnings or capital surplus, further disclose information on market prices and cash dividends retroactively adjusted based on the number of shares after distribution.

Note 1: The offsetting loss for 2022 has not yet been approved at the stockholders' meeting; therefore, the amount after allocation is not shown for the time being.

Note 2: For net value per share and earnings per share, disclose the information audited (reviewed) by the CPAs for the most recent quarter as of the date of publication of the Annual Report; for other fields, disclose the information for the year as of the date of publication of the Annual Report.

Note 3: October 7, 2022 was the record date for the capital reduction. After the capital reduction, the paid-in capital was NT$147,000 thousand, divided into 14,700 thousand shares.

(VI) Dividend policy and implementation thereof:

1. Dividend policy

The Company's dividend policy is determined by the board of directors in accordance with the Company's operating plan, investment plan, capital budget and changes in internal and external environment. At this stage, the Company has adopted the residual dividend policy to retain earnings to fund operational growth and investment. The principles of earnings distribution are as follows: Cash dividends are the priority, while share dividends may not be distributed at a rate greater than 50% of the total dividends.

2. Distribution of dividends proposed at the shareholders' meeting:

The Company incurred a loss in fiscal 2022; the board of directors resolved not to distribute dividends on February 24, 2023. However, the motion has not yet been approved at the general shareholders' meeting.

3. Explanation of expected significant change in dividend policy: None.

(VII)The effects of bonus shares proposed at this shareholders' meeting on the Company's business performance and earnings per share: N/A.

(VIII)Remuneration to employees and directors:

1. Percentage or range of remuneration paid to employees and directors under the Articles of Incorporation:

If the Company makes a profit in a year, it shall allocate 1% to 10% of the total amount for employee remuneration and not more than 5% for director remuneration. However, if the Company still has accumulated deficit, the amount shall be retained in advance to compensate for the deficit.

The remuneration to employees referred to in the preceding paragraph may be paid in shares or cash.

2. The basis for estimating the amount of remuneration to employees and directors, for calculating the number of shares to be distributed as the stock dividends for the remuneration to employees, and

the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period: Any variance shall be stated as the income of next year.

3. **Distribution of remuneration approved by the board of directors: None.**
   The motion to offset the Company's loss for fiscal 2022 has been resolved by the board of directors on February 24, 2023, and no remuneration is payable to employees, directors and supervisors. Disclosure of information regarding the remuneration to employees, directors and supervisors of the Company is not applicable.
4. **Actual payment of employees' and directors' remuneration in the previous year (2022): (including the number of shares to be distributed, amount and stock price) In the case of any differences between the distributed amount and that already recognized, the difference, cause and resolution thereof shall be stated:**
   There is no distribution of employees' and directors' remuneration in 2022, which is not different from the recognition.

(IX) Repurchase of the Company's shares: None

II. Issuance of Corporate Bonds: None

III. Issuance of Preferred Shares: None

IV. Global Depository Receipts: None

V. Subscription of Warrants for Employees: None

(I) Employee share subscription warrants and effect on shareholders' equity

All the employee share subscription warrants issued by the Company have expired, and, therefore, there is no impact on the shareholders' equity.

(II) Names of managers acquiring the employee stock warrants and top ten employees holding the most shares, and the status of acquisition, until the date of publication of the annual report:

All the employee share subscription warrants issued by the Company have expired, and, therefore, it is not applicable.

(III) Issuance of Restricted Stock Awards:

The Company has not issued any restricted stock awards; therefore, it is not applicable.

VI. Status of New Shares Issuance in Connection with Mergers and Acquisitions: None

VII. Status of Capital Utilization Plan

(I) Plan Description: Analysis pending issuance or private placement of securities as of the quarter before the date of publication of the annual report or insignificant benefits of the plans in the most recent three years: None.

(II) Implementation status: N/A.

Five. Operational Highlights

I.Business Content

(I) Business scope

1. The Company primarily engages in the following business activities:

◆Research, development, production, manufacturing, and sales of automotive electrical system module products

◆Research, development, production, and manufacturing of digital surveillance system module products

◆Testing, repair and technical consulting services for the above products

◆Import/export trade of the above products.

2. Percentage to the whole business: Unit：NTD thousand

Product Type	2022 Revenue	Proportion of revenue%	2021 Turnover	Proportion of revenue%
Integrated Circuit Products	7,526	40.83	4,009	28.66
Digital surveillance system products	10,906	59.17	9,980	71.34
Total	18,432	100.00	13,989	100.00

3. The company's current main products and new products planned for development.

System products: Digital surveillance products in the security domain

(II)Overview of industry

When the COVID-19 pandemic broke out in late 2019, no one would have thought that it could have such a dramatic impact on our world. Our lifestyles, our work patterns and our business operations were completely transformed. Travel restrictions, social distance regulations, hygiene requirements and health care pressures have all deeply impacted our lives and the security industry as a whole. In the face of the impact of pandemic, driven by cleanliness and hygiene concerns and the requirement to maintain social distance.there are some new applications for security technologies and solutions, such as low-touch or no-touch technologies, (especially in the fields of access management systems and security systems). In addition, surveillance solutions with people counting functions will become a standard requirement, and they are able to ensure that everyone complies with the requirements of keeping social distance, measuring body temperature, etc.

For the security domain, new technologies, such as artificial intelligence and 5G have become the key to boost the development of intelligent security. From the technical perspective, artificial intelligence, cloud computing, big data, the Internet of Things, and other technologies in the domain of security video surveillance have generated more convergence and integration. The new technology has broken the traditional hardware-based type of security industry, and it has brought the concepts of software-defined camera, cloud platform, etc. As chip technology continues to advance, the cost of AI computing power is reduced; the maturity of deep learning algorithms and related frameworks, as well as open source software made AI algorithms widely accessible; the maturity of industry standards, such as GB/T 28181 and ONVIF has reduced the difficulty of video image data interconnection and interoperability; the advancement of codec technology, such as H.265/HEVC and H.266/VVC, has significantly reduced the cost of video image transmission and storage.

The Company's research and development will move towards the image recognition domain.Moreover, the company will cooperate with system integrators to do the solution integration in order to strengthen the niche of video surveillance businesses.

(III)Technology and R&D Overview

1. R&D expenses in the most recent year as of March 31, 2023 Unit: NT$1,000

Year / Item	2022	For period ended March 31, 2023 (Note)
R&D expenses	0	0
Net operating revenues	18,432	1,274
Percentage of R&D expenses to net operating revenues	0	0%

Note: The amounts are reviewed by the independent auditors.

2. Technology or products successfully developed

A. Surveillance system products

◆ Indoor box IP camera

◆ Outdoor bullet IP camera

- ◆ Cube camera
- ◆ Dome camera
- ◆ 360° Fisheye camera
- ◆ NVRDigital video recorder
- ◆ PT/IP Speed Dome camera

(IV)Long-term and short-term business development plans

Short-term plan:

- ◆ To integrate and develop digital surveillance system products continuously

Long-term plan:

- ◆ To proactively seek business projects that will be dynamic for future operations and can be developed into independent profitable entities

II.Markets and sales overview

(I)Market analysis:

1. Sales region of main products

Unit：NTD thousand

Year / Sales region	2022		2021	
	Sales amount	%	Sales amount	%
Taiwan	10,891	59.09	2,674	19.12%
Mainland China	713	3.87	1,336	9.55%
Europe	903	4.89	521	3.72%
America	1,227	6.66	3,807	27.21%
Others	4,698	25.49	5,651	40.40%
Net sales	18,432	100.00%	13,989	100.00%

2. Market share, market's future supply/demand conditions and development potential

Due to the uncertainty of the new normal and the overseas outbreak, technology that helps reduce the risk of COVID-19 will continue to be a focus in the global security market in 2023; the development trend will focus on the following two aspects: (1) cloud storage, artificial intelligence, and Internet of Things technologies in the smart security era and (2) interoperability of intelligent applications enhanced by the standards organization, ONVIF. The development of AI deep learning technology has accelerated the commercialization of intelligent video analytics in the security industry, and it is developing toward large-scale and enterprise-level analytics. In the post-pandemic era, more and more companies are using video surveillance as a crucial way to help them sustain their business in the new normal For example, smart cameras can monitor indoor occupancy in public places, and object detection applications can be used to ensure that no suspicious objects are left in places. It is expected that intelligent video analytics software will be more commercially available by 2023. Under the outbreak of COVID-19, the use of contactless access technology is also becoming more and more common Many users prefer non-contact solutions to minimize non-essential contacts. As a result, solutions such as vehicle identification will become more popular in 2023. At the same time, the outbreak of COVID-19 and the growing potential of the Internet of Things have brought more opportunities for the development of cloud storage technology. According to the data, COVID-19 in 2023 caused an inevitable impact on the development of security companies; most of them have weak growth, and small and medium-sized enterprises are unable to avoid losses. Despite the new challenges the pandemic has brought to the security industry, ONVIF, the world's leading IP physical security standards organization, has not rested and continues to promote the development of interoperability in the security industry. To date, ONVIF has successfully released Profile S for basic video streaming, Profile G for video recording and storage, Profile C for physical access control, Profile Q for enhancements to current functionalities, Profile A for more extensive physical access control configurations, and Profile T for advanced video streaming.

The development of intelligent technologies, such as artificial intelligence and the Internet of Things and the new normal of the post-pandemic era will continue to affect the development of the security industry. Therefore, the technology trend of the security industry will largely depend on the advancement of intelligent video surveillance, analysis and cloud storage. As the world's leading open standards organization, ONVIF will continue to provide efficient and flexible solutions to drive the evolution of interoperability in physical security systems in 2023.

(II)Important use and manufacturing processes for the Company's main products:

1. Important use

Main Products	Use
Chip design and manufacturing	Applications include household/commercial IoT applications, power control, battery monitoring, DC/AC conversion, motor speed control, fan drive, inverter air-conditioner compressor driver, fiber optic transceiver, car body control ECU, generator voltage stabilization, spark plug ignition, tank fan speed control, car window and door control, and customized ASIC development.
System Product	In-vehicle human-machine interface touch module, digital IP camera and security surveillance recording and playback system.

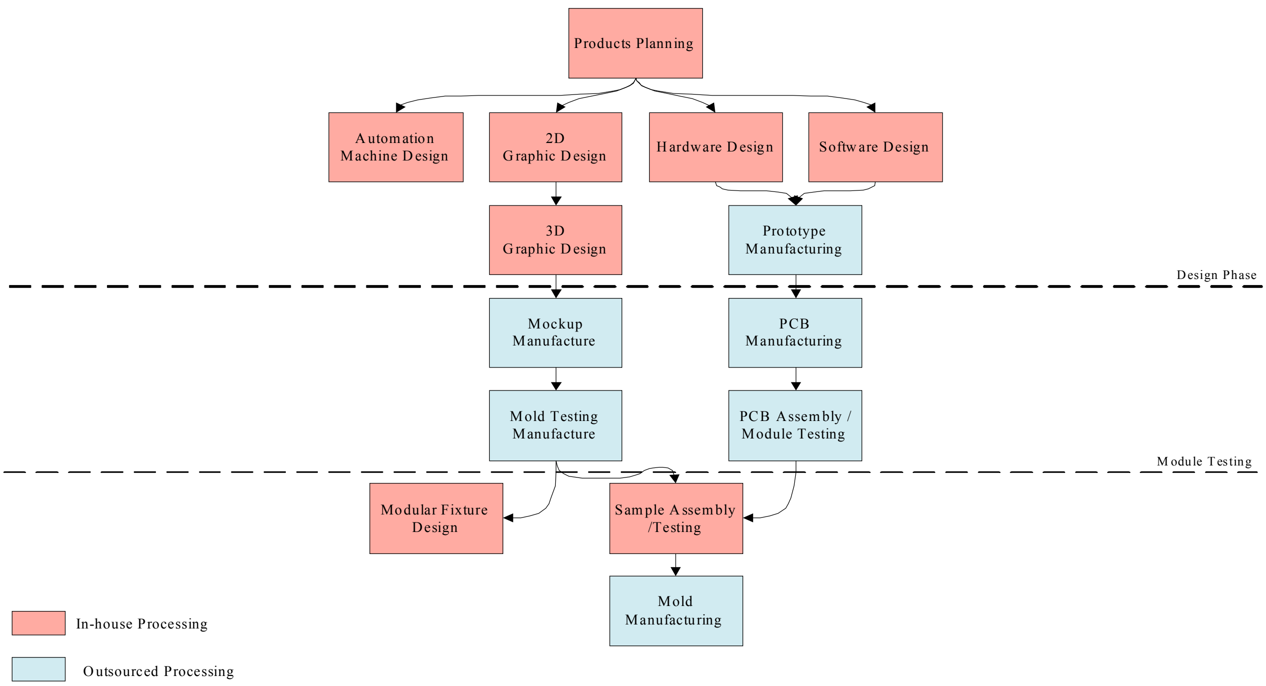
2. Manufacturing process

●Integrated circuit product manufacturing process

Integrated Circuit Design (Myson Century) → IC layout (Myson Century) → Photomask manufacturing (TMC, TSMC) → Chip manufacturing (TSMC, etc.) →

→ Chip testing (Panther & Greatek) → IC package (Greatek) → Product testing (Panther & Greatek) → Product sales (Myson Century)

●Manufacturing process of automotive electrical system module



●Manufacturing process of IP surveillance camera products

Design → Purchase → IQC → Stock

→ SMT → DIP → Lens assembly → T1 test

→ Device assembly → Burn-in → T2 test → Upgrade F/W

→ T3 test → Packaging → OQC → Shipment

(III)Supply situation for the Company's major raw materials

The IC wafer OEM of the Company is mainly from UMC, etc. Our coordination is very close, and we have a computer network to respond to the current supply of wafers at any time; therefore, the OEM production is stable and the delivery is smooth. The main suppliers of vehicle electrical system are Shinpuu, ShangHo, etc.. The main supplier of IP surveillance cameras is FSAN.

(IV)List of any suppliers and clients accounting for 10 percent or more of the company's total procurement (sales) amount in either of the 2 most recent fiscal years

(1)Major customers in the last two years

Unit: NT$ Thousand

Item	2021				2022				By the end of Q1, 2023			
	Name	Amount	Proportion to net sales for the year	Relationship with Issuer	Name	Amount	Proportion to net sales for the year	Relationship with Issuer	Name	Amount	Proportion to net sales as of the end of the first quarter of the year	Relationship with Issuer
1	C	3,939	28%	None	Boromi	10,665	58%	Yes	Boromi	3,066	71%	Yes
2	A	1,595	11%	None	J	1,792	10%		U-BEST	1,766	27%	Yes
3												
4												
5												
	Others	8,455	61%	None	Others	5,932	32%	None	Others	95	2%	None
	Net purchases	13,989	100%		Net purchases	18,432	100%		Net purchases	4,337	100%	
	Cause of change: The change in sales is due to the impact of COVID-19 outbreak on the market and the change of customers due to different products sold.											

(2) Major suppliers in the last two years Unit: NT$ Thousand

Item	2021				2022				By the end of Q1, 2023			
	Name	Amount	Proportion to net purchases for the year	Relationship with Issuer	Name	Amount	Proportion to net purchases for the year	Relationship with Issuer	Name	Amount	Proportion to net purchases as of the end of the first quarter of the year	Relationship with Issuer
1	J	4,279	94%	None	J	1,262	52%	None	K	4,203	100%	None
2				-	K	1,185	48%	-	-	-	-	-
3	-	-	-	-	-	-	-	-	-	-	-	-
4	-	-	-	-	-	-	-	-	-	-	-	-
	Others	275	6%	None	Others	0	0%	None	Others	-	-	-
	Net purchases	4,554	100%		Net purchases	2,447	100%		Net purchases	4,203	100%	
	Cause of change: The change in the composition and proportion of suppliers is due to the market change caused by the outbreak of COVID-19.											

(V)Indication of the production volume for the 2 most recent fiscal years Unit: Thousand units / thousand dollars

Year / Production volume / Main product	2021			2022		
	Capacity	Quantity	Value	Capacity	Quantity	Value
Integrated circuit	-	25	275	-	-	-
System module	-	-	-	-	-	-
Digital surveillance	-	0	0	-	9	3,633
Total	-	25	275	-	9	3,633

(VI)Indication of the volume of units sold for the 2 most recent fiscal years Unit: Thousand units / thousand dollars

Year / Volume of units sold / Main product	2021				2022			
	Domestic sale		Export		Domestic sale		Export	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Integrated circuit	80	2,674	102	1,335	624	6,813	28	713
System module	0	0	-	-	0	-	-	-
Digital surveillance	0	0	5	9,980	9	8,721	4	6,828
Total	80	2,674	107	11,315	631	10,891	32	7,541

IV. Employee Information

Year		2021	2022	March 31, 2023 (Note)
Number of employees	Manufacturing	0	0	0
	Sales	0	0	0
	Management	12	11	5
	Total	12	11	5
Average age		46.79	46.97	43.07
Average seniority		4.96	6.10	8.1
Education distribution percentage	PhD degree	0%	0%	0%
	Master degree	1%	0%	0%
	College	10%	91%	100%
	High school	1%	9%	0%
	Below high school	0%	0%	0%

Note: To specify the information available in the current year until the date of publication of the annual report.

IV.Information on Environmental Protection Costs

(I) The loss caused by environmental pollution during the latest year and up to the printing date of this Annual Report: None

(II) Myson Century is a professional IC design company; its business is mainly focused on the development and design of ICs, with testing as a supplement. Besides, there are no significant pollution generated during the product manufacturing process. The following is a description of the Company's efforts to prevent pollution.

1. Provisions of law.
   (1) Requirement to apply for a permit for installing anti-pollution facilities, or permit of pollution drainage:
   The Company has no environmental pollution due to the characteristics of our products.
   (2) Requirement to pay anti-pollution fees:
   The Company is charged by the Administration at the predetermined rate.
   (3) Requirement to set up an exclusively responsible unit/personnel for environmental issues: N/A.
2. Setting forth the company's investment on the major anti-pollution facilities, the use purpose of such facilities and the possible effects to be produced: None
3. Process undertaken by the Company on environmental pollution improvement for the most recent 2 years. If there had been any pollution dispute, its handling process shall also be described: None
4. Losses suffered by the company due to environmental pollution incidents (including any compensation), together with total amount of penalty, responsive measures and possible expenses for the future: None
5. Current condition of pollution and the impact of its improvement to the profits, competitive position and capital expenditures of the Company, as well as the projected major environment-related capital expenses to be made for the coming 2 fiscal years: None

(III) RoHS information: The Company requires packaging companies to provide main material RoHS data & Packing material MSDS data; thus, all lead-free products must meet RoHS standards.

V.Labor Relations

(I) Implementation of employee welfare, education, training, retirement, as well as the conducts, rights and obligations established between the employers and employees:

1. Welfare measures: The Company has established an employee welfare committee in accordance with the regulations to handle various welfare activities, such as recreation, travel, wedding and funeral subsidies, and subsidies for employees' continuous education, thus sharing the welfare with employees.
2. Employee educational training planning: In order to enhance the skills of our employees and fulfill their functions in the organization, the Company has formulated the "Educational Training Management Regulations" so as to strengthen the management/professional knowledge and skills, enhance the quality and ability of our employees, explain the organizational policies, shape the excellent company culture, and pursue the continuous improvement of the overall quality, thereby facilitating the company's goal of sustainable management.
   A. Pre-employment training: The training provides new employees with a basic understanding of the company's history, quality policies, work rules, and other basic concepts so that they can adapt to the company's as soon as possible.
   B. General training: The training is to expand employees' career planning and interpersonal relationship (excluding language training).
   C. Management training: The training aims to improve the management ability and skills of managers and management trainees.
   D. Professional training: The training aims to enhance the professional knowledge and work skills of the employees in order to improve the work efficiency.
   E. Quality target awareness training:The Quality training strengthens employees so as to achieve the set quality objectives.

3. The participation of managers (including general manager, deputy general manager, accounting, finance, internal audit officers, etc.) in corporate governance-related education and training, employee continuing education and training, and statutory certificates obtained by personnel in relation to the transparency of financial information (e.g. internal auditors, finance, accounting staff, etc.)

Title	List of trainees	Course name	Training Hour	Amount (thousands)
Manager	Chu, Li-Chuan Accounting officer	Continuing education courses for Principal Accounting Officers of Issuers, Securities Firms, and Securities Exchanges and continuing education courses for First-Time Corporate Governance Officers	24	16
Staff	Staff	The courses mainly include professional program, environmental health and safety programs, and new employee orientation, etc.	24	13

The Company's internal auditors have obtained the statutory licenses; however, personnel in relation to the transparency of financial information (such as finance and accounting staff...) have not yet obtained the statutory licenses.

4. Retirement system and implementation thereof

On July 1, 2005, the Company and its subsidiaries established a defined contribution retirement plan in accordance with the Labor Pension Act, which is applicable to the employees with Taiwan citizenship. The Company and its subsidiaries contributes 6% of the employee's monthly salary to the employee's personal account at the Bureau of Labor Insurance for the employees who choose to apply the labor pension system under the Labor Pension Act. Employees' pensions are paid in the form of monthly pensions or lump-sum pensions, depending on the amount of the employees' individual pension accounts and accumulated earnings.

5. Agreement between employees and employers and measures to protect employees' rights: The company maintains a harmonious atmosphere between employers and employees, and supervisors and staff get along well with each other. Further, the company has set up channels for communication and complaints, and the personnel system and regulations are all in accordance with the provisions of the Labor Standards Act. Moreover, the company has a comprehensive performance evaluation system as well as reward and punishment management measures.

6. Work environment and employee safety protection measures.

A. The administration unit of the company is responsible for the integration of environmental protection, safety and health management of the company, and dedicated personnel are in charge of promoting and implementing various environmental protection and safety maintenance work.

B. Free health checkups for all employees are held regularly.

C. New employees are required to undergo medical checkups, and the company pays for the checkups in cooperation with the employee clinic in the park.

D. First aid personnel are set up in accordance with the regulations.

E. First-aid kits are available in the Company, and general medicines are replenished regularly for employees to use in case of injury or discomfort.

F. Fire fighting facilities and electrical facilities are inspected monthly and reported annually to ensure the systems and facilities are operating properly.

G. The facility is equipped with 24-hour surveillance system to ensure the safety of the facility.

H. The water quality of drinking fountains is measured regularly every quarter, recorded and kept for reference.

I. workplace monitoring is implemented semi-annually to detect whether the illumination and carbon dioxide concentration in the workplace meet the requirements.

J. The Company has an emergency responsive plan in place to ensure the safety of employees and the workplace during emergencies.

K. The Company conducts annual safety-related training for employees to enhance their crisis awareness and response capability.

L. All new employees are required to attend new employee orientation training so that they can be familiar with the workplace and regulations in advance and understand the importance of safety.

M. There are warning signs in the machine room area so that employees will not accidentally enter the area and cause unnecessary accidents.

(II) Any losses suffered by the Company in the most recent fiscal year and up to the annual report publication date due to labor disputes (including any violations of the Labor Standards Act found in labor inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the substance of the legal violations, and the content of the dispositions), and an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken: None

VI. Cyber security

(I) Describe the cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management: In response to the advances in internet technology and the trend of cross-platform networking in the future, the Company uses information security tools to adopt effective protection strategies at the right time, cultivates employees' awareness on security, raises their alertness to messages in emails or communication software to reduce the risk of phishing scams, and installs anti-virus software to protect personal data and transaction security. In addition to regularly updating passwords, the Company adopts multiple verification account protection measures and password management tools to protect relevant certificate information and confidential personal information. Furthermore, a backup mechanism is in place to ensure data security.

(II) List any losses suffered in the last two years due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None

VII.Significant Contracts

Nature of contract	Party	Effective date and expiry date of contract	Description	Restrictive covenants
Land lease	Science Park Bureau	January 01, 2021–December 31, 2040	Lease of land from the bureau for the plant	None

Six.Financial Position

I.Most Recent 5-Year Concise Balance sheets and Income Statements

(I) Condensed balance sheet and comprehensive income statement

Condensed balance sheet

Unit：NTD thousand

Item / Year		Financial information for the last five years (note 1)					For Period Ended March 31, 2023 Financial information (note 1)
		2018	2019	2020	2021	2022	
Current assets		198,067	165,539	138,629	51,615	47,485	34,045
Property, plant and equipment		44,095	44,239	41,922	39,995	38,063	37,591
Intangible assets		495	1,238	494	389	167	129
Other assets		38,598	15,434	15,574	94,421	98,510	115,466
Total assets		281,255	226,450	196,619	186,420	184,225	187,231
Current liabilities	Before allocation	16,445	8,805	6,483	7,556	10,166	9,612
	After allocation (note 2)	16,445	8,805	6,483	7,556	Unresolved	Unresolved
Non-current liabilities		48	14,113	13,712	14,588	51,598	50,885
Total liabilities	Before allocation	16,493	22,918	20,195	22,144	61,764	60,497
	After allocation (note 2)	16,493	22,918	20,195	22,144	Unresolved	Unresolved
Equity attributable to owners of the parent company		264,762	203,114	176,424	164,276	122,461	126,734
Capital		600,000	600,000	600,000	600,000	147,000	147,000
Capital surplus		13,896	13,896	4,660	4,660	103	103
Retained earnings	Before allocation	(285,626)	(310,782)	(428,236)	(457,557)	(4,386)	(9,239)
	After allocation (note 2)	(285,626)	(310,782)	(428,236)	(457,557)	Unresolved	Unresolved
Other equity		(63,508)	(100,000)	0	17,173	(20,256)	(11,130)
Treasury stock		0	0	0	0	0	0
Non-controlling interest		0	418	0	0	0	0
Total equity	Before allocation	264,762	203,532	176,424	164,276	122,461	126,734
	After allocation (note 2)	264,762	203,532	176,424	164,276	Unresolved	Unresolved

* If the Company has prepared parent company only financial statements, it should also prepare condensed parent company only balance sheets and statements of income for the last five years.

* If the financial information based on IFRSs has not been prepared for five years, the following table shall be prepared (2) Financial information based on ROC GAAP

Note 1: The above financial information has been audited by CPAs

Note 2: The above amounts after allocation are based on the resolution of the shareholders' meeting in the following year.

Condensed Statement of Comprehensive Income

Unit：NTD thousand

Item / Year	Financial information for the last five years (note 1)					Financial data for period ended March 31, 2023 (note 1)
	2018	2019	2020	2021	2022	
Operating Revenue	86,980	51,919	19,789	13,989	18,432	4,217
Operating Gross Profit	14,954	25,139	6,803	5,335	16,791	14
Operating losses	(56,692)	(25,246)	(28,646)	(28,812)	(13,281)	(6,305)
Non-operating Revenue and Expense	69,624	1,033	(1,691)	(1,196)	10,610	1,452
Net profit before tax	12,932	(24,213)	(30,337)	(30,008)	(2,671)	(4,853)
Net profit from continuing operation	12,774	(24,213)	(30,355)	(30,008)	(2,671)	(4,853)
Loss from discontinued operation	0	0	0	0	0	0
Net profit (loss) of the period	12,774	(24,213)	(30,355)	(30,008)	(2,671)	(4,853)
Other comprehensive income/loss of the period (net of tax)	(40,190)	(37,466)	3,499	17,860	(39,144)	9,126
Total comprehensive income/loss for the period	(27,416)	(61,679)	(26,856)	(12,148)	(41,815)	4,273
Net profit attributed to owners of parent	12,934	(24,182)	(30,318)	(30,008)	(2,671)	(4,853)
Net profit attributed to non-controlling interest	(160)	(31)	(37)	0	0	0
Total comprehensive income/loss attributed to owners of parent	(27,256)	(61,648)	(26,819)	(12,148)	(41,815)	4,273
Total comprehensive income/loss attributed to non-controlling interest	(160)	(31)	(37)	0	0	0
Earnings per share	0.22	(0.40)	(0.51)	(2.04)	(0.18)	(0.33)

Note 1: The above financial information has been audited by CPAs

(II) Condensed parent company only balance sheet and comprehensive income statement

Condensed parent company only balance sheet

Unit：NTD thousand

Item	Year	2018	2019	2020	2021	2022
		Financial information for the last five years (note 1)				
Current assets		174,767	138,994	127,795	43,337	30,493
Property, plant and equipment		42,879	44,002	41,922	39,995	38,063
Intangible assets		0	663	494	389	167
Other assets		61,863	39,129	23,447	102,571	114,893
Total assets		279,509	222,788	193,658	186,292	183,616
Current liabilities	Before allocation	14,547	5,410	3,322	7,228	9,557
	After allocation (note 2)	14,547	5,410	3,322	7,228	Unresolved
Non-current liabilities		200	14,264	13,912	14,788	51,598
Total liabilities	Before allocation	14,747	19,674	17,234	22,016	61,155
	After allocation (note 2)	14,747	19,674	17,234	22,016	Unresolved
Equity attributable to owners of the parent company		N/A	N/A	N/A	N/A	N/A
Capital		600,000	600,000	600,000	600,000	147,000
Capital surplus		13,896	13,896	4,660	4,660	103
Retained earnings	Before allocation	(285,626)	(310,782)	(428,236)	(457,557)	(4,386)
	After allocation (note 2)	(285,626)	(310,782)	(428,236)	(457,557)	Unresolved
Other equity		(63,508)	(100,000)	0	17,173	(20,256)
Treasury stock		0	0	0	0	0
Non-controlling interest		0	0	0	0	0
Total equity	Before allocation	264,762	203,114	176,424	164,276	122,461
	After allocation (note 2)	264,762	203,114	176,424	164,276	Unresolved

Note 1: 2013 was the first year in which the Company adopted IFRSs, and the above financial information was audited by independent auditors.

Note 2: The above amounts after allocation are based on the resolution of the shareholders' meeting in the following year.

Condensed parent company only Statement of Comprehensive Income

Unit：NTD thousand

Item / Year	Financial information for the last five years (note 1)				
	2018	2019	2020	2021	2022
Operating Revenue	59,984	26,740	7,096	4,009	7,526
Operating Gross Profit	11,592	12,749	4,067	3,607	8,214
Operating losses	(38,581)	(25,839)	(22,576)	(29,681)	(21,421)
Non-operating Revenue and Expense	51,673	1,657	(7,742)	(327)	18,750
Net profit before tax	13,092	(24,182)	(30,318)	(30,008)	(2,671)
Net profit from continuing operation	12,934	(24,182)	(30,318)	(30,008)	(2,671)
Loss from discontinued operation	0	0	0	0	0
Net profit (loss) of the period	12,934	(24,182)	(30,318)	(30,008)	(2,671)
Other comprehensive income/loss of the period (net of tax)	(40,190)	(37,466)	3,499	17,860	(39,144)
Total comprehensive income/loss for the period	(27,256)	(61,648)	(26,819)	(12,148)	(41,815)
Net profit attributed to owners of parent	N/A	N/A	N/A	N/A	N/A
Net profit attributed to non-controlling interest	N/A	N/A	N/A	N/A	N/A
Total comprehensive income/loss attributed to owners of parent	N/A	N/A	N/A	N/A	N/A
Total comprehensive income/loss attributed to non-controlling interest	N/A	N/A	N/A	N/A	N/A
Earnings per share	0.22	(0.40)	(0.51)	(2.04)	(0.18)

Note 1: 2013 was the first year in which the Company adopted IFRSs, and the above financial information was audited by independent auditors.

Note 2: Losses from discontinued operations are stated as the net amounts after income tax.

(III) Name of independent auditors and audit opinion for the last five years

Year	Firm	Independent Auditor	Auditor's Opinion
2022	PricewaterhouseCoopers, Taiwan	Tien, Chung-Yu and Lin, Tzu-Yu	Unqualified opinion
2021	PricewaterhouseCoopers, Taiwan	Tien, Chung-Yu and Lin, Tzu-Yu	Unqualified opinion
2020	PricewaterhouseCoopers, Taiwan	Cheng, Ya-Hui and Li, Tien-I	Unqualified opinion
2019	PricewaterhouseCoopers, Taiwan	Cheng, Ya-Hui and Li, Tien-I	Unqualified opinion
2018	PricewaterhouseCoopers, Taiwan	Cheng, Ya-Hui and Li, Tien-I	Unqualified opinion

II.Most Recent 5-Year Financial Analysis

(I) Financial Analysis Data

Year (Note1) / Analysis items (note 3)		Financial analysis for the last five years 2018	2019	2020	2021	2022	For Period Ended March 31, 2023 Financial information (Note 2)
Capital structure %	Debt to assets ratio	5.86	10.12	10.27	11.88	33.53	32.31
	Long-term capital to PP&E ratio	600.54	491.88	453.55	447.22	457.29	472.5
Liquidity %	Current ratio	1,204.42	1,880.06	2,138.35	683.10	467.10	354.19
	Quick ratio	1,082.63	1,765.80	2,015.87	681.64	452.26	345.39
	Times interest earned	20.99	N/A	N/A	N/A	N/A	N/A
Operating capability	Receivables turnover (times)	3.80	10.85	10.12	7.06	2.76	0.59
	Average collection days	96	34	36	51.70	132.25	618.64
	Inventory Turnover (times)	1.12	0.57	0.42	0.32	0.11	0.9
	Payables turnover (times)	8.40	6.93	10.40	105.54	36.07	3.2
	Days' sales in inventory	326	640	869	1,140.62	3,318	406
	PP&E turnover (times)	1.89	1.18	0.46	0.34	0.47	0.11
	Total assets turnover (times)	0.27	0.20	0.09	0.07	0.10	0.02
Profitability	Return on assets (%)	4.11	(9.44)	(14.24)	(15.56)	(1.08)	(2.47)
	Return on equity (%)	4.59	(10.34)	(15.98)	(17.62)	(1.86)	(3.89)
	Pre-tax income to paid-in capital ratio (%) (note 7)	2.16	(4.04)	(5.06)	(5.00)	(1.82)	(3.30)
	Profit margin(%)	14.69	(46.64)	(153.39)	(214.51)	(14.49)	(115.08)
	Earnings per share ($)	0.22	(0.40)	(0.51)	(0.50)	(0.18)	(0.33)
Cash flow	Cash flow ratio (%)	97.92	0.00	0.00	(212.24)	(107.12)	47.24
	Cash flow adequacy ratio (%)	136.18	373.35	2,196.26	0	0	0
	Cash flow reinvestment ratio (%)	5.30	0.00	0.00	0.00	0	2.16
Leverage	Operating leverage	Note 8	Note 8	Note 8	Note 8	Note 8	Note 8
	Financial leverage	Note 8	Note 8	Note 8	Note 8	Note 8	Note 8

Please explain the reasons for the change of 20% or more in each financial ratio for the last two years:
1. The increase in financial structure ratios is due to the increase in long-term borrowings in 2022.
2. The solvency ratio decreased from the previous year due to the decrease in current assets.
3. The decrease in the operating capacity ratio was mainly because the profit in 2022 was higher than that in 2021.
4. The decrease in the profitability ratio was mainly because the profit in 2022 was higher than that in 2021.
5. The decrease in the cash flow ratio was mainly because the profit in 2022 was higher than that in 2021.

Note 1: The above financial information in the consolidated financial statements has been audited by CPAs.

Note 2: The most recent financial data of the company listed on TWSE or TPEx which have already audited, certified, or reviewed by the CPA before the date of publication of the annual report, if any, shall be analyzed.

Note 3: The formulas for the analyzed items are presented as follows

1. Capital structure
   (1) Liabilities to Total Assets Ratio = Total Liabilities / Total Assets
   (2) Long-term Fund to Property, Plant and Equipment Ratio = (Total Equity + Noncurrent Liabilities) / Net Property, Plant and Equipment
2. Liquidity
   (1) Current Ratio = Current Assets / Current Liabilities
   (2) Quick Ratio = (Current Assets - Inventories - Prepaid Expenses) / Current Liabilities
   (3) Times Interest Earned = Earnings before Interest and Taxes / Interest Expenses of the period
3. Operating capability
   (1) Receivable (Including Accounts Receivable and Notes Receivable from Operation) Turnover = Net Sales / Average of Receivables (Including Accounts Receivable and Notes Receivable from Operation)
   (2) Average Collection Days = 365 / Account Receivable Turnover
   (3) Inventory Turnover = Cost of Sales / Average Inventory

(4) Payables (Including Accounts Payable and Notes Payable from Operation) Turnover = Net Sales / Average of Payables (Including Accounts Payable and Notes Payable from Operation)
(5) Days' Sales in Inventory = 365 / Average Inventory Turnover
(6) Property, Plant and Equipment Turnover = Net Sales / Average Net Property, Plant and Equipment
(7) Total Assets Turnover = Net Sales / Average Total Assets

4. Profitability
(1) Return on Total Assets = (Net Income + Interest Expenses * (1 - Tax Rate)) /Average Total Assets
(2) Return on Equity = Net Income after Tax / Average Equity
(3) Profit Margin = Net Income after Tax / Net sales
(4) Earnings Per Share = (Income/Loss Attributable to Shareholders of the Parent - Preferred Stock Dividend) / Weighted Average Number of Shares Outstanding (Note 4)

5. Cash flow
(1) Cash Flow Ratio = Net Cash Provided by Operating Activities / Current Liabilities
(2) Cash Flow Adequacy Ratio = Five-year Sum of Cash from Operations / Five-year Sum of Capital Expenditures, Inventory Additions, and Cash Dividend
(3) Cash Flow Reinvestment Ratio = (Cash Provided by Operating Activities - Cash Dividends) / (Gross Property, Plant and Equipment + Long-term Investments + Other Noncurrent Assets + Working Capital) (Note 5)

6. Leverage
(1) Operating Leverage = (Net Sales - Variable Operating Cost and expense) / Operating Income (Note 6)
(2) Financial Leverage = Income from Operations / (Income from Operations - Interest Expenses)

Note 4: The calculation formula for the above earnings per share, one shall pay special attention to the listed matters below when measuring:
1. Earnings per shares is based on weighted average number of common shares, and not based on the number of issued shares at the end of the year.
2. Those with cash capital increase or treasury shares transactions, shall consider its circulation period to calculate the weighted average number of shares.
3. Where there may be the capitalization of retained earnings or of capital surplus, adjustment shall be made in proportion to the amount capitalized when calculating the earning per share for the previous year and the interim period. The term of the capitalization of retained earnings or capital surplus for new capital is not required for consideration
4. If the preferred shares are non-convertible accumulated preferred shares, the dividend of current year (whether or not being paid) shall be deducted from earning or added to earning. If the preferred shares are not accumulative, dividend for preferred shares shall be deducted from earning if there is a surplus. If there is loss after taxation, no adjustment is required.

Note 5: When conducting analysis on cash flow, pay attention to the followings:
1. Cash flow from operating activity shall be referred to the net cash inflow from operating activity as stated in the statement of cash flow.
2. Capital expenditure shall be referred to cash outflow for capital investment each year.
3. Inventory additions are calculated only when the end of year balance is larger than balance at beginning of the period. If the inventory is lesser at the end of the year, zero is put.
4. Cash dividend includes cash dividend of common shares and preferred shares.
5. The gross amount of property, plant, and equipment is the total balance of property, plant, and equipment before subtracting accumulated depreciation.

Note 6: The securities issuer shall classify operating costs and operating expenses as fixed or variable. If estimates or subjective judgment is involved in such classification,it is required to pay attention to the reasonableness and maintain the consistency of such classification.

Note 7: If the shares of the Company do not have par value of have par values other than NT$10, the calculation of percentage of paid-in capital is calculated with the ratio of equity attributable to the parent company in the balance sheet.

Note 8: There is a net operating loss for the period; therefore, it is not calculated.

(II) Parent company only Financial Analysis

Analysis items (note 3) / Year (Note1)		Financial analysis for the last five years				
		2018	2019	2020	2021	2022
Capital structure %	Debt to assets ratio	5.28	8.83	8.90	11.82	33.31
	Long-term capital to PP&E ratio	617.93	494.02	454.02	447.72	457.29
Liquidity %	Current ratio	1,201.40	2,569.21	3,846.93	599.57	319.06
	Quick ratio	1,116.49	2,527.73	3,830.58	598.37	315.92
	Times interest earned	33.73	N/A	N/A	N/A	N/A
Operating capability	Receivables turnover (times)	3.07	7.99	13.59	7.05	1.97
	Average collection days	118.89	45.68	26.86	51.77	185.28
	Inventory Turnover (times)	0.98	0.42	0.17	0.03	(0.08)
	Payables turnover (times)	7.37	5.09	9.22	5.19	(15.12)
	Days' sales in inventory	327.45	869.05	2,147.06	14,055.22	(4,583)
	PP&E turnover (times)	1.36	0.62	0.17	0.10	0.19
	Total assets turnover (times)	0.19	0.11	0.03	0.02	0.04
Profitability	Return on assets (%)	4.24	(9.53)	(14.44)	(15.69)	0.00
	Return on equity (%)	4.60	(10.34)	(15.98)	(17.62)	(1.86)
	Pre-tax income to paid-in capital ratio (%) (note 7)	2.18	(4.03)	(5.05)	(5.00)	(1.82)
	Profit margin (%)	21.56	(90.43)	(427.25)	(748.52)	(35.49)
	Earnings per share ($)	0.22	(0.40)	(0.51)	(2.04)	(0.18)
Cash flow	Cash flow ratio (%)	198.47	0.00	0.00	0.00	(158.25)
	Cash flow adequacy ratio (%)	308.60	999.52	1,699.23	0	(1229.43)
	Cash flow reinvestment ratio (%)	9.89	0.00	0.00	0.00	0.00
Leverage	Operating leverage	Note 8	Note 8	Note 8	Note 8	Note 8
	Financial leverage	Note 8	Note 8	Note 8	Note 8	Note 8

Please explain the reasons for the change of 20% or more in each financial ratio for the last two years:
1. The increase in financial structure ratios is due to the increase in long-term borrowings in 2022.
2. The solvency ratio decreased from the previous year due to the decrease in current assets.
3. The decrease in the operating capacity ratio was mainly because the profit in 2022 was higher than that in 2021.
4. The decrease in the profitability ratio was mainly because the profit in 2022 was higher than that in 2021.
5. The decrease in the cash flow ratio was mainly because the profit in 2022 was higher than that in 2021.

*If the Company has prepared parent company only financial reports, a separate analysis of the Company's parent company only financial ratios should be prepared.

Note 1: The above financial information in the parent company only financial statements has been audited by CPAs.

Note 2: The most recent financial data of the company listed on TWSE or TPEx which have already audited, certified, or reviewed by the CPA before the date of publication of the annual report, if any, shall be analyzed.

Note 3: The formulas for the analyzed items are presented as follows

1. Capital structure

(1) Liabilities to Total Assets Ratio = Total Liabilities / Total Assets

(2) Long-term Fund to Property, Plant and Equipment Ratio = (Total Equity + Noncurrent Liabilities) / Net Property, Plant and Equipment

2. Liquidity
   (1) Current Ratio = Current Assets / Current Liabilities
   (2) Quick Ratio = (Current Assets - Inventories - Prepaid Expenses) / Current Liabilities
   (3) Times Interest Earned = Earnings before Interest and Taxes / Interest Expenses of the period
3. Operating capability
   (1) Receivable (Including Accounts Receivable and Notes Receivable from Operation) Turnover = Net Sales / Average of Receivables (Including Accounts Receivable and Notes Receivable from Operation)
   (2) Average Collection Days = 365 / Account Receivable Turnover
   (3) Inventory Turnover = Cost of Sales / Average Inventory
   (4) Payables (Including Accounts Payable and Notes Payable from Operation) Turnover = Net Sales / Average of Payables (Including Accounts Payable and Notes Payable from Operation)
   (5) Days' Sales in Inventory = 365 / Average Inventory Turnover
   (6) Property, Plant and Equipment Turnover = Net Sales / Average Net Property, Plant and Equipment
   (7) Total Assets Turnover = Net Sales / Average Total Assets
4. Profitability
   (1) Return on Total Assets = (Net Income + Interest Expenses * (1 - Tax Rate)) /Average Total Assets
   (2) Return on Equity = Net Income after Tax / Average Equity
   (3) Profit Margin = Net Income after Tax / Net sales
   (4) Earnings Per Share = (Income/Loss Attributable to Shareholders of the Parent - Preferred Stock Dividend) / Weighted Average Number of Shares Outstanding (Note 4)
5. Cash flow
   (1) Cash Flow Ratio = Net Cash Provided by Operating Activities / Current Liabilities
   (2) Cash Flow Adequacy Ratio = Five-year Sum of Cash from Operations / Five-year Sum of Capital Expenditures, Inventory Additions, and Cash Dividend
   (3) Cash Flow Reinvestment Ratio = (Cash Provided by Operating Activities - Cash Dividends) / (Gross Property, Plant and Equipment + Long-term Investments + Other Noncurrent Assets + Working Capital) (Note 5)
6. Leverage
   (1) Operating Leverage = (Net Sales - Variable Operating Cost and expense) / Operating Income (Note 6)
   (2) Financial Leverage = Income from Operations / (Income from Operations - Interest Expenses)

Note 4: The calculation formula for the above earnings per share, one shall pay special attention to the listed matters below when measuring:
1. Earnings per shares is based on weighted average number of common shares, and not based on the number of issued shares at the end of the year.
2. Those with cash capital increase or treasury shares transactions, shall consider its circulation period to calculate the weighted average number of shares.
3. Where there may be the capitalization of retained earnings or of capital surplus, adjustment shall be made in proportion to the amount capitalized when calculating the earning per share for the previous year and the interim period. The term of the capitalization of retained earnings or capital surplus for new capital is not required for consideration
4. If the preferred shares are non-convertible accumulated preferred shares, the dividend of current year (whether or not being paid) shall be deducted from earning or added to earning. If the preferred shares are not accumulative, dividend for preferred shares shall be deducted from earning if there is a surplus. If there is loss after taxation, no adjustment is required.

Note 5: When conducting analysis on cash flow, pay attention to the followings:
1. Cash flow from operating activity shall be referred to the net cash inflow from operating activity as stated in the statement of cash flow.
2. Capital expenditure shall be referred to cash outflow for capital investment each year.
3. Inventory additions are calculated only when the end of year balance is larger than balance at beginning of the period. If the inventory is lesser at the end of the year, zero is put.
4. Cash dividend includes cash dividend of common shares and preferred shares.
5. The gross amount of property, plant, and equipment is the total balance of property, plant, and equipment before subtracting accumulated depreciation.

Note 6: The securities issuer shall classify operating costs and operating expenses as fixed or variable. If estimates or subjective judgment is involved in such classification,it is required to pay attention to the reasonableness and maintain the consistency of such classification.

Note 7: If the shares of the Company do not have par value of have par values other than NT$10, the calculation of percentage of paid-in capital is calculated with the ratio of equity attributable to the parent company in the balance sheet.

Note 8: There is a net operating loss for the period; therefore, it is not calculated.

III.Audit Committee's Review Report on Financial Reports of Most Recent Years

Myson Century, Inc.
Audit Committee's Review Report

The Board of Directors has prepared the Company's Financial Statements (includes the consolidated financial statements and the parent company only financial statements), Business Report and proposal for distribution of 2022 earnings. Of which, the Financial Statements have been audited by PricewaterhouseCoopers Taiwan. The above Financial Statements, Business Report and proposal for loss off-setting have been audited by the Audit Committee of the Company. We deem no inappropriateness on these documents. Pursuant to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

Please review
To:
2023 Shareholders' Meeting of Myson Century, Inc.

Chairman of the Audit Committee: Hsu, Shou-Te

February 24, 2023

IV. Financial Reports in Most Recent Years

Please refer to Appendix 1.

V. Parent Company Only Financial Statement in The Most Recent Year Audited by CPAs

Please refer to Appendix 2.

VI. Any Financial Difficulties of the Company or Any of its Affiliates in the Most Recent Year up to the Publication Date of this Annual Report:

None.

Seven. Financial Position and the Review and Analysis of Financial Performance and Risks

I.Analysis of Financial Position Comparison:

Unit：NTD thousand

Year / Item	2022	2021	Difference	
			Amount	%
Current assets	47,485	51,615	(4,130)	(8)
Property, plant and equipment	38,063	39,995	(1,932)	(5)
Intangible assets	167	389	(222)	(57)
Other assets	98,510	94,421	4,089	4
Total assets	184,225	186,420	(2,195)	(1)
Current liabilities	10,166	7,556	2,610	35
Other liabilities	51,598	14,588	37,010	254
Total liabilities	61,764	22,144	39,620	179
Total equity	122,461	164,276	(41,815)	(25)

Main reasons for the changes of more than 20% and their effects:

1. Decrease in intangible assets:
   The decrease in intangible assets was due to the regular amortization.
2. Increase in current liabilities:
   It is due to the increase in current liabilities expiring within one year.
3. Increase in other liabilities:
   This is due to the increase in long-term borrowings.
4. Increase in total liabilities:
   It is mainly due to the increase in current liabilities expiring within one year and the increase in long-term borrowings.
5. Decrease in total equity:
   Total equity decreased due to the capital reduction to cover losses in 2022.

II.Analysis of Financial Result Comparison:

Unit：NTD thousand

Year / Item	2022	2021	Difference	
			Amount	%
Operating Revenue	18,432	13,989	4,443	32
Operating Cost	(1,641)	(8,654)	7,013	(81)
Operating Gross Profit	16,791	5,335	11,456	215
Operating Expense	30,072	34,147	(4,075)	(12)
Net Operating Loss	(13,281)	(28,812)	15,531	(54)
Non-operating Revenue and Expense	10,610	(1,196)	11,806	(987)
Net loss for the period	(2,671)	(30,008)	27,337	(91)

(I)Analysis and explanation of the percentage change over 20% in the last two years.

1. Increase in operating revenue:
   The increase in operating revenue in 2022 was mainly due to the sale of inventory.
2. Operating cost
   Sold the inventories for which devaluation losses had been appropriated, resulting in a recovery of the net realizable value of inventories, which was recognized as a deduction from the cost of sales.
3. Increase in gross profit: the result of the above impacts.
4. Non-operating income and expenses: The increase in non-operating revenue is mainly due to the dividend income from other income.

(II) Expected sales volume in the coming year and key impact factors on the continued growth or decline in sales volume based on the Company's expectations:

Since the Company sold its intellectual property in 2018, the sales have been declining month by month. The Company's objectives for future operations will be based on the principles of generating revenue and stabilizing profitability; it will seek strategic alliances to invest in new business projects or optimize its product portfolio.

The Company does not make financial forecasts to the public and only sets internal targets based on the industry environment, market supply and demand conditions and the Company's operating conditions. Regarding the development in the future, the Company will focus on technological innovation, quality improvement and reduction of manufacturing costs, thus achieving the profitability goal.

III.Analysis of Cash Flow

Unit：NTD thousand

Cash balance at the beginning of the period	Net cash flow from operating activities of the year	Net cash flow from investing and financing activities of the year	Cash Surplus (deficit)	Responsive measures for cash deficits	
				Investment plan	Financing plan
30,678	(10,890)	10,337	30,125	--	--

(I)Analysis of changes in cash flows in the most recent years.

1. Net cash flows from operating activities:
   The net cash outflow resulted from the operating loss of the year.
2. Net cash flows from investing activities:
   The net cash outflow from investing activities is due to the increase in value of financial assets purchased.
3. Cash flow generated from financing activities, net:
   Net cash inflow from financing activities due to long-term borrowings.

(II)Remedies for cash shortage and liquidity analysis: Not applicable.

(III)Cash flow analysis for the coming year: Unit: NT$ Thousand

Cash balance at the beginning of the period	Expected net cash flow from operating activities of the year	Expected net cash flow from investing and financing activities of the year	Expected cash Surplus (deficit)	Expected responsive measures for cash deficits	
				Investment plan	Financing plan
30,125	(11,979)	(210)	17,936	--	--

1. Future operating trends.
   A. Operating activities: The Company is currently in a stage of operational adjustment, and the operating net cash outflow resulted from the decrease in revenue.
   B. Investing activities: No new investment projects are planned for the coming year.
   C. Financing activities: The Company shall prudently apply financial leverage to its operations.
2. Remedies for expected cash shortage and liquidity analysis: None

IV. Impacts of material capital expenditure in the most recent year on the financial status: None

V. Investment policies, main reasons for the gains or losses of investments in the most recent year, and improvement plans and investment plans for the next year:

1. The Company's 100%-owned subsidiary, ZAVIO Inc. acquired 88.89% of the shares of Fukumaya Co., Ltd. for NT$4 million in 2019 based on the concept of diversified operation; subsequently, the Company incurred a loss due to the decline in sales as a result of the pandemic; therefore, the investment in Fukumaya Co., Ltd., was sold in 2020.
2. Investment plan for the coming year: None.

VI. Analysis of Risk Matters:

(I) The impact upon the Company's profit/loss of inflation and changes in interest and exchange rates, and the measures the company plans to adopt in response

1. Interest rate: The interest expense of the Group amounted to $668 thousand in 2022 was mainly for the interest recognized on the lease of plant and land according to IFRS 16 Leases , and there was no interest expense arising from actual bank borrowings. This expense accounted for 3.6% of the net operating income for the year. Therefore, the impact of the change in interest rate on the Group's overall operation was limited. The financial market is still in a low interest rate environment. The Company regularly evaluates interest rate changes on the bank loans and takes the initiative to negotiate with the banks to reduce the interest rates or take relevant measures to reduce the impact of interest rate fluctuations on the overall operation of the Company.
2. Exchange rate: The Company's transactions in foreign currencies are mainly generated from export and import of raw materials. The net position of the Company's foreign currency assets is mostly in U.S. dollars. The Company adopts a conservative and prudent approach in handling foreign currency deposits in order to reduce the risk caused by sharp fluctuations in market exchange rates. The percentage of exchange (loss) gain to consolidated operating revenue and net income (loss) for 2022 and 2021 were 1.9%, (13.4)% and (15.4)%, 7.2%, respectively.
   The Company adopts a prudent and conservative approach to foreign exchange

management, and the specific measures to address changes in exchange rates are as follows:

A. The Company collects information on exchange rate changes and forecasts promptly, and adjusts its foreign exchange deposit positions appropriately according to actual capital requirements and exchange rate changes.

B. The hedging effect may be naturally achieved through the purchase and sale of goods.

C. The Company shall develop more sources of goods from different suppliers to reduce the impact of exchange rate fluctuations arising from imports.

3. Inflation: The Company shall make continuous efforts to reduce operating costs, pay close attention to the supply and demand of raw materials and price changes, and adjust inventories promptly, thus reducing the impact on profit/loss.

(II) High-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future:

1. The Company does not engage in high-risk or highly leveraged investment. For derivative policy, the Company can only trade instruments for hedging purposes; therefore, there are no significant gains or losses.
2. The Company has established the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees" and "Regulations Governing the Acquisition and Disposal of Assets," which were approved at the shareholders' meeting. All the transactions are executed in accordance with the laws.
3. The main reasons for the loan of funds to others and responsive measures for the future. The loans made by the Company and the juristic persons included in the consolidated financial statements were made because the recipients of the loans had the need for short-term financing, and the necessary control measures were performed in accordance with these procedures. The Company and its subsidiaries did not loaned any funds to others in 2022.
4. The main reasons for endorsing and guaranteeing for others.responsive measures for the future. The Company and the juristic persons listed in the consolidated financial statements provide endorsements and guarantees to the parent and subsidiary in principle. The endorsement and guarantee are mainly for financing purpose, and the necessary control measures are carried out in accordance with the procedures. The Company and its subsidiaries did not make any endorsement or guarantee for others in fiscal 2022.

(III) Future research and development projects, and expenditures expected in connection therewith: None.

(IV) The impact upon the company's financial operations of important policy and legal developments at home and abroad, and the measures the company plans to adopt in response:
The Company pays attention to and keeps abreast of any policies and laws that may affect the Company's operations, and adjusts its internal systems accordingly. There was no impact upon the company's financial operations of important policy and legal developments at home and abroad in 2022.

(V) The impact on the company's financial operations of developments in science, technology and industry, and the measures the Company plans to adopt in response:
Although the IC industry is maturing, new applications, such as artificial intelligence and autonomous driving continue to pose more difficult tasks and challenges for technology innovation and integration, and the industry's structure is also transformed by them.
In practice, the Company still needs to assess the risks of technology development and market in a prudent manner. Leveraging our long-term commitment and persistent dedication, the Company will pursue gradual and steady growth with strategic cooperation with its clients, thereby bringing opportunities for successful development.

(VI) Effect on the Company's crisis management of changes in the Company's corporate image, and measures to be taken in response: None.

(VII) Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken: N/A.

(VIII) Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken: None.

(IX) Risks associated with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken:
The Company's suppliers and customers are relatively diversified. In addition to maintaining good relationships with suppliers, there is no concentration of sales to a single customer. The Company will maintain balanced and stable transactions in order to sustain the best operational performance.

(X) Effect upon and risk to the company if a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10 percent stake in the company has been transferred or has otherwise changed hands, and measures to be adopted in response: N/A

(XI) Effect upon and risk to the Company associated with any change in governance personnel or top management, and mitigation measures being or to be taken: None.

(XII)Litigious and non-litigious matters: None.

(XIII)Other important matters:

1. Information security risk assessment and its responsive measures

For the control of information security risks, the Company has established control procedures related to information security in its internal control system and protection and management rules for personal computer data in its computer management operations. Besides, the internal auditing unit conducts random review on relevant operations from time to time every year. The Company has set up fire walls, installed anti-virus software, regularly backed up data and installed voltage stabilizers and non-stop power supply devices to reduce the impact of accidents.

VII.Other Important Matters: None.

Eight. Special Items

I.Information on Affiliates

(I) Affiliate Chart:
As of December 31, 2022

Myson Century, Inc.

↓

ZAVIO Inc.
Share holding ratio 100%

(II) Basic information of each affiliate:
As of December 31, 2022

Unit：NTD thousand

Company name	Date of establishment	Address	Paid-in capital	Main business or products
ZAVIO Inc.	December 7, 2006	8F-6, No. 248, Sec. 2, Yonghua Rd., Anping Dist., Tainan City	9,000	Design and sales of security surveillance products

(III) Information about the same shareholder presumed to have control and affiliation: None

(IV) The industries covered by the business operated by the affiliates overall
The business of the Company and its affiliates includes: research, development, manufacture and sale of integrated circuit system products, technical consulting services and import/export of the above products; design and sale of security surveillance products.

(V) Information on the directors, supervisors, and general manager of each affiliate

As of December 31, 2022

Company name	Title	Name or representative	Shareholding	
			Number of shares (in thousands)	Share holding ratio

Company name	Title	Name or representative	Shareholding	
			Number of shares (in thousands)	Share holding ratio
ZAVIO Inc.	Chairman Supervisor	Myson Century, Inc.: Chang, Shuo-Wen Myson Century, Inc.: Chang Chao, Su-Chu	900	100%

(VI) Financial position and operating performance of each affiliate.

As of December 31, 2022
Unit：NTD thousand

Company name	Capital	Total assets	Total liabilities	Net worth	Operating Revenue	Operating profit (Net loss)	Current profit or loss (After tax)	Earnings per share($) (After tax)
ZAVIO Inc.	9,000	16,992	609	16,383	10,906	8,577	8,233	9.15

(VII) Declaration of Consolidated Financial Statements of Affiliated Enterprises

Myson Century, Inc.
Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2022 (January 1 to December 31, 2022) pursuant to Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises, the Company that are required to be included in the consolidated financial statements of affiliates, are the same as those required to be included in the consolidated financial statements under IFRS 10. Additionally, since relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, it shall not be required to prepare separate consolidated financial statements of affiliates.

Hereby declare

Company Name: Myson Century, Inc.

Person in Charge: Chang, Yu-Ming

February 24, 2023

II. **Processing of Private Equity as of Current Year and up to Financial Statement report Date:** None

III. **Subsidiary Holding or Disposing shares as of Current Year and up to Financial Statement Report Date**:None

IV. **Other Essential Supplementary Information:** None

Nine. Matters to be Disclosed According to Subparagraph 2, Paragraph 3 Article 36 of the Securities & Exchange Act: None.

Attachment 1

Myson Century, Inc.

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2022 (January 1 to December 31, 2022) pursuant to Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises, the Company that are required to be included in the consolidated financial statements of affiliates, are the same as those required to be included in the consolidated financial statements under IFRS 10 approved and issued into effect by the FSC. Additionally, since relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, it shall not be required to prepare separate consolidated financial statements of affiliates.

Hereby declare

Company Name: Myson Century, Inc.

Person in Charge: Chang, Yu-Ming

February 24, 2023

Independent Auditor's Report

(2023)Tsai-Shen-Pao-Tzu No. 22004103

To Myson Century, Inc.

Opinion

We have audited the accompanying consolidated balance sheets of Myson Century, Inc. and its subsidiaries (hereinafter referred to as the Group) as of December 31, 2022 and 2021, and the related consolidated statements of comprehensive income, parent company only statements of changes in equity, consolidated statements of cash flows as of January 1 to December 31, 2022 and 2021, and notes to the consolidated financial statements (including a summary of significant accounting policies).

In our opinion, based on our audit results and the audit reports of other public accountants, the above-mentioned parent company only financial statements present fairly, in all material aspects, the consolidated financial position of Myson Century, Inc. as of December 31, 2022 and 2021, and its consolidated financial performance and consolidated cash flows as of January 1 to December 31, 2022 and 2021 in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers," IFRSs, IASs, IFRICs, SICs approved and issued into effect by the FSC.

Basis for Opinion

We conducted our audits in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants," and the auditing standards in the Republic of China. Our responsibility under such standards will be further explained in the section titled "Independent accountant's responsibilities for the audit of the consolidate financial statements." Our staffs subject to the independence requirements are complied with the Codes of Professional Ethics for Certified Public Accountants in the Republic of China, independent of the Group, and have fulfilled other ethical responsibilities in accordance with the Codes. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters refer to those matters that, in our professional judgment, were of most significance in the audit of 2022 parent company only financial statements of the Group. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

The Group's key audit matters for 2022 are as follows:

Key audit matters- bank deposit audit

Description

For the accounting policies on cash and cash equivalents, please refer to Notes 4, (VI) Cash Equivalents and 4, (VIII) Financial Assets at Amortized Cost in the consolidated financial statements, respectively. For the amount of cash and cash equivalents and related disclosures, please refer to Note 6, (I) Cash and Cash Equivalents, Note 6, (III) Financial assets at amortized cost, and Note 8, Pledged assets of the consolidated financial statements. On December 31, 2022, the balances of Bank deposits and restricted time deposits were NT$35,885 thousand and NT$1,750 thousand, respectively.

Because bank deposit balances have a significant impact on consolidated financial statements, and the Group has deposits with numerous financial institutions, there is a high degree of liquidity risk. In addition, it is necessary to determine whether the time deposits meet the definition of short-term, highly liquid deposits that can be readily converted to certain amount of cash with minimal changes in value before they can be recognized as cash and cash equivalents, or reclassified to the appropriate accounts based on the guarantee status. These bank deposits accounted for 20.4% of the total assets. Therefore, the audit of bank deposits was considered to be the most critical issue for the audit this year.

Responsive audit procedures

The main procedures that we made for the specific scope of the key audit matter described above are set out below:

1. We verified the bank statements and sent confirmation letters to verify the existence of bank deposits, and the rights and obligations between Company and the financial institutions, as well as the provision of guarantees.
2. We verified the authenticity of essential information regarding the recipients of bank confirmation letters.
3. For bank accounts with frequent transactions, we conducted cash transaction tests on those with high amounts, which includes understanding the purpose of the bank account, confirming the nature of the transaction is necessary for the Company’s operations, and reviewing relevant documents.
4. Review the appropriateness of the classification.

Other Matter - Parent Company Only Financial Report

For your reference, Myson Century Group has prepared its parent company only financial statements for the years 2022 and 2021, and we have issued an unqualified audit report thereon.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed and issued into effect by the FSC, and for such internal control as management determines is necessary to enable the preparation of the parent company only 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 operation, 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.

Independent accountant's 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 a 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 auditing principles of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error. Such misstatements 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 auditing principles of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial report, 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 and the directors.

4. Conclude on the appropriateness of the directors' 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 auditor's 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 auditor's 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 financial report, 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 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 the directors, 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 stated in the Codes of Professional Ethics for Certified Public Accountants in the Republic of China, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine the key audit matters for the Group's 2022 consolidated financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers, Taiwan

CPA
Tien, Chung-Yu 田中玉
Lin, Tzu-Yu 林姿妤

Financial Supervisory Commission
Approval No.: Chin-Kuan-Cheng-shen-Tzu No.1070323061
Former Securities Commission of the Ministry of Finance
Approval No.: (1993) Tai-Tsai-cheng (6)No.44927

February 24, 2023

Myson Century, Inc. and Subsidiaries

Consolidated Balance Sheets

December 31, 2022 and 2021

Unit: NTD thousand

	Assets	Notes	December 31, 2022			December 31, 2021		
				Amount	%		Amount	%
	Current assets							
1100	Cash and cash equivalents	VI (I)	$	30,125	16	$	30,678	17
1136	Financial assets at amortized cost - current	VI (III)		5,850	3		20,100	11
1170	Accounts receivable, net	VI (IV)		-	-		555	-
1180	Accounts receivable - related parties, net	VII		9,969	6		-	-
1200	Other receivables			3	-		2	-
1220	Current tax assets for the period			30	-		170	-
130X	Inventory	VI (V)		-	-		2	-
1410	Prepayments			1,368	1		105	-
1470	Other current assets			140	-		3	-
11XX	**Total current assets**			47,485	26		51,615	28
	Non-current assets							
1517	Financial assets at fair value through other comprehensive income/loss - non-current	VI (II)		85,997	47		77,638	42
1535	Financial assets at amortized cost - non-current	VI (I)(III)&VIII		1,750	1		1,744	1
1600	Property, plant and equipment	VI (VII) & VIII		38,063	20		39,995	21
1755	Right-of-use assets	VI (VIII) & VII		10,666	6		14,942	8
1780	Intangible assets	VI (X)		167	-		389	-
1920	Refundable deposits	VII		97	-		97	-
15XX	**Total non-current assets**			136,740	74		134,805	72
1XXX	**Total assets**		$	184,225	100	$	186,420	100

(Continued)

Myson Century, Inc. and Subsidiaries

Consolidated Balance Sheets

December 31, 2022 and 2021

Unit: NTD thousand

	Liabilities and equity	Notes	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current liabilities					
2130	Contract liabilities - current	VI (XVII) & VII	$ 172	-	$ 84	-
2170	Accounts payable		-	-	91	-
2200	Other payables	VI (XI)	7,096	4	6,632	4
2280	Leasing liabilities - current	VI (VIII) & VII	780	1	709	-
2320	Long-term liabilities due within one year or one business cycle	VI (XII) & VIII	2,085	1	-	-
2399	Other current liabilities -other		33	-	40	-
21XX	**Total current liabilities**		10,166	6	7,556	4
	Non-current liabilities					
2540	Long-term borrowings	VI (XII) & VIII	32,883	18	-	-
2580	Leasing liabilities - non-current	VI (VIII) & VII	9,671	5	14,552	8
2645	Guarantee deposits received		9,044	5	36	-
25XX	**Total non-current liabilities**		51,598	28	14,588	8
2XXX	**Total liabilities**		61,764	34	22,144	12
	Equity attributable to owners of the parent company					
	Share capital					
3110	Share capital - common stock	VI (XIV)	147,000	80	600,000	322
3200	Capital surplus	VI (XV)	103	-	4,660	3
	Retained earnings	VI (II) (XV) (XVI)				
3320	Special reserve		-	-	196	-
3350	Accumulated deficit		(4,386)	(3)	(457,753)	(246)
3400	Other equity	VI (II)	(20,256)	(11)	17,173	9
3XXX	**Total equity**		122,461	66	164,276	88
	Significant events after the balance sheet date	X				
3X2X	**Total liabilities and equity**		$ 184,225	100	$ 186,420	100

The accompanying notes are an integral part of these consolidated financial statements. Please refer to it as well.

Chairman: Chang, Yu-Ming　　Manager: Chang, Yu-Ming　　Controller:Chu, Li-Chuan

Myson Century, Inc. and Subsidiaries
Consolidated Statements of Comprehensive Income
January 1 to December 31, 2022 and 2021

Unit: NTD thousand
(Except for loss per share expressed in New Taiwan Dollar)

			2022		2021	
	Item	Notes	Amount	%	Amount	%
4000	Operating Revenue	VI (XVII) & VII	$ 18,432	100	$ 13,989	100
5000	Operating Cost	VI (V)	(1,641)	(9)	(8,654)	(62)
5900	Operating Gross Profit		16,791	91	5,335	38
	Operating Expense	VI (VIII) (X) (XIII) (XXII) (XXIII), VII & XII				
6100	Selling expenses		(822)	(4)	(147)	(1)
6200	Administrative expenses		(29,250)	(159)	(34,067)	(244)
6300	Research and development expenses		-	-	(33)	-
6450	Gain on expected credit loss		-	-	100	1
6000	Total operational expenses		(30,072)	(163)	(34,147)	(244)
6900	Operating losses		(13,281)	(72)	(28,812)	(206)
	Non-operating Revenue and Expense					
7100	Interest revenue	VI (III) (XVIII)	116	1	292	2
7010	Other income	VI (II) (IX) (XIX)	10,410	56	1,221	9
7020	Other gains and losses	VI (VIII) (XX)	752	4	(2,455)	(18)
7050	Finance cost	VI (VIII) (XXI) & VII	(668)	(4)	(254)	(2)
7000	Total non-operating income and expenses		10,610	57	(1,196)	(9)
8200	**Net loss for the period**		($ 2,671)	(15)	($ 30,008)	(215)
	Other comprehensive income (loss)					
	Components not to be reclassified to profit or loss					
8316	Unrealized gains and losses on valuation of investment in equity instruments measured at fair value through other comprehensive income/loss	VI (II)	($ 39,144)	(212)	$ 17,860	128
8300	**Other comprehensive income (net)**		($ 39,144)	(212)	$ 17,860	128
8500	**Total comprehensive income/loss for the period**		($ 41,815)	(227)	($ 12,148)	(87)
	Net loss attributable to:					
8610	Owners of the parent		($ 2,671)	(15)	($ 30,008)	(215)
	Total comprehensive income/loss attributable to:					
8710	Owners of the parent		($ 41,815)	(227)	($ 12,148)	(87)
	Loss per share	VI (XXV)				
9750	Basic and diluted		($ 0.18)		($ 2.04)	

The accompanying notes are an integral part of these consolidated financial statements. Please refer to it as well.

Chairman: Chang, Yu-Ming　　Manager: Chang, Yu-Ming　　Controller:Chu, Li-Chuan

Myson Century, Inc. and Subsidiaries
Consolidated Statements of Changes in Equity
January 1 to December 31, 2022 and 2021

Unit: NTD thousand

	Notes	Share capital - common stock	Capital surplus	Special reserve	Accumulated deficit	Unrealized gain or losses on financial assets at fair value through other comprehensive income/loss	Total equity
		Equity attributable to owners of the parent company		Retained earnings		Other equity	
2021							
Balance - January 1, 2021		$ 600,000	$ 4,660	$ 196	($ 428,432)	$ -	$ 176,424
Net loss of 2021		-	-	-	(30,008)	-	(30,008)
Other comprehensive income/loss of 2021	VI (II)	-	-	-	-	17,860	17,860
Total comprehensive income/loss of 2021		-	-	-	(30,008)	17,860	(12,148)
Disposal of financial instrument measured at fair value through other comprehensive income	VI (II)	-	-	-	687	(687)	-
Balance - December 31, 2021		$ 600,000	$ 4,660	$ 196	($ 457,753)	$ 17,173	$ 164,276
2022							
Balance at January 1, 2022		$ 600,000	$ 4,660	$ 196	($ 457,753)	$ 17,173	$ 164,276
Net loss of 2022		-	-	-	(2,671)	-	(2,671)
Other comprehensive income/loss of 2022	VI (II)	-	-	-	-	(39,144)	(39,144)
Total comprehensive income/loss of 2022		-	-	-	(2,671)	(39,144)	(41,815)
Capital reduction to cover losses	VI (XIV)	(453,000)	-	-	453,000	-	-
Capital surplus to cover losses	VI (XV)	-	(4,557)	-	4,557	-	-
Special reserve to cover losses	VI (XVI)	-	-	(196)	196	-	-
Disposal of financial instrument measured at fair value through other comprehensive income	VI (II)	-	-	-	(1,715)	1,715	-
Balance at December 31, 2022		$ 147,000	$ 103	$ -	($ 4,386)	($ 20,256)	$ 122,461

The accompanying notes are an integral part of these consolidated financial statements. Please refer to it as well.

Chairman: Chang, Yu-Ming　　Manager: Chang, Yu-Ming　　Controller:Chu, Li-Chuan

Myson Century, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
January 1 to December 31, 2022 and 2021

Unit: NTD thousand

	Notes	2022	2021
Cash flows from operating activities			
Net loss before tax of the period		($ 2,671)	($ 30,008)
Adjustments			
Profit/loss			
Foreign exchange gain (loss)		(358)	2,152
Expected credit impairment loss /gain on reversal	XII	-	(100)
Gain on price recovery of inventory	VI (V)	(19,307)	(1,178)
Gains on lease modification	VI (VIII) (XX)	(548)	-
Depreciation expense	VI (VII) (VIII) (XXII)	2,684	2,674
Amortization expense	VI (X) (XXII)	222	208
Interest revenue	VI (XVIII)	(116)	(292)
Dividend revenue	VI (II) (XIX)	(5,067)	(137)
Interest expense	VI (XXI)	668	254
Changes in operating assets/liabilities			
Changes in operating assets, net			
Accounts receivable		555	28
Accounts receivable - related parties		(9,969)	-
Other receivables		(1)	171
Inventory		19,309	5,797
Prepayments		(1,263)	3,214
Other current assets		(137)	-
Changes in operating liabilities, net			
Contract liabilities - current		88	(2,902)
Accounts payable		(91)	18
Other payables		464	3,707
Other current liabilities		(7)	(93)
Cash outflow generated from operating activities		(15,545)	(16,487)
Interest received		116	424
Dividends received		5,067	137
Income taxes received		140	313
Interest paid		(668)	(254)
Income taxes paid		-	(170)
Cash outflow generated from operating activities		(10,890)	(16,037)
Cash flows from investing activities			
Acquisition of financial assets at fair value through other comprehensive income/loss		(87,319)	(81,007)
Disposal of financial assets at fair value through other comprehensive income/loss	VI (II)	39,816	21,229
Decrease in financial assets at amortized cost - current		14,244	71,019
Cash paid for property, plant, and equipment		-	(138)
Acquisition of intangible assets	VI (X)	-	(103)
Increase in refundable deposits		-	(97)
Net cash inflow (outflow) from investing activities		(33,259)	10,903
Cash flows from financing activities			
Repayment of lease principal	VI (XXVI)	(738)	(504)
Long-term borrowings	VI (XXVI)	36,000	-
Repayment of long-term borrowings	VI (XXVI)	(1,032)	-
Increase of guarantee deposits received	VI (XXVI)	9,008	6
Net cash inflow (outflow) from financing activities		43,238	(498)
Effects of exchange rates		358	(2,152)
Decrease of cash and cash equivalents of the period		(553)	(7,784)
Cash and cash equivalents, beginning of period	VI (I)	30,678	38,462
Cash and cash equivalents, end of period	VI (I)	$ 30,125	$ 30,678

The accompanying notes are an integral part of these consolidated financial statements. Please refer to it as well.

Chairman: Chang, Yu-Ming Manager: Chang, Yu-Ming Controller:Chu, Li-Chuan

Myson Century, Inc. and Subsidiaries

Notes to the Consolidated Financial Statements

2022 and 2021

Unit: NTD thousand
(Except as Otherwise Indicated)

I. Company history

Myson Century, Inc. and its subsidiaries (hereinafter referred to as "the Group") was approved for establishment on July 29, 1991. The Company's main business is the research, development, manufacture and sale of integrated circuit system products and security surveillance products, together with technical consulting services for the above products and import/export trade business. Sun Yad Construction Co., Ltd, which holds 17% of the Group's shares, is the parent company of the Company.

II. The date and procedures for approving the financial statements

The consolidated financial statements were authorized and issued by the Board of Directors on February 24, 2023.

III. Application of new and amended standards and interpretations

(I) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards as endorsed and issued into effect by the Financial Supervisory Commission (hereinafter referred to as “FSC”)

New, amended and revised International Financial Reporting Standards that have been endorsed and issued into effect by the FSC and become effective from 2022 are stated as follows:

Application of New, Amended and Revised Standards and Interpretations	Effective date of IASB's announcement
Amendments to IFRS 3 “Index of the Conceptual Framework”	January 1, 2022
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022
Amendments to IAS 37, “Onerous Contracts — Cost of Fulfilling a Contract”	January 1, 2022
The annual improvement during the 2018-2020 cycle	January 1, 2022

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

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

New, amended and revised International Financial Reporting Standards that have been endorsed by the FSC and become effective from 2023 are stated as follows:

Application of New, Amended and Revised Standards and Interpretations	Effective date of IASB's announcement
Amendments to IAS 1, “Disclosure of Accounting Policies”	January 1, 2023
Amendments to IAS 8, “'Definition of Accounting Estimates”	January 1, 2023
Amendments to IAS 12 regarding "Deferred income tax relating to assets and liabilities arising from a single transaction"	January 1, 2023

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

(III) Effect of IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments of the IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC are stated as follows:

Application of New, Amended and Revised Standards and Interpretations	Effective date of IASB's announcement
Amendments to IFRSs 10 and IAS 28 "The Assets Sale or Investment between Investors and Their Affiliates or Joint Ventures"	To be decided by IASB
Amendment to IFRS 16 "Lease liabilities arising from the sale and leaseback"	January 1, 2024
International Financial Reporting Standards 17 “Insurance Contracts”	January 1, 2023
The amendments to International Financial Reporting Standards 17 “Insurance Contracts”	January 1, 2023
The amendment to IFRS 17 “Initial Application of IFRS 17 and IFRS 9—Comparative Information”	January 1, 2023
The amendments to International Accounting Standards 1, “Classification of Liabilities as Current or Non-Current”	January 1, 2024
Amendments to IAS 1 "Non-current liabilities with contractual terms"	January 1, 2024

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

IV. Summary of significant accounting policies

Significant accounting policies adopted during the preparation of the consolidated financial statements are described as follows: Unless otherwise stated, such policies are consistently applicable to all the periods presented.

(I) Compliance statement

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

(II) Basis of preparation

1. Except for the financial assets at fair value through other comprehensive income, these consolidated financial statements have been prepared under the historical cost convention:
2. The preparation of financial statements in conformity with the “IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5, ‘Critical accounting judgements, estimates and key sources of assumption uncertainty’.

(III) Basis of consolidation

1. Principles for preparation of consolidated financial statements:
   (1) All subsidiaries are included in the consolidated financial statements of the Group. Subsidiaries are all entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its control over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
   (2) Inter-company transactions, balances and unrealized gains/losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
   (3) Profit/loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed 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.
   (4) If a change in shareholding in a subsidiary does not result in a loss of control (i.e. transactions with non-controlling interests), such a change is accounted for as an equity transaction, that is, a transaction with owners in their capacity as owners. Any difference between the amount by which the

non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.

(5) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. The fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit/loss of the period. The amounts previously recognized in other comprehensive income in relation to the subsidiaries are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. That is, if any gains or losses previously recognized in other comprehensive income are to be reclassified to profit or loss upon disposal of related assets or liabilities, such gains or losses, when the Group losses control over the associates, are reclassified from equity to profit or loss.

2. Subsidiaries included in the consolidated financial statements:

			Percentage of equity held		
Name of Investee	Name of Subsidiary	Nature of Business	December 31, 2022	December 31, 2021	Explanation
Myson Century, Inc	ZAVIO Inc.	Design and sales of security surveillance products	100.00%	100.00%	—

3. Subsidiaries not included in the consolidated financial statements: None.
4. Adjustments for subsidiaries with different balance sheet dates: None.
5. Significant restrictions: None.
6. Subsidiaries that have non-controlling interests that are material to the Group: None

(IV) Foreign currency translation

Items included in the financial statements of each of the Group’s entities are measured by the currency of the main economic environment in which the entity operates (i.e. the functional currency) . The consolidated financial statements are presented in NTD, which is the Company’s functional and presentation currency.

Foreign currency transactions and balances:

1. Foreign currency transactions are translated into the functional currency using the exchange rates on the dates of the transactions or valuation. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss of the period.
2. Monetary assets and liabilities denominated in foreign currencies at the period end are retranslated at the exchange rates prevailing on the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss of the period.
3. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates on the balance sheet date; their translation differences are recognized in profit or loss of the period. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates on the balance sheet date; their translation differences are recognized in other comprehensive income. Nevertheless, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates on the dates of the initial transactions.
4. All foreign exchange gains and losses are presented in the consolidated statements of comprehensive income within "other gains and losses".

(V) Classification of current and noncurrent assets and liabilities

1. Assets that meet one of the following criteria are classified as current assets:
   (1) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle.
   (2) Assets held mainly for trading purposes.
   (3) Assets that are expected to be realized within twelve months from the balance sheet date.
   (4) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

   Assets that meet none of the above criteria are classified by the Group as non-current assets.

2. Liabilities that meet one of the following criteria are classified as current liabilities:
   (1) Liabilities that are expected to be settled within the normal operating cycle.
   (2) Assets held mainly for trading purposes.
   (3) Liabilities that are to be settled within twelve months from the balance sheet date.
   (4) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

   Liabilities that meet none of the above criteria are classified by the Group as non-current Liabilities.

(VI) Cash equivalents

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

(VII) Financial assets at fair value through other comprehensive income/loss

1. Financial assets at fair value through other comprehensive income/loss comprise equity instruments are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognize changes in fair value in other comprehensive income:
2. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income/loss are recognized and derecognized using trade date accounting.
3. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value. The changes in fair value of equity instruments that were recognized in other comprehensive income. Cumulative gain or loss previously recognized in comprehensive income are reclassified to retained earnings and shall not be reclassified to profit or loss following the derecognition of the instrument. The Company recognizes the dividend income in profit or loss when the right to receive payment is established, future economic benefits associated with the dividend flows to the Group, and the amount of the dividend can be measured reliably.

(VIII) Financial assets at amortized cost

1. Financial assets at amortized cost are those that meet all of the following criteria:
   (1) The objective of the Company's business model is achieved by collecting contractual cash flows.
   (2) The assets' contractual cash flows represent solely payments of principal and interest on the principal amount outstanding.
2. On a regular way purchase or sale basis, financial assets at amortized cost are recognized and derecognized using trade date accounting.
3. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Subsequently, impairment loss on and interest income from these financial assets is recognized using the effective interest method according to the amortization procedure. A gain or loss is recognized in profit or loss when the asset is derecognized.
4. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.
5. Time deposits with restrictions on use are classified as financial assets measured at amortized cost because they do not meet the definition of cash and cash equivalents.

(IX) Accounts and notes receivable

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

(X) Inventory

Inventories are measured at the lower of cost and net realizable value. Cost is determined using the weighted-average cost method. The cost of finished goods and goods in process comprises raw materials, direct labor, other direct costs and related production overheads. Nonetheless, loan costs are excluded. The item by item approach is utilized in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary operation, less the estimated cost of completion and applicable variable selling expenses.

(XI) Impairment of financial assets

For financial assets measured at amortized cost, on each balance sheet date, the Group measures the impairment provision at 12 months expected credit losses if there has no significant increase in credit risk since initial recognition or measures the impairment provision for the lifetime expected credit losses if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognizes the impairment provision for lifetime expected credit losses.

(XII) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(XIII) Leasing transaction (lessor)－operating leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognized in profit or loss on a straight-line basis over the lease term.

(XIV) Investments accounted for under the equity method - associates

1. Associates are all entities over which the Company has significant influence but no control. In general, it is presumed that an investor has significant influence if the investor holds directly or indirectly 20% or more of the voting power of the investee. Investments in associates are accounted for under the equity method and are recognized at cost after acquisition.
2. The Group's share of profit or loss in associates after acquisition is recognized in profit/loss, whereas its share of other comprehensive income in associates after acquisition is recognized in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

(XV) Property, plant and equipment

1. Property, plant and equipment are initially recorded at cost, and borrowing costs incurred during the construction period are capitalized.
2. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is likely that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part shall be derecognized. All other repairs and maintenance are recognized as profit or loss during the financial period in which they are incurred.
3. Except for land, property, plant and equipment are measured by cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately
4. At each financial year-end, the assets' residual values, useful lives and depreciation methods are reviewed by the Group. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed materially, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors.' from the date of the change. Useful lives of property, plant and equipment are as follows:

Asset name	Service life
Building and structure (auxiliary equipment included)	5 ～ 50 years
Other equipment	3 ～ 5 years

(XVI) Leasing transaction (Lessee)– right-of-use assets/leasing liabilities

1. Leased assets are recognized as right-of-use assets and leasing liabilities as of the date they become available to the Group. When a lease contract is a short-term lease or a lease of a low-value asset, the lease payment is recognized as an expense over the leasing period by the straight-line method.
2. Leasing liabilities are recognized at the commencement date of the lease at the present value of unpaid lease payments discounted by the interest rate on the Group's incremental borrowings, which include: fixed payments, less any lease incentives that may be received. The Group subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. When a change in noncontractual results in a change in the leasing period or lease payment, the leasing liability is reassessed and the right-of-use asset is remeasured.
3. Right-of-use assets are recognized at cost at the commencement date of the lease, which includes:
   (1) The amount of the initial measurement of lease liability; and
   (2) Any lease payments made at or before the commencement date.
   The leasing liabilities are measured subsequently using the cost model, and depreciation expenses are provided at the earlier of the end of the useful life of the right-of-use period or the end of the leasing period. When the lease liabilities are remeasured, the right-of-use asset will adjust any amount of re-measurement of the leasing liabilities.
4. For lease modifications that reduce the scope of the lease, the lessee shall reduce the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease and recognizes the difference between this amount and the re-measurement amount of the lease liability in profit or loss.

(XVII) Intangible assets

1. Computer software
   Computer software is stated at cost and amortized on a straight-line basis over its estimated useful life of 1 to 5 years.
2. Goodwill
   Goodwill arises from business combinations using the acquisition method.

(XVIII) Impairment of non-financial assets

1. At each balance sheet date, the Group assesses the recoverable amounts of the assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell or value in use. Except for goodwill, when the circumstances for recognizing impairment loss for an asset in prior periods no longer exist or diminish, the impairment loss is reversed. However, the increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.
2. At each balance sheet date, the Group assesses the recoverable amounts of the assets. An impairment loss is recognized for the amount by which the asset’s carrying amount exceeds its recoverable amount.
3. Goodwill is allocated to each of the cash-generating units for impairment testing. This allocation is made on the basis of the operating segment identification. Goodwill is allocated to groups of cash-generating units or cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

(XIX) Accounts and notes payable

1. Accounts and notes payable represent debts incurred for the purchase of raw materials, goods or services on credit and notes payable for operating and non-operating purposes.
2. The short-term accounts and notes payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(XX) Derecognition of financial liabilities

The Group derecognize financial liabilities when the obligation specified in the contract is either discharged or canceled or expires.

(XXI) Employee benefits

1. Short-term employee benefits

   Short-term employee benefits are measured at the non-discounted amount expected to be paid and are recognized as expenses when the related services are rendered.

2. Pensions

   For defined contribution plans, the amount to be contributed to the pension fund is recognized as pension cost for the period on an accrual basis. Prepaid contributions are recognized as assets to the extent that they are refundable in cash or reduce future benefits.

3. Remuneration to employees and directors

   Remuneration to employees and directors are recognized as expense and liability when it is required under legal or constructive obligation and those amounts can be reliably estimated. Any discrepancy between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in accounting estimates. When employee remuneration is paid by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(XXII) Income tax

1. The tax expense for the period comprises current and deferred tax Income taxes are recognized in profit or loss, except for those related to items included in other comprehensive income or directly in equity, which are recognized in other comprehensive income or directly in equity, respectively.
2. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted on the balance sheet date in the countries where the Company operates and generates taxable income. Management evaluates implementations taken in tax returns with respect to situations periodically in accordance with applicable tax laws, while it, where applicable, estimates the income tax liability based on the expected tax payments to be made to the tax authorities. Additional income tax is levied on undistributed earnings in according to the Income Tax Act. Additional income tax expense on retained earnings is recognized when the actual allocation of earnings is resolved by the shareholders in the year next to the year in which the earnings are generated.
3. Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amount in the consolidated balance sheet. Nevertheless, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is likely that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.
4. Deferred income tax assets are recognized only to the extent that it is likely that future taxable profit may be available against which the temporary differences can be utilized. On each balance sheet date, unrecognized and recognized deferred income tax assets are reevaluated.
5. When there is a statutory right to offset the recognized tax asset and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously, current income tax assets and liabilities are offset and the net amount is reported in the balance sheet. Deferred income tax assets and liabilities may be offset when the entity has the statutory right to offset current tax assets against current tax liabilities and they are applicable to the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

(XXIII) Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds

(XXIV) Revenue recognition

1. Sales of goods

   (1) The Group manufactures and sells IC and digital surveillance system module related products. Sales are recognized when control of the products has transferred, being when the products are delivered to the customer, 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 according to the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.

   (2) Revenue from these sales is recognized based on the contract price, and the discount and allowance payable related to sales as of the balance sheet date is recognized as a refund liability. A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due

2. Technical service revenue

   (1) The Group provides services related to the design of integrated circuit systems and security surveillance products Service revenue is recognized in the reporting period in which the service is rendered to clients. Revenue from fixed-price contracts is recognized based on the proportion of services actually rendered to all services available as of the balance sheet date. The percentage of completion of services is determined based on the actual labor hours incurred to the estimated total labor hours. Contract prices are paid by clients in accordance with the agreed payment schedule. In addition, contract assets are recognized when the services provided by the Group exceed the payables of clients, while contract liabilities are recognized when the payables of clients exceed the services provided by the Group.

   (2) The Group's estimates of revenues, costs and progress are revised as circumstances change. Any increase or decrease in estimated revenues or costs attributable to changes in estimates is reflected in profit or loss in the period in which the circumstances that led to the revision become known to management.

3. Cost to obtain customer contracts

   The additional costs incurred by the Group to obtain contracts from customers are expected to be recovered; however, the terms of the related contracts are shorter than one year; therefore, these costs are recognized as expenses as incurred.

(XXV) Operating segments

The Group's operating segment information is reported in a manner consistent with the internal management reports provided to the chief operating decision maker. The chief operating decision maker is responsible for allocating resources to the operating segments and evaluating their performance.

V. Critical accounting judgments, estimates and assumptions on uncertainty

When preparing the Group's consolidated financial statements, the management made critical judgments in applying the Company's accounting policies and made critical accounting assumptions and estimates as to have a reasonable expectation of future events based on the circumstances on the balance sheet date. Assumptions and estimates may differ from the actual results, and they are continually evaluated and adjusted based on historical experience and other factors. The judgment and assumptions made by the Company in applying its accounting policies and concerning future events do not involve material risk of causing material adjustment to the carrying amount of assets and liabilities within the next financial year.

VI. Description of significant accounts

(I) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand and working funds	$ 90	$ 90
Check deposits and demand deposits	30,035	30,588
	$ 30,125	$ 30,678

1. The Group transacts with numerous financial institutions with high credit quality for the purpose of dispersing credit risk; hence, the possibility of default is expected to be very low.

2. As a pledge of tariffs for the customs office and a guarantee of land leases for the Science Park Administration, NT$1,750 and NT$1,744 of cash and cash equivalents are restricted by the Group as of December 31, 2022 and 2021, respectively (recognized as "financial assets measured at amortized cost - non-current").
3. The Group has no cash and cash equivalents pledged to others as of December 31, 2022 and 2021.

(II) Financial assets at fair value through other comprehensive income/loss

Item	December 31, 2022	December 31, 2021
Non-current items:		
TWSE and TPEx listed shares	$ 106,253	$ 60,465
Valuation adjustment	(20,256)	17,173
	$ 85,997	$ 77,638

1. The Group has elected to classify investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments were NT$85,997 and NT$77,638 as of December 31, 2022 and 2021.
2. In 2022, the Group disposed of the shares it held in Evergreen Marine Corporation. The accumulated proceeds were NT$15,366. The accumulated losses thereof were derecognized and transferred to retained earnings for (NT$3,483).
3. In 2022 and 2021, the Group disposed of the shares it held in Feei Cherng Enterprise Co., Ltd. for NT$21,238 and NT$5,121, respectively. The accumulated gains thereof were derecognized and transferred to the retained earnings for NT$3,753 and NT$246, respectively.
4. In 2022 and 2021, the Group disposed of the shares it held in Yuen Foong Yu Consumer Products Co., Ltd. for NT$3,212 and NT$5,008, respectively. The accumulated losses thereof were derecognized and transferred to the retained earnings for (NT$1,985) and (NT$190), respectively .
5. In 2021, the Group disposed of the shares it held in China Life Insurance Co., Ltd. The accumulated proceeds were NT$11,100. The accumulated gains thereof were derecognized and transferred to retained earnings of NT$631.
6. The breakdown of equity and other comprehensive income/loss recognized from financial assets at fair value through other comprehensive income/loss breakdown is as follows:

	2022	2021
Changes in fair value recognized in other comprehensive income	($ 39,144)	$ 17,860
Cumulative gain (loss) transferred to the retained earnings due to derecognition	($ 1,715)	$ 687

7. Dividend income recognized in profit or loss from financial assets at fair value through other comprehensive income (recognized as “other income") was NT$5,067 and NT$137 in 2022 and 2021, respectively.
8. The Group has no financial assets at fair value through other comprehensive income/loss pledged to others as of December 31, 2022 and 2021.
9. For information on the credit risk of financial assets measured at fair value through other comprehensive income or loss, please refer to Note 12, (II) Financial Instruments.

(III) Financial assets at amortized cost

Item	December 31, 2022	December 31, 2021
Current items:		
Time deposits for longer than three months	$ 5,850	$ 20,100
Non-current items:		
Time deposits with limited purpose	$ 1,750	$ 1,744

1. The breakdown of profit or loss recognized for financial assets measured at amortized cost - non-current is as follows:

	2022	2021
Interest revenue	$ 33	$ 197

2. Without considering the collaterals held or other credit enhancements, the Company held financial assets measured at amortized cost with the largest credit risk exposure of NT$7,600 and NT$21,844 as of December 31, 2022 and 2021, respectively.
3. For financial assets measured at amortized cost that are pledged as collateral, please refer to Note 8, Pledged Assets.
4. For information on the credit risk of financial assets at amortized cost , please refer to Note 12, (II) Financial Instruments. The counterparties of the Group's time deposit certificates are financial institutions with good credit quality and the possibility of default is relatively low.

(IV) Accounts receivable

	December 31, 2022	December 31, 2021
Accounts receivable	$ 1,424	$ 1,966
Less: Loss provision	(1,424)	(1,411)
	$ -	$ 555

1. Aging analysis of accounts receivable (including related parties) are as follows:

	December 31, 2022	December 31, 2021
Not past due	$ 9,969	$ 555
More than 91 days	1,424	1,411
	$ 11,393	$ 1,966

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

2. The balances of accounts receivable as of December 31, 2022 and 2021 are all generated from customer contracts, and the balance of accounts receivable from customer contracts as of January 1, 2021 was NT$1,997.
3. The Group has not pledged any accounts receivable as collateral.
4. Without considering the collaterals held or other credit enhancements, the Group held accounts receivable with the largest credit risk exposure of NT$9,969 and NT$555 as of December 31, 2022 and 2021, respectively.
5. For information on the credit risk of accounts receivable, please refer to Note 12, (II) Financial Instruments.

(V) Inventory

	December 31, 2022		
	Cost	Allowance for price loss	Carrying amount
Raw materials	$ 2,214	($ 2,214)	$ -
Work in process	2,453	(2,453)	-
	$ 4,667	($ 4,667)	$ -

	December 31st, 2021		
	Cost	Allowance for price loss	Carrying amount
Raw materials	$ 6,038	($ 6,038)	$ -
Work in process	2,461	(2,461)	-
Finished goods	15,477	(15,475)	2
	$ 23,976	($ 23,974)	$ 2

Cost of inventories recognized as expense in the current period:

	2022	2021
Cost of sold inventory	$ 20,948	$ 9,832
Gain on price recovery of inventory (Note)	(19,307)	(1,178)
	$ 1,641	$ 8,654

(Note) In 2022 and 2021, the Group sold the inventories for which devaluation losses had been appropriated, resulting in a recovery of the net realizable value of inventories, which was recognized as a deduction from the cost of sales.

(VI) Investments accounted for under the equity method

	2022	2021
Balance at the beginning and end of the period	$ -	$ -

The carrying amount of the Company's investment in e-Phocus, Inc. was negative in 2007 due to the recognition of losses based on the Company's proportionate shareholding in e-Phocus, Inc. Besides, the Company did not have control over e-Phocus, Inc. and had no endorsement guarantee or intention to continue to support the Company; therefore, the Company stopped recognizing losses for this investment.

(VII) Property, plant and equipment

	Building and structure	Testing equipment	Mold equipment	Other equipment	Total
January 1, 2022					
Cost	$ 71,138	$ 466	$ 4,510	$ 3,998	$ 80,112
Accumulated depreciation	(32,392)	(466)	(4,510)	(2,749)	(40,117)
	$ 38,746	$ -	$ -	$ 1,249	$ 39,995
2022					
January 1	$ 38,746	$ -	$ -	$ 1,249	$ 39,995
Depreciation expense	(1,448)	-	-	(484)	(1,932)
Disposal - cost	(2,681)	(466)	(4,510)	(1,745)	(9,402)
- Accumulated depreciation	2,681	466	4,510	1,745	9,402
December 31	$ 37,298	$ -	$ -	$ 765	$ 38,063
December 31, 2022					
Cost	$ 68,457	$ -	$ -	$ 2,253	$ 70,710
Accumulated depreciation	(31,159)	-	-	(1,488)	(32,647)
	$ 37,298	$ -	$ -	$ 765	$ 38,063

	Building and structure		Testing equipment		Mold equipment		Other equipment		Total	
January 1, 2021										
Cost	$	71,000	$	466	$	4,510	$	3,998	$	79,974
Accumulated depreciation	(	30,941)	(	466)	(	4,510)	(	2,135)	(	38,052)
	$	40,059	$	-	$	-	$	1,863	$	41,922
2021										
January 1	$	40,059	$	-	$	-	$	1,863	$	41,922
Additions		138		-		-		-		138
Depreciation expense	(	1,451)		-		-	(	614)	(	2,065)
December 31	$	38,746	$	-	$	-	$	1,249	$	39,995
December 31, 2021										
Cost	$	71,138	$	466	$	4,510	$	3,998	$	80,112
Accumulated depreciation	(	32,392)	(	466)	(	4,510)	(	2,749)	(	40,117)
	$	38,746	$	-	$	-	$	1,249	$	39,995

1. All the Group's property, plant and equipment as of December 31, 2022 and 2021 are assets for its own use.
2. No borrowing costs were capitalized for property, plant and equipment in 2022 and 2021.
3. Information on the Group's pledge of property, plant and equipment as of December 31, 2022 and 2021, please refer to Note 8, Description of Pledged Assets.

(VIII) Leasing transaction—lessee

1. The subject of leases are land leased from the Science Park Bureau and offices leased from related parties. The lease periods are usually between 1 and 20 years, taking the priority renewal rights and contract terms into account. No other restrictions are placed on the leased assets except that they cannot be used as collateral for loans.
2. The carrying amount of the right-of-use assets and the depreciation expense recognized are as follows:

	December 31, 2022	December 31, 2021
	Carrying amount	Carrying amount
Land	$ 9,443	$ 13,370
Building and structure	1,223	1,572
	$ 10,666	$ 14,942

	2022	2021
	Depreciation expense	Depreciation expense
Land	$ 403	$ 464
Building and structure	349	145
	$ 752	$ 609

3. The additions to the Group's right-of-use assets amounted to NT$— and NT$1,717 in 2022 and 2021, respectively.
4. Information about profit and loss related to lease contracts is as follows:

	2022	2021
Items affecting the current income		
Interest expenses on lease liabilities	$ 238	$ 253
Short-term lease expenses	63	13
Gains on lease modification	(548)	-
	($ 247)	$ 266

5. The Group's total lease cash outflow was NT$1,039 and NT$770 in 2022 and 2021, respectively.

(IX) Lease transaction - Lessor

1. The underlying assets leased by the Group include houses and buildings. The lease contract is for the period from 2022 to 2023. The lease contract is negotiated individually and contains various terms and conditions.
2. The Group recognized rent income of NT$4,428 and NT$- in 2022 and 2021 based on the operating lease contract (stated as "other income"), none of which were attributable to lease payments.
3. Analysis of expiry dates of payments leased as operating leases by the Group is as follows:

	December 31, 2022	December 31, 2021
Less than one year	$ 5,571	$ -

(X) Intangible assets

	Computer software	Goodwill	Total
January 1, 2022			
Original cost	$ 1,808	$ 12,074	$ 13,882
Accumulated amortization	(1,419)	-	(1,419)
Cumulative impairment	-	(12,074)	(12,074)
	$ 389	$ -	$ 389
2022			
January 1	$ 389	$ -	$ 389
Amortization	(222)	-	(222)
Disposal - cost	(990)	-	(990)
Accumulated amortization	990	-	990
December 31	$ 167	$ -	$ 167
December 31, 2022			
Original cost	$ 818	$ 12,074	$ 12,892
Accumulated amortization	(651)	-	(651)
Cumulative impairment	-	(12,074)	(12,074)
	$ 167	$ -	$ 167

	Computer software	Goodwill	Total
January 1, 2021			
Original cost	$ 1,705	$ 12,074	$ 13,779
Accumulated amortization	(1,211)	-	(1,211)
Cumulative impairment	-	(12,074)	(12,074)
	$ 494	$ -	$ 494
2021			
January 1	$ 494	$ -	$ 494
Increase - acquired independently	103	-	103
Amortization	(208)	-	(208)
December 31	$ 389	$ -	$ 389
December 31, 2021			
Original cost	$ 1,808	$ 12,074	$ 13,882
Accumulated amortization	(1,419)	-	(1,419)
Cumulative impairment	-	(12,074)	(12,074)

$ 389	$ -	$ 389

1. No borrowing costs were capitalized for intangible assets in 2022 and 2021.
2. The breakdown of amortization of intangible assets is as follows:

	2022	2021
Administrative expenses	$ 222	$ 208

3. The Group had no intangible assets pledged as of December 31, 2022 and 2021.

(XI) Other payables

	December 31, 2022	December 31, 2021
Salary and bonus payable	$ 4,484	$ 4,912
Others	2,612	1,720
	$ 7,096	$ 6,632

(XII) Long-term borrowings

Nature of the loan	Term of borrowings	Interest rate range	Collaterals	December 31, 2022
Secured bank loan	2022.6.15～2037.6.15	2.2%	Building and structure	$ 34,968
Less: Long-term loans due within one year or one business cycle				(2,085)
				$ 32,883

1. There are none as of December 31, 2021.
2. For the interest expense recognized in profit or loss by the Group in 2022 and 2021, please see Note 6. (21) for the description of finance cost.

(XIII) Pension

1. On July 1, 2005, the Company and its subsidiaries established a defined contribution retirement plan in accordance with the Labor Pension Act, which is applicable to the employees with Taiwan citizenship. The Company and its subsidiaries contributes 6% of the employee's monthly salary to the employee's personal account at the Bureau of Labor Insurance for the employees who choose to apply the labor pension system under the Labor Pension Act. Employees' pensions are paid in the form of monthly pensions or lump-sum pensions, depending on the amount of the employees' individual pension accounts and accumulated earnings.
2. The pension costs recognized under the above pension plan were NT$502 and NT$511 for 2022 and 2021.

(XIV) Share capital

1. Reconciliation of the number of outstanding shares of the Company's common shares at the beginning and end of the period is as follows: (Unit: Thousands of shares)

	2022	2021
January 1	60,000	60,000
Capital reduction to cover losses	(45,300)	-
December 31	14,700	60,000

2. In order to increase working capital, the Company's shareholders' meeting approved to raise funds through

a private placement by introducing strategic investors on May 31, 2022; the Company is to issue up to 20,000 thousand common shares with a par value of NT$10 per share; however, it is still pending for approval of the Company's meeting of the Board of Directors on the base date of the private placement.

3. The motion for capital reduction to make up losses was approved at the Company's annual general meeting held on May 31, 2022 for capital of reduction of NT$453,000, eliminating 45,300 thousand shares issued, representing a reduction ratio of 75.5%. With the capital reduction base date as October 7, 2022, the paid-in capital was NT$147,000, divided into 14,700 thousand shares at $10 per share.
4. As of December 31, 2022, the Company's total registered capital is NT$3,500,000 (NT$330,000 of the total shares are retained for the issuance of employee stock options) and the paid-in capital is NT$147,000 (14,700 thousand shares at NT$10 per share). Payment for the shares issued by the Company has all been received.

(XV) Capital surplus

1. Pursuant to the Company Act, capital reserve arising from paid-in capital in excess of par value on issuance of shares and donations can be used to cover accumulated deficit or to issue new shares or cash to shareholders in proportion to their share ownership when the Company has no accumulated deficit. Besides, the Securities and Exchange Act states that the amount of the said capital reserve to be capitalized shall not exceed 10% of the paid-in capital each year. The Company shall not use capital surplus to cover deficits unless its surplus reserves is insufficient to cover the deficits.

	2022		2021	
	Recognition of changes in ownership interest of subsidiaries		Recognition of changes in ownership interest of subsidiaries	
Opening balance	$	4,660	$	4,660
Capital surplus to cover losses	(	4,557)		-
Balance, ending	$	12,892	$	4,660

2. On May 31, 2022, the Company's shareholders' meeting resolved and approved the use of additional paid-in capital of NT$4,557 to offset losses.

(XVI) Retained earnings

1. The Company's earnings distribution or loss supplement can be made at the end of each semi-fiscal year. If there is earnings on a semi-annual fiscal year, the Company shall estimate and retain taxable contributions, make up for losses in accordance with the law, estimate and retain the remuneration to employees, and set aside 10% as legal reserves. paid-in capital. However, this does not apply when the accumulated legal reserve has reached the Company's paid-in capital. Earnings shall be appropriated or reversed as special reserve in accordance with the law or the regulations of the competent authority. Any remaining earnings shall be added to the accumulated earnings undistributed as dividends to the shareholders, with the distribution to be proposed by the Board of Directors. If earnings are distributed in the form of issuing new shares, a resolution shall be adopted at the shareholders' meeting; if earnings are distributed in the form of cash, a special resolution shall be adopted by the Board of Directors.
2. The current year's earnings of the Company, if any, shall first be used to pay taxes and cover previous year's deficit, and then 10% of the remaining amount shall be set aside as legal reserve, unless accumulated legal reserve has reached a amount equal to the Company's paid-in capital. Further, special reserve shall be set aside or reversed in accordance with Article 41 of the Securities and Exchange Act. Appropriation of the remainder earnings, if any, shall be added to the earnings undistributed of the previous years at the beginning of the period according to the business status and the balanced dividend policy. Except for a portion that shall be retained, the remaining earnings shall be added together with the earnings of previous years and the Board of Directors shall propose a motion for the earnings distribution to be approved at the shareholders' meeting.
3. In accordance with the provisions of Articles 240 and 241 of the Company Act, the Company authorizes the distribution of dividend and bonus or statutory surplus to be resolved in favor of a majority of the directors in a meeting with more than two-thirds of the directors present at the board meeting. Reserve and capital reserve, in whole or in part, in the form of cash distributions shall be reported to the shareholders' meeting.

4. In order to support the Company's long-term growth, the Company distributes dividends in principle to satisfy its future operation and development requirements. The Board of Directors shall plan the distribution of dividends according to the Articles of Incorporation after comprehensive consideration of a sound financial structure, maintenance of stable dividends, protection of reasonable returns to shareholders, etc. Issue of new shares shall be approved at the shareholdings' meeting and the competent authorities.
5. The Company distributes dividends to shareholders in cash dividends and stock dividends semiannually and annually. In consideration of maintaining a balanced dividend policy, the Company appropriates at least 30% of the earnings shareholders' dividends, but when the surplus for distribution is less than 10% of the paid-in capital, the board of directors may decide not to distribute the dividends. Dividends may be distributed in stock or cash, with cash dividends of not less than 10% of the total dividends.
6. For the distribution of the aforementioned earnings, the Board of Directors may adjust the proportion of cash and stock dividends distribution after considering the Company's operation and capital expenditure needs, and draft a distribution proposal in the form of new shares issuance. Issue of new shares shall be approved at the shareholdings' meeting.
7. The motion for offsetting deficits of the Company in 2021 and 2020 was approved in the shareholders' meetings on May 31, 2022 and July 1, 2021, respectively. However, the Company passed a resolution in the annual general shareholders' meeting on May 31, 2022 to cover the deficits with a special reserve of NT$196.
8. The Company had accumulated losses in 2022 and 2021; hence the shareholders' meeting resolved not to distribute earnings. On February 24, 2023, the board of directors proposed not to distribute the earnings of 2022.

(XVII) Operating Revenue

	2022	2021
Revenue from contracts with customers	$ 18,432	$ 13,989

1. Breakdown of revenue from customer contracts

The Group's revenues are generated from sales of merchandise transferred at a certain time, which can be broken down into the following major product lines:

	2022		
	Integrated circuit	System module	Total
Departmental revenue			
Contractual revenue from external customer	$ 7,526	$ 10,906	$ 18,432

	2021		
	Integrated circuit	System module	Total
Departmental revenue			
Contractual revenue from external customer	$ 4,009	$ 9,980	$ 13,989

2. The Company recognized contract liabilities related to revenue from customer contracts as follows:

	December 31, 2022	December 31, 2021	January 1, 2021
Contract liabilities - current	$ 172	$ 84	$ 2,986

	2022	2021
Beginning balance of contract liabilities Revenue recognized in the current period		
Advance sales receipts	$ -	$ 2,914

(XVIII) Interest revenue

	2022	2021
Interest from bank deposits	$ 83	$ 95
Financial assets of interest income at amortized cost	33	197
	$ 116	$ 292

(XIX) Other income

	2022	2021
Rental revenue	$ 4,667	$ 391
Dividend revenue	5,067	137
Others	676	693
	$ 10,410	$ 1,221

(XX) Other gains and losses

	2022	2021
Foreign exchange gain (loss)	$ 358	($ 2,155)
Gains on lease modification	548	-
Other gains and losses	(154)	(300)
	$ 752	($ 2,455)

(XXI) Finance cost

	2022	2021
Interest expenses:		
Borrowings from banks	$ 393	$ -
Lease liabilities	238	253
Others	37	1
	$ 668	$ 254

(XXII) Additional information on the nature of expenses

	Under the operating expenses	
	2022	2021
Employee benefits expense	$ 19,044	$ 22,679
Depreciation expense	2,684	2,674
Amortization expense	222	208
	$ 21,950	$ 25,561

(XXIII) Employee benefits expense

	Under the operating expenses	
	2022	2021
Salary expenses	$ 17,173	$ 19,267
Labor/national health insurance expenses	954	1,041
Pension expenses	502	511
Other personnel expenses	415	1,860
	$ 19,044	$ 22,679

1. In accordance with the Articles of Incorporation of the Company, Based on the Company's profitability for the year, if there is any remaining surplus after deducting accumulated losses, the Company shall contribute 1 to 10% of the employees' remuneration and no more than 5% of the directors' remuneration.
2. Since the Company had accumulated deficit in both fiscal 2022 and 2021, the estimated amount of employee and director remuneration is $-. Information on the employees' and directors' remuneration of the Company as passed by the board of directors and resolved by the stockholders will be posted in the "Market Observation Post System."

(XXIV) Income tax

1. Composition of income tax expense.

	2022	2021
Gross income tax for the current period	$ -	$ -
Total deferred income tax:	-	-
	-	-

2. Relationship between income tax expenses and accounting losses:

	2022	2021
Income tax with pre-tax net loss calculated at the statutory tax rate	($ 534)	($ 6,002)
Tax-exempted income pursuant to the tax laws	(1,013)	(28)
Deferred income tax assets with temporary difference not recognized	(3,858)	(213)
Deferred income tax assets with tax loss not recognized	5,405	6,243
Income tax	$ -	$ -

3. Expiration dates of unused tax losses and amounts of unrecognized deferred tax assets are as follows:

December 31, 2022

Year of occurrence	Amount reported/ authorized	Amount yet to be offset	Unrecognized deferred income tax assets	Last deduction year
2013~2022	$ 706,304	$ 706,304	$ 706,304	2023～2032

December 31, 2021

Year of occurrence	Amount reported/ authorized	Amount yet to be offset	Unrecognized deferred income tax assets	Last deduction year
2013~2021	$ 678,737	$ 678,737	$ 678,737	2023～2031

4. As of December 31, 2022 and 2021, the unused loss carryforwards and the total unrecognized deferred income tax assets of the subsidiary(ZAVIO Inc.) of the Company were NT$19,034 and NT$19,175, respectively.
5. The amounts of deductible temporary differences that were not recognized as deferred tax assets:

	December 31, 2022	December 31, 2021
Deductible temporary differences	$ 68,436	$ 89,446

6. The income tax returns of the Company and its subsidiaries of 2020 have been assessed and approved by the Tax Authority. Besides, there was no administrative remedy existing between the Company and the authority as of February 24, 2023.

(XXV) Loss per share

	2022		
	Amount, after tax	Number of weighted average outstanding shares (thousand shares)	Loss per share (NT$)
Basic and diluted loss per share			
Net loss for the current period attributed to the common share holders of the parent	($ 2,671)	14,700	($ 0.18)

	2021		
	Amount, after tax	Number of weighted average outstanding shares (thousand shares)	Loss per share (NT$)
Basic and diluted loss per share			
Net loss for the current period attributed to the common share holders of the parent	($ 30,008)	14,700	($ 2.04)

The motion for capital reduction to cover losses was approved by the shareholders' meeting held on May 31, 2022. The meeting of the Board of Directors resolved to set October 7, 2022 as the base date for capital reduction. The weighted average number of shares outstanding was adjusted retroactively according to the ratio of capital reduction to cover loss made by the capital reduction in 2022.

(XXVI) Changes in liabilities arising from financing activities

	Lease liabilities	Long-term borrowings (including those due within one year)	Guarantee deposits received	Total liabilities from financing activities
January 1, 2022	$ 15,261	$ -	$ 36	$ 15,297
Net changes in the financing cash flow	(738)	34,968	9,008	43,238
Other non-cash changes	(4,072)	-	-	(4,072)
December 31, 2022	$ 10,451	$ 34,968	$ 9,044	$ 54,463

	Lease liabilities	Guarantee deposits received	Total liabilities from financing activities
January 1, 2021	$ 14,048	$ 30	$ 14,078
Net changes in the financing cash flow	(504)	6	(498)
Other non-cash changes	1,717	-	1,717

December 31, 2021	$ 15,261	$ 36	$ 15,297

VII. Related party transactions

(I) Name and relationship of related parties

Name of Related Party	Relationship with the Group
U-BEST INNOVATIVE TECHNOLOGY CO., LTD. (U-BEST)	Fellow subsidiary
Boromi Optronics Corp. (Boromi)	Fellow subsidiary

(II) Significant transactions with related parties

1. Operating revenue

Sales of goods:	2022	2021
U-BEST	$ 1,197	$ -
Boromi	10,665	-
	$ 11,862	$ -

The transaction price and payment terms for sale of goods are not materially different from those of the non-related parties.

2. Accounts receivable

	2022	2021
Boromi	$ 9,969	$ -

The receivables from related parties are all from sales transactions, and are not pledged or interest-bearing, and no allowance for loss has been provided.

3. Contract liabilities - current

	December 31, 2022	December 31, 2021
U-BEST	$ 76	$ -

4. Lease transactions - Lessee

(1) The Company leases office space from a related party for a term of 5 years; the rent is payable at the beginning of each month.

(2) Right-of-use assets

A. Acquisition:

	2022	2021
U-BEST	$ -	$ 1,717

B. Closing balance:

	December 31, 2022	December 31, 2021
U-BEST	$ 1,223	$ 1,572

(3) Lease liabilities

A. End-of-period balance:

	December 31, 2022	December 31, 2021
U-BEST	$ 1,243	$ 1,579

B. Interest expense:

	2022	2021
U-BEST	$ 33	$ 16

(4) Refundable deposits

	December 31, 2022	December 31, 2021
U-BEST	$ 97	$ 97

(III) Main management remuneration

	2022	2021
Salary and short-term employee benefits	$ 5,188	$ 7,131

VIII. Pledged assets

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

Asset items	Book value December 31, 2022	Book value December 31, 2021	Purpose of guarantee
Buildings (Note 1)	$ 37,094	$ -	Guarantee for long-term borrowings
Time deposit (Note 2)	1,140	1,134	Guarantee for customs duties
Time deposit (Note 2)	610	610	Guarantee of land lease by the Hsinchu Science Park Bureau
	$ 38,844	$ 1,744	

(Note 1) Listed in "Property, plant and equipment".

(Note 2) Recognized as financial assets measured at amortized cost - non-current

IX. Significant contingent liabilities and unrecognized contract commitments

None

X. Significant events after the balance sheet date

In order to increase working capital, the Company's board of directors approved to raise funds through a private placement by introducing strategic investors on February 24, 2023; the Company expects to issue up to 20,000 thousand common shares through the private placement; however, it is still pending for approval of the Company's shareholders' meeting.

XI. Significant disaster loss

None

XII. Others

(I) Capital management

The Group's capital management objectives are to protect the Company's continuing operations, to maintain an optimal capital structure in order to reduce the cost of capital, thus providing returns for shareholders. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(II) Financial instruments

1. Types of financial instruments

	December 31, 2022	December 31, 2021
Financial assets		
Financial assets at fair value through other comprehensive income/loss		
Elect the designated equity tool investment	$ 85,997	$ 77,638
Financial assets at amortized cost		
Cash and cash equivalents	30,125	30,678
Financial assets at amortized cost	7,600	21,844
Accounts receivable	9,969	555
Other receivables	3	2
Refundable deposits	97	97
	$ 47,794	$ 53,176
Financial liabilities		
Financial liabilities measured at amortized cost		
Accounts payable	$ -	$ 91
Other payables	7,096	6,632

Long-term borrowings (including those due within a year)	34,968	-
Guarantee deposits received	9,044	36
	$ 51,108	$ 6,759
Lease liability (current and non-current included)	$ 10,451	$ 15,261

2. Financial risk management policies
   (1) The Group adopts a comprehensive risk management and control system to identify all the Company's risks (including market risk, Credit risk, liquidity risk and cash flow risk). Hence, the management is able to effectively control and measure market risk, credit risk, liquidity risk and cash flow risk, and mitigate potential adverse effects on the Group's financial position and financial performance.
   (2) The Group's market risk management objectives are to reach the optimal risk exposure, maintain appropriate liquidity and manage all market risks centrally with proper consideration of the economic environment, competitive circumstances and the impact of market value risk.
3. Nature and extent of significant financial risks
   (1) Market risk

   Exchange rate risk

   A. The Group's foreign currency transactions are mainly due to the export and import of raw materials, which are mainly in U.S. dollars. The related exchange rate risk arises from assets and liabilities recognized in future business transactions The Group adopts a conservative and prudent approach to handle foreign-currency deposits so as to reduce the risk arising from sharp fluctuations in market exchange rates.

   B. The business of the Group involves several non-functional currencies (the Company's functional currency is New Taiwan dollars) and is, therefore, affected by exchange rate fluctuations. Information on foreign currency assets and liabilities that are subject to significant exchange rate fluctuations is as follows:

	December 31, 2022		
	Foreign currency (NT$ thousand)	Foreign exchange rate	Carrying amount
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD: TWD	$ 237	30.66	$ 7,261

	December 31st, 2021		
	Foreign currency (NT$ thousand)	Foreign exchange rate	Carrying amount
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD: TWD	$ 148	27.68	$ 4,097
EUR: TWD	2	31.32	63
Financial liabilities			
Monetary items			
USD: TWD	3	27.68	83

The sensitivity analysis of foreign currency exchange rate risk is mainly calculated for foreign monetary items at end of the reporting period. When the New Taiwan dollar had appreciated or depreciated by 1% against each foreign currency, and all other factors were held constant, the Group's net income before tax would increase or decrease by NT$73 and NT$41 in 2022 and 2021, respectively.

   C. The total amount of exchange losses (including realized and unrealized) recognized in 2022 and 2021 due to the significant impact of exchange rate fluctuations on the Company's monetary items was NT$358 and(NT$2,155), respectively.

Price risk

The Group's equity instruments exposed to price risk are the financial assets measured at the fair value through profit or loss and financial assets measured at the fair value through other comprehensive income. To manage the price risk of the equity instrument investment, the Company separated the investment portfolio, and the separation method is based on the limited amount formulated by the Group

Cash flow and fair value interest rate risk

A. The interest rate risk of the Group mainly comes from long-term loans issued at floating interest rates, which expose the Group to cash flow interest rate risk. Part of the risk was offset by cash and cash equivalents held at floating rates. In 2022 and 2021, the Group's borrowings at floating interest rates were mainly denominated in NTD.
B. When the interest rate increased or decreased by 1%, with all other factors remaining unchanged, the net income in 2022 and 2021 would decrease or increase by NT$3 and NT$-, respectively. This is mainly due to the borrowings at floating interest rate resulting in the expenses changed accordingly.

(2) Credit risk

A. The Group's credit risk is the risk of financial loss that would be incurred if its customers or financial instrument trading counterparty fail to perform the contracts. This is primarily due to counterparties' failure to repay accounts receivable and other receivable based on payment terms, and contractual cash flows from time deposits, which are measured at amortized cost.
B. The Group established the credit risk management based on the Group's aspect. For trading banks and financial institutes, only those with good credit can be accepted as trading counterparties. According to the loan policy formulated by the Group, each business unit within the Group shall conduct the management and credit risk analysis on each new customer before setting payment and proposing the delivery terms and conditions. The internal risk control evaluates customers' credit quality by taking into consideration the customers' financial position, and past experience and other factors. The individual risk limit is formulated by the board of directors according to the internal or external ratings, and the use of the credit limit is monitored regularly.
C. The following presumption provided by the Group adopts IFRS 9 as the basis to determine whether the credit risk of financial instrument increases significantly after the initial recognition: When the contract payment past due for over 30 days based on the agreed payment terms, the credit risk is considered to have increased significantly since the initial recognition of the financial assets.
D. The Group adopts IFRS 9, which assumes that a default is deemed to have occurred when contractual payments are more than 90 days past due in accordance with contractual terms.
E. According to the nature of customers' geographical areas, the Group adopts a simplified methodology to estimate the expected credit losses based on provision matrixes for accounts receivable.
F. The Group used the forecastability to adjust historical and timely loss ratio to assess the probabilities of defaults of accounts receivable. For the accounts receivable as of December 31, 2022 and 2021, the Group has adopted a simplified methodology to estimate the expected credit losses based on provision matrixes. The expected credit loss rate of the overdue accounts receivable was not material; therefore, no impairment loss was recognized. In terms of accounts receivable which are evaluated individually, the expected loss rate is 100%; hence, the Group recognized allowances for losses of NT$1,424 and NT$1,411, respectively.

G. Changes in the Group's allowance for losses on other receivables by the simplified methodology are as follows:

	2022	
	Account receivable	Other receivable
January 1	$ 1,411	$ 6,569
Effects of exchange rates	13	-
December 31	$ 1,424	$ 6,569

	2021	
	Account receivable	Other receivable
January 1	$ 1,414	$ 6,669
Expected credit impairment loss /gain on reversal	-	(100)
Effects of exchange rates	(3)	-
December 31	$ 1,411	$ 6,569

(3) Liquidity risk

A. The Group's unused loan facilities as of December 31, 2022 and 2021, were both NT$-.

B. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The contractual cash flows amounts disclosed in the table below are undiscounted.

December 31, 2022	Less than 3 months	3 months to 1 year	1 to 5 year	More than 5 year	Total
Non-derivative financial liabilities:					
Other payables	$ 7,096	$ -	$ -	$ -	$ 7,096
Lease liabilities	244	732	3,349	13,839	18,164
Long-term borrowings (including those due within a year)	700	2,100	11,198	26,595	40,593
Guarantee deposits received	-	9,044	-	-	9,044

December 31, 2021	Less than 3 months	3 months to 1 year	1 to 5 year	More than 5 year	Total
Non-derivative financial liabilities:					
Accounts payable	$ 91	$ -	$ -	$ -	$ 91
Other payables	6,632	-	-	-	6,632
Lease liabilities	243	730	3,708	14,382	19,063
Guarantee deposits received	36	-	-	-	36

C. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(III) Fair value information

1. The definitions of evaluation techniques used to measure the fair value of financial and non-financial instruments for each level are as follows:

   Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A Market is considered active when there is a sufficient frequency and volume of asset or liability transactions occurring to provide pricing information on an ongoing basis. All of the Company's stock investments in listed companies are included.

   Level 2: Those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

   Level 3: Unobservable inputs for the asset or liability.

2. The book value of financial instruments not measured at fair value (including cash and cash equivalents, financial assets at amortized cost- current, accounts receivable (including related parties), other receivables, financial assets at amortized cost- non-current, refundable deposits, accounts payables, other payables, other borrowings ((including those due within one year) guarantee deposits received) of the Group is approximate to their fair values.

3. The related information on the Group's financial instruments measured at fair value by fair value level on the basis of the nature, characteristics and risks of the assets are as follows:

   (1) The breakdown of assets classified by nature as of December 31, 2022 and 2021 is as follows:

December 31, 2022	Level 1	Level 2	Level 3	Total
Repetitive fair value				
Financial assets at fair value through other comprehensive income/loss				
Equity securities	$ 85,997	$ -	$ -	$ 85,997

December 31, 2021	Level 1	Level 2	Level 3	Total
Repetitive fair value				
Financial assets at fair value through other comprehensive income/loss				
Equity securities	$ 77,638	$ -	$ -	$ 77,638

   (2) The Group uses the closing prices of the listed stocks as the market quotation for the fair value inputs (i.e. Level 1).

4. There were no transfers between Level 1 and Level 2 in 2022 and 2021.
5. There was no change of Level 3 in 2022 and 2021.
6. The Group's finance division is in charge of valuation procedures for fair value measurements being categorized within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value

XIII. Note disclosure

(I) Information on major transactions

1. Loans to others: None.
2. Provision of endorsements and guarantees to others: None.
3. Holding of marketable securities at the end of the period (excluding subsidiaries, associates and joint ventures): Please refer to Table 1.
4. Acquisition or sale of the same security with the accumulated cost reaching NT$300 million or 20% of paid-in capital or more: Please refer to Table 2.
5. Acquisition of property reaching NT$300 million or 20% of paid-in capital or more: None.
6. Disposal of property reaching NT$300 million or 20% of paid-in capital or more: None.
7. Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more: None

8. Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more: None.
9. Trading in derivative instruments: None
10. The business relationship between the parent and each subsidiary and significant transactions and amounts between them: Please refer to Table 3.

(II) Information on investees

Names, locations, and related information of investees(excluding information on investment in Mainland China): Please refer to Table 4.

(III) Information on investments in Mainland China

1. Basic information: None
2. Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas: None

(IV) Information on major shareholders

Information on major shareholders: Please refer to Table 5.

XIV. Segment information

(I) General information

The management of the Group has identified the reportable segments based on the information reported to the chief operating decision maker for the decision making.

The Group's reportable segments operate from the perspective of consolidated entity. The Company is mainly engaged in the business of integrated circuit system products; ZAVIO Inc. is mainly engaged in the business of digital surveillance system products. Since products in different industry categories require different technologies and marketing strategies, they need to be managed separately. The Group has two reportable segments, Integrated Circuit Products and Integrated Circuit Products.

(II) Measurement of segment information

The Group's chief operating decision maker assesses the performance of the operating segments based on the consolidated financial statements. Profit and loss of the segments are measured based on profit or loss before tax. The accounting policies of the operating segments are the same as the summary of significant accounting policies described in Note 4.

(III) Information on segment losses, assets and liabilities

Reportable segment information provided to the chief operating decision maker is as follows:

	2022			
	Myson Century, Inc	ZAVIO Inc.	Write-off	Total
External revenue	$ 7,526	$ 10,906	$ -	$ 18,432
Revenue from internal department	-	-	-	-
Amount of external revenue, net	7,526	10,906	-	18,432
Departmental pre-tax income	(2,671)	8,233	(8,233)	(2,671)
Department asset	183,616	16,992	(16,383)	184,225

	2021			
	Myson Century, Inc	ZAVIO Inc.	Write-off	Total
External revenue	$ 4,009	$ 9,980	$ -	$ 13,989
Revenue from internal department	-	-	-	-
Amount of external revenue, net	4,009	9,980	-	13,989
Departmental pre-tax income	(30,008)	277	(277)	(30,008)
Department asset	186,292	8,478	(8,350)	186,420

(IV) Reconciliation of segment profit/loss

1. The segments' total profit and loss measures are equal to the Group's net income before income tax in the

consolidated financial statements. Therefore no reconciliation is required.

2. The amounts of total assets and external revenues provided to the chief operating decision maker are measured in a manner consistent with the assets and revenues in the Group's consolidated financial statements.

(V) Information on product and service categories

	2022	2021
Revenue from good sales		
- Integrated circuit	$ 7,526	$ 4,009
- System module	10,906	9,980
	$ 18,432	$ 13,989

(VI) Regional information

The Group's regional information of 2022 and 2021 is as follows.

	2022		2021	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	$ 10,891	$ 48,896	$ 2,674	$ 55,326
Mainland China	713	-	1,336	-
Europe	903	-	521	-
America	1,227	-	3,807	-
Others	4,698	-	5,651	-
	$ 18,432	$ 48,896	$ 13,989	$ 55,326

(VII) Information on major customers

Information on the Group's major customers is as follows:

	2022		2021		
	Revenue	Share in operating revenue	Revenue	Share in operating revenue	Sales department
Company A	$ -	-	$ 1,595	11%	Department of system module products
Company C	938	5%	3,939	28%	Department of system module products
Boromi	10,665	58%	-	-	Integrated Circuit Products
Company D	1,792	10%	1,521	11%	Department of system module products

Attachment 2

Independent Auditor’s Report

(2023)Tsai-Shen-Pao-Tzu No. 22004028

To Myson Century, Inc.

Opinion

We have audited the accompanying parent company only balance sheets of Myson Century, Inc. as of December 31, 2022 and 2021, and the related parent company only statements of comprehensive income, parent company only statements of changes in equity, parent company only statements of cash flows as of January 1 to December 31, 2022 and 2021, and notes to the parent company only financial statements (including a summary of significant accounting policies).

In our opinion, based on our audit results and the audit reports of other public accountants, the above-mentioned parent company only financial statements present fairly, in all material aspects, the parent company only financial position of Myson Century, Inc. as of December 31, 2022 and 2021, and its parent company only financial performance and parent company only cash flows as of January 1 to December 31, 2022 and 2021 in accordance with "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 the auditing standards in the Republic of China. Our responsibility under such standards will be further explained in the section titled “Independent accountant’s responsibilities for the audit of the parent company only financial statements.” Our staffs subject to the independence requirements are complied with the Codes of Professional Ethics for Certified Public Accountants in the Republic of China, independent of Myson Century, Inc., and have fulfilled other ethical responsibilities in accordance with the Codes. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters refer to those matters that, in our professional judgment, were of most significance in the audit of Myson Century, Inc. 2022 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters of Myson Century‘s 2022 parent company only financial statements are as follows:

Key audit matters- bank deposit audit

Description

For the accounting policies on cash and cash equivalents, please refer to Notes 4, (V) Cash Equivalents and IV, (VII) Financial Assets at Amortized Cost in the parent company only financial statements, respectively. For the amount of cash and cash equivalents and related disclosures, please refer to Note 6, (I) Cash and Cash Equivalents, Note 6, (III) Financial assets at amortized cost, and Note 8, Pledged assets of the parent company only financial statements. On December 31, 2022, the balances of bank deposits and restricted time deposits were NT$23,025 thousand and NT$1,750 thousand, respectively.

Because bank deposit balances have a significant impact on parent company only financial statements, and Myson Century, Inc. has deposits with numerous financial institutions, there is a high degree of liquidity risk. In addition, it is necessary to determine whether the time deposits meet the definition of short-term, highly liquid deposits that can be readily converted to certain amount of cash with minimal changes in value before they can be recognized as cash and cash equivalents, or reclassified to the appropriate accounts based on the guarantee status. These bank deposits accounted for 13.5% of the total assets. Therefore, the audit of bank deposits was considered to be the most critical issue for the audit this year.

Responsive audit procedures

The main procedures that we made for the specific scope of the key audit matter described above are set out below:

1. We verified the bank statements and sent confirmation letters to verify the existence of bank deposits, and the rights and obligations between Company and the financial institutions, as well as the provision of guarantees.
2. We verified the authenticity of essential information regarding the recipients of bank confirmation letters.
3. For bank accounts with frequent transactions, we conducted cash transaction tests on those with high amounts, which includes understanding the purpose of the bank account, confirming the nature of the transaction is necessary for the Company's operations, and reviewing relevant documents.
4. Review the appropriateness of the classification.

Responsibilities of management and those charged with governance for the parent company only financial statements

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

In preparing the parent company only financial statements, management is responsible for assessing Myson Century'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 Myson Century or to cease operation, or has no realistic alternative but to do so.

Those charged with governance, including the Audit Committee, are responsible for overseeing Myson Century's financial reporting process.

Independent accountant's responsibilities for the audit of the parent company only financial statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a 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 auditing principles of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error. Such misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

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

1. Identify and assess the risks of material misstatement of the financial report, 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 and the directors.
4. Conclude on the appropriateness of the directors' 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 auditor's report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's 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 report, including the disclosures, and whether the parent company only financial statements represents the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are

responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with the directors, 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 stated in the Codes of Professional Ethics for Certified Public Accountants in the Republic of China, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine the key audit matters for Myson Century’s 2022 parent company only financial statements. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers, Taiwan

CPA
Tien, Chung-Yu 田中玉
Lin, Tzu-Yu 林姿妤

Financial Supervisory Commission
Approval No.: Chin-Kuan-Cheng-shen-Tzu No.1070323061
Former Securities Commission of the Ministry of Finance
Approval No.: (1993) Tai-Tsai-cheng (6)No.44927

February 24, 2023

Myson Century, Inc.

Parent Company Only Balance Sheets

December 31, 2022 and 2021

Unit: NTD thousand

	Assets	Notes	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current assets					
1100	Cash and cash equivalents	VI (I)	$ 21,436	12	$ 22,422	12
1136	Financial assets at amortized cost - current	VI (III)	1,649	1	20,100	11
1170	Accounts receivable, net	VI (IV)	-	-	555	-
1180	Accounts receivable - related parties, net	VII	7,074	4	-	-
1200	Other receivables		3	-	3	-
1220	Current tax assets for the period		30	-	170	-
1410	Prepayments		165	-	87	-
1470	Other current assets		136	-	-	-
11XX	**Total current assets**		30,493	17	43,337	23
	Non-current assets					
1517	Financial assets at fair value through other comprehensive income/loss - non-current	VI (II)	85,997	47	77,638	42
1535	Financial assets at amortized cost - non-current	VI (I)(III)&VIII	1,750	1	1,744	1
1550	Investments accounted for under the equity method	VI (VI)	16,383	9	8,150	4
1600	Property, plant and equipment	VI (VII) & VIII	38,063	20	39,995	22
1755	Right-of-use assets	VI (VIII) & VII	10,666	6	14,942	8
1780	Intangible assets	VI (X)	167	-	389	-
1920	Refundable deposits	VII	97	-	97	-
15XX	**Total non-current assets**		153,123	83	142,955	77
1XXX	**Total assets**		$ 183,616	100	$ 186,292	100

(Continued)

Myson Century, Inc.

Parent Company Only Balance Sheets

December 31, 2022 and 2021

Unit: NTD thousand

	Liabilities and equity	Notes	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current liabilities					
2170	Accounts payable		$ -	-	$ 91	-
2200	Other payables	VI (XI)	6,659	4	6,392	4
2280	Leasing liabilities - current	VI (VIII) & VII	780	-	709	-
2320	Long-term liabilities due within one year or one business cycle	VI (XII) & VIII	2,085	1	-	-
2399	Other current liabilities -other		33	-	36	-
21XX	**Total current liabilities**		9,557	5	7,228	4
	Non-current liabilities					
2540	Long-term borrowings	VI (XII) & VIII	32,883	18	-	-
2580	Leasing liabilities - non-current	VI (VIII) & VII	9,671	5	14,552	8
2645	Guarantee deposits received	VII	9,044	5	236	-
25XX	**Total non-current liabilities**		51,598	28	14,788	8
2XXX	**Total liabilities**		61,155	33	22,016	12
	Equity					
	Share capital					
3110	Share capital - common stock	VI (XIV)	147,000	80	600,000	322
3200	Capital surplus	VI (XV)	103	-	4,660	3
	Retained earnings	VI (II) (XIV) (XV) (XVI)				
3320	Special reserve		-	-	196	-
3350	Accumulated deficit		(4,386)	(2)	(457,753)	(246)
3400	Other equity	VI (II)	(20,256)	(11)	17,173	9
3XXX	**Total equity**		122,461	67	164,276	88
	Significant events after the balance sheet date	X				
3X2X	**Total liabilities and equity**		$ 183,616	100	$ 186,292	100

The accompanying notes are an integral part of these parent company only financial statements. Please refer to it as well.

Chairman: Chang, Yu-Ming Manager: Chang, Yu-Ming Controller:Chu, Li-Chuan

Myson Century, Inc.

Parent Company Only Statements of Comprehensive Income

January 1 to December 31, 2022 and 2021

Unit: NTD thousand
(Except for loss per share expressed in New Taiwan Dollar)

	Item	Notes	2022 Amount	2022 %	2021 Amount	2021 %
4000	Operating Revenue	VI (XVII) & VII	$ 7,526	100	$ 4,009	100
5000	Operating Cost	VI (V)	688	9	(402)	(10)
5900	Operating Gross Profit		8,214	109	3,607	90
	Operating Expense	VI (VIII) (X) (XIII) (XXII) (XXIII), VII & XII				
6100	Selling expenses		(694)	(9)	(17)	-
6200	Administrative expenses		(28,941)	(385)	(33,371)	(833)
6450	Gain on expected credit loss		-	-	100	2
6000	Total operational expenses		(29,635)	(394)	(33,288)	(831)
6900	Operating losses		(21,421)	(285)	(29,681)	(741)
	Non-operating Revenue and Expense					
7100	Interest revenue	VI (III) (XVIII)	81	1	290	7
7010	Other income	VI (II) (IX) (XIX) & VII	10,398	138	1,451	36
7020	Other gains and losses	VI (VIII) (XX)	706	10	(2,090)	(52)
7050	Finance cost	VI (VIII) (XXI) & VII	(668)	(9)	(255)	(6)
7070	Shares of profit (loss) of subsidiaries, associates and joint ventures accounted for under the equity method	VI (VI)	8,233	109	277	7
7000	Total non-operating income and expenses		18,750	249	(327)	(8)
8200	**Net loss for the period**		($ 2,671)	(36)	($ 30,008)	(749)
	Other comprehensive income (loss)					
	Components not to be reclassified to profit or loss					
8316	Unrealized gains and losses on valuation of investment in equity instruments measured at fair value through other comprehensive income/loss	VI (II)	($ 39,144)	(520)	$ 17,860	446
8300	**Other comprehensive income (net)**		($ 39,144)	(520)	$ 17,860	446
8500	**Total comprehensive income/loss for the period**		($ 41,815)	(556)	($ 12,148)	(303)
	Loss per share	VI (XXV)				
9750	Basic and diluted		($ 0.18)		($ 2.04)	

The accompanying notes are an integral part of these parent company only financial statements. Please refer to it as well.

Chairman: Chang, Yu-Ming　　Manager: Chang, Yu-Ming　　Controller:Chu, Li-Chuan

Myson Century, Inc.
Parent Company Only Statements of Changes in Equity
January 1 to December 31, 2022 and 2021

Unit: NTD thousand

	Notes	Share capital - common stock	Capital surplus	Retained earnings: Special reserve	Retained earnings: Accumulated deficit	Other equity: Unrealized income/loss on financial assets measured at FVOCI	Total equity
2021							
Balance - January 1, 2021		$ 600,000	$ 4,660	$ 196	($ 428,432)	$ -	$ 176,424
Net loss of 2021		-	-	-	(30,008)	-	(30,008)
Other comprehensive income/loss of 2021	VI (II)	-	-	-	-	17,860	17,860
Total comprehensive income/loss of 2021		-	-	-	(30,008)	17,860	(12,148)
Disposal of financial instrument measured at fair value through other comprehensive income	VI (II)	-	-	-	687	(687)	-
Balance - December 31, 2021		$ 600,000	$ 4,660	$ 196	($ 457,753)	$ 17,173	$ 164,276
2022							
Balance at January 1, 2022		$ 600,000	$ 4,660	$ 196	($ 457,753)	$ 17,173	$ 164,276
Net loss of 2022		-	-	-	(2,671)	-	(2,671)
Other comprehensive income/loss of 2022	VI (II)	-	-	-	-	(39,144)	(39,144)
Total comprehensive income/loss of 2022		-	-	-	(2,671)	(39,144)	(41,815)
Capital reduction to cover losses	VI (XIV)	(453,000)	-	-	453,000	-	-
Capital surplus to cover losses	VI (XV)	-	(4,557)	-	4,557	-	-
Special reserve to cover losses	VI (XVI)	-	-	(196)	196	-	-
Disposal of financial instrument measured at fair value through other comprehensive income	VI (II)	-	-	-	(1,715)	1,715	-
Balance at December 31, 2022		$ 147,000	$ 103	$ -	($ 4,386)	($ 20,256)	$ 122,461

The accompanying notes are an integral part of these parent company only financial statements. Please refer to it as well.

Chairman: Chang, Yu-Ming　　Manager: Chang, Yu-Ming　　Controller:Chu, Li-Chuan

Myson Century, Inc.
Parent Company Only Statements of Cash Flows
January 1 to December 31, 2022 and 2021

Unit: NTD thousand

	Notes	2022	2021
Cash flows from operating activities			
Net loss before tax of the period		($ 2,671)	($ 30,008)
Adjustments			
Profit/loss			
Foreign exchange gain (loss)		(158)	2,091
Gain on expected credit loss	XII	-	(100)
Gain on price recovery of inventory	VI (V)	(11,605)	(2,076)
Shares of loss (profit) of subsidiaries, associates and joint ventures accounted for under the equity method	VI (VI)	(8,233)	(277)
Gains on lease modification	VI (VIII) (XX)	(548)	-
Depreciation expense	VI (VII) (VIII) (XXII)	2,684	2,674
Amortization expense	VI (X) (XXII)	222	208
Interest revenue	VI (XVIII)	(81)	(290)
Dividend revenue	VI (II) (XIX)	(5,067)	(137)
Interest expense	VI (XXI)	668	255
Changes in operating assets/liabilities			
Changes in operating assets, net			
Accounts receivable, net		555	28
Accounts receivable - related parties		(7,074)	-
Other receivables		-	102
Inventory		11,605	2,076
Prepayments		(78)	456
Other current assets		(136)	-
Changes in operating liabilities, net			
Accounts payable		(91)	27
Other payables		267	3,603
Other current liabilities		(3)	(67)
Cash outflow generated from operating activities		(19,744)	(21,435)
Interest received		81	422
Dividends received		5,067	137
Income taxes received		140	313
Interest paid		(668)	(255)
Income taxes paid		-	(170)
Cash outflow generated from operating activities		(15,124)	(20,988)
Cash flows from investing activities			
Acquisition of financial assets at fair value through other comprehensive income/loss		(87,319)	(81,007)
Disposal of financial assets at fair value through other comprehensive income/loss	VI (II)	39,816	21,229
Decrease in financial assets at amortized cost - current		18,445	71,019
Acquisition of property, plant and equipment	VI (VII)	-	(138)
Acquisition of intangible assets	VI (X)	-	(103)
Increase in refundable deposits		-	(97)
Net cash inflow (outflow) from investing activities		(29,058)	10,903
Cash flows from financing activities			
Repayment of lease principal	VI (XXVI)	(738)	(504)
Long-term borrowings	VI (XXVI)	36,000	-
Repayment of long-term borrowings	VI (XXVI)	(1,032)	-
Increase of guarantee deposits received	VI (XXVI)	8,808	6
Net cash inflow (outflow) from financing activities		43,038	(498)
Effects of exchange rates		158	(2,091)
Decrease of cash and cash equivalents of the period		(986)	(12,674)
Cash and cash equivalents, beginning of period	VI (I)	22,422	35,096
Cash and cash equivalents, end of period	VI (I)	$ 21,436	$ 22,422

The accompanying notes are an integral part of these parent company only financial statements. Please refer to it as well.

Chairman: Chang, Yu-Ming　　Manager: Chang, Yu-Ming　　Controller:Chu, Li-Chuan

Myson Century, Inc.

Notes to the Parent Company Only Financial Statements

2022 and 2021

Unit: NTD thousand
(Except as Otherwise Indicated)

I. Company history

Myson Century, Inc. (hereinafter referred to as "the Company") was approved for established on July 29, 1991. The Company's main business is the research, development, manufacture and sale of integrated circuit system products, together with technical consulting services for the above products and import/export trade business. Sun Yad Construction Co., Ltd, which holds 17% of the Company's shares, is the parent company of the Company.

II. The Date of Authorization for Issuance of the Financial Statements and Procedures

the parent company only financial statements were authorized and issued by the Board of Directors on February 24, 2023.

III. Application of new and amended standards and interpretations

(I) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards as endorsed and issued into effect by the Financial Supervisory Commission (hereinafter referred to as "FSC")

New, amended and revised International Financial Reporting Standards that have been endorsed and issued into effect by the FSC and become effective from 2022 are stated as follows:

Application of New, Amended and Revised Standards and Interpretations	Effective date of IASB's announcement
Amendments to IFRS 3 "Index of the Conceptual Framework"	January 1, 2022
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022
Amendments to IAS 37, "Onerous Contracts — Cost of Fulfilling a Contract"	January 1, 2022
The annual improvement during the 2018-2020 cycle	January 1, 2022

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

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

New, amended and revised International Financial Reporting Standards that have been endorsed by the FSC and become effective from 2023 are stated as follows:

Application of New, Amended and Revised Standards and Interpretations	Effective date of IASB's announcement
Amendments to IAS 1, "Disclosure of Accounting Policies"	January 1, 2023
Amendments to IAS 8, "'Definition of Accounting Estimates"	January 1, 2023
Amendments to IAS 12 regarding "Deferred income tax relating to assets and liabilities arising from a single transaction"	January 1, 2023

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

(III) Effect of IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments of the IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC are stated as follows:

Application of New, Amended and Revised Standards and Interpretations	Effective date of IASB's announcement
Amendments to IFRSs 10 and IAS 28 "The Assets Sale or Investment between Investors and Their Affiliates or Joint Ventures"	To be decided by IASB
Amendment to IFRS 16 "Lease liabilities arising from the sale and leaseback"	January 1, 2024
International Financial Reporting Standards 17 "Insurance Contracts"	January 1, 2023
The amendments to International Financial Reporting Standards 17 "Insurance Contracts"	January 1, 2023
The amendment to IFRS 17 "Initial Application of IFRS 17 and IFRS 9—Comparative Information"	January 1, 2023
The amendments to International Accounting Standards 1, "Classification of Liabilities as Current or Non-Current"	January 1, 2024
Amendments to IAS 1 "Non-current liabilities with contractual terms"	January 1, 2024

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

IV. Summary of significant accounting policies

Significant accounting policies adopted during the preparation of the parent company only financial statements are described as follows: Unless otherwise stated, such policies are consistently applicable to all the periods presented.

(I) Compliance statement

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

(II) Basis of preparation

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

(III) Foreign currency translation

The parent company only financial statements are presented in NTD, which is the Company's functional and presentation currency.

Foreign currency transactions and balances:

1. Foreign currency transactions are translated into the functional currency using the exchange rates on the dates of the transactions or valuation. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss of the period.
2. Monetary assets and liabilities denominated in foreign currencies at the period end are retranslated at the exchange rates prevailing on the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss of the period.
3. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or

loss are re-translated at the exchange rates on the balance sheet date; their translation differences are recognized in profit or loss of the period. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates on the balance sheet date; their translation differences are recognized in other comprehensive income. Nevertheless, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates on the dates of the initial transactions.

4. All foreign exchange gains and losses are presented in the statements of comprehensive income within "other gains and losses".

(IV) Classification of current and noncurrent assets and liabilities

1. Assets that meet one of the following criteria are classified as current assets:
   (1) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle.
   (2) Assets held mainly for trading purposes.
   (3) Assets that are expected to be realized within twelve months from the balance sheet date.
   (4) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

   Assets that meet none of the above criteria are classified by the Company as non-current assets.
2. Liabilities that meet one of the following criteria are classified as current liabilities:
   (1) Liabilities that are expected to be settled within the normal operating cycle.
   (2) Assets held mainly for trading purposes.
   (3) Liabilities that are to be settled within twelve months from the balance sheet date.
   (4) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

   Liabilities that meet none of the above criteria are classified by the Company as non-current liabilities.

(V) Cash equivalents

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

(VI) Financial assets at fair value through other comprehensive income/loss

1. Financial assets at fair value through other comprehensive income/loss comprise equity instruments are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognize changes in fair value in other comprehensive income:
2. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income/loss are recognized and derecognized using trade date accounting.
3. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value. The changes in fair value of equity instruments that were recognized in other comprehensive income. Cumulative gain or loss previously recognized in comprehensive income are reclassified to retained earnings and shall not be reclassified to profit or loss following the derecognition of the instrument. The Company recognizes the dividend income in profit or loss when the right to receive payment is established, future economic benefits associated with the dividend flows to the Company, and the amount of the dividend can be measured reliably.

(VII) Financial assets at amortized cost

1. Financial assets at amortized cost are those that meet all of the following criteria:
   (1) The objective of the Company's business model is achieved by collecting contractual cash flows.
   (2) The assets' contractual cash flows represent solely payments of principal and interest on the principal amount outstanding.

2. On a regular way purchase or sale basis, financial assets at amortized cost are recognized and derecognized using trade date accounting.

3. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. Subsequently, impairment loss on and interest revenue from these financial assets is recognized using the effective interest method in accordance with the amortization procedure. A gain or loss is recognized in profit or loss when the asset is derecognized.

4. The Company's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

5. Bank deposits with restrictions on use are classified as financial assets measured at amortized cost because they do not meet the definition of cash and cash equivalents.

(VIII) Accounts and notes receivable

1. Accounts and notes receivable entitle an unconditional legal right to receive consideration in exchange for transferred goods or rendered services

2. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(IX) Inventory

Inventories are measured at the lower of cost and net realizable value. Cost is determined using the weighted-average cost method. The cost of finished goods and goods in process comprises raw materials, direct labor, other direct costs and related production overheads. Nonetheless, loan costs are excluded. The item by item approach is utilized in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary operation, less the estimated cost of completion and applicable variable selling expenses.

(X) Impairment of financial assets

For financial assets measured at amortized cost, on each balance sheet date, the Company measures the impairment provision at 12 months expected credit losses if there has no significant increase in credit risk since initial recognition or measures the impairment provision for the lifetime expected credit losses if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognizes the impairment provision for lifetime expected credit losses.

(XI) Derecognition of financial assets

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

(XII) Leasing transaction (lessor)－operating leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognized in profit or loss on a straight-line basis over the lease term.

(XIII) Investments accounted for under the equity method / subsidiaries and associates

1. Subsidiaries are entities controlled by the Company. The Company controls the entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

2. All unrealized profit or loss resulting from transactions between the Company and its subsidiaries have been eliminated in full. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

3. The Company's share of profit or loss in subsidiaries after acquisition is recognized in profit or loss, whereas its share of other comprehensive income in subsidiaries after acquisition is recognized in other comprehensive income. If the Company's share of loss in a subsidiary exceeds its share of equity in such a subsidiary, the Company continues to recognize losses in its shareholding percentage.

4. If a change in shareholding in a subsidiary does not result in a loss of control (i.e. transactions with non-controlling interests), such a change is accounted for as an equity transaction, that is, a transaction with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.

5. When the Company loses control of a subsidiary, the Company remeasures any investment retained in the former subsidiary at its fair value. The fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and book value is recognized in profit/loss. The amounts previously recognized in other comprehensive income in relation to the subsidiaries are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. That is, if any gains or losses previously recognized in other comprehensive income are to be reclassified to profit or loss upon disposal of related assets or liabilities, such gains or losses, when the Company losses control over the associates, are reclassified from equity to profit or loss.
6. Associates are all entities over which the Company has significant influence but no control. In general, it is presumed that an investor has significant influence if the investor holds directly or indirectly 20% or more of the voting power of the investee. Investments in associates are accounted for under the equity method and are recognized at cost after acquisition.
7. The Company's share of profit or loss in associates after acquisition is recognized in profit or loss, whereas its share of other comprehensive income in associates after acquisition is recognized in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
8. According to Regulations Governing the Preparation of Financial Reports by Securities Issuers, the profit or loss of the period and other comprehensive income presented in parent company only financial statements shall be the same as the allocations of profit or loss of the period and of other comprehensive income attributable to owners of the parent presented in the financial statements prepared on a consolidated basis, and the owners' equity presented in the parent company only financial statements shall be the same as the equity attributable to owners of the parent presented in the financial statements prepared on a consolidated basis.

(XIV) Property, plant and equipment

1. Property, plant and equipment are initially recorded at cost, and borrowing costs incurred during the construction period are capitalized.
2. Subsequent costs are included in the asset's book value or recognized as a separate asset, as appropriate, only when it is likely that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part shall be derecognized. All other repairs and maintenance are recognized as profit or loss during the financial period in which they are incurred.
3. Property, plant and equipment are measured by cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately
4. At each financial year-end, the assets' residual values, useful lives and depreciation methods are reviewed by the Company. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed materially, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors.' from the date of the change. Useful lives of property, plant and equipment are as follows:

Asset name	Service life
Building and structure (auxiliary equipment included)	5 to 50 years
Other equipment	3 to 5 years

(XV) Leasing transaction (Lessee)– right-of-use assets/leasing liabilities

1. Leased assets are recognized as right-of-use assets and leasing liabilities as of the date they become available to the Company. When a lease contract is a short-term lease or a lease of a low-value asset, the lease payment is recognized as an expense over the leasing period by the straight-line method.
2. Leasing liabilities are recognized at the commencement date of the lease at the present value of unpaid lease payments discounted by the interest rate on the Company's incremental borrowings, which include: fixed payments, less any lease incentives that may be received. The Group subsequently measures the lease

liability at amortized cost using the interest method and recognizes interest expense over the lease term. When a change in noncontractual results in a change in the leasing period or lease payment, the leasing liability is reassessed and the right-of-use asset is remeasured.

3. Right-of-use assets are recognized at cost at the commencement date of the lease, which includes:

   (1) The amount of the initial measurement of lease liability; and
   (2) Any lease payments made at or before the commencement date.

   The leasing liabilities are measured subsequently using the cost model, and depreciation expenses are provided at the earlier of the end of the useful life of the right-of-use period or the end of the leasing period. When the lease liabilities are remeasured, the right-of-use asset will adjust any amount of re-measurement of the leasing liabilities.

4. For lease modifications that reduce the scope of the lease, the lessee shall reduce the book value of the right-of-use asset to reflect the partial or full termination of the lease and recognizes the difference between this amount and the re-measurement amount of the lease liability in profit or loss.

(XVI) Intangible assets

Computer software is stated at cost and amortized on a straight-line basis over its estimated useful life of 1 to 5 years.

(XVII) Impairment of non-financial assets

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

(XVIII) Accounts and notes payable

1. Accounts and notes payable represent debts incurred for the purchase of raw materials, goods or services on credit and notes payable for operating and non-operating purposes.
2. The short-term accounts and notes payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(XIX) Derecognition of financial liabilities

The Company derecognize financial liabilities when the obligation specified in the contract is either discharged or canceled or expires.

(XX) Employee benefits

1. Short-term employee benefits

   Short-term employee benefits are measured at the non-discounted amount expected to be paid and are recognized as expenses when the related services are rendered.

2. Pensions

   For defined contribution plans, the amount to be contributed to the pension fund is recognized as pension cost for the period on an accrual basis. Prepaid contributions are recognized as assets to the extent that they are refundable in cash or reduce future benefits.

3. Remuneration to employees and directors

   Remuneration to employees and directors are recognized as expense and liability when it is required under legal or constructive obligation and those amounts can be reliably estimated. Any discrepancy between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in accounting estimates. When employee remuneration is paid by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(XXI) Income tax

1. The tax expense for the period comprises current and deferred tax Income taxes are recognized in profit or loss, except for those related to items included in other comprehensive income or directly in equity, which are recognized in other comprehensive income or directly in equity, respectively.
2. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted

on the balance sheet date in the countries where the Company operates and generates taxable income. Management evaluates implementations taken in tax returns with respect to situations periodically in accordance with applicable tax laws, while it, where applicable, estimates the income tax liability based on the expected tax payments to be made to the tax authorities. Additional income tax is levied on undistributed earnings in according to the Income Tax Act. Additional income tax expense on retained earnings is recognized when the actual allocation of earnings is resolved by the shareholders in the year next to the year in which the earnings are generated.

3. Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their book value in the parent company only balance sheet. Nevertheless, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is likely that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.
4. Deferred income tax assets are recognized only to the extent that it is likely that future taxable profit may be available against which the temporary differences can be utilized. On each balance sheet date, unrecognized and recognized deferred income tax assets are reevaluated.
5. When there is a statutory right to offset the recognized tax asset and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously, current income tax assets and liabilities are offset and the net amount is reported in the balance sheet. Deferred income tax assets and liabilities may be offset when the entity has the statutory right to offset current tax assets against current tax liabilities and they are applicable to the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

(XXII) Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(XXIII) Revenue recognition

Sales of goods

1. The Company manufactures and sells IC and system module related products. Sales are recognized when control of the products has transferred, being when the products are delivered to the customer, 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 according to the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.
2. Revenue from these sales is recognized based on the contract price, and the discount and allowance payable related to sales as of the balance sheet date is recognized as a refund liability. A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

V. Critical accounting judgments, estimates and assumptions on uncertainty

When preparing the Company's parent company only financial statements, the management made critical judgments in applying the Company's accounting policies and made critical accounting assumptions and estimates as to have a reasonable expectation of future events based on the circumstances on the balance sheet date. Assumptions and estimates may differ from the actual results, and they are continually evaluated and adjusted based on historical experience and other factors. The judgment and assumptions made by the Company in applying its accounting policies and concerning future events do not involve material risk of causing material adjustment to the book value of assets and liabilities within the next financial year.

VI. Description of important accounting items

(I) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand and working funds	$ 60	$ 60
Check deposits and demand deposits	21,376	22,362
	$ 21,436	$ 22,422

1. The Company transacts with numerous financial institutions with high credit quality for the purpose of dispersing credit risk; hence, the likelihood of default is expected to be very low.
2. As a pledge of tariffs for the customs office and a guarantee of land leases for the Science Park Administration, NT$1,750 and NT$1,744 of cash and cash equivalents are restricted by the Company as of December 31, 2022 and 2021, respectively (recognized as "financial assets measured at amortized cost - non-current").
3. The Company has no cash and cash equivalents pledged to others as of December 31, 2022 and 2021.

(II) Financial assets at fair value through other comprehensive income/loss

Item	December 31, 2022	December 31, 2021
Non-current items:		
TWSE and TPEx listed shares	$ 106,253	$ 60,465
Valuation adjustment	(20,256)	17,173
	$ 85,997	$ 77,638

1. The Company has elected to classify investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments were NT$85,997 and NT$77,638 as at December 31, 2022 and 2021.
2. In 2022, the Company disposed of the shares it held in Evergreen Marine Corporation. The accumulated proceeds were NT$15,366. The accumulated losses thereof were derecognized and transferred to retained earnings for (NT$3,483).
3. In 2022 and 2021, the Company disposed of the shares it held in Feei Cherng Enterprise Co., Ltd. for NT$21,238 and NT$5,121, respectively. The accumulated gains thereof were derecognized and transferred to the retained earnings for NT$3,753 and NT$246, respectively .
4. In 2022 and 2021, the Company Group disposed of the shares it held in Yuen Foong Yu Consumer Products Co., Ltd. for NT$3,212 and NT$5,008, respectively. The accumulated losses thereof were derecognized and transferred to the retained earnings for (NT$1,985) and (NT$190), respectively .
5. In 2022, the Company disposed of the shares it held in China Life Insurance Co., Ltd. The accumulated proceeds were NT$11,100. The accumulated gains thereof were derecognized and transferred to retained earnings of NT$631.
6. The breakdown of equity and other comprehensive income/loss recognized from financial assets at fair value through other comprehensive income/loss breakdown is as follows:

	2022	2021
Changes in fair value recognized in other comprehensive income	($ 39,144)	$ 17,860
Cumulative gain (loss) transferred to the retained earnings due to derecognition	($ 1,715)	$ 687

7. Dividend income recognized in profit or loss from financial assets at fair value through other comprehensive income ("recognized as other income") was NT$5,067 and NT$137 in fiscal 2022 and 2021, respectively.
8. The Company has no financial assets at fair value through other comprehensive income/loss pledged to others

as of December 31, 2022 and 2021.

9. For information on the credit risk of financial assets measured at fair value through other comprehensive income or loss, please refer to Note 12, (II) Financial Instruments.

(III) Financial assets at amortized cost

Item	December 31, 2022	December 31, 2021
Current items:		
Time deposits for longer than three months	$ 1,649	$ 20,100
Non-current items:		
Time deposits with limited purpose	$ 1,750	$ 1,744

1. The breakdown of profit or loss recognized for financial assets measured at amortized cost - non-current is as follows:

	2022	2021
Interest revenue	$ 12	$ 197

2. Without considering the collaterals held or other credit enhancements, the Company held financial assets measured at amortized cost with the largest credit risk exposure of NT$3,399 and NT$21,844 as of December 31, 2022 and 2021, respectively.
3. For financial assets measured at amortized cost that are pledged as collateral, please refer to Note 8, Pledged Assets.
4. For information on the credit risk of financial assets at amortized cost , please refer to Note 12, (II) Financial Instruments. The counterparties of the Company's time deposit certificates are financial institutions with good credit quality and the possibility of default is relatively low.

(IV) Accounts receivable

	December 31, 2022	December 31, 2021
Accounts receivable	$ -	$ 555

1. Aging analysis of accounts receivable (including related parties) are as follows:

	December 31, 2022	December 31, 2021
Not past due	$ 7,074	$ 555

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

2. The balances of accounts receivable as of December 31, 2022 and 2021 are all generated from customer contracts, and the balance of accounts receivable from customer contracts as of January 1, 2021 was NT$583.
3. The Company has not pledged any accounts receivable as collateral.
4. Without considering the collaterals held or other credit enhancements, the Company held accounts receivable with the largest credit risk exposure of NT$7,074 and NT$555 as of December 31, 2022 and 2021, respectively.
5. For information on the credit risk of accounts receivable, please refer to Note 12, (II) Financial Instruments.

(V) Inventory

	December 31, 2022		
	Cost	Allowance for price loss	Carrying amount
Raw materials	$ 938	($ 938)	$ -

Work in process	1,899	(1,899)	-
	$ 2,837	($ 2,837)	$ -

	December 31, 2021		
	Cost	Allowance for price loss	Carrying amount
Raw materials	$ 4,688	($ 938)	$ -
Work in process	1,899	(1,899)	-
Finished goods	7,855	(7,855)	-
	$ 14,442	($ 14,442)	$ -

Cost of inventories recognized as expense in the current period:

	2022	2021
Cost of sold inventory	$ 10,917	$ 2,478
Gain on price recovery of inventory (Note)	(11,605)	(2,076)
	($ 688)	$ 402

(Note) In 2022 and 2021, the Company sold the inventories for which devaluation losses had been appropriated, resulting in a recovery of the net realizable value of inventories, which was recognized as a deduction from the cost of sales.

(VI) Investments accounted for under the equity method

	2022	2021
January 1	$ 8,150	$ 7,873
Share of investment gain/loss under the equity method	8,233	277
December 31	$ 16,383	$ 8,150

	December 31, 2022	December 31, 2021
Subsidiary:		
ZAVIO Inc.	$ 16,383	$ 8,150

1. Subsidiary

For information on the Company's subsidiaries, please refer to Note 4, (III) of the Company's 2022 consolidated financial statements.

2. Associates

The carrying amount of the Company's investment in e-Phocus, Inc. was negative in 2007 due to the recognition of losses based on the Company's proportionate shareholding in e-Phocus, Inc. Besides, the Company did not have control over e-Phocus, Inc. and had no endorsement guarantee or intention to continue to support the Company; therefore, the Company stopped recognizing losses for this investment.

(VII) Property, plant and equipment

	Building and structure	Others	Total
January 1, 2022			
Cost	$ 71,138	$ 2,915	$ 74,053
Accumulated depreciation	(32,392)	(1,666)	(34,058)
	$ 38,746	$ 1,249	$ 39,995
2022			
January 1	$ 38,746	$ 1,249	$ 39,995
Depreciation expense	(1,448)	(484)	(1,932)
Disposal - cost	(2,681)	(662)	(3,343)
- Accumulated depreciation	2,681	662	3,343
December 31	$ 37,298	$ 765	$ 38,063
December 31, 2022			
Cost	$ 68,457	$ 2,253	$ 70,710
Accumulated depreciation	(31,159)	(1,488)	(32,647)
	$ 37,298	$ 765	$ 38,063

	Building and structure	Others	Total
January 1, 2021			
Cost	$ 71,000	$ 2,915	$ 73,915
Accumulated depreciation	(30,941)	(1,052)	(31,993)
	$ 40,059	$ 1,863	$ 41,922
2021			
January 1	$ 40,059	$ 1,863	$ 41,922
Additions	138	-	138
Depreciation expense	(1,451)	(614)	(2,065)
December 31	$ 38,746	$ 1,249	$ 39,995
December 31, 2021			
Cost	$ 71,138	$ 2,915	$ 74,053
Accumulated depreciation	(32,392)	(1,666)	(34,058)
	$ 38,746	$ 1,249	$ 39,995

1. All the Company's property, plant and equipment as of December 31, 2022 and 2021 are assets for its own use.
2. No borrowing costs were capitalized for property, plant and equipment in 2022 and 2021.
3. Information on the Company's pledge of property, plant and equipment as of December 31, 2022 and 2021, please refer to Note 8, Description of Pledged Assets.

(VIII) Leasing transaction—lessee

1. The subject of leases are land leased from the Science Park Bureau and offices leased from related parties. The lease periods are usually between 1 and 20 years, taking the priority renewal rights and contract terms into account. No other restrictions are placed on the leased assets except that they cannot be used as collateral for loans.

2. The carrying amount of the right-of-use assets and the depreciation expense recognized are as follows:

	December 31, 2022	December 31, 2021
	Carrying amount	Carrying amount
Land	$ 9,443	$ 13,370
Building and structure	1,223	1,572
	$ 10,666	$ 14,942

	2022	2021
	Depreciation expense	Depreciation expense
Land	$ 403	$ 464
Building and structure	349	145
	$ 752	$ 609

3. The additions to the Company's right-of-use assets amounted to NT$—and NT$1,717 in 2022 and 2021, respectively.

4. Information about profit and loss related to lease contracts is as follows:

	2022	2021
Items affecting the current income		
Interest expenses on lease liabilities	$ 238	$ 253
Short-term lease expenses	63	13
Gains on lease modification	(548)	-
	($ 247)	$ 266

5. The Company's total lease cash outflow was NT$1,039 and NT$770 in 2022 and 2021, respectively.

(IX) Lease transaction - Lessor

1. The underlying assets leased by the Company include houses and buildings. The lease contract is for the period from 2022 to 2023. The lease contract is negotiated individually and contains various terms and conditions.

2. The Company recognized rent income of NT$4,428 and NT$- in 2022 and 2021 based on the operating lease contract (stated as "other income"), none of which were attributable to lease payments.

3. Analysis of expiry dates of payments leased as operating leases by the Company is as follows:

	December 31, 2022	December 31, 2021
Less than one year	$ 5,571	$ -

(X) Intangible assets

	Computer software	
	2022	2021

	2022	2021
January 1		
Cost	$ 818	$ 715
Accumulated amortization	(429)	(221)
	$ 389	$ 494

	2022	2021
January 1	$ 389	$ 494
Increase - acquired independently	-	103
Amortization expense	(222)	(208)
December 31	$ 167	$ 389

	2022	2021
December 31		
Cost	$ 818	$ 818
Accumulated amortization	(651)	(429)
	$ 167	$ 389

1. No borrowing costs were capitalized for intangible assets in 2022 and 2021.
2. The breakdown of amortization of intangible assets is as follows:

	2022	2021
Administrative expenses	$ 222	$ 208

3. The Company had no intangible assets pledged as of December 31, 2022 and 2021.

(XI) Other payables

	December 31, 2022	December 31, 2021
Salary and bonus payable	$ 4,381	$ 4,912
Others	2,278	1,480
	$ 6,659	$ 6,392

(XII) Long-term borrowings

Nature of the loan	Term of borrowings	Interest rate range	Collaterals	December 31, 2022
Secured bank loan	2022.6.15～2037.6.15	2.2%	Building and structure	$ 34,968
Less: Long-term loans due within one year or one business cycle				(2,085)
				$ 32,883

1. There are none as of December 31, 2021.
2. For the interest expense recognized in profit or loss by the Company in 2022 and 2021, please see Note 6. (21) for the description of finance cost.

(XIII) Pension

1. On July 1, 2005, the Company established a defined contribution retirement plan in accordance with the Labor Pension Act, which is applicable to the employees with Taiwan citizenship. The Company contributes 6% of the employee's monthly salary to the employee's personal account at the Bureau of Labor Insurance for the employees who choose to apply the labor pension system under the Labor Pension Act. Employees' pensions are paid in the form of monthly pensions or lump-sum pensions, depending on the amount of the employees' individual pension accounts and accumulated earnings.
2. The pension costs recognized under the above pension plan were NT$502 and NT$511 for 2022 and 2021.

(XIV) Share capital

1. Reconciliation of the number of outstanding shares of the Company's common shares at the beginning and end of the period is as follows: (Unit: Thousands of shares)

	2022	2021
January 1	60,000	60,000
Capital reduction to cover losses	(45,300)	-
December 31	14,700	60,000

2. In order to increase working capital, the Company's shareholders' meeting approved to raise funds through a private placement by introducing strategic investors on May 31, 2022; the Company is to issue up to 20,000 thousand common shares with a par value of NT$10 per share; however, it is still pending for approval of the Company's meeting of the Board of Directors on the base date of the private placement.
3. The motion for capital reduction to make up losses was approved at the Company's annual general meeting held on May 31, 2022 for capital of reduction of NT$453,000, eliminating 45,300 thousand shares issued, representing a reduction ratio of 75.5%. With the capital reduction base date as October 7, 2022, the paid-in capital was NT$147,000, divided into 14,700 thousand shares at $10 per share.
4. As of December 31, 2022, the Company's total registered capital is NT$3,500,000 (NT$330,000 of the total shares are retained for the issuance of employee stock options) and the paid-in capital is NT$147,000 (14,700 thousand shares at NT$10 per share). Payment for the shares issued by the Company has all been received.

(XV) Capital surplus

1. Pursuant to the Company Act, capital reserve arising from paid-in capital in excess of par value on issuance of shares and donations can be used to cover accumulated deficit or to issue new shares or cash to shareholders in proportion to their share ownership when the Company has no accumulated deficit. Besides, the Securities and Exchange Act states that the amount of the said capital reserve to be capitalized shall not exceed 10% of the paid-in capital each year. The Company shall not use capital surplus to cover deficits unless its surplus reserves is insufficient to cover the deficits.

	2022	2021
	Recognition of changes in ownership interest of subsidiaries	Recognition of changes in ownership interest of subsidiaries
Opening balance	$ 4,660	$ 4,660
Capital surplus to cover losses	(4,557)	-
Balance, ending	$ 103	$ 4,660

2. On May 31, 2022, the Company's shareholders' meeting resolved and approved the use of additional paid-in capital of NT$4,557 to offset losses.

(XVI) Retained earnings

1. The Company's earnings distribution or loss supplement can be made at the end of each semi-fiscal year. If there is earnings on a semi-annual fiscal year, the Company shall estimate and retain taxable contributions, make up for losses in accordance with the law, estimate and retain the remuneration to employees, and set aside 10% as legal reserves. paid-in capital. However, this does not apply when the accumulated legal reserve has reached the Company’s paid-in capital. Earnings shall be appropriated or reversed as special reserve in accordance with the law or the regulations of the competent authority. Any remaining earnings shall be added to the accumulated earnings undistributed as dividends to the shareholders, with the distribution to be proposed by the Board of Directors. If earnings are distributed in the form of issuing new shares, a resolution shall be adopted at the shareholders’ meeting; if earnings are distributed in the form of cash, a special resolution shall be adopted by the Board of Directors.
2. The current year’s earnings of the Company, if any, shall first be used to pay taxes and cover previous year’s deficit, and then 10% of the remaining amount shall be set aside as legal reserve, unless accumulated legal reserve has reached a amount equal to the Company’s paid-in capital. Further, special reserve shall be set aside or reversed in accordance with Article 41 of the Securities and Exchange Act. Appropriation of the remainder earnings, if any, shall be added to the earnings undistributed of the previous years at the beginning of the period according to the business status and the balanced dividend policy. Except for a portion that shall be retained, the remaining earnings shall be added together with the earnings of previous years and the Board of Directors shall propose a motion for the earnings distribution to be approved at the shareholders’ meeting.
3. In accordance with the provisions of Articles 240 and 241 of the Company Act, the Company authorizes the distribution of dividend and bonus or statutory surplus to be resolved in favor of a majority of the directors in a meeting with more than two-thirds of the directors present at the board meeting. Reserve and capital reserve, in whole or in part, in the form of cash distributions shall be reported to the shareholders' meeting.
4. In order to support the Company's long-term growth, the Company distributes dividends in principle to satisfy its future operation and development requirements. The Board of Directors shall plan the distribution of dividends according to the Articles of Incorporation after comprehensive consideration of a sound financial structure, maintenance of stable dividends, protection of reasonable returns to shareholders, etc. Issue of new shares shall be approved at the shareholdings’ meeting and the competent authorities.
5. The Company distributes dividends to shareholders in cash dividends and stock dividends semiannually and annually. In consideration of maintaining a balanced dividend policy, the Company appropriates at least 30% of the earnings shareholders' dividends, but when the surplus for distribution is less than 10% of the paid-in capital, the board of directors may decide not to distribute the dividends. Dividends may be distributed in stock or cash, with cash dividends of not less than 10% of the total dividends.
6. For the distribution of the aforementioned earnings, the Board of Directors may adjust the proportion of cash and stock dividends distribution after considering the Company's operation and capital expenditure needs, and draft a distribution proposal in the form of new shares issuance. Issue of new shares shall be approved at the shareholdings’ meeting.
7. The motion for offsetting deficits of the Company in 2021 and 2020 was approved in the shareholders' meetings on May 31, 2022 and July 1, 2021, respectively. However, the Company passed a resolution in the annual general shareholders' meeting on May 31, 2022 to cover the deficits with a special reserve of NT$196.
8. The Company had accumulated losses in 2022 and 2021; hence the shareholders' meeting resolved not to distribute earnings. On February 24, 2023, the board of directors revolved not to distribute the earnings of 2022.

(XVII) Operating Revenue

	2022	2021
Revenue from contracts with customers	$ 7,526	$ 4,009

The Company's revenues are generated from sales of merchandise transferred at a certain time, which can be broken down into the following major product lines:

	2022		
	Integrated circuit	System module	Total
Departmental revenue			
Contractual revenue from external customer	$ 7,526	$ -	$ 7,526

	2021		
	Integrated circuit	System module	Total
Departmental revenue			
Contractual revenue from external customer	$ 4,009	$ -	$ 4,009

(XVIII) Interest revenue

	2022	2021
Interest from bank deposits	$ 69	$ 93
Financial assets at amortized cost Interest revenue	12	197
	$ 81	$ 290

(XIX) Other income

	2022	2021
Rental revenue	$ 4,874	$ 992
Dividend revenue	5,067	137
Others	457	322
	$ 10,398	$ 1,451

(XX) Other gains and losses

	2022	2021
Foreign currency exchange gain (loss), net	$ 158	($ 2,090)
Gains on lease modification	548	-
	$ 706	($ 2,090)

(XXI) Finance cost

	2022	2021
Interest expenses:		
Borrowings from banks	$ 393	$ -
Lease liabilities	238	253
Others	37	2
	$ 668	$ 255

(XXII) Additional information on the nature of expenses

	Under the operating expenses	
	2022	2021
Employee benefits expense	$ 18,936	$ 22,666
Depreciation expense	2,684	2,674
Amortization expense	222	208
	$ 21,842	$ 25,548

(XXIII) Employee benefits expense

	Under the operating expenses	
	2022	2021
Salary expenses	$ 16,794	$ 18,401
Labor/national health insurance expenses	954	1,033
Pension expenses	502	511
Directors' remuneration	276	866
Other personnel expenses	410	1,855
	$ 18,936	$ 22,666

1. As of December 31, 2022 and 2021, the number of employees of the Company was 19 and 18, respectively; the number of directors who were not also employees was 7 for both years.
2. The average employee benefit expense recognized in 2022 and 2021 was NT$1,555 and NT$1,982, respectively; the average employee salary expense recognized was NT$1,400 and NT$1,673, respectively; and the adjustment to the average employee salary expense of 2022 was (16.32)%.
3. The Company has established an audit committee to replace supervisors; therefore, there is no remuneration for supervisors.
4. In accordance with the Company's articles of incorporation, the board of directors is authorized to determine remuneration to directors of the Company based on the extent of their participation in the Company's operations and the value of their contributions in line with the industry norm. The remunerations to directors and managers are all proposed by the remuneration committee and approved by the board of directors in accordance with the regulations.
5. Regarding the Company's employee remuneration policy, the Company pays bonuses according to the operating conditions to boost the morale and retain outstanding employees promptly. For the annual salary adjustment, the items and amounts of salary adjustment are determined according to the employees' grades and performance appraisals.
6. In accordance with the Articles of Incorporation of the Company, Based on the Company's profitability for the year, if there is any remaining surplus after deducting accumulated losses, the Company shall contribute 1 to 10% of the employees' remuneration and no more than 5% of the directors' remuneration.

7. Since the Company had accumulated deficit in both fiscal 2022 and 2021, the estimated amount of employee and director remuneration is $-. Information on the employees' and directors' remuneration of the Company as passed by the board of directors and resolved by the stockholders will be posted in the "Market Observation Post System."

(XXIV) Income tax

1. Income tax expenses

	2022	2021
Gross income tax for the current period	$ -	$ -
Total deferred income tax:	-	-
	$ -	$ -

2. Relationship between income tax expenses and accounting losses:

	2022	2021
Income tax with pre-tax net loss calculated at the statutory tax rate	($ 534)	($ 6,002)
Tax-exempted income pursuant to the tax laws	(2,660)	(83)
Deferred income tax assets with temporary difference not recognized	(2,319)	(393)
Deferred income tax assets with tax loss not recognized	5,513	6,478
Income tax	$ -	$ -

3. Expiration dates of unused tax losses and amounts of unrecognized deferred tax assets are as follows:

		December 31, 2022		
Year of occurrence	Amount reported/ authorized	Amount yet to be offset	Unrecognized deferred income tax assets	Last deduction year
2013~2022	$ 706,304	$ 706,304	$ 706,304	2023～2032

		December 31, 2021		
Year of occurrence	Amount reported/ authorized	Amount yet to be offset	Unrecognized deferred income tax assets	Last deduction year
2013~2021	$ 678,737	$ 678,737	$ 678,737	2023～2031

4. The amounts of deductible temporary differences that were not recognized as deferred tax assets:

	December 31, 2022	December 31, 2021
Deductible temporary differences	$ 66,603	$ 79,826

5. The Company's income tax returns through 2020 have been assessed and approved by the Tax Authority. Besides, there was no administrative remedy existing between the Company and the authority as of February 24, 2023.

(XXV) Loss per share

	2022		
	Amount, after tax	Number of weighted average outstanding shares (thousand shares)	Loss per share (NT$)
Basic and diluted loss per share			
Net loss for the period	($ 2,671)	14,700	($ 0.18)

	2021		
	Amount, after tax	Number of weighted average outstanding shares (thousand shares)	Loss per share (NT$)
Basic and diluted loss per share			
Net loss for the period	($ 30,008)	14,700	($ 2.04)

The motion for capital reduction to cover losses was approved by the shareholders' meeting held on May 31, 2022. The meeting of the Board of Directors resolved to set October 7, 2022 as the base date for capital reduction. The weighted average number of shares outstanding was adjusted retroactively according to the ratio of capital reduction to cover loss made by the capital reduction in 2022.

(XXVI) Changes in liabilities arising from financing activities

	Lease liabilities	Long-term borrowings (including those due within one year)	Guarantee deposits received	Total liabilities from financing activities
January 1, 2022	$ 15,261	$ -	$ 236	$ 15,497
Changes in financing cash flow	(738)	34,968	8,808	43,038
Other changes not affecting cash	(4,072)	-	-	(4,072)
December 31, 2022	$ 10,451	$ 34,968	$ 9,044	$ 54,463

	Lease liabilities		Guarantee deposits received		Total liabilities from financing activities	
January 1, 2021	$	14,048	$	230	$	14,278
Changes in financing cash flow	(	504)		6	(	498)
Other changes not affecting cash		1,717		-		1,717
December 31, 2021	$	15,261	$	236	$	15,497

VII. Related party transactions

(I) Name and relationship of related parties

Name of related party	Relationship with the Company
ZAVIO INC. (ZAVIO)	Subsidiary of the Company
U-BEST INNOVATIVE TECHNOLOGY CO., LTD. (U-BEST)	Fellow subsidiary
Boromi Optronics Corp. (Boromi)	Fellow subsidiary

(II) Significant transactions with related parties

1. Operating revenue

Sales of goods:	2022		2021	
Boromi	$	6,737	$	-

The transaction price and payment terms for sale of goods are not materially different from those of the non-related parties.

2. Lease revenue

	2022		2021	
Subsidiary				
ZAVIO INC.	$	208	$	601

The Company signed the lease contract for the office at Hsinchu Science Park with the subsidiary, and collected the rent income pursuant to the contract.

The lease deposit amounted to NT$200 and the rent income was collected once a month. However, the lease contract was renewed on May 16, 2022. The Tainan Office leased from a related party was sublet to a subsidiary, and the lease deposit was $—, the rent income is collected once a year.

3. Accounts receivable

	December 31, 2022		December 31, 2021	
Boromi	$	7,074	$	-

The receivables from related parties are all from sales transactions, and are not pledged or interest-bearing, and no allowance for loss has been provided.

4. Lease transactions - Lessee

(1) The Company leases office space from a related party for a term of 5 years; the rent is payable at the

beginning of each month.

(2) Right-of-use assets

A. Acquisition:

	2022	2021
U-BEST	$ -	$ 1,717

B. Closing balance:

	December 31, 2022	December 31, 2021
U-BEST	$ 1,223	$ 1,572

(3) Lease liabilities

A. End-of-period balance:

	December 31, 2022	December 31, 2021
U-BEST	$ 1,243	$ 1,579

B. Interest expense:

	2022	2021
U-BEST	$ 33	$ 16

(4) Refundable deposits

	December 31, 2022	December 31, 2021
U-BEST	$ 97	$ 97

(III) Main management remuneration

	2022	2021
Salary and short-term employee benefits	$ 5,188	$ 7,131

VIII. Pledged assets

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

	Book value		
Asset item	December 31, 2022	December 31, 2021	Guarantee purpose
Buildings (Note 1)	$ 37,094	$ -	Guarantee for long-term borrowings
Time deposit (Note 2)	1,140	1,134	Tariff guarantee provided to the Directorate General of Customs
Time deposit (Note 2)	610	610	Guarantee for leased lands provided to Hsinchu Science Park Bureau
	$ 38,844	$ 1,744	

(Note 1) Listed in "Property, plant and equipment".

(Note 2) Recognized as financial assets measured at amortized cost - non-current

IX. Significant contingent liabilities and unrecognized contract commitments

None

X. Significant events after the balance sheet date

In order to increase working capital, the Company's board of directors approved to raise funds through a private placement by introducing strategic investors on February 24, 2023; the Company expects to issue up to 20,000 thousand common shares through the private placement; however, it is still pending for approval of the Company's shareholders' meeting.

XI. Significant disaster loss

None

XII. Others

(I) Capital management

The Company's capital management objectives are to protect the Company's continuing operations, to maintain an optimal capital structure in order to reduce the cost of capital, thus providing returns for shareholders. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(II) Financial instruments

1. Types of financial instruments

	December 31, 2022	December 31, 2021
Financial assets		
Financial assets at fair value through other comprehensive income/loss		
Elect the designated equity tool investment	$ 85,997	$ 77,638
Financial assets at amortized cost		
Cash and cash equivalents	21,436	22,422
Financial assets at amortized cost	3,399	21,844
Accounts receivable	7,074	555
Other receivables	3	3

Refundable deposits	97	97
	$ 32,009	$ 44,921
Financial liabilities		
Financial liabilities measured at amortized cost		
Accounts payable	$ -	$ 91
Other payables	6,659	6,392
Long-term borrowings (including those due within a year)	34,968	-
Guarantee deposits received	9,044	236
	$ 50,671	$ 6,719
Lease liability (current and non-current included)	$ 10,451	$ 15,261

2. Financial risk management policies

(1) The Company adopts a comprehensive risk management and control system to identify all the Company's risks (including market risk, Credit risk, liquidity risk and cash flow risk). Hence, the Company's management is able to effectively control and measure market risk, credit risk, liquidity risk and cash flow risk, and mitigate potential adverse effects on the Company's financial position and financial performance.

(2) The Company's market risk management objectives are to reach the optimal risk exposure, maintain appropriate liquidity and manage all market risks centrally with proper consideration of the economic environment, competitive circumstances and the impact of market value risk.

3. Nature and extent of significant financial risks

(1) Market risk

Exchange rate risk

A. The Company's foreign currency transactions are mainly due to the export and import of raw materials, which are mainly in U.S. dollars. The related exchange rate risk arises from assets and liabilities recognized in future business transactions The Company adopts a conservative and prudent approach to handle foreign-currency deposits so as to reduce the risk arising from sharp fluctuations in market exchange rates.

B. The business of the Company involves several non-functional currencies (the Company's functional currency is New Taiwan dollar) and is, therefore, affected by exchange rate fluctuations. Information on foreign currency assets and liabilities that are subject to significant exchange rate fluctuations is as follows:

	December 31, 2022		
	Foreign currency (NT$ thousand)	Foreign exchange rate	Carrying amount (NT$)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD: TWD	$ 63	30.66	$ 1,943

	December 31st, 2021		
	Foreign currency (NT$ thousand)	Foreign exchange rate	Carrying amount (NT$)
(Foreign currency: functional currency)			

Financial assets

Monetary items

USD: TWD	$	75	27.68	$ 2,076

The sensitivity analysis of foreign currency exchange rate risk is mainly calculated for foreign monetary items at end of the reporting period. When the New Taiwan dollar had appreciated or depreciated by 1% against each foreign currency, and all other factors were held constant, the Company's net income before tax would increase or decrease by NT$19 and NT$21 in 2022 and 2021, respectively.

C. The total amount of exchange losses (including realized and unrealized) recognized in 2022 and 2021 due to the significant impact of exchange rate fluctuations on the Company's monetary items was NT$158 and (NT$2,090), respectively.

Price risk

The Company’s equity instruments exposed to price risk are the financial assets measured at the fair value through profit or loss and financial assets measured at the fair value through other comprehensive income. To manage the price risk of the equity instrument investment, the Company separated the investment portfolio, and the separation method is based on the limited amount formulated by the Company.

Cash flow and fair value interest rate risk

A. The interest rate risk of the Company mainly comes from long-term loans issued at floating interest rates, which expose the Company to cash flow interest rate risk. Part of the risk was offset by cash and cash equivalents held at floating rates. In 2022 and 2021, the Company's borrowings at floating interest rates were mainly denominated in NTD.

B. When the interest rate increased or decreased by 1%, with all other factors remaining unchanged, the net income in 2022 and 2021 would decrease or increase by NT$3 and NT$-, respectively. This is mainly due to the borrowings at floating interest rate resulting in the expenses changed accordingly.

(2) Credit risk

A. The Company’s credit risk is the risk of financial loss that would be incurred by the Company if its customers or financial instrument trading counterparty fail to perform the contracts. This is primarily due to counterparties' failure to repay accounts receivable and other receivable based on payment terms, and contractual cash flows from time deposits, which are measured at amortized cost.

B. The Company established the credit risk management based on the corporate aspect. For trading banks and financial institutes, only those with good credit can be accepted as trading counterparties. According to the loan policy formulated by the Company, each business unit within the Company shall conduct the management and credit risk analysis on each new customer before setting payment and proposing the delivery terms and conditions. The internal risk control evaluates customers’ credit quality by taking into consideration the customers’ financial position, and past experience and other factors. The individual risk limit is formulated by the board of directors according to the internal or external ratings, and the use of the credit limit is monitored regularly.

C. The following presumption provided by the Company adopts IFRS 9 as the basis to determine whether the credit risk of financial instrument increases significantly after the initial recognition: When the contract payment past due for over 30 days based on the agreed payment terms, the credit risk is considered to have increased significantly since the initial recognition of the financial assets.

D. The Company adopts IFRS 9, which assumes that a default is deemed to have occurred when contractual payments are more than 90 days past due in accordance with contractual terms.

E. According to the nature of customers' geographical areas, the Company adopts a simplified methodology to estimate the expected credit losses based on provision matrixes for accounts receivable.

F. The Company used the forecastability to adjust historical and timely loss ratio to assess the probabilities of defaults of accounts receivable. For the accounts receivable as of December 31, 2022 and 2021, the Company has adopted a simplified methodology to estimate the expected credit losses based on provision matrixes. The expected credit loss rate of the overdue accounts receivable was not material; therefore, no impairment loss was recognized.

G. Changes in the Company's allowance for losses on other receivables by the simplified methodology are as follows:

	2022	2021
	Other receivables	Other receivables
January 1	$ 6,569	$ 6,669
Expected credit impairment loss / gain on reversal	-	(100)
December 31	$ 6,569	$ 6,569

(3) Liquidity risk

A. The Company's unused loan facilities as of December 31, 2022 and 2021, were both NT$-.

B. The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The contractual cash flows amounts disclosed in the table below are undiscounted.

December 31, 2022	Less than 3 months	3 months to 1 year	1 to 5 year	More than 5 year	Total
Non-derivative financial liabilities:					
Other payables	$ 6,659	$ -	$ -	$ -	$ 6,659
Lease liabilities	244	732	3,349	13,839	18,164
Guarantee deposits received	-	9,044	-	-	9,044
Long-term borrowings (including those due within a year)	700	2,100	11,198	26,595	40,593

December 31st, 2021	Less than 3 months	3 months to 1 year	1 to 5 year	More than 5 year	Total
Non-derivative financial liabilities:					
Accounts payable	$ 91	$ -	$ -	$ -	$ 91
Other payables	6,392	-	-	-	6,392
Lease liabilities	243	730	3,708	14,382	19,063
Guarantee deposits received	236	-	-	-	236

C. The Company does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(III) Fair value information

1. The definitions of evaluation techniques used to measure the fair value of financial and non-financial instruments for each level are as follows:

   Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A Market is considered active when there is a sufficient frequency and volume of asset or liability transactions occurring to provide pricing information on an ongoing basis. All of the Company's stock investments in listed companies are included.

   Level 2: Those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

   Level 3: Unobservable inputs for the asset or liability.

2. The book value of financial instruments not measured at fair value (including cash and cash equivalents, financial assets at amortized cost- current, accounts receivable (including related parties), other receivables, financial assets at amortized cost- non-current, refundable deposits, accounts payables, other payables, other borrowings ((including those due within one year) guarantee deposits received) of the Company is approximate to their fair values.

3. The related information on the Company's financial instruments measured at fair value by fair value level on the basis of the nature, characteristics and risks of the assets are as follows:

   (1) The breakdown of assets classified by nature as of December 31, 2022 and 2021 is as follows:

	Level 1	Level 2	Level 3	Total
December 31, 2022				
Repetitive fair value				
Equity securities in financial assets at fair value through other comprehensive income or loss	$ 85,997	$ -	$ -	$ 85,997

	Level 1	Level 2	Level 3	Total
December 31, 2021				
Repetitive fair value				
Equity securities in financial assets at fair value through other comprehensive income or loss	$ 77,638	$ -	$ -	$ 77,638

   (2) The Company uses the closing prices of the listed stocks as the market quotation for the fair value inputs (i.e. Level 1).

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

5. There was no change of Level 3 in 2022 and 2021.

6. The Company's finance division is in charge of valuation procedures for fair value measurements being categorized within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

XIII. Note disclosure

(I) Information on major transactions

1. Loans to others: None.
2. Provision of endorsements and guarantees to others: None.
3. Holding of marketable securities at the end of the period (excluding subsidiaries, associates and joint ventures): Please refer to Table 1.
4. Acquisition or sale of the same security with the accumulated cost reaching NT$300 million or 20% of paid-in capital or more: Please refer to Table 2.
5. Acquisition of property reaching NT$300 million or 20% of paid-in capital or more: None.
6. Disposal of property reaching NT$300 million or 20% of paid-in capital or more: None.
7. Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more: None
8. Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more: None.
9. Trading in derivative instruments: None
10. The business relationship between the parent and each subsidiary and significant transactions and amounts between them: Please refer to Table 3.

(II) Information on investees

Names, locations, and related information of investees(excluding information on investment in Mainland China): Please refer to Table 4.

(III) Information on investments in Mainland China

1. Basic information: None
2. Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas: None

(IV) Information on major shareholders

Information on major shareholders : Please refer to Table 5.

XIV. Segment Information

Not applicable

Myson Century, Inc.

Statement of Cash and Cash Equivalents

December 31, 2022

Unit: NTD thousand

Item	Summary	Amount
Cash:		
Petty cash		$ 60
Cheque deposit		10
Demand deposits - NTD		20,771
Demand deposits - foreign currencies	USD19 thousand; exchange rate 30.66	595
		$ 21,436

Myson Century, Inc.

Statement of Financial Assets Measured at Amortized Cost - Current

December 31, 2022

Unit: NTD thousand

Name	Summary	Contract period	Interest rate	Book value	Remark
Time deposit USD	Yuanta Commercial Bank	2022.10.7～2023.4.7	2.750%	$ 1,349	—
Time deposits - NT$	Yuanta Commercial Bank	2022.10.8～2023.4.8	1.255%	300	—
				$ 1,649	

Myson Century, Inc.

Statement of Accounts Receivable - Related Party, Net

December 31, 2022

Unit: NTD thousand

Customer's name	Summary	Amount	Remark
Related party:			
Boromi Optronics Corp.	Accounts receivable	$ 7,074	—

Myson Century, Inc.

Statement of Inventories

December 31, 2022

Unit: NTD thousand

Item	Summary	Amount: Cost	Amount: Net Realizable Value	Remark
Raw materials		$ 938	$ -	Market price at the net realizable value
Goods in process		1,899	-	〃
		2,837	$ -	
Less: allowance of inventory price loss		(2,837)		
		$ -		

Myson Century, Inc.

Statement of financial Assets Measured at Fair Value through Other Comprehensive Income - Current

January 1 to December 31, 2022

Unit: NTD thousand

	Opening balance		Increase in the current period		Decrease in the current period		Valuation adjustment for the current period	Ending			
Name of financial instrument	Number of shares (thousand shares)	Fair value	Number of shares (thousand shares)	Amount	Number of shares (thousand shares)	Amount	Amount	Number of shares (thousand shares)	Fair value	Collateral or pledge	Remark
Shares:											
HSIN-LI CHEMICAL INDUSTRIAL CORP.China Motor Co., Ltd.	1,735	$ 47,105	835	$ 18,925	-	$ -	($ 26,709)	2,570	$ 39,321	None	—
FEEI CHERNG ENTERPRISE CO., LTD.	1,782	21,028	-	-	(1,542)	(21,238)	2,603	240	2,393	None	—
Evergreen Marine Corporation	35	4,987	94	14,028	(129)	(15,366)	(3,649)	-	-	—	—
YUEN FOONG YU CONSUMER PRODUCTS CO., LTD.	90	4,518	-	-	(90)	(3,212)	(1,306)	-	-	—	—
U-BEST Innovative Technology Co., Ltd.	-	-	2,997	39,965	-	-	(8,496)	2,997	31,469	None	—
Sun Yad Construction Co., Ltd.	-	-	280	4,866	(22)	-	(1,805)	258	3,061	None	—
Highwealth Construction Corp.	-	-	242	9,535	-	-	218	242	9,753	None	—
		$ 77,638		$ 87,319		($ 39,816)	($ 39,144)		$ 85,997		

Myson Century, Inc.

Statement of Financial Assets Measured at Amortized cost - Non-Current

January 1 to December 31, 2022

Unit: NTD thousand

Name	Summary	Contract period	Interest rate	Book value	Remark
Time deposits - NT$	Mega International Commercial Bank	2022.10.17～2023.01.17	0.91%	$ 1,140	Note
	Mega International Commercial Bank	2022.11.06～2023.11.06	1.325%	610	Note
				$ 1,750	

Note: this is the time deposits with limited purpose, please refer to Note 8, the description of the pledged assets.

Myson Century, Inc.

Statement of Changes in Investments Accounted for Using the Equity Method

January 1 to December 31, 2022

Unit: NTD thousand

Company name	Opening balance		Increase in the current period		Balance, ending			Market price or net value of equity		Collateral or pledge	Remark
	Number of shares (thousand shares)	Amount	Number of shares (thousand shares)	Amount	Number of shares (thousand shares)	Shareholding ratio	Amount	Unit price (NT$)	Total price		
ZAVIO Inc. - common shares	900	$ 8,150	-	$ 8,233	900	100%	$ 16,383		$ 16,383	None	—
e-Phocus, Inc. - common shares and preferential shares	2,583	-	-	-	2,583	22.91%	-		-	None	—
		$ 8,150		$ 8,233			$ 16,383		$ 16,383		

Myson Century, Inc.

Statement of Changes in Property, Plant and Equipment

January 1 to December 31, 2022

Unit: NTD thousand

Please refer to the description Note 6, (7) property, plant and equipment.

Myson Century, Inc.

Statement of Changes in Accumulated Depreciation of Property, Plant And Equipment

January 1 to December 31, 2022

Unit: NTD thousand

Please refer to the Note 6, (7) description of Property, plant and equipment. For the method of depreciation and the service life, please refer to Note 4, (14) description of property, plant and equipment.

Myson Century, Inc.

Statement of Changes in Right-of-use Assets

January 1 to December 31, 2022

Unit: NTD thousand

Item	Opening balance	Decrease in current period	Balance, ending	Remark
Land	$ 14,762	($ 3,894)	$ 10,868	—
Building and structure	1,717	-	1,717	—
	$ 16,479	($ 3,894)	$ 12,585	

Myson Century, Inc.

Statement of Changes in Accumulated Depreciation of Right-of-Use Assets

January 1 to December 31, 2022

Unit: NTD thousand

Item	Opening balance	Increase in the current period	Decrease in current period	Balance, ending	Remark
Land	$ 1,392	$ 403	($ 370)	$ 1,425	—
Building and structure	145	349	-	494	—
	$ 1,537	$ 752	($ 370)	$ 1,919	

Myson Century, Inc.

Statement of Other Payables

December 31, 2022

Unit: NTD thousand

Please refer to Note VI (XI) for other payables.

Myson Century, Inc.

Statement of Long-term Borrowings

December 31, 2022

Unit: NTD thousand

Name of creditor	Nature	Duration of the contract	Interest rate	Amount	Mortgage or guarantee	Remark
Shanghai Commercial and Savings Bank	Secured borrowings	2022.6.15～2037.6.15	2.2%	$ 34,968	Building and structure	—
	Less: a current portion			(2,085)		
				$ 32,883		

Myson Century, Inc.

Statement of Provisions - Non-Current

December 31, 2022

Unit: NTD thousand

Item	Summary	Lease period	Discount rate	Balance, ending	Remark
Land	Hsinchu	2001/12/1~2040/12/31	1.85%	$ 9,208	—
Building and structure	Tainan	2021/7/1~2026/6/30	0.19%	1,243	—
				10,451	
			Less: a current portion	(780)	
				$ 9,671	

Myson Century, Inc.

Statement of Operating Revenue

January 1 to December 31, 2022

Unit: NTD thousand

Item	Quantity	Amount	Remark
Revenue from sales:			
Integrated circuit	652 thousand pieces	$ 7,526	—

Myson Century, Inc.

Operating Cost Statement

January 1 to December 31, 2022

Unit: NTD thousand

Item	Amount
Raw materials at the beginning of period	$ 4,688
Less: collected by department	(11)
Raw materials at the end of period	(938)
Raw materials consumed during the period	3,739
Product in process at the beginning of period	1,899
Product in process at the end of period	(1,899)
Cost of finished goods	3,739
Finished goods at the beginning of period	7,855
Less: collected by department	(677)
Cost of sold inventory	10,917
Gain on price recovery of inventory	(11,605)
Operating Cost	($ 688)

Myson Century, Inc.

Statement of Administrative Expenses

January 1 to December 31, 2022

Unit: NTD thousand

Item	Summary	Amount	Remark
Salary expenditure		$ 17,296	—
Professional service fee		1,886	—
Depreciation		2,684	—
Other expenses (fractional, less than 5%)		7,075	—
		$ 28,941	

Myson Century, Inc.

Statement of Administrative Expenses

January 1 to December 31, 2022

Unit: NTD thousand

Please refer to Note VI. (XXII) Additional information on the nature of expenses and Note VI. (XXIII) Description of employee benefits expense

Appendix 3

Myson Century, Inc.
Codes of Ethical Conduct for Directors, Supervisors and Managerial Officers

March 16, 2015
Passed by the Board of Directors

Article 1 The Codes are adopted for the purpose of encouraging the Company's directors, supervisors, and managerial officers to act in line with ethical standards, and to help interested parties better understand the ethical standards of the Company.

Article 2 The term "managerial officers" in these Codes includes general managers, assistant general managers, deputy assistant general managers, division heads, chief financial and chief accounting officers, and other persons authorized to manage affairs and sign documents on behalf of the Company. The purpose is to prevent misconduct and to promote:

I. Honest and ethical conduct, which includes ethical management for any conflict between personal interests and the duties
II. Confidential processing of information
III. Fair treatment of customers, suppliers and employees, and legitimate treatment of competitors.
IV. To protect the company's assets and ensure their use
V. Compliance with applicable regulations, including those related to prevention of insider trading.

Article 3 Honest and Ethical Conduct

The directors, supervisors and managerial officers shall perform their obligations in an honest and unbiased manner in compliance with business standards, including dealing with actual or apparent conflicts of interest between personal and occupational duties in an impartial manner.

Article 4 Prevention of Conflicts of Interest

Conflicts of interest occur when personal interest intervenes or is likely to intervene in the overall interest of the company, as for example when a director, supervisor, or managerial officer of the Company is unable to perform their duties in an objective and efficient manner, or when a person in such a position takes advantage of their position in the Company to obtain improper benefits for either themselves or their spouse, parents, children, or relatives within the second degree of kinship. The Company shall pay special attention to loans of funds, provisions of guarantees, and major asset transactions or the purchase (or sale) of goods involving the affiliated enterprise at which a director, supervisor, or managerial officer works. The Company shall establish a policy aimed at preventing conflicts of interest, and shall offer appropriate means for directors, supervisors, and managerial officers to voluntarily explain whether there is any potential conflict between them and the company.

Article 5 Minimizing Incentives to Pursue Personal Gain

When the Company has an opportunity for profit, it is the responsibility of the directors, supervisors, and managerial officers to maximize the reasonable and proper benefits that can by obtained by the company. Directors, supervisors and managerial officers shall not use the Company's property, information, or positions to exploit opportunities or benefits for their own or others; in addition, they shall not engage in competitive activities against the Company except as provided in the Company Act or the Articles of Incorporation.

Article 6 Responsibility for Maintaining Business Confidentiality

Directors, supervisors, and managerial officers of the Company shall be bound by the obligation to maintain the confidentiality of any information regarding the company itself or its suppliers and customers, except when authorized or required by law to disclose such information. Confidential information includes any undisclosed information that, if exploited by a competitor or disclosed, could result in damage to the Company or the customers.

Article 7 Fair Trade

Directors, supervisors, and managerial officers shall treat all suppliers and customers, competitors, and employees fairly, and may not obtain improper benefits through manipulation, nondisclosure, or misuse of the information learned by virtue of their positions, or through misrepresentation of important matters, or through other unfair trading practices.

Article 8 Safeguarding and Proper Use of Company Assets

All directors, supervisors, and managerial officers have the responsibility to safeguard company assets and to ensure that they can be effectively and lawfully used for official business purposes; any theft, negligence in care, or waste of the assets will all directly impact the company's profitability.

Article 9 Legal Compliance

Directors, supervisors and managerial officers shall follow and disseminate the Company Act, the Securities and Exchange Act and other laws and regulations governing the Company's activities. Besides, they shall not deliberately violate any laws or regulations, or intentionally mislead, manipulate or unfairly exploit the interests from the customers (suppliers); nor shall they make any misrepresentation about the Company's products or services.

Article 10 Procedures for Exemption

Any exemption for directors, supervisors, or managerial officers from compliance with the codes shall be adopted by a resolution of the board of directors, and that information on the date on which the board of directors adopted the resolution for exemption, objections or reservations of independent directors, and the period of, reasons for, and principles behind the application of the exemption shall be disclosed without delay on the MOPS, in order that the shareholders may evaluate the appropriateness of the board resolution to forestall any arbitrary, and to safeguard the interests of the company.

Article 11 Compliance with laws and regulations regarding prevention of insider trading

Directors, supervisors and managerial officers shall comply with laws and regulations governing prevention of insider trading and securities laws governing stock transactions and handling of confidential business information; if they hold material undisclosed information, they shall not engage in relevant securities transactions. The Company is determined to intervene to tackle insider trading, because it is both illegal and unethical.

Article 12 Encouragement for employees to report any illegal or unethical conduct

The Company shall strengthen the internal dissemination of ethical concepts. Besides, the Company shall also encourage employees to report any suspected or identified violations of regulations or codes of ethical conduct to personnel department, supervisors, internal auditors or other appropriate officers with adequate information. The Company shall make its best efforts to keep the identity of whistleblowers confidential and to secure them from retaliation and threats. For malicious and untrue whistleblowers, the Company shall divert them; if necessary, punishment shall be imposed on them in order to maintain an upright culture.

Article 13 Disciplinary Measures

If directors, supervisors and managers violate this Standard, the Company's legal department shall hold them administratively accountable (including receiving complaints) in accordance with the relevant provisions of the Company's administrative regulations. If the violation is significant, it shall be reported to the board of directors for judgment, and the date, cause and handling of the violation shall be disclosed promptly on the Market Observation Post System in accordance with the regulations. If the violation causes damage to others, the Company shall bear joint and several liability for the third party.
If the foregoing disciplined persons claim that their legal rights have been infringed due to improper handling by the company, they may appeal for relief.

Article 14 These Codes shall be disclosed in the annual reports, the prospectus and the Market Observation Post System. The same procedure shall be followed when the Codes have been amended.

Article 15 The Codes shall be implemented after the board of directors grants the approval, and shall be sent to the supervisors and reported at a shareholders' meeting. The same procedure shall be followed when the Codes have been amended. When the Company has an audit committee, the provisions of these codes regarding Supervisors shall not apply during the term of the audit committee.

Myson Century, Inc.

Person in Charge: Chang, Yu-Ming