

Stock Code : 3078



Channel Well Technology Co.,Ltd.

# 2022 Annual Report (Translation)

(This English translation is prepared in accordance with Chinese version and is for reference purposes only.  
In the event for any inconsistency between the English version and the Chinese version, the Chinese version shall prevail.)

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The Inquiry Website for Annual Report

Taiwan Stock Exchange Market Observation Post System: <http://mops.twse.com.tw>

CWT Annual Report is available at: <http://www.cwt.com.tw/News/zhtw/Shareholders.aspx>

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#### VI.Corporate Website: <http://www.cwt.com.tw>

# Annual Report Contents for Channel Well Technology Co., Ltd.(the “CWT”)

	Pages
I. Letter to Shareholders-----	1
II. Company Profile-----	4
III. Corporate Governance Report-----	8
1. Organization System-----	8
2. Directors, General Manager, Deputy General Manager, Associates, Departments and Branches Officer Information-----	11
3. Remuneration paid during the most recent year to directors (including independent directors), president and vice presidents-----	21
4. Implementation of Corporate Governance-----	28
5. Information Regarding the Company’s Independent Auditors -----	58
6. Information about CPA Replacement -----	58
7. The Company's Chairman, 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-----	59
8. Transfer and Pledge of Stock Equity by Directors, Managerial Officers and Holders of 10% or More of Company Shares in The Past Year and up to the Published Date of Annual Report-----	60
9. Information of Relationship Between Each Other as Related parties, Spouses, or The Second Degree Relative Among The Top Ten Shareholders-----	61
10. The Total Equity Stake Held in The Same Investment Business by The Company, its Directors and Supervisors, Managerial Officers, and Parties Controlled Either Directly or Indirectly by The Company to Calculate The Comprehensive Shareholding Ratio---	62
IV. Company Shares and Fund Raising-----	63
1. Capital and Shares-----	63
2. Issuance of Corporate Bonds-----	68
3. Preferred Shares-----	68
4. Issuance of Overseas Depositary Receipts-----	68
5. Status of Employee Stock Options-----	68
6. Status of Employee Restricted Stock-----	68
7. Status of New Share Issuance in Connection with Mergers and Acquisitions-----	68
8. Financing Plans and Implementation-----	68
V. Operational Highlights-----	69
1. Business Activities-----	69
2. Market and Sales Overview-----	76
3. Employee Information During the Past Two Years and Up to the Published Date of the Annual Report-----	82
4. Information of Environmental Protection Fee-----	82
5. Labor Relations-----	82

6. Information-Communication Security Management-----	85
7. Significant Contracts-----	85
VI. Financial Highlights-----	86
1. Most Recent Five-Year Condensed Balance Sheet and Comprehensive Income Statement-----	86
2. Most Recent Five-Year Financial Analysis-----	91
3. Most Recent Year Audit Committee's Review Report-----	95
4. 2022 Consolidated Financial Statements Audited by CPA-----	96
5. 2022 Parent Company Only Financial Statement Audited by CPA-----	96
6. Company and Related Companies Experienced Financial Turnover Difficulties During The Most Recent Year and Up to the Published Date of The Annual Report---	96
VII. Analysis of Financial Status, Performance and Risk Related Issues-----	97
1. Financial Status-----	97
2. Financial Performance-----	98
3. Cash Flow-----	99
4. The Impact of Major Capital Expenditure on the Financial Status in The Past Year---	99
5. Investment Policy in The Past Year, Main Causes of Profit/Loss, Improvement Plans and Future Investment Plans for The Coming Year-----	100
6. Risk Assessment-----	100
7. Other Important Matters-----	103
VIII. Special Notes-----	104
1. Summary of Affiliated Company-----	104
2. Private Placement Securities in The Most Recent Year and Up to The Published Date of Annual Report-----	109
3. Subsidiary Companies Holding or Disposal of The Company's Stock Status in The Most Recent Year and Up to The Published Date of Annual Report-----	109
4. Other Supplementary Notes-----	109
IX. Matters Affecting Shareholders' Equity or Stock Price as Listed in Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act in the Most Recent Year and Up to The Published Date of Annual Report-----	109
[Appendix A] 2022 Consolidated Financial Statements Audited by CPA-----	110
[Appendix B] 2022 Parent Company Only Financial Statement Audited by CPA-----	174

## I. Letter to Shareholders

Dear Shareholders:

### 1. 2022 Operational results

In 2022, various industries are facing the pressure of over stocking from last year. With the emerging inflation and decreasing in people's willingness to purchase, the sales are greatly affected. Overall, the 2022 revenue is decreased by 36% compared to the same period last year. However, the appreciation of the US dollar and proactive cost control, the gross margin remains the same. The exchange interest is largely increased due to the appreciation of the US dollar. In sum, the overall profit is NT\$267,399 thousand less than the previous year. The operational results for 2022 are described as follows:

#### (1) Implementation results of operational plan

Expressed in thousands of New Taiwan dollars

Items	2022		2021		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Net sales revenue	6,486,756	100	10,090,823	100	(3,604,067)	(36)
Gross profit	1,245,525	19	1,952,294	19	(706,769)	(36)
Operating income	584,124	9	1,224,417	12	(640,293)	(52)
Net income before tax	937,015	14	1,297,348	13	(360,333)	(28)
Net income	710,636	11	978,035	9	(267,399)	(27)
Total comprehensive income	812,399	13	950,859	9	(138,460)	(15)
Basic earnings per share (dollars)	3.13		4.30		(1.17)	(27)

#### (2) Budget execution

According to the current laws and regulations, the Company did not make public disclosure for financial forecasts in 2022, it is no need to disclose this information.

#### (3) Financial revenue and expenditure and analysis of profitability

##### A. Financial revenue

Expressed in thousands of New Taiwan dollars

Items	2022	2021	Increase (decrease) rate
Net sales revenue	6,486,756	10,090,823	(36)%
Non-operating interest income and other income	117,161	112,945	4%
Total	6,603,917	10,203,768	(35)%

## B. Financial expenditure

Expressed in thousands of New Taiwan dollars

Items	2022	2021	Increase (decrease) rate
Cost of sales	5,241,231	8,138,529	(36)%
Operating expenses	661,401	727,877	(9)%
Non-operating finance costs	16,381	6,921	137%
Other (gains) and losses	(252,111)	33,093	(862)%
Total	5,666,902	8,906,420	(36)%

## C. Analysis of profitability

Items / Year		2022	2021
Profitability	Return on assets (%)	7.56	10.18
	Return on equity (%)	12.71	17.98
	To paid-in capital ratio	Operating income (%)	53.85
		Pre-tax net profit (%)	57.05
	Net profit ratio (%)		9.69
	Basic earnings per share (dollars)		4.30

## (4) Research and development

Year	Category	Items
2022	PC power supply	HEN/ Moira seires products CSZ/CSE/CST seires products ROG/CSX/L12 seires products Digital Titanium / Platinum products / Fanless products 80 PLUS New Models (Titanium/Platinum/Gold series)
	Other power supply categories	2AFH/2AFK/2AFE/2AFG/2AEC/2ACU seires products USB PD seires products GaN charger seires products Open Frame Power products POE Power products ETG Vehicle Charger products Meet the level 6 energy-saving Power Supply products Wireless Charger products

## 2. 2023 Business plan outline

### (1) Operating strategy

- A. The power supply production line in PPT plant in Vietnam continues to expand and increase the ratio for self-manufactured parts. It agilely adjusts the productivity benefits of the various production bases in China and Vietnam to meet customer's shipping demand.
- B. Speed up the building for local raw material supply chain in PPT plant in Vietnam. Introduce HUB supply mode for import material for smooth and instant supply preparation and reduce overstock and cost control.
- C. Develop various power supplies that compliant to ATX 3.0 and energy saving, digital power supplies, industrial control power supplies and wireless charging and other related products.
- D. Expand gaming power supply market share and actively expand network power supply, industrial control power supply, wireless charging product and power supply product for electric vehicle charging station.

### (2) Expected sales volume and its basis

The Company estimates that the sales volume of various types of power supply in 2023 will be approximately 15,655 thousand based on factors such as the industrial environment, market supply and demand, production capacity, and business development goals.

### (3) Major production and marketing policies

#### A. Marketing

- a. Cement existing customers, promote product upgrade to new model, and maintain market share and evaluation together.
- b. Discover potential customers, cross-functional teamwork to fight for new customer cases.
- c. Search strategic partners to expand product markets in different fields and develop customers in unfamiliar regions.
- d. Utilize the advantages of production base in Vietnam PPT factory, which directly supplies in the local, and further develop the local potential customer groups.

#### B. Production

Increase production efficiency, agilely adjust productivity and product mix in production bases in China and Vietnam to increase productivity benefits and product competitiveness.

## 3. The Company future development strategy

Continue to develop high power and high added-value power supply product, expand new market and new customer, integrate productivity from each production base, increase productivity benefits and optimize product mix to keep the company's competitiveness.

## 4. The effect of external competition environment, legal environment and overall business environment

The Company has been adhering to the philosophy of diversified and all-round mobility service, and has established and maintained good cooperative relations with customers. In regard to the operational compliance with domestic and oversea laws and regulations and possible corporate governance issues, social issues, and environmental issues that may have impact on the company operation, the Company's management team keeps close attention at any time and makes appropriate countermeasures in a timely manner.

Wish all shareholders

Good Health & Great Fortune

Channel Well Technology Co., Ltd.

Chairman Chun-Wei Pan

## II. Company Profile

1. Established date: October 5, 1993

### 2. Company History

Year	Major History
1993	<ul style="list-style-type: none"> <li>Established "Channel Well Technology Ltd." The capital stock is NT\$5,000,000. The main product is CWT self-owned brand computer power supply.</li> </ul>
1996	<ul style="list-style-type: none"> <li>Transacted seasoned equity offering NT\$20,000,000. The capital stock after the offering is NT\$2,500,000.</li> </ul>
	<ul style="list-style-type: none"> <li>Changed the company type and renamed "Channel Well Technology Co., Ltd."</li> </ul>
1997	<ul style="list-style-type: none"> <li>Research and develop ATX products and be the first in Taiwan to get safety agency approval for ATX products in nine countries.</li> </ul>
1998	<ul style="list-style-type: none"> <li>Completed the development for 50W and 80W external hard disk power supply.</li> </ul>
	<ul style="list-style-type: none"> <li>To compatible with the operating expansion to transact the second capital increase. The capital stock after the offering is NT\$128,600,000.</li> </ul>
1999	<ul style="list-style-type: none"> <li>Pass ISO-9002 certification.</li> </ul>
	<ul style="list-style-type: none"> <li>Completed the development for 150W PS3 and 200W PS4 power supply, and also 300W external hard disk power supply.</li> </ul>
	<ul style="list-style-type: none"> <li>To increase the capacity, established the imported material processing factory "Data Well" in Shenzhen by the subsidiary (DATAWELL HK LTD.) and build the main manufacturing base. Purchased "Evergreen Silicon Valley" office in Taiwan.</li> </ul>
	<ul style="list-style-type: none"> <li>To extend the fab equipment and suffice the operating funds, transacted seasoned equity offering again. The capital stock after the offering is NT\$198,600,000.</li> </ul>
2000	<ul style="list-style-type: none"> <li>Stocks IPO which was approved by Securities and Futures Commission, Ministry of Finance on April 12.</li> </ul>
	<ul style="list-style-type: none"> <li>Capital increased by earning and employee bonus. The capital stock after the offering is NT\$300,012,000.</li> </ul>
	<ul style="list-style-type: none"> <li>HUB system for warehouse logistics center was set and started to use for vertical integration and reducing the cost. Set up Metal Press, Transformer and Automation Department for the consistent production process.</li> </ul>
	<ul style="list-style-type: none"> <li>Expend the domestic sales market in China. Established "NINGBO ISO ELECTRONIC CO., LTD." which was reinvested by the subsidiary "DATAWELL HK LTD." and mainly produced power supply.</li> </ul>
	<ul style="list-style-type: none"> <li>Established "Lucky Valley Technology" in Shenzhen that was reinvested by the subsidiary "DATAWELL HK LTD." That's responsible for producing a DC-DC power module and high-watt power supply. CWT expanded to the telecom power supply market formally.</li> </ul>
	<ul style="list-style-type: none"> <li>Capital increased by earning, capital surplus, and employee bonus. The capital stock after the offering is NT\$422,227,000.</li> </ul>
2001	<ul style="list-style-type: none"> <li>Mass produced MCPCB secondary power supply module and high-watt power supply module.</li> </ul>
2002	<ul style="list-style-type: none"> <li>Invested in "A-ONE Technology Co., Ltd." (Original: Zhonglun Technology) which is responsible for producing the system power.</li> </ul>
	<ul style="list-style-type: none"> <li>Capital increased by earning, capital surplus, employee bonus, and cash. The capital stock after the offering is NT\$644,140,000.</li> </ul>



	<ul style="list-style-type: none"> <li>• To strengthen the operating function of directors and supervisors council, reelect the directors and supervisors. Set two independent directors and add one independent supervisor.</li> </ul>
	<ul style="list-style-type: none"> <li>• Invested and established the subsidiary CHANNEL WELL TECHNOLOGIES (USA), INC. to explore overseas market and sale industrial power. Established R&amp;D II Division in Xizhi to research and develop the industrial power.</li> </ul>
	<ul style="list-style-type: none"> <li>• Emerging stock approved and listed.</li> </ul>
	<ul style="list-style-type: none"> <li>• The imported material processing factory "Data Well" passed ISO 9001(version 2000) certification.</li> </ul>
	<ul style="list-style-type: none"> <li>• The China subsidiary " NINGBO ISO ELECTRONIC CO., LTD." expanded the fab to increase the production line.</li> </ul>
2003	<ul style="list-style-type: none"> <li>• "Headquarter" was approved and certified by the Ministry of Economic Affairs and had the tax preference.</li> </ul>
	<ul style="list-style-type: none"> <li>• China subsidiary "Lucky Valley Technology (Shenzhen)" was passed the product certification by ZTE and Huawei.</li> </ul>
	<ul style="list-style-type: none"> <li>• Strengthen the corporate governance, reelect the directors and supervisors. Set the independent directors and supervisors.</li> </ul>
2004	<ul style="list-style-type: none"> <li>• Purchase the land in Nankan Taoyuan and build the headquarter operating building. Also, set up the product verification laboratory and the production test line before mass production in the building.</li> </ul>
	<ul style="list-style-type: none"> <li>• Capital increased by earning. The capital stock after the offering is NT\$1,024,000,000.</li> </ul>
2005	<ul style="list-style-type: none"> <li>• The stock IPO in Jan which was approved by TPEx.</li> </ul>
	<ul style="list-style-type: none"> <li>• Research and Develop the revolution new product, extremely frozen power and oxygen power.</li> </ul>
	<ul style="list-style-type: none"> <li>• Capital increased by earning. The capital stock after the offering is NT\$1,200,000,000.</li> </ul>
2006	<ul style="list-style-type: none"> <li>• Resolve to establish " POWER PLUS TECHNOLOGY (WANZAI) CORP." to set up a self-manufactured component production site.</li> </ul>
	<ul style="list-style-type: none"> <li>• Merge "Qiansheng Electronics.Co." to produce the PFC component.</li> </ul>
	<ul style="list-style-type: none"> <li>• Capital increased by earning. The capital stock after the offering is NT\$1,370,000,000.</li> </ul>
2007	<ul style="list-style-type: none"> <li>• Start to construct CHANNEL WELL TECHNOLOGY(GUANGZHOU) CO., LTD., to set up the future production integration base for power supply products.</li> </ul>
	<ul style="list-style-type: none"> <li>• Capital increased by earning. The capital stock after the offering is NT\$1,504,000,000.</li> </ul>
2008	<ul style="list-style-type: none"> <li>• POWER PLUS TECHNOLOGY (WANZAI) CORP., Jiangxi Province. The production base for the upstream raw material was operated and mass-produced.</li> </ul>
	<ul style="list-style-type: none"> <li>• Capital increased by earning. The capital stock after the offering is NT\$1,723,000,000.</li> </ul>
2009	<ul style="list-style-type: none"> <li>• CHANNEL WELL TECHNOLOGY(GUANGZHOU) CO., LTD., The production base for the power supply assembly was operated and mass-produced.</li> </ul>

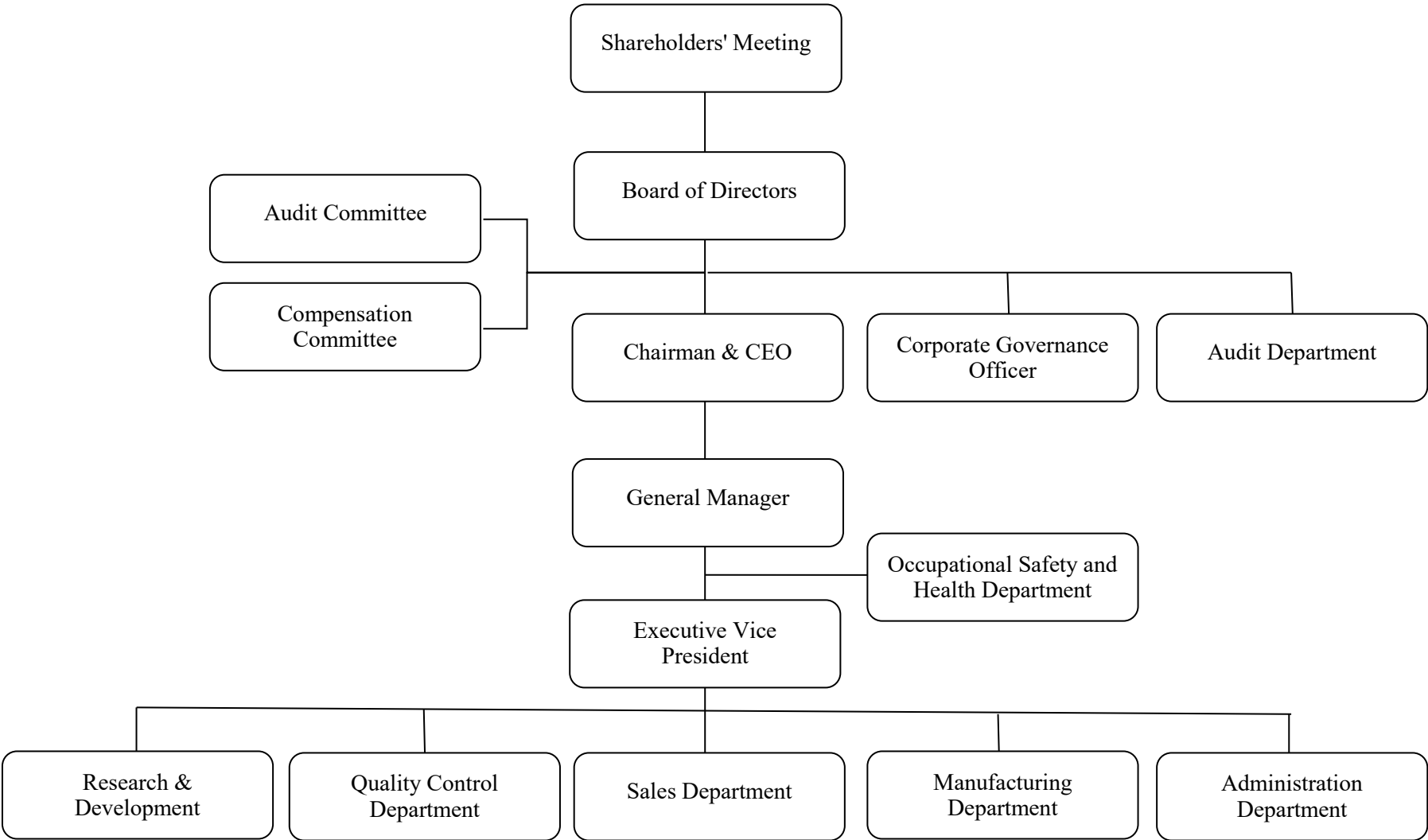
	<ul style="list-style-type: none"> <li>• Capital increased by earning. The capital stock after the offering is NT\$1,859,661,000.</li> </ul>
2010	<ul style="list-style-type: none"> <li>• All production strongholds in South China were merged into CHANNEL WELL TECHNOLOGY(GUANGZHOU) CO., LTD. and operated the automatic warehouse storage system.</li> </ul>
	<ul style="list-style-type: none"> <li>• CHANNEL WELL TECHNOLOGY(GUANGZHOU) CO., LTD. passed ISO-14001 and ISO-9001 certification.</li> </ul>
	<ul style="list-style-type: none"> <li>• Capital increased by earning. The capital stock after the offering is NT\$2,104,117,000.</li> </ul>
2011	<ul style="list-style-type: none"> <li>• Set up the digital product production line.</li> </ul>
	<ul style="list-style-type: none"> <li>• Capital increased by earning. The capital stock after the offering is NT\$2,273,911,000.</li> </ul>
	<ul style="list-style-type: none"> <li>• CHANNEL WELL TECHNOLOGY(GUANGZHOU) CO., LTD. passed ISO-14064-1 certification.</li> </ul>
2012	<ul style="list-style-type: none"> <li>• Pass OHSAS18001 and QC080000 management system certification.</li> </ul>
	<ul style="list-style-type: none"> <li>• Invest in the fully digital PC power supply products development.</li> </ul>
2013	<ul style="list-style-type: none"> <li>• Resolve to invest in Vietnam to set up the self-manufactured component production line.</li> </ul>
2014	<ul style="list-style-type: none"> <li>• Power supply with Titanium certification for using in PC successfully developed.</li> </ul>
	<ul style="list-style-type: none"> <li>• Invest in the wireless charger products development.</li> </ul>
	<ul style="list-style-type: none"> <li>• Invest in Adapter automatic production line development.</li> </ul>
2015	<ul style="list-style-type: none"> <li>• The production line in NINGBO ISO ELECTRONIC CO.,LTD. was merged into CHANNEL WELL TECHNOLOGY(GUANGZHOU) CO., LTD., NINGBO ISO ELECTRONIC CO., LTD. was transformed into a trading company.</li> </ul>
	<ul style="list-style-type: none"> <li>• Wireless charger mass-produced and sale.</li> </ul>
	<ul style="list-style-type: none"> <li>• Expanded second phase factory project in " POWER PLUS TECHNOLOGY (WANZAI) CORP., Jiangxi Province" for Adapter automatic production line setting.</li> </ul>
2016	<ul style="list-style-type: none"> <li>• Launched CWT Vietnam in HaNoi.</li> </ul>
	<ul style="list-style-type: none"> <li>• The fully digitalized power supply for using in PC, which was passed the certification by 80 Plus institution with Titanium.</li> </ul>
2017	<ul style="list-style-type: none"> <li>• Invested in eTreego Co., Ltd., and access the electric vehicle power market with a strategic cooperation.</li> </ul>
	<ul style="list-style-type: none"> <li>• Established the electric vehicle charging pile product division. Set up the production test line before mass production in headquarter in Taoyuan.</li> </ul>
2018	<ul style="list-style-type: none"> <li>• Resolve to increase the investment in Vietnam factory to set up PC power supply and Adapter production line.</li> </ul>

	• Pass IATF16949 management system certification.
	• Electric vehicle power supply products mass-produced and sale.
2019	• CWT new plant in Bac Ninh(PPT Vietnam) started construction, which was planned the power supply production lines and institutional components production lines.
	• Honor awarded The 15th Golden Torch Award- "Outstanding Enterprise Manager Association (OEMA) Award."
	• Honor awarded The 16th National Brand Yushan Award - "Outstanding Enterprise Category."
2020	• Launched PPT Vietnam in Bac Ninh.
	• GaN charger products successfully developed.
2021	• Purchased the office building in Taoyuan to establish the group headquarter for the future development.
2022	• Research and develop ATX 3.0 and obtain Product Safety Certification.

III. Corporate Governance Report

1. Organization System

(1) Organization Structure



(2) Major Department Functions

Department	Functions
Corporate Governance Officer	<ul style="list-style-type: none"> <li>• Assist in providing Directors with the required material for the business, and regulatory compliance and the related matters of corporate governance.</li> <li>• Shareholders' meeting and stock affairs handling. Maintain the relationship of investors and business corporations.</li> </ul>
Audit Department	<ul style="list-style-type: none"> <li>• Establish and Revise the internal control system.</li> <li>• Implement the internal audit.</li> <li>• Plan and popularize the standardization of regulation.</li> <li>• Review the regulation.</li> </ul>
General Manager Department	<ul style="list-style-type: none"> <li>• Long/short-term management strategy planning, implementation, and managing.</li> <li>• Drive the production technology popularization and the quality improvement projects.</li> <li>• Rationalization of the company operation. All businesses were planning and driving.</li> </ul>
Occupational Safety and Health Department	<ul style="list-style-type: none"> <li>• Establish Occupational Safety and Health Management Plan, Emergency Response Plan, and supervise the implementation of the related department.</li> <li>• Plan, supervise and drive the safety and health management matters, carry out the workplace monitoring, and the related matters of training and consulting service.</li> </ul>
Research & Development Department	<ul style="list-style-type: none"> <li>• Annual development plan drafting, implementation, and control.</li> <li>• New product development. Various power supply and power system design and development. 3C peripheral products development, component approval, and product certification.</li> <li>• The related products sample trial production and the certification issue review and solve.</li> <li>• Product improvement, make the quality of products more stable, Price more competitive, products more compatible, and meet the requirement of customers.</li> <li>• New technology development, on the cutting edge of the technology, and be a leader of product innovation.</li> </ul>
Quality Control Department	<ul style="list-style-type: none"> <li>• Establish and drive the quality strategy.</li> <li>• Maintain and manage the quality system standard and the environmental regulation standard.</li> <li>• Quality control of the raw material and finished goods and quality improvement.</li> <li>• Supplier quality management and customer quality service.</li> </ul>

Sales Department	<ul style="list-style-type: none"> <li>• Customer development and order contact for the domestic and foreign market.</li> <li>• Marketing policy drafting and Sales forecast planning and implementation.</li> <li>• Product sale, the payment received, customer service, complaint handling, and the related matters of after-sale service implementation.</li> </ul>
Manufacturing Department	<ul style="list-style-type: none"> <li>• Product manufacturing.</li> <li>• Production technology and manufacturing process improvement.</li> <li>• Raise the production efficiency and yield rate.</li> <li>• Raise the product quality.</li> </ul>
Administration Department	<ul style="list-style-type: none"> <li>• Plan and implement the procurement of various raw material and capital equipment, purchase cost, inventory control, production progress tracking, and imports and exports control.</li> <li>• Human resource management and general administration operation.</li> <li>• The management regulation establishment, revision, and implementation.</li> <li>• Handle the business of legal and decree.</li> <li>• Financial capital movement and management, and banking transaction business.</li> <li>• Accounting regulation establishment, and accounting and tax affairs handling.</li> <li>• Information management system planning, design, and standardization.</li> <li>• Information operating environment management and maintenance.</li> <li>• Investment business control.</li> </ul>

## 2. Directors, General Manager, Deputy General Manager, Associates, Departments and Branches Officer Information

### (1) Directors

#### A. Shareholding status of directors

April 29, 2023

Title	Nationality or Place of Registration	Name	Gender Age	Elected Date	Tenure	First Elected Date	Shares Held When Elected		Shares Currently Held		Shares Currently Held by Spouse & Minors		Shares Held in The Name of Others.		Main Education (Working Experience)	Current Positions in CWT and Other Companies	Managers and Directors Who are Spouses or within Second-degree Relative of Consanguinity to Each Other			Note (Note 2)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Chairman & CEO	R.O.C.	Syuan-He Investment Co., Ltd.	None	2021/08/03	3 years	2009/06/19	21,727,369	9.56%	21,727,369	9.56%	0	0.00%	0	0.00%	None	None	None	None	None	None
		Representative : Chun-Wei Pan	Male 61-70	None	None	None	0	0.00%	3,134,085	1.38%	1,028,249	0.45%	0	0.00%	Note4	Note4	General Manager Vice President Director	Shiow-Hua Yang Yi-An Pan Jhu-Tao Wu	Spouse First-degree relative Second-degree relative	Note3
Director & General Manager	R.O.C.	Hao Sheng International Investment Co., Ltd.	None	2021/08/03	3 years	2018/06/27	50,000	0.02%	333,000	0.15%	0	0.00%	0	0.00%	None	None	None	None	None	None
		Representative : Shiow-Hua Yang	Female 61-70	None	None	None	0	0.00%	1,028,249	0.45%	3,134,085	1.38%	0	0.00%	Note4	Note4	Chairman Vice President Director	Chun-Wei Pan Yi-An Pan Jhu-Tao Wu	Spouse First-degree relative Second-degree relative	Note3
Director & Vice President	R.O.C.	Shang Cing Investment Co., Ltd.	None	2021/08/03	3 years	2018/06/27	660,000	0.29%	940,000	0.41%	0	0.00%	0	0.00%	None	None	None	None	None	None
		Representative : Yan-Cheng Pan	Male 31-40	None	None	None	0	0.00%	230,625	0.10%	0	0.00%	0	0.00%	Note4	Note4	Chairman General Manager	Chun-Wei Pan Shiow-Hua Yang	First-degree relative First-degree relative	None
Director	R.O.C.	Jing Fu Investment Ltd.	None	2021/08/03	3 years	2015/06/10	5,000	0.00%	5,000	0.00%	0	0.00%	0	0.00%	None	None	None	None	None	None

		Representative : Sin-Sin She	Female 51-60	None	None	None	0	0.00%	783	0.00%	0	0.00%	0	0.00%	Note4	Note4	None	None	None	None
Director	R.O.C.	Jhu-Tao Wu	Male 71-80	2021/08/03	3 years	2018/06/27	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Note4	Note4	Chairman  General Manager	Chun-Wei Pan  Shiow-Hua Yang	Second- degree relative Second- degree relative	None
Director	R.O.C.	Jian-Dong Wu	Male 61-70	2021/08/03	3 years	2018/06/27	746,075	0.33%	746,075	0.33%	8,000	0.00%	0	0.00%	Note4	Note4	None	None	None	None
Independent Director	R.O.C.	Cong-Long Jhu (Note 1)	Male 51-60	2021/08/03	3 years	2003/06/27	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Note4	Note4	None	None	None	None
Independent Director	R.O.C.	Dong-Rong Huang	Male 71-80	2021/08/03	3 years	2015/06/10	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Note4	Note4	None	None	None	None
Independent Director	R.O.C.	Sheng-Fong Ke(Note 2)	Male 61-70	2021/08/03	3 years	2018/06/27	4,163	0.00%	4,163	0.00%	0	0.00%	0	0.00%	Note4	Note4	None	None	None	None

Note 1: The independent director, Cong-Long Jhu, resigned from the post of independent director due to personal reasons on 2012/06/26 and assumed office by-election on 2013/06/17.

Note 2: Ke, Cheng-Feng, Independent Director, has resigned as Independent Director, audit committee member and remuneration committee member due to personal reasons on March 29, 2023.

Note 3: The company Chairman and the General Manager or someone with an equivalent job responsibility (the highest-ranking manager) are the same person, in a marital relationship with each other, or within the first-degree relative should explain the reason, rationality, necessity, and countermeasures.

The company Chairman and General Manager are in a marital relationship. They fully communicate with the directors ordinarily about the company operating situation and planning principle to implement the corporate governance, will add two independent directors in the general shareholders' meeting held on June 27, 2023 to strengthen the function of board of directors and supervision. The company current concrete measures as below:

1. The incumbent two independent directors respectively specialize in financial accounting and legal field. They could bring into full play the supervision function effectively.
2. Arrange the directors to participate in the professional courses of the external agency annually to improve the operation efficiency of the board of directors.
3. The independent directors could fully discuss in the various functional committee and make suggestions for the board of directors reference to implement the corporate governance.
4. More than half of directors of the board of directors do not serve as employees or managerial officers concurrently.



Note 4: Main education (working) experience of the directors, and the position situation of serving in the company and the other companies concurrently.

Title	Name	Main Education (Working) Experience	Current Positions in CWT and Other Companies
Chairman & CEO	Syuan-He Investment Co., Ltd. Representative: Chun-Wei Pan	Department of Chemical Engineering, National Chung Hsing University Factory Director, Fortron Source Electronic Co., Ltd. Manager, Aimco Electronic Co., Ltd. Founder, Channel Well Technology Co., Ltd.	Chairman (Representative of CWT), DATAWELL HK LTD. Director (Representative of CWT), CHANNEL WELL TECHNOLOGIES (USA), INC. Chairman (Representative of CWT), POWER PLUS TECHNOLOGY CORP. Director (Representative of NEWWIN), YOUNG LING ENTERPRISE COMPANY LIMITED Chairman (Representative of DATAWELL), NINGBO ISO ELECTRONIC CO., LTD. Director (Representative of POWER PLUS), YUN DENG TECHNOLOGY COMPANY LIMITED Chairman (Representative of POWER PLUS), CHANNEL WELL TECHNOLOGY (GUANGZHOU) CO., LTD. Chairman (Representative of POWER PLUS), CHIA KWEI TECHNOLOGY (GUANGZHOU) CO., LTD Chairman (Representative of POWER PLUS), POWER PLUS TECHNOLOGY (WANZAI) CORP. Chairman (Representative of YOUNG LING), CHANNEL WELL TECHNOLOGY (VIETNAM) CO., LTD Chairman (Representative of YOUNG LING), POWER PLUS TECHNOLOGY (VIETNAM) CORP. Director (Representative of CWT), NEWWIN INTERNATIONAL CO., LTD. Director (Representative of NEWWIN), TOP BEST INDUSTRIAL CO., LTD. Director (Representative of CWT), eTreego Co., Ltd. Director of Syuan-He Investment Co., Ltd. Director of BUSINESS UNIVERSAL INC. Director of CLEVER ASSOCIATES LIMITED
Director & General Manager	Hao Sheng International Investment Co., Ltd. Representative: Shiow-Hua Yang	Department of Home Economics, Shih Chien University Founder, Channel Well Technology Co., Ltd.	Director & General Manager (Representative of DATAWELL), NINGBO ISO ELECTRONIC CO., LTD. Director (Representative of POWER PLUS), CHANNEL WELL TECHNOLOGY (GUANGZHOU) CO., LTD. Director (Representative of POWER PLUS), CHIA KWEI TECHNOLOGY (GUANGZHOU) CO., LTD Director (Representative of POWER PLUS), POWER PLUS TECHNOLOGY (WANZAI) CORP. Chairman, Lin Da Investment Co., Ltd. Chairman, Hong Yu Investment Co., Ltd. Director, ALDEWORTH LIMITED
Director & Vice President	Shang Cing Investment Co., Ltd. Representative: Yan-Cheng Pan	Ohio State University (USA)/Economic Master, Department of Industrial Engineering and Management, National Taipei University of Technology	Vice President, CHANNEL WELL TECHNOLOGY (GUANGZHOU) CO., LTD. Vice President, CHIA KWEI TECHNOLOGY (GUANGZHOU) CO., LTD

		Procurement Manager, Channel Well Technology Co., Ltd. Special Assistant of Chairman, Channel Well Technology Co., Ltd.	
Director	Jing Fu Investment Ltd. Representative: Sin-Sin She	Bachelor, Department of Accounting, Soochow University Auditor, Moores Rowland CPAs Accounting Manager, Ya Cyuan Technology Co., Ltd. Responsible Person, Ming Yan Corporation	Director, Yong Fong Sheng Investment Co., Ltd. Director, Jing Fu Investment Ltd.
Director	Jhu-Tao Wu	Ph.D., Northwestern University, USA Assistant Professor, Department of Business Management, University of Wisconsin-Madison, USA Associate Professor, National Tsing Hua University General Manager, Corporate Synergy Development Center Chairman, Tsing Hua Foundation of Engineering Management Director, MIRATEK CO., LTD.	None
Director	Jian-Dong Wu	Bachelor, Department of Accounting, National ChengChi University Vice President, Underwriting Department, Tai Yu Securities Co., Ltd. Director, IRSO PRECISION CO., LTD. Director, ARCH LIGHT PRECISION CO., LTD.	Responsible Person, Yong Cheng CPAs Director, Sin Hong Ji Investment Co., Ltd. Director, Guang You International Investment Co., Ltd. Director, Ching Feng Home Fashions Co., Ltd. Director, Plastron Precision Co., Ltd. Director, Vice Chairman and General Manager, CHIA HER INDUSTRIAL CO., LTD
Independent Director	Dong-Rong Huang	Department of Banking and Insurance, Tamkang University Master, Accounting Department, Jinan University, China Accounting, Department of Trusts, Central Trust of China Auditor, Deloitte & Touche Supervisor, Industrial Bank of Taiwan Supervisor, Lien Chang Electronic Enterprise Co., LTD.	Director, YHC & CO., CPAs Independent Director & Compensation committeeman, Nan Liu Enterprise Co., Ltd.
Independent Director	Cong-Long Jhu	Ph.D., Law School, University of Wisconsin-Madison, USA Legal System, Securities and Futures Commission, Ministry of Finance Lawyer, Liang & Partners Law Offices Assistant Professor, National Chung Hsing University Assistant Professor, National Taichung University of Science and Technology Legal Supervisor, FullWang International Development Co., Ltd.	Lawyer, Jhe Ming Law Offices Chairman, Mai Wei Investment Co., Ltd. Chairman, Ming Yuan Consultants Co., Ltd. Independent Director & Compensation committeeman, EVER-CLEAR ENVIRONMENTAL ENG.CORP
Independent Director	Sheng-Fong Ke	Dongfang High School Manager, Bei Heng Trading Ltd. Manager, Si Er Dun Trading Ltd. General Manager, Her an Cherng Co.ltd Responsible Person, Jia Ting International Ltd.	None

## B. Major Shareholders of the Institutional Shareholder

April 29, 2023

Institutional Shareholder	Major Shareholders of the Institutional Shareholder
Syuan-He Investment Co., Ltd.	Chun-Wei Pan(36%), Shiow-Hua Yang(12%), Yi-Cheng Pan(26%), Nai-Syuan Wang(26%)
Hao Sheng International Investment Co., Ltd.	Yi-Cheng Pan(50%)、Yun-Ting Pan(50%)
Shang Cing Investment Co., Ltd.	Yan-Cheng Pan(45%), Syuan-He Investment Co., Ltd.(45%), Yi-Cheng Pan(6%), Yun-Ting Pan(4%)
Jing Fu Investment Ltd.	Sin-Sin She(100%)

## C. Principal Shareholder of Corporate Shareholders with a Juridical Person as Its Major Shareholder

April 29, 2023

Institutional Shareholder	Major Shareholders of the Institutional Shareholder
Syuan-He Investment Co., Ltd.	Chun-Wei Pan(36%), Shiow-Hua Yang(12%), Yi-Cheng Pan(26%), Nai-Syuan Wang(26%)

## D. Disclosure of Professional Qualifications of Directors and Independence of Independent

Directors :

Name \ Qualification	Professional qualifications and experience (Note 1)	Independent status	Number of public companies where the person holds the title as independent director
Syuan-He Investment Co., Ltd. Representative: Chun-Wei Pan	1. Has over 5 years work experience of the company business needs. He was a factory director in Fortron Source Electronic Co., Ltd., a branch manager in Taiwan in Aimco Electronic Co., Ltd., and the founder of Channel Well Technology Co., Ltd. 2. Currently serve as the Chairman & CEO of the Company.	Not applicable.	0
Hao Sheng International Investment Co., Ltd. Representative: Shiow-Hua Yang	1. Has over 5 years work experience of the company business needs, and the founder of Channel Well Technology Co., Ltd. 2. Currently serve as the General Manager of the Company.		0
Shang Cing Investment Co., Ltd. Representative: Yan-Cheng Pan	1. Has over 5 years work experience of the company business needs. 2. Currently serve as the Vice President of the Company.		0
Jing Fu Investment Ltd. Representative: Sin-Sin She	1. Has over 5 years work experience of the company business needs. She worked in Moores Rowland CPAs, and was an accounting manager in Ya Cyuan Technology Co., Ltd. 2. Currently serve as the Director, Yong Fong Sheng Investment Co., Ltd.		0
Jhu-Tao Wu	Has over 5 years work experience of the company business needs. He was an assistant professor in National Tsing Hua University, a General Manager in Corporate Synergy Development Center, and a Director in Miratek Co., Ltd.		0

Qualification Name	Professional qualifications and experience (Note 1)	Independent status	Number of public companies where the person holds the title as independent director
Jian-Dong Wu	1. Has over 5 years work experience of the company business needs. He was a vice president of Underwriting Department in Tai Yu Securities Co., Ltd., a Director in Irso Precision Co., Ltd., and also in Arch Light Precision Co., Ltd. 2. Currently the responsible person in Yong Cheng CPAs, a certified public accountant, and the Director, Vice Chairman & General Manager in Chia Her Industrial Co., Ltd.	Not applicable.	0
Dong-Rong Huang (Independent Director)	1. Has over 5 years work experience of the company business needs. He was an accountant of Department of Trusts in Central Trust of China, and Deoitte & Touche. 2. Currently a director in YHC & CO., CPAs, a certified public accountant, and the convener of Audit Committee.	1. The independent directors of the Company are all in compliance with the provisions of article 3, paragraph 1, subparagraphs 1 to 9 of "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies". 2. The company has already acquired the independent statement of each Independent Director, and confirmed their independent qualifications meet the laws and regulations.	1
Cong-Long Jhu (Independent Director)	1. Has over 5 years work experience of the company business needs. He was a lawyer in Liang & Partners Law Offices, an assistant professor in National Chung Hsing University, and also in National Taichung University of Science and Technology. 2. Currently a lawyer in Jhe Ming Law Firm, and have attorney's license.		1
Sheng-Fong Ke (Independent Director) (Note 2)	Has over 5 years work experience of the company business needs. He was an manager in Bei Heng Trading Ltd., and also in Si Er Dun Trading Ltd.		0

Note 1 : The company current 8 Directors (included Independent Directors) are not being a person of any conditions defined in Article 30 of the Company Act; main education (working) experience of the Directors, and the position situation of serving in the company and the other companies concurrently (Please refer to page 13-14 of the Annual Report.)

Note 2 : Ke, Cheng-Feng, Independent Director, has resigned as Independent Director, audit committee member and remuneration committee member due to personal reasons on March 29, 2023.

#### E. Diversity and independence of the Board of Directors :

##### a. Diversity of the Board of Directors :

- a) In accordance with the Article 20 of the Corporate Governance Practice Principles and Article 3 of the Procedures of Election of Directors, we have made diversification of board members on the need of company operation, operating models, future development, etc, including basic conditions and value: gender, age, nationality and culture, along with professional knowledge and abilities like professional background (such as law, accounting, industry, finance, marketing or technology), professional skills and industry experience, etc. The specific management goals are (1) Non-executive Directors account for over 60% (2) Independent

Directors account for over 30% and at least one with financial accounting skills and one with legal practice skills. (3) At least two female directors.

- b) The tenure date of the 11<sup>th</sup> Board of Directors of the Company: August 3, 2021~August 2, 2024. Onboarding nine members are all outstanding persons with professional practice experience, including three Independent Directors, three Directors and three Executive Directors. Non-executive Directors constitute 67% of the Board of Directors. There are currently 2 female Directors; one Director and one Independent Director with accounting certification; one Independent Director with attorney certification. The specific diversification management goals have been achieved. The current Board of Directors of the Company are equipped with abilities such as leadership skills, operations management, operation judgement, crisis management, industry knowledge, global marketing perspective and accounting and financial analysis, etc.

The implementation of diversification policy of the board members is as follow:

Diversification Core Item  Name	Basic Composition						Industry Experience				Professional Ability							
	National ity	Gender	Serv e as Emp loye e Con curr entl y	Age	Independ ent Director's Seniority		Fi na nci al Ac co unt ing	Ind ust ry	Le gal	Instr uctor of Colle ge or Univ ersit y	Oper ating Judg eme nt	Fi na nci al Ac co unt ing	Oper ation Man agem ent	Crisi s Man agem ent	Indu stry Kno wled ge	Inter natio nal Mark et Visio n	Lead ershi p abilit ies	De cisi on ma kin g abili ties
					Un der 9 ye ars	Over 9 ye ars												
Chun-Wei Pan	R.O. C.	Male	V	61- 70				V			V		V	V	V	V	V	V
Yan-Cheng Pan	R.O. C.	Male	V	31- 40				V			V		V	V	V	V	V	V
Shiow-Hua Yang	R.O. C.	Female	V	61- 70				V			V		V	V	V	V	V	V
Sin-Sin She	R.O. C.	Female		51- 60			V	V			V	V	V	V	V		V	V
Jian-Dong Wu	R.O. C.	Male		61- 70			V	V			V	V	V	V	V	V	V	V
Jhu-Tao Wu	R.O. C.	Male		71- 80				V		V	V			V	V		V	V
Dong-Rong Huang (Independent Director)	R.O. C.	Male		71- 80	V		V	V			V	V	V	V	V	V	V	V
Cong-Long Jhu (Independent Director)	R.O. C.	Male		51- 60		V		V	V	V	V		V	V	V	V	V	V
Sheng-Fong Ke (Independent Director)	R.O. C.	Male		61- 70	V			V			V		V	V	V	V	V	V

#### b.Independence of the Board of Directors:

- a)Ke, Cheng-Feng, Independent Director, has resigned as Independent Director, audit committee member and remuneration committee member due to personal reasons on March 29, 2023. The Independent Director position will be re-elected on the shareholders' genral meeting on June 27, 2023. There are currently eight board members, including 2 Independent Directors of 25%, one Independent Director has served less than nine years, the other has served over nine years. In view of legal practice profession and experience on business operating management, the Independent Director is clearly beneficial to operational planning and decision-making for the Company. Therefore, the Company still values the professions to

supervise the Board of Directors and offer professional opinion despite the third consecutive tenure.

- b) Up to the Annual Report published date, the condition of each directors and independent directors are in compliance with Article 26-3 of the Securities and Exchange Act Items 3 and 4 Article 26-3, Section 3 and 4 of the Securities and Exchange Act. The education experience, gender, relative, and working experience of each directors (please refer to pages 11-14 Directors Information, of the Annual Report.) The Company Board of Director has the independence attribute (please refer to pages 15-16 Directors Professional Qualification and Independent Information Disclosure of Independent Directors, of the Annual Report.)

## (2) Information of General Manager, Vice President, Assistant Manager, and Management Team of Each Department and Branch Organization

May 1, 2022

Title	Nationality	Name	Gender	Elected Date	Shares Held		Shares Held by Spouse & Minors		Share Held in The Name of Others		Main Education (Working) Experience	Current Positions in Other Companies	Managers Who are Spouses or within Second-degree Relative of Consanguinity to Each			Note
					Shares	% %	Shares	% %	Shares	% %			Title	Name	Relationship	
Chairman & CEO	R.O.C.	Chun-Wei Pan	Male	1993/10/05	3,134,085	1.38%	1,028,249	0.45%	0	0	Department of Chemical Engineering, National Chung Hsing University Factory Director, Fortron Source Electronic Co., Ltd. Manager, Aimco Electronic Co., Ltd. Founder, Channel Well Technology Co., Ltd.	Director (Representative of CWT), eTreego Co., Ltd. Director of Syuan-He Investment Co., Ltd. Director of BUSINESS UNIVERSAL INC. Director of CLEVER ASSOCIATES LIMITED	General Manager Vice President	Shiow-Hua Yang Yan-Cheng Pan	Spouse  First-degree relative	Note1
Director & General Manager	R.O.C.	Shiow-Hua Yang	Female	2005/01/26	1,028,249	0.45%	3,134,085	1.38%	0	0	Department of Home Economics, Shih Chien University Founder, Channel Well Technology Co., Ltd.	Chairman, Lin Da Investment Co., Ltd. Chairman, Hong Yu Investment Co., Ltd. Director, ALDEWORTH LIMITED	Chairman Vice President	Chun-Wei Pan Yan-Cheng Pan	Spouse  First-degree relative	Note1
Director & Vice President	R.O.C.	Yan-Cheng Pan	Male	2015/01/01	230,625	0.10%	0	0.00%	0	0	Ohio State University (USA)/Economic Master, Department of Industrial Engineering and Management, National Taipei University of Technology Procurement Manager, Channel Well Technology Co., Ltd. Special Assistant of Chairman, Channel Well Technology Co., Ltd.	None	Chairman General Manager	Chun-Wei Pan Shiow-Hua Yang	First-degree relative First-degree relative	None
Vice President	R.O.C.	Dao-Sing Pan	Male	1997/01/01	819	0.00%	802	0.00%	0	0	Department of Electronic Engineering, National Chin-Yi University of Technology Rong Ciang Technology Co., Ltd.	None	None	None	None	None
Vice President	R.O.C.	Hao-Jhong Su	Male	1999/09/01	81,035	0.04%	0	0.00%	0	0	Department of Aquaculture, National LuKang Senior High School Sai Yin Technology Co., Ltd.	None	None	None	None	None
Vice President	R.O.C.	Shou-Jheng Chen	Male	2015/02/01	499	0.00%	0	0.00%	0	0	Northrop University (USA)/MSEE Master, Electronic Engineering CHANNEL WELL TECHNOLOGIES (USA), INC.	None	None	None	None	None
Vice President	R.O.C.	Meng-Yu Lyu	Male	2017/03/09	276	0.00%	0	0.00%	0	0	Department of Electrical Maintenance, Daxing Industrial & Commercial School Jin Tai Electronic (Dongguan) Co., Ltd. Bai Wei Electric Co., Ltd.	None	None	None	None	None
Chief Financial Officer & Corporate Governance Officer	R.O.C.	Tan-Chun Yang	Female	2004/02/11	122,517	0.05%	0	0.00%	0	0	Master of Business Administration, Saginaw Valley State University, USA KPMG in Taiwan	None	None	None	None	None

Assistant Manager	R.O.C.	Jhih-Ciang Huang	Male	2014/04/01	1,576	0.00%	0	0.00%	0	0	Department of Electronic Engineering, China University of Science and Technology Hua Jung Electronic Co., Ltd.	None	None	None	None	None
Assistant Manager	R.O.C.	Lyu-Hua Jiang	Male	2014/04/01	991	0.00%	0	0.00%	0	0	Department of Library, Fu Jen Catholic University POTRANS Electrical Corp.	None	None	None	None	None

Note 1: The General Manager or someone with an equivalent job responsibility (the highest-ranking manager) and chairman are the same person, in a marital relationship with each other, or within the first-degree relative should explain the reason, rationality, necessity, and countermeasures.

The company Chairman and General Manager are in a marital relationship. They fully communicate with the directors ordinarily about the company operating situation and planning principle to implement the corporate governance, will add two independent directors in the general shareholders' meeting held on June 27, 2023 to strengthen the function of board of directors and supervision. The company current concrete measures as below:

1. The incumbent two independent directors respectively specialize in financial accounting and legal field. They could bring into full play the supervision function effectively.
2. Arrange the directors to participate in the professional courses of the external agency annually to improve the operation efficiency of the board of directors.
3. The independent directors could fully discuss in the various functional committee and make suggestions for the board of directors reference to implement the corporate governance.
4. More than half of directors of the board of directors do not serve as employees or managerial officers concurrently.



3. Remuneration paid during the most recent year to directors (including independent directors), president and vice presidents

(1) Remuneration Paid to Directors and Independent Directors

Title	Name	Compensation of Directors								Total of (A+B+C+D) and Ratio to Net Income		Compensation Earned by a Director Who is Also Employee								Total of (A+B+C+D+E+F+ G) and Ratio to Net Income		Compensation Paid to Directors from The Parent Company or an Invested Company Other Than The Subsidiary
		Base Compensation (A)		Severance Pay (B)		Compensation to Directors (C) (Note 1)		Allowance (D) (Note 2)				Salary, Bonuses, and Allowances (E) (Note 3)		Severance Pay (F)		Compensation to Employees (G) (Note 1)						
		The Company	All companies in The Consolidated Financial Statement	The Company	All companies in The Consolidated Financial Statement	The Company	All companies in The Consolidated Financial Statement	The Company	All companies in The Consolidated Financial Statement	The Company	All companies in The Consolidated Financial Statement	The Company	All companies in The Consolidated Financial Statement	The Company	All companies in The Consolidated Financial Statement	The Company	All companies in The Consolidated Financial Statement	The Company	All companies in The Consolidated Financial Statement			
Chairman & CEO	Syuan-He Investment Co., Ltd.	0	0	0	0	8,476	8,476	240	240	8,716 1.23%	8,716 1.23%	0	0	0	0	0	0	0	0	8,716 1.23%	8,716 1.23%	None
	Representative: Chun-Wei Pan	0	0	0	0	0	0	0	0	0	0	6,498	6,498	0	0	16,657	0	16,657	0	23,155 3.26%	24,898 3.26%	None
Director & General Manager	Hao Sheng International Investment Co., Ltd.	0	0	0	0	1,511	1,511	240	240	1,751 0.25%	1,751 0.25%	0	0	0	0	0	0	0	0	1,751 0.25%	1,751 0.25%	None
	Representative: Shiow-Hua Yang	0	0	0	0	0	0	0	0	0	0	4,503	4,503	0	0	10,841	0	10,841	0	15,344 2.16%	15,344 2.16%	None
Director & Vice President	Shang Cing Investment Co., Ltd.	0	0	0	0	1,597	1,597	240	240	1,837 0.26%	1,837 0.26%	0	0	0	0	0	0	0	0	1,837 0.26%	1,837 0.26%	None
	Representative: Yan-Cheng Pan	0	0	0	0	0	0	0	0	0	0	2,814	3,398	108	108	8,329	0	8,329	0	11,251 1.58%	11,835 1.67%	None
Director	Jing Fu Investment Ltd. Representative: Sin-Sin She	0	0	0	0	3,232	3,232	720	720	3,952 0.56%	3,952 0.56%	0	0	0	0	0	0	0	0	3,952 0.56%	3,952 0.56%	None

Director	Jhu-Tao Wu																					
Director	Jian-Dong Wu																					
Independent Director	Dong-Rong Huang																					
Independent Director	Cong-Long Jhu	0	0	0	0	3,242	3,242	765	765	4,007 0.56%	4,007 0.56%	0	0	0	0	0	0	0	0	4,007 0.56%	4,007 0.56%	None
Independent Director	Sheng-Fong Ke (Note4)																					

1. Please explain the independent directors' remuneration policies, procedures, standards and structure, as well as the linkage to responsibilities, risks and time spent:  
The compensation paid to Independent Directors is based on Article 21 of Article of Incorporation. According to Article 17-1 regulation, the Board of Directors is authorized to determine the salary based on the extent and value of the services provided for the operating participation of the Corporation which is estimated by the remuneration committee and the standards of the same business.
2. Except for the disclosure in the above table, Directors compensation earned by providing the service (e.g., providing the consulting services as a non-employee) to all consolidated entities in the 2022 financial statement: None.

Note 1: Remuneration paid to directors upon the approval of the Board of Directors on March 14, 2023, to be distributed in the most fiscal year based on the proportion of the remuneration distributed last year for now.

Note 2: It's the traffic allowance paid to the Directors and Functional Committee.

Note 3: It's the salary, bonuses, and the depreciation fee of two company car paid to the Director, who is also the employee.

Note 4: Ke, Cheng-Feng, Independent Director, has resigned as Independent Director, audit committee member and remuneration committee member due to personal reasons on March 29, 2023.

## Remuneration Range Table

Range of Remuneration to Directors	Name			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company	All companies in The Consolidated Financial Statement	The Company	All companies in The Consolidated Financial Statement
Under NT\$1,000,000	None	None	None	None
NT\$1,000,000 ~ NT\$1,999,999	Jing Fu Investment Ltd., Hao Sheng International Investment Co., Ltd.,Shang Cing Investment Co., Ltd.,Jhu-Tao Wu, Jian-Dong Wu, Dong-Rong Huang, Cong-Long Jhu, Sheng-Fong Ke(Note4)	Jing Fu Investment Ltd., Hao Sheng International Investment Co., Ltd.,Shang Cing Investment Co., Ltd.,Jhu-Tao Wu, Jian-Dong Wu, Dong-Rong Huang, Cong-Long Jhu, Sheng-Fong Ke(Note4)	Jing Fu Investment Ltd., Hao Sheng International Investment Co., Ltd.,Shang Cing Investment Co., Ltd.,Jhu-Tao Wu, Jian-Dong Wu, Dong-Rong Huang, Cong-Long Jhu, Sheng-Fong Ke(Note4)	Jing Fu Investment Ltd., Hao Sheng International Investment Co., Ltd.,Shang Cing Investment Co., Ltd.,Jhu-Tao Wu, Jian-Dong Wu, Dong-Rong Huang, Cong-Long Jhu, Sheng-Fong Ke(Note4)
NT\$2,000,000 ~ NT\$3,499,999	None	None	None	None
NT\$3,500,000 ~ NT\$4,999,999	None	None	None	None
NT\$5,000,000 ~ NT\$9,999,999	Syuan-He Investment Co., Ltd.	Syuan-He Investment Co., Ltd.	Syuan-He Investment Co., Ltd.	Syuan-He Investment Co., Ltd.
NT\$10,000,000 ~ NT\$14,999,999	None	None	Representation of Shang Cing Investment Co., Ltd.- Yan-Cheng Pan(Note 1)	Representation of Shang Cing Investment Co., Ltd.- Yan-Cheng Pan(Note 1)
NT\$15,000,000 ~ NT\$29,999,999	None	None	Representation of Syuan-He Investment Co., Ltd.- Chun-Wei Pan(Note 2) , Representation of Hao Sheng International Investment Co., Ltd.- Shioh-Hua Yang(Note 3)	Representation of Syuan-He Investment Co., Ltd.- Chun-Wei Pan(Note 2) , Representation of Hao Sheng International Investment Co., Ltd.- Shioh-Hua Yang(Note 3)
NT\$30,000,000 ~ NT\$49,999,999	None	None	None	None
NT\$50,000,000 ~ NT\$99,999,999	None	None	None	None
Over NT\$100,000,000	None	None	None	None
Total	9	9	12	12

Note 1: The remuneration paid to Yan-Cheng Pan, the representative of Shang Cing Investment Co., Ltd. is for serving as the Deputy General Manager of the Company.

Note 2: The remuneration paid to Chun-Wei Pan, the representative of Syuan-He Investment Co., Ltd. ,is for serving as the Chairman & CEO of the Company.

Note 3: The remuneration paid to Shioh-Hua Yang, the representative of Hao Sheng International Investment Co., Ltd., is for serving as the General Manager of the Company.

Note 4: Ke, Cheng-Feng, Independent Director, has resigned as Independent Director, audit committee member and remuneration committee member due to personal reasons on March 29, 2023.

(2) The remuneration Paid to General Manager and Vice President

Unit: NT\$ thousands

Title	Name	Salary (A)		Severance Pay (B)		Bonuses and Allowances (C) (Note 1)		Employee Bonus (D) (Note 2)				Total of (A+B+C+D) and Ratio to Net Income(%)		Compensation Received from The Parent Company or an Invested Company Other Than The Subsidiary
		The Company	All companies in The Consolidated Financial Statement	The Company	All companies in The Consolidated Financial Statement	The Company		All companies in The Consolidated Financial Statement		The Company	All companies in The Consolidated Financial Statement			
						Cash	Stock	Cash	Stock					
Chairman & CEO	Chun-Wei Pan	18,998	20,300	439	439	1,487	1,487	38,451	0	38,451	0	59,375 8.36%	60,677 8.54%	None
Director & General Manager	Shiow-Hua Yang													
Director & Vice President	Yan-Cheng Pan													
Vice President	Dao-Sing Pan													
Vice President	Hao-Jhong Su													
Vice President	Shou-Jheng Chen													
Vice President	Meng-Yu Lyu													

Note 1: It's the depreciation of company car for parts of managers.

Note 2: Remuneration paid to directors upon the approval of the Board of Directors on March 14, 2023, to be distributed in the most fiscal year based on the proportion of the remuneration distributed last year for now.

### Remuneration Range Table

Range of Remuneration to General Manager and Vice President	Name	
	The Company	All companies in The Consolidated Financial Statement
Under NT\$1,000,000	None	None
NT\$1,000,000 ~ 1,999,999	Dao-Sing Pan	None
NT\$2,000,000 ~ NT\$3,499,999	Hao-Jhong Su, Shou-Jheng Chen, Meng-Yu Lyu	Hao-Jhong Su, Shou-Jheng Chen, Dao-Sing Pan, Meng-Yu Lyu
NT\$3,500,000 ~ NT\$4,999,999	None	None
NT\$5,000,000 ~ NT\$9,999,999	None	None
NT\$10,000,000 ~ NT\$14,999,999	Yan-Cheng Pan	Yan-Cheng Pan
NT\$15,000,000 ~ NT\$29,999,999	Chun-Wei Pan, Shioh-Hua Yang	Chun-Wei Pan, Shioh-Hua Yang
NT\$30,000,000 ~ NT\$49,999,999	None	None
NT\$50,000,000 ~ NT\$99,999,999	None	None
Over NT\$100,000,000	None	None
Total	7	7

### (3) Employees' Bonuses Paid to Management Team

Unit: NT\$ thousands

Title		Name	Stock	Cash (Note 1)	Total	The ratio of Total to Net Income (%)
Manager	Chairman & CEO	Chun-Wei Pan	0	43,614	43,614	6.14%
	Director & General Manager	Shioh-Hua Yang				
	Director & Vice President	Yan-Cheng Pan				
	Vice President	Dao-Sing Pan				
	Vice President	Hao-Jhong Su				
	Vice President	Shou-Jheng Chen				
	Vice President	Meng-Yu Lyu				
	Chief Financial Officer & Corporate Governance Officer	Tan-Chun Yang				
	Assistant Manager	Jhih-Ciang Huang				
	Assistant Manager	Lyu-Hua Jiang				

Note1: Remuneration paid to directors upon the approval of the Board of Directors on March 14, 2023, to be distributed in the most fiscal year based on the proportion of the remuneration distributed last year for now.

(4) Explain the analysis of the ratio of the total remuneration paid to directors, general managers, and vice president to net income of the company and all companies in the consolidated financial statement within the recent two years, and the paid remuneration policies, standards and structure, and procedures, as well as the linkage to the operation performance and the future risks.

A. The analysis of the ratio of the total remuneration paid to directors, general managers, and vice president to net income of the company within the recent two years:

Year Title	2022(Note 1)		2021	
	The Company	All companies in The Consolidated Statement	The Company	All companies in The Consolidated Statement
Director	11.21%	11.39%	9.16%	9.29%
General Manager and Vice President				

Note 1: Remuneration paid to directors upon the approval of the Board of Directors on March 14, 2023, to be distributed in the most fiscal year based on the proportion of the remuneration distributed last year for now.

B. The paid remuneration policies, standards and structure, and procedures, as well as the linkage to the operation performance and the future risks:

(1) The policy, standard and combination of remuneration payment

The directors' remuneration structure included salary and directors' bonus. The compensation refers to travel expenses and the payment to directors performing their duties. In accordance with Article 21 of the Articles of Incorporation, compensation to the directors shall not be more than 3% of profit before tax before deduction of directors' and employees' remuneration in the fiscal year.

The remuneration structure of managers like President and Vice President included salary, bonus, employees' compensation, severance pay, and etc. The managers' salary is based on the position, experience, responsibility, potential contribution and referring to the standard of the same business; the bonus is based on the annual operation and financial performance, operating condition and individual performance; if the company makes profits in the year, profits distributed as employees' compensation shall be 2% of the total profits before deduction of directors' and employees' remuneration in the fiscal year.

The setting of remuneration adheres to related regulations such as the Articles of Incorporation, Measures for the Evaluation of the Board of Directors' Performance, Measures for the Distribution of Directors, Evaluation Management Measures and Measures for the Distribution of Employees, etc., submitted by the Remuneration Committee with consideration of overall operation performance, future trends for the industry and risk assessment and approved by the Board of Directors.

(2) Procedure of setting remuneration

The compensation distributed to employees and directors is in accordance with Article 21 of the Articles of Incorporation, handled in accordance with Remuneration Committee Organization Regulation. Each Director's and Manager's achievement of performance is regularly evaluated, and the content and the amount, along with its performance evaluation and reasonableness, are reviewed by the Remuneration

Committee and submitted to the Board of Directors for approval.

The Director's remuneration is based on the evaluation result in accordance with Measures for the Evaluation of the Board of Directors' Performance, Measures for the Distribution of Directors, and the performance measurements covers six aspects: alignment of the goals and mission of the company, awareness of the duties of a director, participation in the operation of the Company, management of internal relationships and communication, professionalism and continuing education of the directors, and internal control. The specific indicators includes overall operation performance, participation in operation of the Company, contribution to operation, attendance rate, director's shareholding, the responsibility of joint liability and professional performance.

The Manager's remuneration is based on the evaluation result in accordance with Evaluation Management Regulations and Employee's Remuneration Distribution Regulations. The evaluation structure is composed of performance, ability and attitude evaluation. Individual performance evaluation includes financial indicators (such as overall profits, contribution on department profits and achievement of projects, etc.) and non-financial indicators (such as implementation of the Company's core value, abilities of operation management and participation in sustainable business).

(3) Connection between operation performance and future risks

The remuneration of Directors and Managers of the Company includes fixed salary (such as service fee and Manager's salary) and variable income (such as Director's remuneration and employee's bonus and remuneration). The determination of variable income is connected to operation performance of the Company, related performance evaluation and reasonableness are regularly evaluated and reviewed by Remuneration Committee and submitted to the Board of Directors for approval. The payment standard of remuneration policy and analysis of the system refer to not only individual performance achievement and contribution to the Company but also the overall operation performance, future trends for the industry and risk assessment, taking standards of the same business into consideration to ensure the remuneration of managerial level is competitive enough to keep excellent persons, so as to find a balance between sustainable business and risk management. The remuneration of the directors and managers of the company is highly related to the company's operating responsibilities and overall operating performance.

#### 4. Implementation of Corporate Governance

##### (1) Board of Directors Meeting Status

The Board Meeting was convened 8 times (A) in 2022 and in 2023 up to the published date. The directors' attendance status is as follows.

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate in Person (%) [B/A] (Note 1)	Note
Chairman & CEO	Syuan-He Investment Co., Ltd. Representative: Chun-Wei Pan	8	0	100.00%	Reelection on August 3, 2021.
Director & General Manager	Hao Sheng International Investment Co., Ltd. Representative: Shiow-Hua Yang	8	0	100.00%	
Director & Vice President	Shang Cing Investment Co., Ltd. Representative: Yan-Cheng Pan	8	0	100.00%	
Director	Jing Fu Investment Ltd. Representative: Sin-Sin She	8	0	100.00%	
Director	Jhu-Tao Wu	8	0	100.00%	
Director	Jian-Dong Wu	7	0	87.50%	
Independent Director	Dong-Rong Huang	8	0	100.00%	
Independent Director	Cong-Long Jhu	8	0	100.00%	Resigned on March 29, 2023.
Independent Director	Sheng-Fong Ke	6	0	100.00%	

Other mentionable items:

- If the following status occurred, the Board of Directors shall explain the date, period, content, all the independent directors' opinions, and the company's action in response to the opinion:
  - Matters listed in the Securities and Exchange Act 14-3: The Company has established the Audit Committee. For relevant information, please refer to the "Audit Committee Meeting Status" in this Annual Report.
  - Except for the above matters, the other written or otherwise recorded resolutions on which an independent director had a dissenting opinion or qualified opinion: None.
- The implementation status of recusals of Directors due to conflicts of interests shall state name, content, reason, and the voting situation.

Board Meeting Date/Period	Name of director	Resolution	The situation that Directors had a dissenting opinion or qualified opinion and conflicts of interests
March 25, 2022 11th Board 5th Meeting	Chun-Wei Pan, Shiow-Hua Yang, Yan-Cheng Pan, Sin-Sin She, Jian-Dong Wu, Jhu-Tao Wu, Dong-Rong Huang, Cong-Long Jhu, Sheng-Fong Ke	Propose 2022 remuneration recommendation on case of Directors and Managers.	During the voting, the directors of stakeholders all avoided the involvement in the discussion and vote related to the self-interest. The attending Directors unanimously passed the resolution after consulted by the chairman and deputy chairman (Independent Director Huang).
August 9, 2022 11th Board 7th Meeting	Chun-Wei Pan, Shiow-Hua Yang, Yan-Cheng Pan, Sin-Sin She, Jian-Dong Wu, Jhu-Tao Wu, Dong-Rong Huang, Cong-Long Jhu, Sheng-Fong Ke	The proposal of 2021 remuneration distribution of employees and directors.	During the voting, the directors of stakeholders all avoided the involvement in the discussion and vote related to the self-interest. The attending Directors unanimously passed the resolution after consulted by the chairman and deputy chairman (Independent Director Huang).
		Regularly reviewing 2022 performance and	During the voting, the directors of stakeholders all avoided the involvement in the discussion and vote related to the self-interest. The attending Directors unanimously passed the



			remuneration of directors and managers.	resolution after consulted by the chairman and deputy chairman(Independent Director Huang).
December 29, 2022 11th Board 9th Meeting	Chun-Wei Pan, Shiow-Hua Yang, Yan-Cheng Pan, Sin-Sin She, Jhu-Tao Wu, Dong-Rong Huang, Cong-Long Jhu, Sheng-Fong Ke		Regularly reviewing 2022 performance and remuneration of directors and managers.	During the voting,the directors of stakeholders all avoided the involvement in the discussion and vote related to the self-interest. The attending Directors unanimously passed the resolution after consulted by the chairman and deputy chairman(Independent Director Huang).
	Chun-Wei Pan, Shiow-Hua Yang, Yan-Cheng Pan		The company 2022 year-end performance bonus proposal.	During the voting,the managers of stakeholders all avoided the involvement in the discussion and vote related to the self-interest. The attending Directors unanimously passed the resolution after consulted by the chairman and deputy chairman(Independent Director Huang).
March 14, 2023 11th Board 10th Meeting	Chun-Wei Pan, Shiow-Hua Yang, Yan-Cheng Pan, Sin-Sin She, Jian-Dong Wu, Jhu-Tao Wu, Dong-Rong Huang, Cong-Long Jhu, Sheng-Fong Ke		Propose 2023 remuneration recommendati on case of Directors and Managers.	During the voting,the directors of stakeholders all avoided the involvement in the discussion and vote related to the self-interest. The attending Directors unanimously passed the resolution after consulted by the chairman and deputy chairman(Independent Director Huang).

3. Board of Directors' Performance Evaluation Implementation Status

Evaluation Cycles	Evaluation Period	Evaluation Scope	Evaluation Method	Evaluation Aspects
Conducted annually	2022.01.01~2022.12.31	Including performance evaluation of the Board, individual board members and functional committees	Internal questionnaires are used for carrying out internal self-evaluation of the Board, members of the Board and functional committees.	<p>1. The assessed items of the Board of Directors:</p> <p>(1) Involvement in the Company's operation.</p> <p>(2) Enhancement of the quality of the Board of Directors' decision-making.</p> <p>(3) The makeup and structure of the Board of Directors.</p> <p>(4) Election of board members and continuing knowledge development.</p> <p>(5) Internal controls.</p> <p>2. The assessment items of Directors:</p> <p>(1) Grasp of the Company's goals and missions.</p> <p>(2) Awareness of director's duties.</p> <p>(3) Involvement in the Company's operation.</p> <p>(4) Internal relationship operating and communication.</p> <p>(5) Director's professional and continuing knowledge development.</p> <p>(6) Internal controls.</p> <p>3. The assessment items of Functional Committee:</p> <p>(1) Involvement in the Company's operation.</p> <p>(2) Awareness of the Functional Committee's duties.</p> <p>(3) Enhancement of the quality of the Functional Committee's decision-making.</p> <p>(4) The makeup of the Functional Committee and the election of</p>

				members. (5) Internal controls.
<p>4. The target and the implementation situation evaluation for the enhancement of the functions of the Board of Directors (such as the establishment of Audit Committee, increasing the information transparency, etc.) during the current and the recent years:</p> <p>(1) The company holds the Board Meeting at least once a quarter followed the established “Management of Operation of Board Meeting.” In order to enhance the performance of the meeting, the Board of Directors established a “methodology for evaluating the performance of its Board of Directors” to regularly review the function and operating situation of the Board of Directors and functional committee yearly and was reported to the Board Meeting on March 14, 2023. The evaluation method and results were disclosed on the company website.</p> <p>(2) Directors to enhance the company governance function, they completed the training hours followed “Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies.” The training course and hours were published on Market Observation Post System.</p> <p>(3) In the 11th Board 9th Meeting report on December 29, 2022, the company had already purchased the liability insurance for the whole directors and managers and was reported based on regulations.</p> <p>(4) The Company established the corporate governance supervisor and the stock affair specialist on May 10, 2021 to be in charge of the attendance of Directors, training course hours, Acts announcement, functional committee members’ operation, material announcements, and the other matters published to ensure the information was published on Market Observation Post System immediately and correctly. The other master matters were also disclosed on the company website synchronously.</p> <p>(5) The related methods of corporate governance had already been published on Market Observation Post System.</p>				

Note 1: The attendance rate in person (%) was calculated by the Board Meeting frequency and the attendance in person during the incumbency.

## (2) Audit Committee’s 2022 Key Duty and Implementation Status

The Audit Committee was organized by three independent directors, and the meeting would be held at least once a quarter. Mainly assisted the Board of Directors in fulfilling its oversight of the quality and integrity when the company implemented the fair expression of Financial Statement, hiring (dismissal), independence, and performance of CPA, effective implementation of internal control, following the related Acts and Regulations, exist or potential risk control.

### A. Key point of annual work

- a.Regularly communicated with Internal Audit supervisor for the audit results according to the annual audit plan.
- b.Communicate with the CPA for the audit result of the Financial Statements regularly.
- c. Revised and reviewed the law compliance and methods.
- d.Reviewed corporate operation plan.
- e.Reviewed the financial report: The Board of Directors has prepared the Company’s Business Report, Financial Statements, and proposal for earnings distribution and so on. The Aforementioned Financial Statements were audited by independent auditors of Deloitte & Touche CPA Firm with issuance of reports. After audited, there is no discrepancy in the above Business Report, Financial Statements, and proposal for earnings distribution.
- f.Evaluated the effectiveness of its internal control system: Proceeded based on the “Regulations Governing the Establishment of Internal Control Systems by Public Companies”, the implementation result of internal audit plan was approved by Audit Committee; each department's self-evaluated result of internal control system is following the overall evaluated criteria of internal control system effectiveness published by competent authority, and complying with the related laws and regulations. After approved by Audit Committee, it is considered that could reasonable assure the design and operation of internal control system is effective.
- g.Hired CPA: Based on the Article 29 of the “Code of Practice for Corporate Governance, the company annually evaluated the independence and competency of CPA, and established the independence evaluation chart by the content of “The Bulletin of Norm of Professional Ethics for Certified Public Accountant of the Republic of China No.10 Integrity, Objectivity

and Independence” published by CPA Association R.O.C. The Audit Committee approved that CPAs Ze-Li Gong, Jhih-Yuan Chen and Shih-Chieh Chou from Deloitte & Touche both meet the independence evaluation standard and could serve as the Company’s CPAs.

- h. Except the abovementioned key points, the other matters meet the stipulations listed in Article 14-5 of the Securities and Exchange Act, please refer to page 31-32 of the Annual Report Audit Committee Meeting Status.

#### B. Audit Committee Meeting Status

The Audit Committee was convened 7 times (A) in 2022 and in 2023 up to the published date. The indirect directors' attendance status is as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate in Person(%) (B/A) (Note 1)	Note
Independent Director (Convener)	Dong-Rong Huang	7	0	100%	Reelection on August 3, 2021.
Independent Director	Cong-Long Jhu	7	0	100%	
Independent Director	Sheng-Fong Ke	6	0	100%	Resigned on March 29, 2023.

Other mentionable items:

1. If any of the following circumstances occur, the dates of meetings, Terms, contents of motion, resolutions of the Audit Committee and the Company’s response to the Audit Committee’s opinion should be specified:

- (1) Resolutions related to Securities and Exchange Act Article 14-5 (as the following table.)  
(2) Other than the above matters, the other resolutions which were not approved by the Audit Committee but were approved by two-thirds or more of all directors: None.

Audit Committee Date/Period	Resolution
March 25, 2022 2th Audit 5th Committee	1. Approve the proposal of “2021 Business Report and Financial Statements.” 2. Approve the proposal for “distribution of 2021 earnings” 3. Approve the proposals of 2021 “Effectiveness Evaluation Report of Internal Control System ” and "Internal Control System Statement." 4. Approve the proposal to revise “Procedures for Acquisition or Disposal of Assets.” 5. Approve the proposal of changing CPA for the financial statement. 6. Approve the proposal of 2022 appointed auditors and their independent evaluation. 7. Approve the proposal of increasing the investment for the overseas subsidiary and adjusting the group investment structure.
May 11, 2022 2th Audit 6th Committee	1. Approve the proposal of 2022 Q1 consolidated financial statement. 2. Approve the proposal of 2022 appointed auditors on the service fee.
August 9, 2022 2th Audit 7th Committee	1. Approve the proposal of 2022 Q2 consolidated financial statement. 2. Approve the proposal of changing CPA for the financial statement and the evaluation of their eligibility and

		independence.
November 10, 2022 2th Audit 8th Committee	1. Approve the proposal of 2022 Q3 consolidated financial statement. 2. Approve the proposal of “2023 Audit Plan.”	
March 14, 2023 2th Audit 10th Committee	1. Approve the proposal of “2022 Business Report and Financial Statements.” 2. Approve the proposal for “distribution of 2022 earnings” 3. Approve the proposal for the 2022 earnings Distribution of Cash Dividends. 4. Approve the proposals of 2022 “Effectiveness Evaluation Report of Internal Control System ” and "Internal Control System Statement." 5. Approve the proposal of 2023 appointed auditors and their independent evaluation and service fee.	
May 11, 2023 2th Audit 11th Committee	1. Approve the proposal of 2023 Q1 consolidated financial statement. 2. Approve the proposal of the Company is planning to increase investment in NEWWIN INTERNATIONAL CO., LTD. And it's indirect to increase its capital investment in Vietnam company.	
Independent director' s opinions or objections : The independent directors raised no objection, reservation, or the important suggestion for the above proposals.		
The resolution of the Audit Committee: The members of the Audit Committee unanimously approved all the resolutions.		
The company's action in response to the opinion of the Audit Committee: The members of the all Directors unanimously approved all the resolutions.		
2.The implementation status of recusals of Independent Directors due to conflicts of interests shall state name, content, reason, and the voting situation: None.		
3.Descriptions of the communications between the independent directors, the internal auditors, and the independent auditors (which should include the material items, channels, and results of the audits on the corporate finance and operations, etc.)		
(1)The communications between the independent directors and the internal auditors are listed in the table below:		
Audit Committee Date/Period	Communicated Matters	
March 25, 2022 2th Audit 5th Committee	1. 2021 “Effectiveness Evaluation Report of Internal Control System ” and "Internal Control System Statement." 2. 2021/12~2022/02 Audit Report and up to 2022 Q1 audit improvement report.	
May 11, 2022 2th Audit 6th Committee	1. 2022/03 Audit Report implementation status.	
August 9, 2022 2th Audit 7th Committee	1. 2022/04~2022/06 Audit Report and 2022 Q2 audit improvement report.	
November 10, 2022 2th Audit 8th Committee	1. The proposal of “2023 Audit Plan.” 2. 2022/07~2022/09 Audit Report and 2022 Q3 audit improvement report.	
December 29, 2022 2th Audit 9th Committee	1. 2022/10~2022/11 Audit Report and 2022 Q4 audit improvement report.	
March 14, 2023 2th Audit 10th Committee	1. 2022 “Effectiveness Evaluation Report of Internal Control System ” and "Internal Control System Statement." 2. 2022/12~2023/01 Audit Report and 2023 Q1 audit improvement report.	

May 11, 2023 2th Audit 11th Committee	1. 2023/02~2023/03 Audit Report implementation status.
Processing methods and results: 1. The company's internal auditors submit the monthly audit report, and discuss for approval in Audit Committee, and report the audit implementation status to the Directors in the Board Meeting. The independent directors could depend on the situation to ask the internal auditors to provide the supplementary information or hold the meeting for discussion and communications. 2. In 2022 and up to the Annual Report published date, the communications between the independent directors and internal auditors is good.	
(2) The communications between the independent directors and the independent auditors are listed in the table below:	
Date	Communicated Matters
March 25, 2022 The 1st Communication Meeting in 2022	1. Duty of the government department. 2. Audit scope and method. 3. The group audit. 4. Significant risk. 5. Key audit matters. 6. Audit results and conclusions summary. 7. Applicable regulations and Acts introduction for the future. 8. New regulations of Company Act and Securities and Exchange Act. 9. Noticeable matters of 2022 annual meeting of shareholders. 10. Other noticeable important matters.
December 29, 2022 The 2nd Communication Meeting in 2022	1. The duty of governance unit and auditors. 2. Audit scope and method. 3. The group audit. 4. Significant risk. 5. Key audit matters. 6. Audit Quality Indicators for the CPAs.
March 14, 2023 The 1st Communication Meeting in 2023	1. Group Audit and Audit Results Summary. 2. Provide auditor's opinions. 3. New regulations of Company Act and Securities and Exchange Act. 4. Audit Quality Indicators for the CPAs. 5. The pre-approval non-audit services of the governance unit. 6. The pre-approval non-audit services of the governance unit appendix.
Processing methods and results: 1. The CPAs report to Independent Directors on the Company's financial situation, overall operation and audit results. In addition, whether the following items affect the Company shall be fully communicated: audit result, future regulations, new acts, Audit Quality Indicators for the CPAs and the pre-approval non-audit services of the governance unit, etc. They could hold the meeting anytime if there's the material abnormal matters happened. 2. In 2022 and up to the Annual Report published date, the communications between the independent directors and independent auditors are good.	

Note 1: The attendance rate in person (%) was calculated by the Audit Committee frequency and the attendance in person during the incumbency.

(3) The difference between the implementation of Corporate Governance and Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons

Evaluation Item	Implementation Status			The difference from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Explanation	
1. Does the Company follow "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" to establish and disclose its corporate governance practices?	V		The Company established "Code of Practice for Corporate Governance," which included the related regulation for protecting the rights and interests of shareholders, strengthening the powers of the Board of Directors, respecting the rights and interests of stakeholders, enhancing information transparency. Please refer to the company website News/Corporate Governance/Company Major Regulations Inquiry for the Corporate Governance Best Practice Principles.	None
2. Shareholding Structure & Shareholders' Rights				
(1) Does Company have Internal Operation Procedures for handling shareholders' suggestions, concerns, disputes and litigation matters. If yes, has these procedures been implemented accordingly?	V		(1) The company appointed spokesperson and acting spokesperson(s) to handling shareholders' suggestions and concerns. If it's involved in the legal issue, we'll transit to the legal consultants to handle it.	None
(2) Does Company possess a list of major shareholders and beneficial owners of these major shareholders?	V		(2) The Company agent for stock affairs provides shareholders' lists and the related statements regularly; also followed the regulation to disclose the top 10 shareholders list on the company website and the Annual Report.	None
(3) Has the Company built and executed a risk management system and "firewall" between the Company and its affiliates?	V		(3) The Company and its affiliates operated independently. The businesses with each other were processed based on the "consortium, Specified Company, and Related Party Transaction Methods" and "Consortium Management Methods."	None
(4) Has the Company established internal rules prohibiting insider trading on undisclosed information?	V		(4) The Company established the regulations of "Procedures for Prevention of Insider Trading and Handling Material Inside Information" and would promote it	None

			irregularly to prevent the insider violating insider trading due to unfamiliarity with the Acts.	
<p>3. Composition and Responsibilities of the Board of Directors</p> <p>(1) Has the Board established a diversity policy for the composition and specific management goals of its members and implemented it accordingly?</p>	V		<p>(1)According to the regulation of Article 20, Paragraph 3 &amp;4 of the “Code of Practice for Corporate Governance”: The composition of the Board of Directors shall be determined by taking diversity into consideration and formulating an appropriate policy on diversity based on the company's business operations, operating dynamics, anddevelopment needs. It is advisable that the policy include, without being limited to, the following two general standards:</p> <ol style="list-style-type: none"> <li>1. Basic requirements and values: Gender, age, nationality, and culture.</li> <li>2. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, and technology), professional skills, and industry experience.</li> </ol> <p>All members of the Board of Directors shall have the knowledge, skills, and experience necessary to perform their duties. To achieve the ideal goal of corporate governance, the Board of Directors shall possess the following abilities:</p> <ol style="list-style-type: none"> <li>1. Ability to make operational judgments.</li> <li>2. Ability to perform accounting and financial analysis.</li> <li>3. Ability to conduct management administration.</li> <li>4. Ability to conduct crisis management.</li> <li>5. Knowledge of the industry.</li> <li>6. An international market perspective.</li> <li>7. Ability to lead.</li> <li>8. Ability to make policy decisions.</li> </ol> <p>The individual directors' implementation status concerning diversity policy of the member of Board of Director’s and specific management goals, please refer to page 16-18 of the Annual Report. The Company’s “Code of Practice for Corporate Governance” was on</p>	None

(2) Other than the Remuneration Committee and the Audit Committee which are required by law, does the Company plan to set up other functional committees?		V	the company website for reference. (2)According to the Company's actual requirement status, we only established Remuneration Committee and Audit Committee currently and haven't established the other functional committees yet.	Depends on the actual requirement.
(3) Has the Company established methodology for evaluating the performance of its Board of Directors, on an annual basis, reported the results of performance to the Board of Directors, and use the results as a reference for directors' remuneration and renewal?	V		(3)The Company had already established the Board of Directors performance evaluation, which ruled to take the individual directors' performance evaluation result as a reference of the election; to implement the internal Board of Directors performance evaluation once a year. 2022 Board of Directors, Directors, and the functional committee performance evaluation was completed in January 2023 and was reported to the Board Meeting on March 14, 2023, and the evaluation results are as below: 1. The entire score of self-evaluation for the Board of Directors performance is 99 (total is 100.) 2. The entire average score of self-evaluation for members of the Board of Directors performance is 99.22 (total is 100.) 3. The entire score of self-evaluation for the functional committee performance is 100 (total is 100.) The entire 2022 performance evaluation of the Board of Directors and the functional committee is operating efficiently.	None
(4) Does the Company regularly evaluate its external auditors' independence?	V		(4)The Company conducts regular evaluations of the independence and suitability of certified public accountants (CPAs). In addition to obtaining a declaration of independence from the CPAs and referring to Audit Quality Indicators (AQIs), The Company assesses their performance. The evaluation results are reported to the Audit Committee and the Board of Directors. In the most recent evaluation, the CPAs were found to comply with the independence requirements as detailed in Note 1. This was approved by the Audit Committee and the Board of Directors on March 14, 2023.	None
4. Does the Company appoint competent and appropriate corporate governance personnel and corporate governance officer to be in charge of corporate	V		According to the approved resolution of the Board of Directors on May 10, 2021, the Company set up the corporate governance supervisor who is concurrently by the Chief Financial Officer. The corporate governance	None



governance affairs (including but not limited to furnishing information required for business execution by directors, supervisor, assisting directors' compliance of the law, handling matters related to board meetings and shareholders' meetings according to law, and recording minutes of board meetings and shareholders' meetings)?		<p>supervisor has experience in financial, legal, and stock-related matters in a public company for more than three years.</p> <p>The following matters are responsible for handling in common by the corporate governance supervisor and the stock affair department:</p> <ol style="list-style-type: none"> <li>1. The meeting-related matters of Board Meeting and Shareholders' Meeting.</li> <li>2. Record the meeting minutes of the Board Meeting and Shareholders' Meeting.</li> <li>3. Assist the directors to take up a post and continuous further education.</li> <li>4. Provide the information for directors to implement the business.</li> <li>5. Assist the directors to follow the Acts.</li> <li>6. Other matters which were established in the company regulations or contracts.</li> </ol> <p>According to the approved resolution by the Board of Directors on May 10, 2021, the Company revised the "Procedures for Dealing with Directors Requirement."</p> <p>The corporate governance supervisor and stock affair department provide the information for Directors to implement the business and follow the regulations and Acts to assist the directors in implementing the duty and enhancing the effectiveness of the Board of Directors.</p> <p>The corporate governance supervisor implemented the related operation of the above responsibilities, and completed 15 training hours in 2022. Please refer to page 53 of the Annual Report.</p>	
<p>5. Has the Company established a means of communicating with its Stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) or created a Stakeholders Section on its Company website?</p> <p>Does the Company respond to stakeholders' questions on corporate responsibilities?</p>	V	<p>The Company established the Stakeholder Contacts' phone numbers and email address on the Investor Relation website: <a href="http://www.cwt.com.tw">www.cwt.com.tw</a>. The responsible person would timely reply to the focus issue of stakeholders (investor, loaner, customer, consumer, supplier, employee, stakeholders with community or company) and keep the unimpeded communication channel. There is also an accusation mail address: <a href="mailto:suggestion@mail.cwt.com.tw">suggestion@mail.cwt.com.tw</a> for internal and external persons to accuse the violation of honest conduct.</p> <p>The Company's communication with stakeholders for 2022 was reported at the Board of Directors' meeting on May 11, 2023 and disclosed on the Company's website.</p>	None

6. Has the Company appointed a professional registrar for its Shareholders' Meetings?	V		The Company appointed “Fubon Securities Co., Ltd. Stock Agency Department.” to deal with the Shareholders’ Meeting matters.	None
7. Information disclosure (1) Has the Company established a corporate website to disclose information regarding its financial, business and corporate governance status?	V		(1) The Company set up Chinese and English websites to establish the financial and business information and have the responsible person maintain it. The listed information is detailed and reliable, correct, and update immediately. The website address: www.cwt.com.tw	None
(2) Does the Company use other information disclosure channels (e.g., maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference, etc.)?	V		(2) The Company has a responsible person to collect and disclose the company information. Except to disclose the information on Market Observation Post System regularly and irregularly, and designate the Chief Financial Officer to be the spokesperson for the external communication and release the major information.	None
(3) Does the Company announce and report the annual financial statements within two months after the end of the fiscal year, and announce and report the first, second, and third-quarter financial statements as well as the operating status of each month before the prescribed deadline?	V	V	(3) Before the expired date based on the regulations and Acts, the Company completed the published and declaration of the annual financial report, the financial report of Q1, Q2, and Q3, and the operation status of each month.	Depend on the actual operating schedule to publish and declare the annual financial report earlier
8. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors)?	V		(1) Employee rights and interests: The Company treats the employee with honesty and protects the employee's legal rights and interests based on the Labor Standards Act. (2) Employee care: To build a good relationship with mutual trust and interdependence by the welfare policy of enriching the employee’s life and excellent education training. e.g., to subsidy the employee club activities and provide the culture and sports entertainment, health examination and treatment allowance and medical counseling, provide the employee external dormitory, the daily care of employee in the dormitory. (3) Investor relationship: Had	None  None  None

			<p>established the responsible person to deal with the shareholder's suggestions.</p> <p>(4) Suppliers relationship: The Company keeps maintaining a good relationship with suppliers.</p> <p>(5) Stakeholder rights: In the "Management of Operation of Board Meeting," the directors should avoid the stakeholder's proposal. So far, the related directors avoided this kind of proposal based on the regulations.</p> <p>(6) The status of further education for directors: The Company actively encourages the directors to join the further education course. Please refer to pages 51-52 in this Annual Report.</p> <p>(7) Risk management policy and the implementation status of risk measure standard: The Company established Internal Control System and the various internal regulations according to the law and process the evaluation of implementation status regularly.</p> <p>(8) The implementation status of customer policy: The Company established the customer complaint operation procedure to dealing with the customer complaint issue. Differentiate the problem appropriately and the attribution of responsibility, take the rapid and efficient countermeasure and provide preventive measures to prevent similar issues.</p> <p>(9) The status of purchasing the liability insurance for directors: The Company purchased the liability insurance for directors and managers. The insurance situation was reported to the Board of Directors on December 29, 2022, and completed the declaration matters, Please refer to page 53 of the Annual Report.</p>	<p>None</p> <p>None</p> <p>None</p> <p>None</p> <p>None</p> <p>None</p>
<p>9. The improvement status for the result of the Corporate Governance Evaluation announced by the Taiwan Stock Exchange Corporation in recent years. It provided the Optimization enhancement matters and measures for the unimproved.</p> <p>(1) After the evaluation results published every year, the Company would review the items that had not reached the evaluation standard and kept adjusting and improving to implement. For the adoption of the other standard items, the Company would continue to evaluate and discuss.</p> <p>(2) Follow the corporate governance evaluation to strengthen the adjustment and update of the Annual Report and increase the disclosure for the linked revised important items on the company website</p>				

like the specific management goal and implementation status of the Board diversity policy, the performance evaluation and the remuneration of the directors and managers, and etc.

Notel:The evaluation standards for the independence and suitability of auditors and members of the audit committee are as follows:

Independence evaluation Item	Evaluation Result	Independence or not
1. Whether the member of the audit committee and its spouse and dependents have a direct or material indirect financial interest in the company?	No	Yes
2. Whether the member of the audit committee and its spouse and dependents have the impaction for the independent business relationships with the company or its directors, supervisors, or managers?	No	Yes
3. During the auditing, whether the member of the audit committee and its spouse and dependents serve as the company's director, supervisor, or manager or is in a key position to exert significant influence over the audit?	No	Yes
4. Whether the member of the audit committee have the relationship of the spouse, direct blood, direct relative by marriage, or the collateral relatives in the second-degree relatives with the company's directors, supervisors, or managers?	No	Yes
5. Whether the member of the audit committee accepts gifts or preferential treatment (the value over the general social etiquette standard) from the company's director, supervisor, managers, or major stockholder?	No	Yes
6. When the necessary independence/conflicts of interest process have been implemented, whether the member of the audit committee find the independence matter violation or unsolved conflict of interest?	No	Yes

Suitability evaluation Item	Evaluation Result	Suitability or not
1. Whether the independent auditors and senior auditors possess sufficient auditing experience to conduct the audit.	Yes	Yes
2. Whether the independent auditors and senior auditors receive sufficient education and training each year to continuously acquire professional knowledge and skills.	Yes	Yes
3. Whether the accounting firm maintains sufficient senior personnel.	Yes	Yes
4. Whether the accounting firm possesses sufficient professional personnel to support the audit team.	Yes	Yes
5. Whether the work load of independent auditors is appropriate.	Yes	Yes
6. Whether the number of hours invested by audit team members at each stage of the audit is appropriate.	Yes	Yes
7. Whether the case quality review auditor invests sufficient hours in the review of audit cases.	Yes	Yes
8. Whether the accounting firm possesses sufficient quality control personnel to support the audit team.	Yes	Yes
9. Whether the proportion of non-audit service fees charged by the accounting firm will not affect independence.	Yes	Yes
10. Whether the certified financial reports and audit services provided by the accounting firm will not affect independence.	Yes	Yes
11. For external reviews of deficiencies and penalties, whether the quality control by the accounting firm is conducted according to related laws and standards.	Yes	Yes
12. For improvements ordered by the competent authority, whether the quality control by the accounting firm is conducted according to related laws and standards.	Yes	Yes
13. Whether the accounting firm adopted or formulated any initiatives or plans to improve audit quality in the last 3 years.	Yes	Yes

(4) The composition, responsibility, and operating status of the remuneration committee:

The Company designated Independent Director, Dong-Rong Huang, Cong-Long Jhu, and Sheng-Fong Ke to be the 5<sup>th</sup> remuneration committee members, which was approved in the Board Meeting on August 11, 2021., and Dong-Rong Huang was recommended to be the Chair of the remuneration committee.

The responsibilities of remuneration committee are to establish and regularly review the performance goals of the company directors and managers, and the policy, rule, standard and structure of remuneration; evaluate the achieved status of performance goals and establish its individual remuneration. The committee shall exercise the due care of a good administrator in conducting its responsibilities, and submit the suggestion to the Board of Director for reference.

A. Information of the remuneration committee member:

May 11, 2023

Criteria Identification Name		Professional qualifications and experience	Independent status	Number of Other Public Companies Concurrently Serving as a Compensation Committee Member
Independent Director (Convener)	Dong-Rong Huang	Please refer to page 16 of the Annual Report Disclosure of Professional Qualifications of Directors and Independence of Independent Directors		1
Independent Director	Cong-Long Jhu			1
Independent Director	Sheng-Fong Ke (Note1)			0

Note1: Ke, Cheng-Feng, Independent Director, has resigned as Independent Director and remuneration committee member due to personal reasons on March 29, 2023.

B. Operation status of Remuneration Committee

- a. There are 3 members in the remuneration committee.
- b. Current Term: From August 11, 2021 to August 2, 2024. The remuneration committee held four times (A) in 2022 up to the published date of 2023 annual report. The qualifications and attendance of the members are shown as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate in Person (%) (B/A) (Note 1)	Note
Convener	Dong-Rong Huang	4	0	100%	Was appointed by The Board of Director on August 11,2021.
Member	Cong-Long Jhu	4	0	100%	
Member	Sheng-Fong Ke	4	0	100%	Resigned on March 29,2023.

Other mentionable items:

1. If the Board of Directors didn't adopt or modify the suggestion of the remuneration committee, it should be stated the Board Meeting date, period, content, result, and response to the opinion of the remuneration committee. (If the Board of Directors approved the remuneration better than the suggestion of the remuneration committee, it should be stated the difference and reason): None.
2. If there were written or otherwise recorded resolutions on which a member of the remuneration committee had a dissenting opinion or qualified opinion, it should be stated the Remuneration Meeting date, period, content, and all members' opinions and responses: None.
3. Major resolutions of Remuneration Committee in 2022 up to the published date of 2023 Annual Report as the following table:

Remuneration Committee Date/Period	Content and Treatment
March 25, 2022 5 <sup>th</sup> Remuneration 2 <sup>th</sup> Committee	1. Approve the proposal of 2021 remuneration distribution amount of employees and directors. 2. Approve the proposal of 2022 remuneration of directors and managers.
August 9, 2022 5 <sup>th</sup> Remuneration 3 <sup>th</sup> Committee	1. Approve the proposal of 2021 remuneration distribution of employees and directors. 2. Approve the proposal of regularly reviewing 2022 performance and remuneration of directors and managers.
December 29, 2022 5 <sup>th</sup> Remuneration 4 <sup>th</sup> Committee	1. Approve the proposal of regularly reviewing 2022 performance and remuneration of directors and managers. 2. Approve the proposal of 2022 year-end bonus provision. 3. Approve the proposal of 2022 remuneration of employees and directors provision.
March 14, 2023 5 <sup>th</sup> Remuneration 5 <sup>th</sup> Committee	3. Approve the proposal of 2022 remuneration distribution amount of employees and directors. 4. Approve the proposal of 2023 remuneration of directors and managers.

The resolution result of the Remuneration Committee: The above proposals were approved by the all remuneration committee members.

The company's action which is regarding the Remuneration Committee: Agreed and approved by all attendant Directors.

Note 1: The attendance rate in person (%) was calculated by the Remuneration Committee frequency and the attendance in person during the incumbency.

(5) Promotion of Sustainable Development and Deviations from the “Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies “

Promoted items	Implementation Status			Deviations from the “Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies “ and Reasons
	Y es	N o	Explanation	
1.Does the Company establish a governance structure to promote sustainable development, established a dedicated (part-time) unit to promote sustainable development; and did the Board of Directors authorize senior management to handle it and report?	V		<p>(1) In order to implement the promotion of sustainable development, the Company expects to establish the governance framework of the Corporate Sustainability Committee in 2023. The Board of Directors will approve the appointment of the Executive Vice President as the chairman of the Corporate Sustainability Committee, and the General Manager's Office will be a concurrent unit to set up a "Sustainable Development Promotion Group", which will be responsible for proposing and implementing sustainable development policies, systems or related management guidelines and specific promotion plans to ensure the implementation of sustainable development policies, and will prepare a sustainability report every year from 2023 onwards, and will disclose the relevant promotion situation on the Company's official website and MOPS.</p> <p>(2) The governance framework of the Corporate Sustainability Committee is led by the chairman of the Committee, leading the first-level executives to implement various sustainability management, and sets up three functional sub-groups under the Committee, including the Corporate Governance and Economic Group, the Environmental Group, and the Social Group.</p> <p>(3) The concrete plans and status of the Company's promotion of sustainable development are as follows:</p>	None

			<p>1. As of April 30, 2023, the ESG Task Force has held eight educational training courses, with 141 participants and 423 hours of discussion and report preparation.</p> <p>2. Based on the GRI standards issued by the Global Reporting Initiative, the Chinese version of the 2022 Sustainability Report is expected to be completed by the end of September 2023.</p> <p>(4) The Company promotes sustainable development, emphasizes environmental, social and corporate governance factors and takes into account the interests of stakeholders, and incorporates them into its management policies and operational activities, and reports the effectiveness of the promotion and implementation to the Board of Directors at least once per year, and the Board of Directors should continue to pay attention to sustainable development strategies, make timely recommendations, and urge the functional sub-groups to make adjustments when necessary.</p>	
2.Does the Company follow the materiality principle to conduct a risk assessment for environmental, social and corporate governance topics related to company operation and establish risk management related policy or strategy?	V		<p>(1) This disclosure covered the Company's sustainable development performance from January 2022 to December 2022, and the risk assessment boundary was set mainly for the Taiwan head office and CHANNEL WELL TECHNOLOGY (Guangzhou) Co., Ltd.</p> <p>(2) The assessment criteria, process, results, and risk management policies or strategies for identifying material environmental, social, and corporate governance-related issues, in conjunction with the preparation of the 2022 Sustainability Report, are still in progress and are expected to be completed by the end of September 2023.</p>	None
<p>3.Environmental Issues</p> <p>(1) Does the Company establish an appropriate environmental management system according to its industrial characteristics?</p>	V		<p>(1) To meet the international trends and customer requirements, the Group business unit progressively carried out and obtained the verification of</p>	None



<p>(2) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?</p> <p>(3) Does the company evaluate current and future climate change potential risks and opportunities and take measures related to climate-related topics?</p> <p>(4) Does the company collect data for greenhouse gas emissions, water usage and waste quantity in the past two years, and set energy conservation, greenhouse gas emissions reduction, water usage reduction and other waste management policies?</p>	<p>V</p> <p>V</p> <p>V</p>		<p>ISO9001,ISO14001,ISO45001,IAT F 16949 and IECQ QC 080000.</p> <p>(2) The Company is dedicated to waste sorting and recycling and appointed a qualified supplier to process the waste recycling operation.</p> <p>(3) The Company encouraged to reuse the resource, e.g., to set up the paper recycle box next to the printer to reuse it, print out the paper with double sides and induct the electronic approval to reduce the consumption of paper; turn off the light while the lunchtime and off duty, and adjust the temperature of conditioner based on the season to reduce the consumption of power; also, promote the energy-saving and carbon reduction in the office to mitigate the global warming.</p> <p>(4) The Company paid attention to the various issue about energy-saving and carbon reduction and greenhouse gas reduction and appointed the inspection company to monitor the CO2 operation environment on October 20, 2022 and April 17, 2023, which were all compliance requirements.</p>	<p>None</p> <p>None</p> <p>None</p>
<p>4.Social Issues</p> <p>(1) Does the company set policies and procedures in compliance with regulations and internationally recognized human rights principles?</p> <p>(2) Has the company established appropriately managed employee welfare measures (include salary and remuneration, leave and others) and link operational performance or achievements with employee salary and remuneration?</p>	<p>V</p> <p>V</p>		<p>(1) According to the Labor Standards Act, Sexual Harassment Prevention Act, and Act of Gender Equality in Employment, the Company established the employee-related management rules and processed the labor insurance, National Health Insurance, and employee retirement based on the law; also, established Sexual Harassment Complaints Hotline: 03-2220268#298, and email address: cwt-hr@mail.cwt.com.tw.</p> <p>(2) The Company established the employee remuneration, welfare measures according to the Labor Standards Act and the related regulations to protect employees' legal rights and interests and established the counseling email address for the company operation trend promotion and unimpeded employee communication channel: suggestion@mail.cwt.com.tw. The Company Acts mentioned that</p>	<p>None</p> <p>None</p>

<p>(3) Does the company provide employees with a safe and healthy working environment, with regular safety and health training?</p>	V		<p>if it was a profit-earning year, the Company should appropriate more than 2% for the remuneration to the company employee who meets certain conditions and distribute it based on the annual performance.</p> <p>(3) The Company set up the access control and hired the security guards to maintain the staff safety in the office building, held the employee health examination regularly, maintenance of elevator equipment, clean and sanitize the working environment, safety inspection of building fire-prevention refuge facilities and equipment, and self-guard fire protection grouping training. Hold the new employee training and the safety and health education lectures irregularly to strengthen the employee cognitive ability and reduce the accident happened caused by unsafe behavior.</p>	None
<p>(4) Has the company established effective career development training plans?</p>	V		<p>(4) The Company encourages all employees to participate in internal or external lectures and seminars to raise employees' diversification career development ability.</p>	None
<p>(5) Does the company's products and services comply with relevant laws and international standards in relation to customer health and safety, customer privacy, and marketing and labeling of products and services, and are relevant consumer protection and grievance procedure policies implemented?</p>	V		<p>(5) The Company followed the related regulations and established the Investor Relation area on the website, provided the products, investment, stakeholders inquiry, and the contacts of investor relations and stakeholders, and the responsible person would handle the various issues appropriately.</p>	None
<p>(6) Does the company set supplier management policy and request suppliers to comply with related standards on the topics of environmental, occupational safety and health or labor rights and their implementation status?</p>	V		<p>(6) The group business units established suppliers management regulation and suppliers evaluation management procedure to make the supplier understand and meet the Company requirement of environmental protection, quality, corporate responsibility and sign the supplier trading agreement, quality trading agreement, and environmental protection guarantee, following the related regulations to give the efforts on the environmental protection and raise the corporate social responsibility. If there's any violation, the Company could immediately terminate the cooperation with the supplier and</p>	None

			claim compensation for damage.	
5. Does the Company refer to internationally standards/guidelines in the preparation of its reports, such as Sustainability Report, that disclose non-financial information? Has the Company obtained a third-party verification or assurance opinion on previously-disclosed reports?	V		The Company expects to complete the preparation of the Chinese version of the 2022 sustainability report by the end of September 2023, based on the GRI standards issued by the Global Reporting Initiative. The first year of preparation has not yet obtain third-party assurance or certification.	None
6. If the company has its own sustainable development best practice principles formulated in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies", please describe the differences between its operations and the said principles: CWT hasn't established the "Sustainable Development Best Practice Principles" The practical operation is based on the spirit of " Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies", There's no major difference.				
7. Other important information for the understanding of the Company's promotion/implementation of sustainable development: The company is dedicated to the environmental protection, energy saving and carbon reduction, labor occupational safety, charitable event, and etc. Also constantly pay attention to the various new issue and trend evolvement to be the goal and direction for the enterprise sustainable development implementation. The implementation status showed as below: (1) The internal Company is dedicated to developing the paperless electronic approval process to reduce paper consumption. (2) Carried out the waste sorting actively to raise the rate of recycling and reusing. (3) Processed the monitoring and management operation according to the Occupational Safety and Health Act to provide the employee a safe working environment. (4) Actively involve in community activities, assist underprivileged group, and charitable events, and donated the tuition fees to the junior (senior) high and elementary school at the remote site and other social welfare institutions to help the group that needs to have cared for by the heart with social concern.				

(6)The difference between the implementation of Corporate Conduct and Ethics and Corporate Conduct and Ethics Best Practice Principles for TWSE/TPEX Listed Companies and reasons

Evaluation Item	Implementation Status			The difference from Corporate Conduct and Ethics Best Practice Principles for TWSE/TPEX Listed Companies and reason
	Yes	No	Explanation	
1.Establishment of Corporate Conduct and Ethics Policy and Implementation Measures				
(1)Does the company have a clear ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?	V		(1)The company’s “Code of Integrity Management” was revised and approved in the Board Meeting on March 24, 2021. The company engages in commercial activities following the principles of fairness, honesty, faithfulness, and transparency. In order to fully implement a policy of ethical management and actively prevent unethical conduct, irregularly promote to the company staff understand the regulations, prevent unethical behavior during the business implementation, and transmit the importance of ethical policy implementation to create a business environment of sustainable development, the related regulations were reported on MOPS and published on the company website.	None
(2)Whether the company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in Article 7 Paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?	V		(2)The “Code of Integrity Management” ruled to prohibit unethical behavior included to provide or receive improper benefits, providing and promise the facilitating payment, providing an illegal political contribution, improper charitable donations or sponsorships, damage the stakeholders’ rights and interests, disclosure of confidential information, unfair competitive behaviors, and insider trading, and promote the relative staffs to follow and implement the ethical policy.	None
(3)Whether the company has established relevant policies that are duly enforced to prevent unethical conduct, provided implementation procedures, guidelines, consequences of violation and complaint procedures, and periodically reviews and revises such policies?	V		(3)The “Code of Integrity Management” regulated the matters that need to be noticed, processing procedure, report system, reward and punishment, grievance system, and disciplinary measure for the company employees during the business implementation, and published on the company website and integrated the concept into the daily	None

			operation. Pay attention to the updated regulations and Acts anytime to review and adjust them to implement. The company directors and managers should take ethical management as the priority principle and should recuse themselves from the trading or decision involved self-benefit.	
2.Ethic Management Implementation				
(1)Whether the company has assessed the ethics records of whom it has a business relationship with and include business conduct and ethics-related clauses in the business contracts?	V		(1)The Company engages in commercial activities following the principles of fairness, honesty, faithfulness, transparency, and regulated the employees should avoid developing the commercial business with the agent, supplier, customer, or other counterparties in commercial dealings involved in unethical conduct. Suppose another counterparty in a business relationship or commercial dealings were found unethical conduct. In that case, the commercial relationship should be terminated and listed as the severed communication to implement the company ethical management policy.	None
(2)Whether the company has set up a unit which is dedicated to promoting the company's ethical standards and regularly (at least once a year) reports directly to the Board of Directors on its ethical corporate management policy and relevant matters, and program to prevent unethical conduct and monitor its implementation?	V		(2)The Company has not set up a unit that is dedicated to promoting the company's ethical standards. The "Code of Integrity Management" dedicated the auditor to be as the unit, which is affiliated with the Board of Directors, to transact the related operations, like the revision, implementation, explanation, counseling service, and recording and filing the report content and monitor to implement it; the 2022 implementation status was reported to the Board of Directors on December 29, 2022.	Depends on the actual requirement
(3)Whether the company has established policies to prevent conflict of interests, provide appropriate communication and complaint channels and implement such policies properly?	V		(3)The Company established the related clauses of preventing the conflict of interest in the "Code of Integrity Management" and "employment contract" to provide the introduction of the whole regulations for employees; set up the accusation email address: suggestion@mail.cwt.com.tw to provide the unimpeded reporting and declaration channel.	None
(4)To implement relevant policies on ethical conduct, has the company established effective accounting and internal control systems, audit plans based on the assessment of unethical conduct, and have its ethical conduct program audited	V		(4)The Company established the accounting system and internal control system to ensure the effectiveness of the financial report process and internal control. According to the risk assessment results, the auditor drafted the audit plan, would implement the	None

by internal auditors or CPA periodically?			auditor regularly, and report the auditor results to the Audit Committee and Board of Directors. Through the self-evaluation of the annual internal control, all departments should self-review the internal control system and ensure system design and implementation effectiveness.	
(5) Does the company provide internal and external ethical conduct training programs on a regular basis?	V		(5) Through the new employee orientation to illustrate the related regulations of the company internal website and sign the employment contract. Announce the concept of ethical management irregularly and integrate it into the daily operation to clearly understand the ethical management ideas, regulations, and importance for employees. Education and training courses related to ethical management issues (including courses on ethical management policies, prevention of insider trading and compliance with laws and regulations) totaled 291 participants and 179.5 hours in 2022.	None
3. Complaint Procedures Implementation				
(1) Does the company establish specific complaint and reward procedures, set up conveniently accessible complaint channels, and designate responsible individuals to handle the complaint received?	V		(1) The “Code of Integrity Management” designated the auditor to be a dedicated unit and established the accusation email address: suggestion@mail.cwt.com.tw to provide the unimpeded reporting and declaration channel.	None
(2) Whether the company has established standard operating procedures for investigating the complaints received, follow-up measures after investigation are completed, and ensuring such complaints are handled in a confidential manner?	V		(2) Article 21 of the “Code of Integrity Management” established the accusation processing procedure and should reserve the documentation of case acceptance, investigation processes, and investigation results, which would be transacted by the dedicated unit and reported to the Board of Directors, and keep confidential on the reporter and the content.	None
(3) Does the company adopt proper measures to prevent a complainant from retaliation for his/her filing a complaint?	V		(3) Article 21 of the “Code of Integrity Management” established the related person dealing with the accusation matters should be confidential of the identity of whistle-blowers and the content of reported cases as the written declaration. The Company also should promise to measure for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing.	None
4. Information Disclosure				

(1) Does the company disclose its guidelines on business ethics as well as information about the implementation of such guidelines on its website and Market Observation Post System?	V		The Company disclosed the “Code of Integrity Management” on the website and the MOPS and disclosed the implementation status in the Annual Report.	None
5. If the company has established corporate governance policies based on Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancy between the policies and their implementation: No material difference.				
6. Other material information that contributed to understanding the implementation status of ethical management: Please refer to MOPS or the company website to inquiry the related information of the company’s “Code of Integrity Management”				

- (7) If the company established the corporate governance principles and the related rules, it should be disclosed the inquiry method:

Please refer to the company’s website for the “Corporate Governance” area to inquiry and download the related rules.

The website address: <http://www.cwt.com.tw/>

- (8) Other important information to understand the implementation of corporate governance should also be disclosed:

A. Continuing Training of Directors:

Title	Name	Date	Organizer	Training Course	Hours
Representative of Corporate Director	Chun-Wei Pan	2022/11/10	Taiwan Corporate Governance Association	The ESG Legal Issues Faced by Board of Directors	3.0
				"Net Zero", "Carbon Neutrality", and Corporate Legal Compliance	3.0
Representative of Corporate Director	Shiow-Hua Yang	2022/11/10	Taiwan Corporate Governance Association	The ESG Legal Issues Faced by Board of Directors	3.0
				"Net Zero", "Carbon Neutrality", and Corporate Legal Compliance	3.0
Representative of Corporate Director	Yan-Cheng Pan	2022/11/10	Taiwan Corporate Governance Association	The ESG Legal Issues Faced by Board of Directors	3.0
				"Net Zero", "Carbon Neutrality", and Corporate Legal Compliance	3.0
Representative of Corporate Director	Sin-Sin She	2022/11/10	Taiwan Corporate Governance Association	The ESG Legal Issues Faced by Board of Directors	3.0
				"Net Zero", "Carbon Neutrality", and Corporate Legal Compliance	3.0
Director	Jhu-Tao Wu	2022/11/10	Taiwan Corporate Governance Association	The ESG Legal Issues Faced by Board of Directors	3.0
				"Net Zero", "Carbon Neutrality", and Corporate Legal Compliance	3.0

Director	Jian-Dong Wu	2022/05/18	Taiwan Corporate Governance Association	Trendy ESG/CSR and Sustainable Governance in 2022	3.0
		2022/11/10	Taiwan Corporate Governance Association	The ESG Legal Issues Faced by Board of Directors	3.0
				"Net Zero", "Carbon Neutrality", and Corporate Legal Compliance	3.0
Independent Director	Dong-Rong Huang	2022/08/09	Taiwan Corporate Governance Association	Share of Examples of Family Succession and Approaches	3.0
		2022/09/20	CPA Association R.O.C.	Global Tax Reform and Family Wealth Succession	3.0
		2022/11/10	Taiwan Corporate Governance Association	The ESG Legal Issues Faced by Board of Directors	3.0
				"Net Zero", "Carbon Neutrality", and Corporate Legal Compliance	3.0
		2022/11/11	Securities and Futures Institute, SFI	Derivatives Trading Strategy and Market Prospects Conference	3.0
Independent Director	Cong-Long Jhu	2022/10/06	Taipei Exchange, TPEX	2022 Publicity and Explanation Meeting on Guidance for Independent Directors and Audit Committee Exercising	3.0
		2022/11/08	Taiwan Corporate Governance Association	Analysis of the Act and Taxation of Repatriated Offshore Funds	3.0
				How to Design Governance and Management and Make Succession No Longer an Obstacle for Sustainable Business	3.0
		2022/11/10	Taiwan Corporate Governance Association	The ESG Legal Issues Faced by Board of Directors(Lecturer)	1.0
				"Net Zero", "Carbon Neutrality", and Corporate Legal Compliance(Lecturer)	1.0
Independent Director	Sheng-Fong Ke	2022/11/10	Taiwan Corporate Governance Association	The ESG Legal Issues Faced by Board of Directors	3.0
				"Net Zero", "Carbon Neutrality", and Corporate Legal Compliance	3.0



B. Continuing Education of Governance Managers of the Company in 2022:

Name	Date	Organizer	Training Course	Hours
Tan-Chun Yang Chief Financial Officer & Corporate Governance Officer	2022/03/15	Securities and Futures Institute, SFI	Supervising the Corporate Risk and Crisis by Directors and Supervisors	3
	2022/08/25	Taipei Exchange, TPEX	Internal Shareholding of Listing and Emerging Stock Companies Promotion Conference	3
	2022/11/10	Taiwan Corporate Governance Association	The ESG Legal Issues Faced by Board of Directors	3
	2022/11/10	Taiwan Corporate Governance Association	"Net Zero", "Carbon Neutrality", and Corporate Legal Compliance	3
	2022/11/11	Securities and Futures Institute, SFI	Derivatives Trading Strategy and Market Prospects Conference	3

C. Certification of Financial, Auditor, Accounting:

Title	Name	Certification
Chief Financial Officer & Corporate Governance Officer	Tan-Chun Yang	Certified Internal Auditor
Financial Section Manager	Ming-Jie Chang	Senior Professional and Technical of Certified Public Accountants

D. The Company Purchased D&O Insurance for its Directors and Managers:

Insured Person	Insurance Company	Insured Amount (Unit: NT\$)	Insured Period (Start/End Date)
Directors and Managers	Fubon Insurance Co., Ltd.	US\$ 5,000,000 (Equal NT\$153,350,000)	Start: 2022/12/01 End: 2023/12/01

(9) Internal Control System Implementation Status

A. Statement of Internal Control System

Date: March 14, 2023

Based on the findings of a self-assessment, Channel Well Technology Co., Ltd.(hereinafter, the “Company”)we state the following with regard to its internal control system during the year 2022:

1. The Company is fully aware that establishing, operating, and maintaining an internal control system are the responsibility of its Board of Directors and managers. The Company has established such a system aimed at providing reasonable assurance regarding the achievement of objectives in the following categories: effectiveness and efficiency of operations (including profitability, performance, and safe-guarding of assets), reliability, timeliness, transparency, and regulatory compliance of reporting, and compliance with applicable laws, regulations and bylaws.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing the three objectives mentioned above. Moreover, the effectiveness of an internal control system may be subject to changes of environment or circumstances. Nevertheless, the internal control system of the Company contains self-monitoring mechanisms, and the Company promptly takes corrective actions whenever a deficiency is identified.
3. The Company evaluate the design and operating effectiveness of its internal control system based on the criteria provided in the “Regulations Governing the Establishment of Internal Control Systems by Public Companies (hereinafter, the “Regulations.”). The criteria adopted by the Regulations identify five key components of internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities. Each component also includes several items which can be found in the Regulations.
4. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
5. Based on the results of the evaluation mentioned in the preceding paragraph, the Company believes that, as of December 31, 2022, its internal control system (including its supervision of subsidiaries), was effective in design and operation, and reasonably assured the achievement of the above-stated objectives.
6. This Statement is an integral part of the Company’s annual report and prospectus and will be made publicly disclosed. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
7. This Statement was approved by the Board of Directors in the meeting held on March 14, 2023, with none of the nine attending directors expressing dissenting opinions and the remainder all affirming the content of this Statement.

Channel Well Technology Co., Ltd.

Chairman: Chun-Wei Pan

General Manager: Shioh-Hua Yang

B. If CPA was engaged to audit the internal control system, provide its audit report: None.

(10) In the recent year and up to the published date of the Annual Report, the company and employees were punished by law, or the company punished the employee who violated the regulations of the Internal Control System. If the punishment may materially impact the shareholder's right or the share prices, it shall be listed the content, main deficiency, and improvement situation: None.

(11) Major Resolutions of Shareholders' Meeting and Board Meeting in the recent year and up to the published date of Annual Report:

A.Resolution and Implementation Status of Shareholders' Meeting on June 29, 2022:

Item	Major Resolution	Implementation Status
1	Approve the proposal of 2021 Business Report.	Resolution passed.
2	Approve the proposal of 2021 Earnings Distribution.	Resolution passed. Establish the ex-dividend date on August 31, 2022, and distribute the cash dividends on September 21, 2022 (the distribution of a NT\$3.25 per share cash dividend.)
3	Revise the "Article of Incorporation" proposal.	Resolution passed. It was approved for registration by the Ministry of Economic Affairs on July 27, 2022.
4	Revise the "Procedures for Acquisition or Disposal of Assets" proposal.	Resolution passed. Already published on the company website and MOPS, and conducted as the revised one.

B.Major Resolution of Board Meeting:

Date	Major Resolution
March 25, 2022 11th Board 5th Meeting	1. Approve the proposal of 2021 remuneration distribution amount of employees and directors.
	2. Approve the proposal of 2022 remuneration of directors and managers.
	3. Approve the proposal of "2021 Business Report and Financial Statements."
	4. Approve the proposal for "distribution of 2021 earnings"
	5. Approve the proposals of 2021 "Effectiveness Evaluation Report of Internal Control System" and "Internal Control System Statement."
	6. Approve the proposal to revise "Articles of Incorporation."
	7. Approve the proposal to revise "Procedures for Acquisition or Disposal of Assets."
	8. Approve the proposal for the "Proposal of 2022 Shareholders' Meeting."
	9. Approve the proposal of changing CPA for the financial statement.
	10. Approve the proposal of 2022 appointed auditors and their independent evaluation.
	11. Approve the proposal of increasing the investment for the overseas subsidiary and adjusting the group investment structure.
May 11, 2022 11th Board 6th Meeting	1. Approve the proposal to apply for financing amount adjustment and contract extension to "The Shanghai Commercial & Saving Bank, Ltd."
	2. Approve the proposal to apply for financing amount contract extension to "Taipei Fubon Commercial Bank Co., Ltd."
	3. Approve the proposal to apply for financing amount contract extension to "Far Eastern International Bank Co., Ltd."
	4. Approve the proposal to apply for financing amount contract increase to "Mega International Commercial Bank Co., Ltd."

	5. Approve the proposal of 2022 Q1 consolidated financial statement.
	6. Approve the proposal of 2022 appointed auditors on the service fee.
	7. Approve the proposal to revise “Approved Authority Chart.”
August 9, 2022 11th Board 7th Meeting	1. Approve 2021 Surplus Distribution proposal, establish the ex-dividend date, and the related matters.
	2. Approve the proposal of 2021 remuneration distribution of employees and directors.
	3. Approve the proposal of regularly reviewing 2022 performance and remuneration of directors and managers.
	4. Approve the proposal of 2022 Q2 consolidated financial statement.
	5. Approve the proposal of changing CPA for the financial statement and the evaluation of their eligibility and independence
	6. Approve the proposal to apply for financing amount contract extension to “E.SUN Commercial Bank.”
November 10, 2022 11th Board 8th Meeting	1. Approve the proposal to apply for financing amount contract extension to “Mega International Commercial Bank Co., Ltd.”
	2. Approve the proposal of 2022 Q3 consolidated financial statement.
	3. Approve the proposal of “2022 Audit Plan.”
December 29, 2022 11th Board 9th Meeting	1. Approve the proposal to apply for financing amount contract extension to “CTBC Bank Co., Ltd.”
	2. Approve the proposal to apply for financing amount contract extension to “First Commercial Bank.”
	3. Approve the proposal of the application to “DBS Bank” for opening a new account in Singapore for the Company.
	4. Approve the proposal of regularly reviewing 2022 performance and remuneration of directors and managers.
	5. Approve the proposal of 2022 year-end bonus provision.
	6. Approve the proposal of 2022 remuneration of employees and directors provision.
	7. Approve the proposal of “2023 Corporate Operating Plan.”
	8. Approve the proposal to revise “Procedures for Handling Material Inside Information. ”
March 14, 2023 11th Board 10th Meeting	1. Approve the proposal of 2022 remuneration distribution amount of employees and directors.
	2. Approve the proposal of 2023 remuneration of directors and managers.
	3. Approve the proposal of “2022 Business Report and Financial Statements.”
	4. Approve the proposal for “Distribution of 2022 Earnings”
	5. Approve the proposal for the 2022 earnings Distribution of Cash Dividends.
	6. Approve the proposal to revise “Rules of Procedure for Board of Directors’ Meetings”
	7. Approve the proposal to revise “Rules of Procedure for Shareholders’ Meetings”
	8. Approve the proposal of to add a new Independent Director.
	9. Approve the proposal for the case of lifting the non-compete restriction on new directors.
	10. Approve the proposal for the “Proposal of 2023 Shareholders’ Meeting.”

	11. Approve the proposals of 2022 "Effectiveness Evaluation Report of Internal Control System " and "Internal Control System Statement."
	12. Approve the proposal of 2023 appointed auditors and their independent evaluation and service fee.
April 10, 2023 11th Board 11th Meeting	1. Approve the proposal for supplementary election of two independent directors.
	2. Approve the proposal for the case of lifting the non-compete restriction on new directors.
	3. Approve the proposal to revise "Proposal of 2023 Shareholders' Meeting."
May 11, 2023 11th Board 12th Meeting	1. Approve the proposal to apply for financing amount adjustment and contract extension to "The Shanghai Commercial & Saving Bank, Ltd."
	2. Approve the proposal to apply for financing amount contract extension to "Taipei Fubon Commercial Bank Co., Ltd."
	3. Approve the proposal to apply for financing amount contract extension to "Far Eastern International Bank Co., Ltd."
	4. Approve the proposal of 2023 Q1 consolidated financial statement.
	5. Approve the proposal of the Company is planning to increase investment in NEWWIN INTERNATIONAL CO., LTD. And it's indirect to increase its capital investment in Vietnam company.
	6. Approve the proposal to revise "Audit Committee Organization Regulations"
In the recent year and up to the published date of the Annual Report, all of the Independent Directors have attended the Board Meetings in person.. They approved all proposals unanimously with no comments.	

(12) In the recent year and up to the published date of the Annual Report, major issues of record or written statements made by any director dissenting to important resolutions approved by the Board of Directors: None.

(13) In the recent year and up to the published date of Annual Report, resignation or dismissal of Chairman, General Manager, Accounting Supervisor, Financial Supervisor, Internal Audit Supervisor, Corporate Governance Supervisor, and R&D Supervisor:

May 11, 2023

Title	Name	Assumed Date	Dismissal Date	Reason
None	None	None	None	None

## 5.Information Regarding the Company's Independent Auditors:

Unit : NT\$ Thousand

Accounting Firm	Names Of Cpas	Duration Of Audit	Auditing Fee	Non-Auditing Fee (Note)	Total	Note
Deloitte & Touche	Tza-Li Gung	2022.01.01	3,122	28	3,150	Note1 Note2
	Jhih-Yuan Chen	2022.06.30				
Deloitte & Touche	Shih-Chieh Chou	2022.07.01				
	Tza-Li Gung	2022.12.31				

Note1: Non-audit fee is mainly for the review of the annual report handbook and public disclosure checklist.

Note2: The Company commissioned Deloitte Taiwan to provide audit services to the Company, and due to the internal adjustment of the firm's business, the firm changed its CPA.

(1) Alternation of the accounting firm and the audit fee in the altering year is less than the previous year should disclose the before and after altering audit fee and reason: None.

(2) The audit fee is reduced by more than 10% compared with the previous year should be disclosed the reduced fee, ratio, and reason: None.

## 6. Information about CPA Replacement:

### (1) Information on Predecessor CPA:

Date of Change	Approved by the Board of Directors on August 9, 2022.		
Reason and Explanation for Change	To coordinate with the internal business adjustment of Deloitte & Touche, the independent auditors was changed from CPAs Tza-Li Gung and Jhih-Yuan Chen to CPAs Shih-Chieh Chou and Tza-Li Gung from 2022 Q3 financial statement		
Specify whether services/engagement were terminated/refused	Party	CPA	Company
	Conditions		
	Termination	Not applicable	Not applicable
	Refusal of New Mandate	Not applicable	Not applicable
Has any audit opinion, other than an unqualified opinion, been issued in the past two years? If yes, cite reasons.	None		
Disagreement with securities issuer	Yes		Accounting principles and practices
			Disclosure of financial statements
			Audit scope or procedures
			Others
	None	✓	
	Explanation		
Other disclosure items (According to Article 10.6.1-4 to 10.6.1-7 of the standard which should be disclosed)	None		

(2) Information on Successor CPA:

Name of CPA Firm	Deloitte & Touche
CPA's Name	Shih-Chieh Chou and Tza-Li Gung
Date of Engagement	August 9, 2022
Results of consultations with the CPA on accounting measures and principles that might influence his/her opinion to his/her engagement	Not applicable
Has the incumbent CPA issued any dissenting opinion on opinions issued by the previous CPA	Not applicable

(3) The reply of former CPA on Article 10.6.1 and 10.6.2.3 of the Standard: None.

7. The Company's Chairman, General Manager, or any manager in charge of finance or accounting has held a position at the accounting firm of its CPA or at its affiliated in the most recent year should be disclosed the name, title, the tenure of the accounting firm or its affiliated and have the record and written statement: None.

8. Transfer and Pledge of Stock Equity by Directors, Managerial Officers and Holders of 10% or More of Company Shares in The Past Year and up to the Published Date of Annual Report:

(1) Net Change in Shareholding by Directors, Managers, and Shareholders with 10% Shareholdings or More.

Unit: Share

Title	Name	2022		Up to April 29, 2023	
		Net Change in Shareholding	Net Change in Shares Pledged	Net Change in Shareholding	Net Change in Shares Pledged
Chairman (Representative of Syuan-He Investment)	Syuan-He Investment Co., Ltd.	0	0	0	0
	Chun-Wei Pan	0	0	0	0
Director (Representative of Hao Sheng International Investment)	Hao Sheng International Investment Co., Ltd.	0	0	283,000	0
	Shiow-Hua Yang	0	0	0	0
Director (Representative of Shang Cing Investment)	Shang Cing Investment Co., Ltd.	0	0	280,000	0
	Yan-Cheng Pan	0	0	0	0
Director (Representative of Jing Fu Investment)	Jing Fu Investment Ltd.	0	0	0	0
	Sin-Sin She	0	0	0	0
Director	Jhu-Tao Wu	0	0	0	0
Director	Jian-Dong Wu	0	0	0	0
Independent Director	Cong-Long Jhu	0	0	0	0
Independent Director	Dong-Rong Huang	0	0	0	0
Independent Director	Sheng-Fong Ke (Note1)	0	0	0	0
Manager	Shiow-Hua Yang	0	0	0	0
Manager	Dao-Sing Pan	0	0	0	0
Manager	Hao-Jhong Su	0	0	0	0
Manager	Yan-Cheng Pan	0	0	0	0
Manager	Shou-Jheng Chen	0	0	0	0
Manager	Meng-Yu Lyu	0	0	0	0
Manager	Dan-Chun Yang	0	0	0	0
Manager	Jhih-Ciang Huang	0	0	0	0
Manager	Lyu-Hua Jiang	0	0	0	0

Note1: Ke, Cheng-Feng, Independent Director, has resigned as Independent Director, audit committee member and remuneration committee member due to personal reasons on March 29, 2023.

(2) Information on Equity Transfer: None.

(3) Information on Equity Pledge: None.



9.Information of Relationship Between Each Other as Related parties, Spouses, or The Second Degree Relative Among The Top Ten Shareholders.

April 29, 2023

NAME (NOTE 1)	SHARES HELD		SHARES HELD BY SPOUSE & MINORS		SHARES HELD IN THE NAME OF OTHERS		NAME AND RELATIONSHIP BETWEEN SHAREHOLDERS (NOTE 3)		NOTE
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Syuan-He Investment Co., Ltd. Representative: Chun-Wei Pan	21,727,369	9.56%	0	0	0	0	None	None	None
	3,134,085	1.38%	1,028,249	0.45%	0	0	Shiow-Hua Yang Yi-Cheng Pan	Spouse First-degree relative	None
Lin Da Investment Co., Ltd. Representative: Shiow-Hua Yang	4,832,303	2.13%	0	0	0	0	None	None	None
	1,028,249	0.45%	3,134,085	1.38%	0	0	Chun-Wei Pan Yi-Cheng Pan	Spouse First-degree relative	None
Jing Cheng Sing Co., Ltd. Representative: Shiow-Hua Yang	4,021,000	1.77%	0	0	0	0	None	None	None
	1,028,249	0.45%	3,134,085	1.38%	0	0	Chun-Wei Pan Yi-Cheng Pan	Spouse First-degree relative	None
Cyun Jyu Consultant Co., Ltd. Representative: Shiow-Hua Yang	4,011,000	1.76%	0	0	0	0	None	None	None
	1,028,249	0.45%	3,134,085	1.38%	0	0	Chun-Wei Pan Yi-Cheng Pan	Spouse First-degree relative	None
Chun Tian Investment Co., Ltd. Representative.: Wun-Keng Chen	3,910,000	1.72%	0	0	0	0	None	None	None
	0	0.00%	20,000	0.01%	0	0	Mei-Chen Wu	Spouse	None
Hong Yu Investment Co., Ltd. Representative: Shiow-Hua Yang	3,653,247	1.61%	0	0	0	0	None	None	None
	1,028,249	0.45%	3,134,085	1.38%	0	0	Chun-Wei Pan Yi-Cheng Pan	Spouse First-degree relative	None
Chun-Wei Pan	3,134,085	1.38%	1,028,249	0.45%	0	0	Shiow-Hua Yang Yi-Cheng Pan	Spouse First-degree relative	None
Ruei Bi Enterprise Co., Ltd. Representative: Shiow-Hua Yang	3,017,000	1.33%	0	0	0	0	None	None	None
	1,028,249	0.45%	3,134,085	1.38%	0	0	Chun-Wei Pan Yi-Cheng Pan	Spouse First-degree relative	None
Navigation International Co., Ltd. Representative: Shiow-Hua Yang	3,011,000	1.32%	0	0	0	0	None	None	None
	1,028,249	0.45%	3,134,085	1.38%	0	0	Chun-Wei Pan Yi-Cheng Pan	Spouse First-degree relative	None
Chuang Jian Global Co., Ltd. Representative: Yi-Cheng Pan	2,955,000	1.30%	0	0	0	0	None	None	None
	227,575	0.10%	0	0	0	0	Chun-Wei Pan Shiow-Hua Yang	First-degree relative First-degree relative	None

Note 1: Should list top 10 shareholders, and also list the corporate shareholders' names and representatives separately.

Note 2: The ratio of shareholdings is calculated by the number of shareholdings of self, spouse, minors, or the name of others.

Note 3: The above-listed shareholders included the juridical person and natural person, should disclose the relationship of each other.

10. The Total Equity Stake Held in The Same Investment Business by The Company, its Directors and Supervisors, Managerial Officers, and Parties Controlled Either Directly or Indirectly by The Company to Calculate The Comprehensive Shareholding Ratio:

April 30, 2023  
Unit: Shares/%

Reinvestment	Ownership by the Company		Ownership by Directors, Supervisors, Managers, and Directly/Indirectly Owned Subsidiaries		Total Ownership	
	Shares	%	Shares	%	Shares	%
DATAWELL HK LTD.	4,488,061	100%	-	-	4,488,061	100%
CHANNEL WELL TECHNOLOGIES (USA), INC.	300,000	100%	-	-	300,000	100%
POWER PLUS TECHNOLOGY CORP.	45,000,000	100%	-	-	45,000,000	100%
YOUNG LING ENTERPRISE COMPANY LIMITED	(Note 4)	-	20,000,000	-	20,000,000	100%
NINGBO ISO ELECTRONIC CO., LTD.	(Note 1)	-	-	100%	-	100%
YUN DENG TECHNOLOGY COMPANY LIMITED	(Note 2)	-	10,000	100%	10,000	100%
CHANNEL WELL TECHNOLOGY (GUANGZHOU) CO., LTD.	(Note 2)	-	-	100%	-	100%
CHIA KWEI TECHNOLOGY (GUANGZHOU) CO., LTD.	(Note 2)	-	-	100%	-	100%
POWER PLUS TECHNOLOGY (WANZAI) CORP.	(Note 2)	-	-	100%	-	100%
CHANNEL WELL TECHNOLOGY (VIETNAM) CO., LTD.	(Note 3)	-	-	100%	-	100%
POWER PLUS TECHNOLOGY (VIETNAM) CORP.	(Note 3)	-	-	100%	-	100%
NEWWIN INTERNATIONAL CO., LTD.	21,000,000	100%	-	-	21,000,000	100%
TOP BEST INDUSTRIAL CO., LTD.	(Note 4)	-	4,000,000	100%	4,000,000	100%

Note 1: Reinvested by DATAWELL HK LTD.

Note 2: Reinvested by POWER PLUS TECHNOLOGY CORP.

Note 3: Reinvested by YOUNG LING ENTERPRISE COMPANY LIMITED.

Note 4: Reinvested by NEWWIN INTERNATIONAL CO., LTD.

## IV. Company Shares and Fund Raising

### 1. Capital and Shares

#### (1) Sources of Capital

##### A. Formation Process of Capital

Unit: 1000 Shares; NT\$ thousands; (Except Par Value Per Share)

Year/Month	Issued Price	Authorized Capital		Paid-in Capital		Note		
		Shares	Amount	Shares	Amount	Source of Capital	Compensate The Shares' Amount by Assets Except Cash	Others
1999/12	10	19,860	198,600	19,860	198,600	Capital increase NT\$70,000 thousand by cash	None	December 27, 1999 (88), MC No.145803
2000/06	10	60,000	600,000	30,001	300,012	Capital increase NT\$99,300 thousand by earnings Capital increase NT\$2,112 thousand by employees' bonuses	None	August 5, 2000 (89), MC No.128188 June 15, 2000 (89), TCZ(I) No.51553
2001/10	10	60,000	600,000	42,223	422,227	Capital increase NT\$105,004 thousand by earnings Capital increase NT\$2,211 thousand by employees' bonuses Capital increase NT\$15,000 thousands by capital reserve	None	July 11, 2001 (90), TCZ(I) No.144472
2002/07	10	70,000	700,000	64,414	644,140	Capital increase NT\$143,557 thousand by earnings Capital increase NT\$3,022 thousand by employees' bonuses Capital increase NT\$25,334 thousands by capital reserve Capital increase NT\$50,000 thousand by cash	None	April 25, 2002 (91), TCZ(I) No.11893 & TCZ(I) No.118936
2003/12	10	120,000	1,200,000	88,080	880,797	Capital increase NT\$215,787 thousand by earnings Capital increase NT\$9,662 thousands by capital reserve Capital increase NT\$11,208 thousand by employees' bonuses	None	November 7, 2003 (92), TCZ(I) No.0920151966
2004/07	10	120,000	1,200,000	102,400	1,024,000	Capital increase NT\$132,120 thousand by earnings Capital increase NT\$11,083 thousand by employees' bonuses	None	July 6, 2004 (93), SFB(I) No.0930129880
2005/08	10	170,000	1,700,000	120,000	1,200,000	Capital increase NT\$153,600 thousand by earnings Capital increase NT\$22,400 thousand by employees' bonuses	None	June 1, 2005 (94), TCZ(I) No.0940122019
2006/11	10	170,000	1,700,000	137,000	1,370,000	Capital increase NT\$150,000 thousand by earnings Capital increase NT\$20,000 thousand by employees' bonuses	None	July 20, 2006 (95), TCZ(I) No.0950131389
2007/10	10	170,000	1,700,000	150,400	1,504,000	Capital increase NT\$123,300 thousand by earnings Capital increase NT\$10,700 thousand by employees' bonuses	None	July 16, 2007 (96), TCZ(I) No.0960036829
2008/10	10	200,000	2,000,000	172,300	1,723,000	Capital increase NT\$203,040 thousand by earnings Capital increase NT\$15,960 thousand by employees' bonuses	None	July 15, 2008 (97), TCZ(I) No.0970035431
2009/10	10	200,000	2,000,000	185,966	1,859,661	Capital increase NT\$129,456 thousand by earnings Capital increase NT\$7,334 thousand by employees' bonuses	None	July 8, 2009 (98), TCZ No.0980033845
2010/10	10	250,000	2,500,000	210,412	2,104,117	Capital increase NT\$237,757 thousand by earnings Capital increase NT\$6,699 thousand by employees' bonuses	None	July 20, 2010 (99), TCZ No.0990037728
2011/10	10	250,000	2,500,000	227,391	2,273,911	Capital increase NT\$155,502 thousand by earnings Capital increase NT\$14,292 thousand by employees' bonuses	None	July 25, 2011 (100), TCZ No.1000034599

## B.Type of Stock

April 29, 2023; Unit: Shares

April 29, 2023, CMO Shares

Type of Stock	Authorized Share Capital				Note
	Listed Shares	Unissued Shares	Keep for Employee	Total	
	Outstanding Shares (Note)				
Common Stock	227,391,064	12,608,936	10,000,000	250,000,000	None

Note: OTC stock.

## C.Information of Shelf Registration System: None.

### (2) Composition of Shareholders

April 29, 2023

Composition of Shareholders Number	Government Agencies	Financial Institutions	Other Juridical Persons	Individuals	Foreign Institutions and Natural Persons	Total
Number of Shareholders	0	1	334	48,284	93	48,712
Shareholding	0	31,000	74,996,770	142,623,661	9,739,633	227,391,064
Shareholding Ratio	0.00%	0.01%	32.98%	62.72%	4.28%	100.00%

### (3) Distribution of Shareholding

April 29, 2023

Shareholding Range	Number of Shareholders	Shareholding	Shareholding Ratio (%)
1 ~ 999	22,989	711,592	0.31%
1,000 ~ 5,000	21,128	41,355,575	18.19%
5,001 ~ 10,000	2,556	20,739,902	9.12%
10,001 ~ 15,000	634	8,284,691	3.64%
15,001 ~ 20,000	436	8,153,325	3.59%
20,001 ~ 30,000	330	8,456,426	3.72%
30,001 ~ 40,000	176	6,455,205	2.84%
40,001 ~ 50,000	115	5,361,102	2.36%
50,001 ~ 100,000	186	13,909,888	6.12%
100,001 ~ 200,000	74	10,154,410	4.47%
200,001 ~ 400,000	39	10,381,870	4.57%
400,001 ~ 600,000	16	7,789,008	3.43%
600,001 ~ 800,000	5	3,560,075	1.57%
800,001 ~ 1,000,000	3	2,856,031	1.26%
Over 1,000,001	25	79,221,964	34.84%
Total	48,712	227,391,064	100.00%

## (4) Major Shareholders

April 29, 2023

Major Shareholders/Companies	Shareholding	Shareholding Ratio (%)
Syuan-He Investment Co., Ltd.	21,727,369	9.56%
Lin Da Investment Co., Ltd.	4,832,303	2.13%
Jing Cheng Sing Co., Ltd.	4,021,000	1.77%
Cyun Jyu Consultant Co., Ltd.	4,011,000	1.76%
Chun Tian Investment Co., Ltd.	3,910,000	1.72%
Hong Yu Investment Co., Ltd.	3,653,247	1.61%
Chun-Wei Pan	3,134,085	1.38%
Ruei Bi Enterprise Co., Ltd.	3,017,000	1.33%
Navigation International Co., Ltd.	3,011,000	1.32%
Chuang Jian Global Co., Ltd.	2,955,000	1.30%

## (5) Information on market price, net value, earnings and dividends per share in the most two year

Unit: NT\$; Thousand Shares

Year			2021	2022	2023 Q1 (Note 8)
Item					
Market Price Per Share (Note 1)	Highest	-Before Retraction (Note 9)	67.90	40.05	58.80
		-After Retraction (Note 9)	-	-	-
	Lowest	-Before Retraction (Note 9)	35.35	23.55	27.90
		-After Retraction (Note 9)	-	-	-
	Average		54.44	33.55	48.52
Net Worth Per Share (Note 2)	Before Distribution		24.44	24.76	26.00
	After Distribution		21.19	Not Distributed yet	-
Earnings Per Share	Weighted Average Share		227,391	227,391	227,391
	Earnings Per Share	-Before Retraction (Note 3)	4.30	3.13	1.18
		-After Retraction (Note 3)	-	-	-
Dividends Per Share	Cash Dividends	-Before Retraction (Note 9)	3.25	Not Distributed yet	-
		-After Retraction (Note 9)	-	-	-
	Stock Dividends	Stock Dividend from Earnings	-	-	-
		Stock Dividend from Capital Surplus	-	-	-
	Accumulated Undistributed Dividend (Note 4)		-	-	-
Return on Investment	Price/Earnings Ratio (Note 5)		12.66	10.72	-
	Price/Dividend Ratio (Note 6)		16.75	Not Distributed yet	-
	Cash Dividend Yield (Note 7)		5.97%	Not Distributed yet	-

Note 1: The listed the highest/lowest market price per common share in each year, and the average market price was calculated by the trading value and trading volume in each year. The data of market price in 2023 was up to April 30, 2023.

Note 2: Refer to the issued stock at the end of the year and fill in the table by the distribution situation of the Board

of Directors or shareholders' meeting resolution for the next year.

Note 3: If the stock dividend situation happened and needs to retrace the adjustment, should be listed the earnings per share before and after the adjustment.

Note 4: If the issued conditions of equity securities included the unpaid dividends in the current year would be accumulated to pay in the later earning year, should disclose the accumulated unpaid dividends up to the current year.

Note 5: Price/Earnings Ratio = Average Market Price/ Diluted Earnings Per Share.

Note 6: Price/Dividend Ratio = Average Market Price/Cash Dividends Per Share.

Note 7: Cash Dividend Yield = Cash Dividends Per Share/Average Market Price.

Note 8: The audited net worth and earnings per share in the most recent quarter up to the published date of the Annual Report should be listed; the rest columns shall be filled in the data up to the published date of the Annual Report in the current year. The disclosed information was based on the IFRSs combined report data in the most recent quarter, which was audited by CPAs.

Note 9: If the earnings or capital surplus were transferred to the capital increase for stock dividend, should be disclosed the adjusted market price and cash dividends information which was traced by the issued stocks.

## (6) The Dividend Policy and Implementation Status

### A.Dividend Policy Established by Company Acts

When there is profit for each fiscal year, the Company shall set aside 10% of said profits as legal reserve after having paid all taxes and dues and accumulated losses been covered. Where such legal reserve amounts to the total paid-in capital, this provision shall not apply. The rest shall be set aside in accordance with the laws and regulations or as reversal of special reserve. If there is a balance left, combined accumulated unappropriated earnings, the surplus earning distribution proposal shall be submitted by the Board of Directors, and the resolution of cash dividend distribution for shareholders shall be made by the shareholders' meeting.

The terms profits, legal reserve, capital reserve as used in this Article to be distributed in the form of cash, shall be handled by authorizing the board of directors for a resolution and submitted to the shareholders' meetings in accordance with Articles 240 and 241 of the Company Act.

This Company dividend policy is implemented current and future developing programs, taking into consideration of investment environment, capital demand, domestic and international competition and shareholders' interest. Each year, the Board of Directors shall prepare the proposal of surplus earning distribution and report to the shareholders meetings, in accordance with the relevant laws, rules, and regulations.

Dividends to shareholders shall be allocated from the accumulated distributable profits, and of that, shall not less than 10% of the distributable profits at the same year. When the accumulated profits distributable is lower than 20% of the total capital, the profits shall not be distributed. Profits of the Company may be distributed by way of cash dividend and/or stock dividend, provided however, the ratio for cash dividend shall not lower than 15% of total distribution.

### B.The distribution of dividends resolved by the Board of Directors

a. Approved by the Board of Directors on March 14, 2023, the company has allocated NT\$534,369,000 for shareholders' dividend from distributable earnings of 2022, which is NT\$2.35 per share in cash. The chairman is fully authorized to deal with the fractional remnant of less than NT\$1 after distribution.

b. Should the total amount of the Company's common shares outstanding change for any reason, such as repurchase of the Company's stock or treasury stock transfer, before the record date for earnings distribution, the ultimate cash dividend to be distributed to each common share may need to be adjusted accordingly. The chairman is fully authorized to make such adjustment.

C.When there is a significant change in the expected dividend policy, it should be stated: None.

(7) Impact of Business Performance and EPS Resulting from Stock Dividend Distribution at This Shareholders' Meeting

The shareholders' meeting does not propose for stock dividend issuance. According to "Regulations Governing the Publication of Financial Forecasts of Public Companies", the Company does not publicly disclose 2023 financial forecast. Hence, there is no need to disclose information on annual estimation.

(8) Remuneration of Employees and Directors

A. The ratio or scope of remuneration for employees and directors in Article 21 of the Articles of Incorporation.

When there is profit for each fiscal year, the Corporation shall set aside not less than 2% employees' compensation and not more than 3% as bonus to directors. The profit shall be reserved for the Corporation's accumulated losses, and the distribution of employees' compensation and bonus to directors and supervisors shall be set aside by ratio in the preceding subparagraph.

The aforementioned employees' compensation may be distributed in the form of shares or cash, and the conditions and distribution method for the qualification requirements of employees, including the employees of subsidiaries of the Company meeting certain specific requirements, shall be determined by authorizing the board of directors. Bonus to directors may be distributed in the form of cash only.

The preceding two paragraphs shall be resolved by the board of directors, and submitted to the shareholders' meetings.

B. If the estimation basis, the calculation basis of the number of shares of the stock dividend, and the actual distributed amount of 2022 remuneration amount for employees and Directors have the difference with the estimation amount, it would be counted to the profit and loss of 2023.

C. The Remuneration Distribution Status Approved by the Board of Directors:

The 2022 distribution status of remuneration for employees and Directors was approved by the Board of Directors on March 14, 2023. The distributed amount is as follows:

a. The cash remuneration distributed to employees would be NT\$82,854,745, to Directors would be NT\$18,058,086.

b. The Board of Directors approved the distribution amount NT\$100,912,831 of remuneration for employees and Directors, which has not different from the recognized year estimation amount.

c. Estimated EPS after distributed the remuneration for employees and Directors: Not applicable.

D. The Actual Distribution Status of Remuneration for Employees and Directors in The Previous Year:

The distribution status of remuneration for employees and Directors in the last year was resolved by the Board of Directors on March 25, 2022, and reported to the shareholders' meeting on June 29, 2022. The actual distribution is as follow:

a. The cash remuneration distributed to employees was NT\$99,482,001, to Directors was NT\$21,681,974.

b. The stock remuneration distributed to employees was NT\$0 (the accounted stock is 0 share according to the closing price on the previous day of the shareholders' meeting,) and the ratio to the earnings transferred to capital increased: 0%.

c. Estimated EPS after distributed the remuneration for employees and Directors: Not applicable.

E. The actual distribution status of remuneration for employees, Directors, and supervisors in the previous year and the planned distribution status approved by the Board of Directors and difference: None.

(9) Buyback of Stock: None.

2. Issuance of Corporate Bonds: None.
3. Preferred Shares: None.
4. Issuance of Overseas Depositary Receipts: None.
5. Status of Employee Stock Options: None.
6. Status of Employee Restricted Stock: None.
- 7 Status of New Share Issuance in Connection with Mergers and Acquisitions: None.
8. Financing Plans and Implementation:
  - (1) Plan content and implementation status: No public funds raising in the recent three years.
  - (2) Comparison explanation of efficiency: Not applicable.



## V. Operational Highlights

### 1. Business Activities

#### (1) Business Scope:

##### A. Major business content

- The R&D, manufacturing, and sales business of the computer and its peripheral equipment.
- The R&D, manufacturing, and sales business of the electronic components.
- The R&D, manufacturing, and sales business of mechanical equipment.
- The R&D, manufacturing, and sales business of other electrical engineering and electronic machinery.
- The import and export trading business of the above-related products.

##### B. Operating Proportion (Consolidated Statement Data)

Unit: NT\$ Thousands

Product Name \ Year		2022 Revenue	Operating Proportion
Switching Power Supply	Desk PC Power	4,503,348	69.42%
	Other Power Supply	1,902,509	29.33%
Others (Material and Semi-Manufactured Goods)		80,899	1.25%
Total		6,486,756	100.00%

##### C. Current Major Product

The various switching power supply; the product market applied scope included e-sports, information technology, communication, consumer electronics, LED lighting, appliances, server, industrial equipment, medical equipment, security monitoring, wireless charging, wearable device, electric vehicle, IoT and cloud computing, etc.

##### D. Planned New Product to be Developed

Product Differentiation	Item
IT Power Supply	High efficiency, high-density, miniaturization, and environmental protection & energy saving PC power All digital PC power
Other Power Supply	Network, server, and security monitoring power Power for IPS Electric vehicle charger and charging pile products High wattage wireless charger products and 3C peripheral products GaN Charger products

## (2) Industry Overview

### A. The Current Status of Industry and Future Development

The main function of the Power Supply is to adjust the current strength and direction to provide stable and proper voltage power for the electronic products, and its service life would be directly impacted by the quality of power supply. According to the difference in product purpose, the power supply could be separated into three kinds: Uninterruptible Power Supply (UPS), Linear Power Supply (LPS), and Switching Power Supply. The Switching Power Supply is to use the switching characteristic of semiconductor and the high frequency higher than the commercial frequency to perform the power-off control and output the stable power; it could be extensively applied in the computer, automatic office equipment, industrial control equipment, communication equipment, and internet equipment, information appliances, consumer electronics, etc.

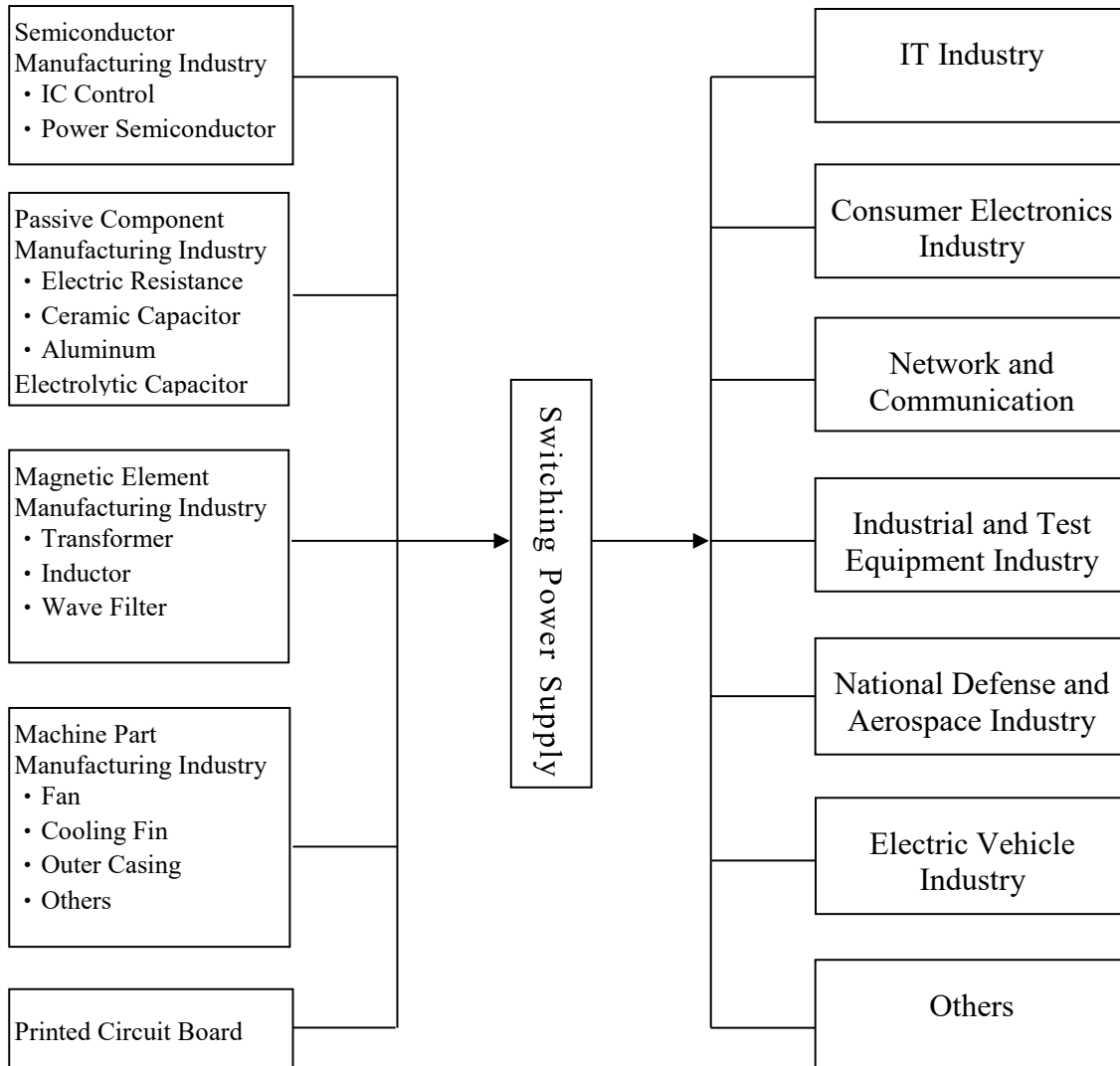
As far as the macroeconomic environment is concerned, The major economies like the U.S. and the U.K. has begun interest rate rising cycle, which causes high interest rate affecting the willingness of investment for business and slowing down the global manufacturing. Besides, the Russia-Ukraine War has not come to an end, thus the geopolitical risk continues. US-China tech war has a great impact on global development, large economies promote supply chain localization and regionalization to change the global supply chain distribution. With worsening extreme climate, the uncertainty of food and commodity supply has increased. Under the increasing pressure of global inflation and many other downside risks of economy, economic growth rate in 2023 has significantly revised downward by institutions such as OECD, IMF and World Bank. 2023 global economic growth was expected by the various research institutions as below: OECD expected 2.6%, IMF expected 2.8%, WB expected 1.7%. Gartner researching institution expected 2023 global IT expenses would be achieved to US\$4.5 trillion, which is increased 2.4% compared with 2022.

With the benefit of online computer games and the E-sports industry development in recent years, the shipment of high-level power supply increased. The demand for related power products is driven continuously by the growth of security equipment, hand-held electronic equipment, 5G construction, IoT, and cloud computing industry. In the long term, after eliminating uncertainty, the global economic growth may be back on track, especially with the momentum driving by new market such as the medical, industrial automation, 5G base station and database center, etc., the global market for power supply unit are expected to grow steadily. The company will continue to develop the various power product market like the high energy-saving and high-efficiency power supply, to expand PC, consumer electronics, security equipment, networking, server, and etc., to enhance the product mix and create continuous growth.

## B. The Industry Value Chain and Relationships

Upstream: Component Industry; Midstream: Power Supply Manufacturing Industry;

Downstream: Applied Industry



## C. Product Development Trends

The power supply industry continuously changed to the direction of wattage increasing, function enhancing, efficiency enhancement, and size reducing. For the function of CPU and graphics card increasing powerful, and the sensation of online game and 3D play function in the recent year, the demand for the power consumption increased; furthermore, the additional function getting various, the number of the hard disk drive, optical disk, USB connector also increased, everything needs lower supply voltage (ampere) and higher current supplies (wattage) to increase the power supply. The demand for high wattage and high efficient power would be increasing in the future market. The basic requirement of power product development is “thin and short, high efficiency, high reliability, low noisy.” The product market of handheld consumer electronics is growing up fast in recent years, and the further requirement of power must be “power saving,” “suitable,” and “smart.” To provide these functions, the power control

digitalization and programmability would be the future development trend. The digital power would facilitate the power management further develop to power service. The power control digitalization could provide the further integration of power control and the applied system to achieve the whole efficiency. The research institution-IHS indicated the digital power could raise the system energy efficiency and reduce BOM cost, so the applied territory is expanding fast. Compared with the traditional analog power, digital power included the advantage of reducing the manufacturing cost, components integrating, reducing carbon emissions, enhancing power density, and shortening the production schedule. Under the green energy trend that the global keeps driving and the sales of EV market continuously grown up, each main car dealership invested to develop the electric vehicle. It would speed up the universalness of electric vehicle and bring the requirement of the related charger equipment increased. The EV charger could provide quick, high efficient, safe, and reasonable power supply for the power battery.

The future technology of the power supply market would develop towards to the product applied with higher added value, like mini flat technology, environmental protection & energy-saving technology, high-reliability technology, widely international safety regulation verification, new component and material development, controlled IC design technology development, and etc.

#### D. Product Competition Situation

The application of switch mode power supply is wide such as business class PC and NB, mobile phones, tablets and other consumer electronics with a mature market. This kind of power has mostly been standardized and the added value is relatively low. On the other hand, power supply for niche market such as gaming computer, server, equipments in data centers or base stations, power supply for medical or industrial applications, etc. has higher added value due to high power supply specifications and customization. The Company constantly develops and improves power products that apply to different applications such as online games, Esports, servers, workstations, internet equipments, monitoring equipments, wireless charging, electric cars, etc. However, there is a mass of power supply manufacturers all over the world along with competitive market and rising cost of Chinese labors, the production cost has constantly grown. In prospect of the future, the only way is to reduce production costs through economies of scales with mass production and high-automation manufacturing, constantly research and develop high niche products to maintain a competitive advantage.

### (3) Technology and R&D Status

#### A. R&D Expenses (Consolidated Statement Data)

Unit: NT\$ Thousands

Item	2022
Research Expenses	220,042
R&D Expenses to Revenue %	3.39%

## B. Successful Technological or Product Developments

Year	Category	Item
2022	IT Power Supply	HEN/ Moira series products CSZ/CSE/CST series products ROG/CSX/L12 series products Digital titanium/platinum products/fanless products 80 PLUS New Models (Titanium/Platinum/Gold series)
	Other Power Supply	2AFH/2AFK/2AFE/2AFG/2AEC/2ACU series products USB PD series products GaN charger series products Open Frame power products Power products for POE ETG car charger series products Energy-saving power products conform to level 6 Wireless charging

## C. Future R&D Plan

Year	Developed Item	Estimated R&D Expenses
2023	All high digital efficiency, high-density, miniaturization, and environmental protection & energy saving PC power Fast charging charger and high wattage wireless charging power High wattage embedded and external power IPS related applied power Related power of charger for Electric Vehicles GaN fast chargers	NT\$122,912,000

## D. Production Portion

Continuously improve the automated production, rolling adjust the capacity and production mix between the production bases of China and Vietnam, and enhance the output efficiency and product competitiveness.

## (4) Long and Short-Term Business Development Plans

### A. Marketing Strategy

#### a. Short-Term Plan

- a) Cement existing customers, promote product upgrade to new model, and maintain market share and evaluation together.
  - b) Discover potential customers, cross-functional teamwork to fight for new customer cases.
  - c) Expand gaming power supply market share and actively expand network power supply, industrial control power supply, wireless charging product and power supply product for electric vehicle charging station.
  - d) Search strategic partners to expand product markets in different fields and develop customers in unfamiliar regions.
  - e) Utilize the advantages of production base in Vietnam PPT factory, which directly supplies in the local, and further develop the local potential customer groups.
- b. Long-Term Plan
- a) Improve the customer service continuously, expand the global market share of PC power supply, and become a lead OEM/ODM manufacturer in the Clone market.
  - b) Increase the market competitiveness of consumer electronics, appliances, network and communication, surveillance security, industrial control, automotive, and related power products. Strengthen the product package and fragment the sales market to reduce the operating attacked caused by the changing of blooming market.
  - c) Develop the integration of the same industry and the cooperation of the electronic cross-industry market actively and integrate the production platform to achieve the compound efficiency of the production base.

## B. Production Policy

### a. Short-Term Plan

- a) The power supply production line in PPT plant in Vietnam continues to expand and increase the ratio for self-manufactured parts. It agilely adjusts the productivity benefits of the various production bases in China and Vietnam to meet customer's shipping demand.
- b) Speed up the building for local raw material supply chain in PPT plant in Vietnam. Introduce HUB supply mode for import material for smooth and instant supply preparation and reduce overstock and cost control.

### b. Long-Term Plan

- a) Continuously improve the automated production, rolling adjust the capacity and production mix between the production bases of China and Vietnam, and enhance the output efficiency and product competitiveness.
- b) Continue to apply the domestic and foreign quality certification, raise the company awareness, expand the international market of products, and strengthen the product competitiveness.

## C. Product Development Direction

### a. Short-Term Plan

- a) Develop various power supplies that compliant to ATX 3.0 and energy saving, digital power supplies, industrial control power supplies and wireless charging and other related products.
- b) Improve related technology on charging products for electric cars, GaN fast chargers and energy storage products.

b. Long-Term Plan

- a)Continue developing the various green energy power supply with high added value like environmental protection and energy-saving, and the related power supply products for the applicable field, and advance the digital power products.
- b)Raise the overall R&D level and strengthen the patent application. Develop the associated extended application goods based on the power supply.

D. Operating Scale and Financial Coordination

a. Short-Term Plan

The needed funding for the operating was responded accordingly to the fund dispatching with equity capital and bank financing. The company, idle fund portion would be multi-aspect configured to sound investment subject to make the application of funds more effective.

b. Long-Term Plan

For the needed funding of business expanding and capital expenses increasing, except the equity capital and banknotes for the financial requirement, use raise funds by flexibly applying the financing channel of capital market to strengthen the company financial structure and reduce the capital cost. Also, give the company operating result feedback to the employees and shareholders to increase employees' centripetal force to the company and achieve the purpose of popular capitalization.

## 2. Market and Sales Overview

### (1) Market Analysis

#### A. Sales (Provided) Area of Major Product (Service)

Unit: NT\$ Thousands; %

Sales Object \ Year		2021		2022	
		Amount	Ratio %	Amount	Ratio %
Domestic Market (Taiwan)		358,839	3.56	400,673	6.18
Foreign Market	Asia	5,240,553	51.93	3,136,892	48.36
	America	2,617,898	25.94	1,964,657	30.29
	Europe	1,759,326	17.44	902,519	13.91
	Others	114,207	1.13	82,015	1.26
Total		10,090,823	100.00	6,486,756	100.00

#### B. Market Share

According to the statistics information from the Ministry of Economic Affairs, 2022 total sales value of power supply in Taiwan is NT\$34,058,203,000, and the market share of CWT is 19.05%.

#### C. Future Market Supply, Demand, and Growth

The purpose of the power supply is extensive. With the rolled out of the various new products like a mini-computer and green computer, the traders need to develop the new products to cooperate the different requirements. The downstream industry keeps bringing the products forth the new through the old would inspire the future growth of the power supply industry. Besides, the information appliances, LED lighting, and digital electronic products are getting popular, the power supply solution for this field is also getting important. Global telecommunication liberalization, mobile communication products popularization, 5G, IoT, and cloud computing business, and communications industry are also one of the potential markets of power supply. The labor cost continuously raised and enterprise automation trends, so that the industrial power for the equipment is also the potential market. With the rapid development of electric vehicles, the market of charging stations and portable chargers has an excellent prospect; with ageing population, long-term care and in-home care have been common, which make power of home medical equipments a potential market.

As a whole, the market scale of IT power is proportional to PC shipment growth. With the rising of digital power in recent years, tablets, mobile phones, portable consumer electronics, promotion of IoT and cloud computing business, the high-level power requirement for the E-sport market, and etc., would continue to drive the requirement of the related power products. IDC the research institution has predicted a negative growth on the PC market in 2023, but awakening in 2024. The distribution of personal computer and tablets will rise 3.6% compared to 2023, and the shipping quantity will reach 417.7 million set. Gartner has anticipated a US\$4.5 trillion on global IT expense in 2023. We actively expand the market share of the PC Clone market and explore the various power product market like consumer electronics, wireless charging, security equipment, and electric vehicle charger, and expect to promote the product mix and maintain the stable growth.



D.Competitive Niche and Development Prospect Advantage, Disadvantage, and Countermeasures

a.Competitive Niche: The Company take the lead on the R&D ability and design and complete series products among the same industry, high vertical integration self-production component platform, high automatic manufacturing process, customized flexible stable quality assurance, and competitive price to become the first choice cooperation partner among the channel brand customer.

b. Advantage

- a) The applicable range of power supply is extensive, which included 3C products (computer, communications, and consumer electronics) and the digital appliance market.
- b) The potential of the product market of special power (server, communications, automotive, and medical care), security monitoring, cloud computing, and consumer electronics is abundant.
- c) The Company has devoted time and effort to the Clone market for a long time and have a good result. The high flexible customized, quality assurance, and maintain a good and stable long term cooperation relationship with the customers.
- d) The Company has a deep vertical integration on upstream components and could self-manufactured and satisfied the components like a transformer, cooling fin, wire, and outer casing of power supply, and also have stable quality and supply and cost control efficiently.
- e) The Company established the production base in Vietnam to spread the risk of trade protectionism and provide different origin choices to the customers.
- f) The Company has multiple products and complete machinery types, and all products could meet multiple safety verification and RoHS standard.
- g) The Company has stable operation growth and good profits over the years and have high cash equivalents, low liabilities, and a sound financial structure.

c. Disadvantage and countermeasures

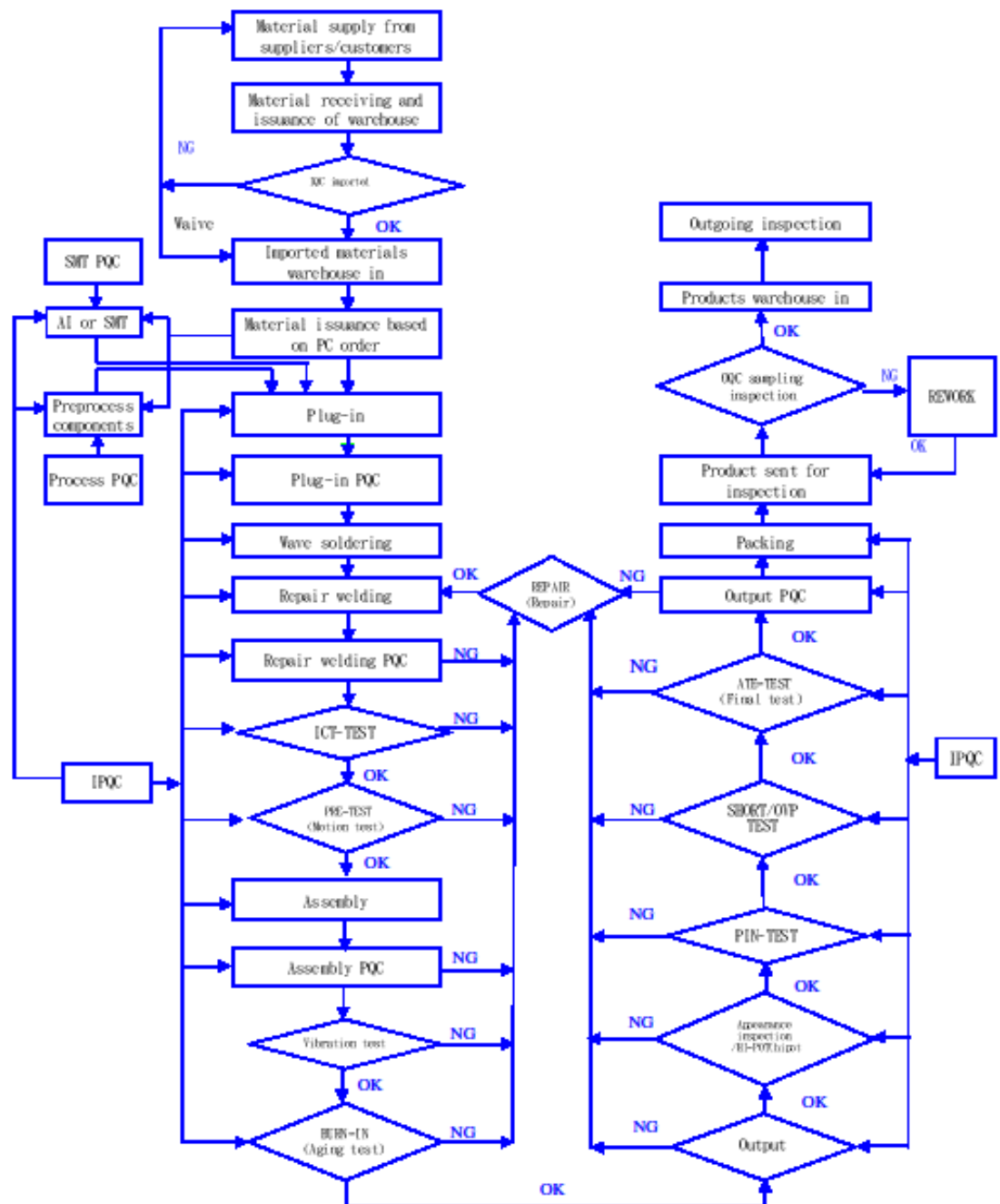
- a) Labor shortage and the manpower cost raising continuously: Increase the employee welfare complementary measures, retain the talents, reduce the employee turnover; production line integration, product design optimization and deepen the automatic manufacturing process to increase the efficiency and reduce the labor cost.
- b) Price competition market: Avoid the low-wattage PC power market which is focused on price competition. Keep increasing the sales of high wattages and digital power in Clone market, and also expand the sales proportion on the nonstandard PC power, IPS power, communication AC/DC and DC/DC power, and external and wireless charger of the consumer electronics.
- c) Exchange rate fluctuation impacted the profits: Control the changing of exchange rate fluctuation at any time. Choose the hedging instrument and operation carefully and adjust the asset and liabilities funding in foreign currency to avoid exchange rate risk.
- d) The quotations changing on international metal material (copper and aluminum) impacted the material cost: Control the market price changing and order supply and demand situation at any time to adjust the inventory and negotiate with suppliers at the proper timing.

(2) Main Purpose and Manufacturing Process of Major Product

A. Main Purpose of Major Product

Major Product	Main Purpose or Function
Power Supply	Computer associated equipment, Security monitoring and internet equipment, communication products, consumer electronics, industrial equipment, and etc.

## B. Manufacturing Process of Power Supply



Note: 1. The shopfloor operation content is started from components preprocessed, plug-in, repaired welding, assembling, and until S.P.S. products output.  
 2. The repaired products would be reflown from the step of repair welding.  
 3. The storage period of product in the warehouse is over three months would have QC resampling inspection while the shipment.

(3) Main Material Supply Status

Main Material	Main Supplier	Supply Status
Semiconductor	Lianjie, Youwan, Julu, Weijian, Shiping	Normal
Electrolytic Condenser	Fengbin, Chengxing, Nidian Trading, Ruixiang Technology	Normal
Fan	Honghua, Jinmeikang, Dongli	Normal
Wire	Dacheng, Keling, Huiwen, Xinrui	Normal

(4) Main Supplier and Customer List

A. Main Customer Information in the Recent Two Years (Consolidated Statement Data)

Unit: NT\$ Thousands; %

Year	2021				2022				Up to 2023 Q1			
Item	Name	Amount	Ratio of Total Net Sale (%)	Relationship with the Issuer	Name	Amount	Ratio of Total Net Sale (%)	Relationship with the Issuer	Name	Amount	Ratio of Total Net Sale up to 2021 Q1 (%)	Relationship with the Issuer
1	A	4,358,812	43.20	None	A	1,842,138	28.40	None	A	809,816	35.85	None
2	Others	5,732,011	56.80	None	Others	4,644,618	71.60	None	Others	1,449,110	64.15	None
	Net Sale	10,090,823	100.00		Net Sale	6,486,756	100.00		Net Sale	2,258,926	100.00	

Note: The sales amount of other customers did not reach 10% of net sales that in the Statement of Comprehensive Income, so it was not listed.

Explanation of increasing and deduction changing:

In 2022, various industries are facing the pressure of over stocking from last year. With the emerging inflation and decreasing in people's willingness to purchase, the sales are greatly affected.

B. Main Supplier Information in the Recent Two Years (Consolidated Statement Data)

Unit: NT\$ Thousands; %

Year	2021				2022				Up to 2023 Q1			
Item	Name	Amount	Ratio of Total Net Purchases (%)	Relationship with the Issuer	Name	Amount	Ratio of Total Net Purchases (%)	Relationship with the Issuer	Name	Amount	Ratio of Total Net Purchases (%)	Relationship with the Issuer
1	Others	6,713,046	100.00	None	Others	3,633,845	100.00	None	Others	1,859,000	100.00	None
	Net Purchases	6,713,046	100.00		Net Purchases	3,633,845	100.00		Net Purchases	1,859,000	100.00	

Note: The purchase amount of other suppliers did not reach 10% of net purchases in the Statement of Comprehensive Income, so it was not listed

(5) Production Value in the Recent Two Years (Combined the Capacity of Parent and Subsidiaries)

Unit: NT\$ Thousands/Thousand Set

Major Product \ Year Production Value	2021			2022		
	Capacity (Note)	Quantity	Value	Capacity (Note)	Quantity	Value
Desk PC Power	5,849	5,825	8,096,750	2,912	2,601	4,039,353
Other Power Supply	18,235	18,049	2,203,902	15,413	13,271	1,778,420
Total	24,084	23,874	10,300,652	18,325	15,872	5,817,773

Note: The capacity means the production volume with the reasons that the company judged the necessary suspension and holidays and used the current production equipment in the normal operation.

(6) Sales Value in the Recent Two Years

Unit: NT\$ Thousands/Thousand Set

Major Product \ Year Sales Value	2021				2022			
	Domestic		Foreign Market		Domestic Market		Foreign Market	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Desk PC Power	161	158,729	5,602	7,767,799	171	185,982	2,762	4,317,366
Other Power Supply	1,675	196,709	15,603	1,902,998	1,599	204,937	12,515	1,697,572
Others (Note)		3,401		61,187		9,754		71,145
Total	1,836	358,839	21,205	9,731,984	1,770	400,673	15,277	6,086,083

Note: Other items included the raw material, semi-finished products, and processing income. Because the ratio is not high, the category is too much, and the unit is not the same, so it was not listed the sales quantity.

### 3. Employee Information During the Past Two Years and Up to the Published Date of the Annual Report

April 30, 2023

Year		2021	2022	Up to April 30, 2023
Item				
Employee Number	Company Name	CWT & Subsidiaries	CWT & Subsidiaries	CWT & Subsidiaries
	Direct	1,826	1,610	2,133
	Indirect	834	837	927
	R&D	166	152	165
	Total	2,826	2,599	3,225
Average Age		37.69	38.53	36.76
Average Years of Service		5.01	5.78	4.84
Education	Ph.D.	1	1	-
	Master	37	42	44
	Bachelor	276	285	324
	High School	790	786	1,026
	Under High School	1,722	1,485	1,831

### 4. Information of Environmental Protection Fee

- (1) During 2021 and up to the published date of the Annual Report, the incurred losses due to the environmental pollution (included any compensation paid and any violations of environmental protection laws or regulations found in the environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions,) and disclosing an estimate of possible expenses that could be incurred currently and in the future 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.

### 5. Labor Relations

- (1) List any employee benefit plans, continuing education, training, retirement systems, and the status of their implementation, and the status of labor-management agreements and measures for preserving employees' rights and interests:

To encourage industrial relations, employees cohesiveness, care the employee welfare, build a high-quality working environment, we established the Employees' Welfare Committee by law with the approval of the Department of Labor, Taoyuan City Government in February 2001, and appropriate the welfare funds to conduct the various employee welfare measures; through the complete employee training development plan to make all employees could have chances to use their talents, use their potential talents, and grow up with the company. The main employee welfare measures are as below:

#### A. Employee Welfare Measures:

- Annual leave.
- Group Insurance (life insurance, accident insurance, medical insurance.)
- Marriage allowance, maternity allowance, and funeral allowance.

- d. Regular health examination.
- e. Remuneration distribution.
- f. Travel allowance.
- g. Birthday voucher, Labor Day voucher, Dragon Boat Festival cash gift, and Mid-Autumn Festival cash gift.
- h. Staff Dormitory.
- i. Breastfeeding room for female staff.
- j. Contract with medical care institutions to provide medical counseling service for the employees.

**B. Employees Further Studies, Training, and Implementation Status:**

The company and main subsidiaries spare no effort on talent cultivation. For the new employees, we provide the new employee orientation to enhance the basic working efficiency and to be familiar with the duty; for employees, we request the annual training plan and follow the actual schedule to assign the employees to join the external training or invite the external lecturer for instruction, or the internal training by each department supervisors.

The training implementation of the actual number in 2022 is 8,223 (manpower); the total training hours is 23,745 (hours).

**C. Retirement System and Implementation Status:**

The company has formulated the retirement and pension plans for employees according to the Labor Standards Act and The Labor Pension Act, including:

- a. Labor Standards Act (old system): The company would set aside the pension based on the total employee monthly salary amount and deposit them into the “Taiwan Bank account.”
  - a)The employee who was on board before July 1, 2005 (not included) could depend on the personal demand to choose the retirement system between “Labor Pension Act” and “Labor Standards Act” in five years starting from July 1, 2005; if the employee didn’t choose in the expired period, would continue to use the retirement regulation of “Labor Standards Act” started from the execution date.
  - b)Who is adapted to use Labor Standards Act should apply for voluntary retirement if have any situation as below:
    - i. Worked more than 15 years and attained the age of 55.
    - ii. Worked more than 25 years.
    - iii. Worked more than 10 years and attained the age of 60.
  - c)Pension payment standard: The retirement pension base shall be 6 months’ average wage of the employee at the time when his or her retirement is approved. Two bases are given for each full year of service. Those having served over 15 years are given one base for each full year of service and the total number of bases shall be no more than 45.
  - d)2022 retirement pension accumulated amount is NT\$17,446,000.
- b. Labor Pension Act (new system): The company would appropriate the pension monthly based on the total salary amount to the personal pension fund account monthly.
  - a)The employee who was on board after July 1, 2005 (included) is adapted to the “Labor Pension Act” comprehensively.
  - b) Appropriate 6% of the monthly salary to the personal pension fund account.
  - c)The employee who is the volunteer for the contribution of pension would appropriate the proper rate of the monthly salary to the personal pension fund account.
  - d)The one who is adapted to the “Labor Pension Act” could apply for the pension based on the age, seniority, and method by the regulation of the Act.
  - e)2022 retirement pension amount is NT\$5,681,000.

D. Labor-Management Agreements Status and Measures for Preserving Employees' Rights and Interests:

The company process the policy announcement and understanding of employee suggestions in the way of open and two-way communication to maintain harmonious labor relations and ensure the employees' rights and interests.

E. Work Environment and Measures for Preserving Employees' Personal Safety:

For the portion of work environment health and employees' personal safety, except the strict access security measures and provide the safe and faultless working area; we also have annual regular inspection and maintenance for the channel, floor, stairs of working area or the related safety and health equipment of draft, lighting, fire-proof, countermeasures against disasters, and irregularly hold the firefighting safety propaganda seminar.

Item	Content	Maintenance and Inspection Time
Access Security	Hire security company 24hrs maintain the safety of office building.	24hrs every day
Each Equipment Maintenance and Inspection	Building and fire safety evacuation facilities report and safety inspection	Once a year
	Self-guard fire protection grouping training	Twice a year
	Generator equipment maintenance	Once a month
	Elevator equipment maintenance	Once a month
	Air conditioner equipment maintenance	Once a month
	Water dispenser equipment maintenance	Major maintenance every two years Replace the filter every two months
	Official vehicle maintenance	Depend on mileage
Physiological Health	Employee health examination	Once a year
	Employee medical counseling	Twice a month
	Environment clean and sterilization	Once a year
	CO2 operation environment inspection	Twice a year

- (2) List any losses suffered by the company in the most recent 2 fiscal years 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 disclosing an estimate of possible expenses that could be incurred currently and in the future 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.



## 6. Information-Communication Security Management

### (1) Information-communication security risk management framework,

Informationcommunication security policy, specific management programs and resources invested in information-communication security management:

#### A.Information-communication security risk management framework

The company established the IT Department and has the responsible person in charge of the planning and design of information management system and standardization, operation environment management maintenance, authorization controlled, internet safety, crisis handling, and the related matters to achieve the information safety management targ.

The Company expects to establish a cyber security supervisor and cyber security personnel at the end of 2023 to be responsible for promoting, coordinating and supervising and reviewing cyber security management issues.

#### B.Informationcommunication security policy

According to the work duty to apply the system authority, the system was set up to ask the user to change the password regularly and terminate the user account and authority once the employee resigned. Build the internal network system security to prevent the unauthorized person to access data improperly and avoid company data leakage and loss. The new employee signed the employment agreement, which is included a non-disclosure duty of the confidential data and prohibited using and downloading software piracy.

#### C.Specific management programs and resources invested in information-communication security management

The company established the internal control system and operation method related to the information management operation, the internal auditor department process the annual control audit of the information security examination regularly. For personal computers and internet servers, install the antivirus software to scan it internally, and set up the internet firewall externally, automatic scan the computer virus regularly and update the antivirus software to prevent the computer virus and malware intruding the company system. Manage and control the download of the company unused software. Manage the computer hosts centralizely, build the environmental and access control of the computer facilities, Back up the system files and upload it to the cloud daily to implement information security and effectiveness.

### (2) The losses suffered by the company due to major information-communication security incidents in the most recent year up to the publication date of this annual report, the possible impact, and the countermeasures being taken: : None.

## 7. Significant Contracts: None.

## VI. Financial Highlights

### 1. Most Recent Five-Year Condensed Balance Sheet and Comprehensive Income Statement

#### (1) Condensed Balance Sheet (Consolidated)- IFRSs

Unit: NT\$ Thousands

Year Item		Most Recent Five Years Financial Information (Note 1)					Financial Information up to March 31, 2023 (Note 2)
		2018	2019	2020	2021	2022	
Current Assets		5,554,781	5,666,152	7,989,081	7,753,657	7,424,809	8,773,271
Property, Plant and Equipment		1,166,209	1,167,964	1,342,676	1,388,949	1,781,063	1,766,554
Intangible Assets		5,790	5,526	6,228	7,393	4,722	4,116
Other Assets		297,118	367,089	359,404	471,438	309,711	346,471
Total Assets		7,023,898	7,206,731	9,697,389	9,621,437	9,520,305	10,890,412
Current Liabilities	Before Distribution	2,294,582	2,259,092	3,978,246	3,706,794	3,481,554	4,524,201
	After Distribution	2,624,299	2,554,700	4,694,528	4,445,815	Not Distributed Yet	Undecided
Noncurrent Liabilities		274,814	352,902	397,377	358,300	409,030	454,430
Total Liabilities	Before Distribution	2,569,396	2,611,994	4,375,623	4,065,094	3,890,584	4,978,631
	After Distribution	2,899,113	2,907,602	5,091,905	4,804,115	Not Distributed Yet	Undecided
Equity Attributable to Shareholders of the Parent		4,454,502	4,594,737	5,321,766	5,556,343	5,629,721	5,911,781
Capital Stock		2,273,911	2,273,911	2,273,911	2,273,911	2,273,911	2,273,911
Capital Surplus		214,286	214,286	214,286	214,286	214,286	214,286
Retained Earnings	Before Distribution	2,010,832	2,246,611	2,985,629	3,248,937	3,222,959	3,492,217
	After Distribution (Note 3)	1,681,115	1,951,003	2,269,347	2,509,916	Not Distributed Yet	Undecided
Others		(44,527)	(140,071)	(152,060)	(180,791)	(81,435)	(68,633)
Treasury Shares		-	-	-	-	-	-
Noncontrolling Interests		-	-	-	-	-	-
Total Equity	Before Distribution	4,454,502	4,594,737	5,321,766	5,556,343	5,629,721	5,911,781
	After Distribution	4,124,785	4,299,129	4,605,484	4,817,322	Not Distributed Yet	Undecided

Note 1: The most recent five years consolidated financial statement was audited by CPAs.

Note 2: 2023 Q1 consolidated financial statements were reviewed by CPAs.

Note 3: The above number in the after distribution column was listed based on the Board of Directors, or the Shareholders' Meeting resolution in the next year.

## (2) Condensed Comprehensive Income Statement (Consolidated)- IFRSs

Unit: NT\$ Thousands

Item \ Year	Most Recent Five Years Financial Information (Note 1)					Financial Information up to March 31, 2023 (Note 2)
	2018	2019	2020	2021	2022	
Net Revenue	6,317,832	5,240,952	7,555,675	10,090,823	6,486,756	2,258,926
Gross Profit	1,272,539	1,222,015	1,922,620	1,952,294	1,245,525	549,749
operating income	699,920	664,554	1,254,259	1,224,417	584,124	363,648
Non-operating Income and Expenses	217,248	103,249	88,264	72,931	352,891	10,528
Income Before Income Tax	917,168	767,803	1,342,523	1,297,348	937,015	374,176
Income from Continuing Operation before Income Tax	630,097	565,371	1,034,225	978,035	710,636	269,258
Income (Loss) from Discontinued Operation	—	—	—	—	—	—
Net Income	630,097	565,371	1,034,225	978,035	710,636	269,258
Other Comprehensive Income (Loss) for the Year, Net of Income Tax	(31,245)	(95,419)	(11,588)	(27,176)	101,763	12,802
Total Comprehensive Income for the Year	598,852	469,952	1,022,637	950,859	812,399	282,060
Net Income Attribute to Shareholders of the Parent	630,097	565,371	1,034,225	978,035	710,636	269,258
Net Income Attribute to Noncontrolling Interests	—	—	—	—	—	—
Total Comprehensive Income Attribute to Shareholders of the Parent	598,852	469,952	1,022,637	950,859	812,399	282,060
Total Comprehensive Income Attribute to Noncontrolling Interests	—	—	—	—	—	—
Earnings Per Share	2.77	2.49	4.55	4.30	3.13	1.18

Note 1: The most recent five years consolidated financial statement was audited by CPAs.

Note 2: 2023 Q1 consolidated financial statements were reviewed by CPAs.

## (3) Condensed Balance Sheet (The Parent Company only)- IFRSs

Unit: NT\$ Thousands

Year Item		Most Recent Five Years Financial Information (Note 1)				
		2018	2019	2020	2021	2022
Current Assets		2,738,139	2,753,935	4,272,815	4,603,842	4,105,079
Property, Plant and Equipment		293,144	291,691	280,729	271,038	672,138
Intangible Assets		—	—	—	—	—
Other Assets		3,161,335	3,663,204	4,021,354	3,954,457	4,299,455
Total Assets		6,192,618	6,708,830	8,574,898	8,829,337	9,076,672
Current Liabilities	Before Distribution	1,468,126	1,765,866	2,859,692	2,918,917	3,042,210
	After Distribution (Note 2)	1,797,843	2,061,474	3,575,974	3,657,938	Not Distributed Yet
Noncurrent Liabilities		269,990	348,227	393,440	354,077	404,741
Total Liabilities	Before Distribution	1,738,116	2,114,093	3,253,132	3,272,994	3,446,951
	After Distribution (Note 2)	2,067,833	2,409,701	3,969,414	4,012,015	Not Distributed Yet
Equity Attributable to Shareholders of the Parent		4,454,502	4,594,737	5,321,766	5,556,343	5,629,721
Capital Stock		2,273,911	2,273,911	2,273,911	2,273,911	2,273,911
Capital Surplus		214,286	214,286	214,286	214,286	214,286
Retained Earnings	Before Distribution	2,010,832	2,246,611	2,985,629	3,248,937	3,222,959
	After Distribution (Note 2)	1,681,115	1,951,003	2,269,347	2,509,916	Not Distributed Yet
Others		(44,527)	(140,071)	(152,060)	(180,791)	(81,435)
Treasury Shares		—	—	—	—	—
Noncontrolling Interests		—	—	—	—	—
Total Equity	Before Distribution	4,454,502	4,594,737	5,321,766	5,556,343	5,629,721
	After Distribution (Note 2)	4,124,785	4,299,129	4,605,484	4,817,322	Not Distributed Yet

Note 1: The most recent five years, individual financial statements were audited by CPAs.

Note 2: The above number in the after distribution column was listed based on the Board of Directors, or the Shareholders' Meeting resolution in the next year.

## (4) Condensed Comprehensive Income Statement (The Parent Company only)- IFRSs

Unit: NT\$ Thousands

<div> <div>Year</div> <div>Item</div> </div>	Most Recent Five Years Financial Information (Note 1)				
	2018	2019	2020	2021	2022
Net Revenue	5,324,385	4,068,583	6,190,685	8,464,451	5,189,043
Gross Profit	789,902	603,657	1,084,880	1,217,945	707,046
operating income	458,479	292,715	692,774	811,742	348,768
Non-operating Income and Expenses	376,814	414,203	552,979	354,148	537,682
Income Before Income Tax	835,293	706,918	1,245,753	1,165,890	886,450
Income from Continuing Operation before Income Tax	630,097	565,371	1,034,225	978,035	710,636
Income (Loss) from Discontinued Operation	—	—	—	—	—
Net Income	630,097	565,371	1,034,225	978,035	710,636
Other Comprehensive Income (Loss) for the Year, Net of Income Tax	(31,245)	(95,419)	(11,588)	(27,176)	101,763
Total Comprehensive Income for the Year	598,852	469,952	1,022,637	950,859	812,399
Net Income Attribute to Shareholders of the Parent	630,097	565,371	1,034,225	978,035	710,636
Net Income Attribute to Noncontrolling Interests	—	—	—	—	—
Total Comprehensive Income Attribute to Shareholders of the Parent	598,852	469,952	1,022,637	950,859	812,399
Total Comprehensive Income Attribute to Noncontrolling Interests	—	—	—	—	—
Earnings Per Share	2.77	2.49	4.55	4.30	3.13

Note 1: The most recent five years, individual financial statements were audited by CPAs.

(5) The Most Recent Five Years CPAs' Name and Opinions

Year	Name of Accounting Firm	Name of CPAs	Opinion
2018	Deloitte & Touche	Cing-Jhen Yang, Tza-Li Gung	Unqualified opinion (emphasis of matter or another matter paragraph)
2019	Deloitte & Touche	Cing-Jhen Yang, Tza-Li Gung	Unqualified opinion (emphasis of matter or another matter paragraph)
2020	Deloitte & Touche	Cing-Jhen Yang, Jhih-Yuan Chen	Unqualified opinion
2021	Deloitte & Touche	Cing-Jhen Yang, Jhih-Yuan Chen	Unqualified opinion
2022	Deloitte & Touche	Shih-Chieh Chou, Tza-Li Gung	Unqualified opinion
2023 Q1	Deloitte & Touche	Shih-Chieh Chou, Tza-Li Gung	Qualified opinion review report

## 2. Most Recent Five-Year Financial Analysis

### (1) Financial Analysis- Consolidated (IFRSs)

Unit: NT\$ Thousands

<div>Year</div> <div>Item</div>		Most Recent Five Years Financial Analysis					Financial Information up to March 31, 2023 (Audited by CPAs)
		2018	2019	2020	2021	2022	
Capital Structure Analysis %	Debts Ratio	36.58	36.24	45.12	42.25	40.87	45.72
	Long-term Fund to Property, Plant and Equipment	404.00	423.61	425.95	425.84	339.05	360.37
Liquidity Analysis %	Current Ratio	242.08	250.82	200.82	209.17	213.26	193.92
	Quick Ratio	210.00	219.90	165.63	161.86	179.38	159.64
	Times Interest Earned	106.79	163.50	268.12	188.45	58.20	51.09
Operating Performance Analysis	Average Collection Turnover (Times)	3.66	3.17	3.11	3.53	2.77	4.04
	Days Sales Outstanding	100	115	117	103	132	90
	Average Inventory Turnover (Times)	7.84	5.66	5.41	5.24	3.54	4.87
	Average Payment Turnover (Times)	3.96	3.53	2.93	3.82	3.55	3.90
	Average Inventory Turnover Days	47	64	67	70	103	75
	Property, Plant and Equipment Turnover (Times)	5.29	4.49	6.02	7.39	4.09	5.09
	Total Assets Turnover (Times)	0.88	0.74	0.89	1.04	0.68	0.89
Profitability Analysis	Return on Total Assets (%)	8.88	8.00	12.28	10.18	7.56	2.70
	Return on Equity (%)	14.47	12.50	20.86	17.98	12.71	4.67
	Pre-tax Income to Paid-in Capital Ratio (%)	40.33	33.77	59.04	57.05	41.21	16.46
	Net Margin (%)	9.97	10.79	13.69	9.69	10.96	11.92
	Basic Earnings Per Share (NT\$)	2.77	2.49	4.55	4.30	3.13	1.18
Cash Flow	Cash Flow Ratio (%)	24.42	29.29	16.67	2.25	44.98	13.20
	Cash Flow Adequacy Ratio (%)	135.67	144.19	109.23	66.98	80.87	86.94
	Cash Flow Reinvestment Ratio (%)	2.93	5.91	5.64	(9.31)	11.66	8.02
Leverage	Operating Leverage	1.15	1.16	1.08	1.10	1.22	1.09
	Financial Leverage	1.01	1.01	1.00	1.01	1.03	1.02

Please explain the deviation of each financial ratio in the recent two years. (Other than the deviation is less than 20%)

1. The decrease in the interest coverage ratio is mainly due to a reduction in net income before income tax and interest expenses.
2. The decline in operational capability is primarily caused by a decrease in operating revenue, as well as a reduction in related operating costs, resulting in decreases in accounts receivable turnover, accounts payable turnover, fixed asset turnover, and total asset turnover.
3. The decrease in profitability is mainly attributed to a decrease in operating revenue in 2022, leading to a decline in gross profit from sales and a decrease in net profit for the current period.
4. The increase in the cash flow ratio is mainly a result of a decrease in inventory during the current period, resulting in an increase in net cash flow from operating activities.

Note 1: The calculation formula is as follows:

1. Capital Structure Analysis
  - (1) Debt Ratio = Total Liabilities / Total Assets
  - (2) Long-term Fund to Property, Plant and Equipment Ratio = (Shareholders' Equity Noncurrent Liabilities) / Net Property, Plant and Equipment °
2. Liquidity Analysis
  - (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
3. Operating Performance Analysis
  - (1) Average Collection Turnover = Net Sales / Average Trade Receivables
  - (2) Days Sales Outstanding = 365 / Average Collection Turnover
  - (3) Average Inventory Turnover = Cost of Sales / Average Inventory
  - (4) Average Payment Turnover = Cost of Sales / Average Trade Payables
  - (5) Average Inventory Turnover Days = 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 Analysis
  - (1) Return on Total Assets = (Net Income + Interest Expenses \* (1 - Effective Tax Rate)) / Average Total Assets
  - (2) Return on Equity = Net Income / Average Equity
  - (3) Net Margin = Net Income / Net Sales
  - (4) Earnings Per Share = (Net Income Attributable to Shareholders of the Parent – Preferred Stock Dividend) / Weighted Average Number of Shares Outstanding (Note 2)
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 3)
6. Leverage
  - (1) Operating Leverage = (Net Sales - Variable Cost) / Income from Operations (Note 4)
  - (2) Financial Leverage = Income from Operations / (Income from Operations – Interest Expenses)

Note 2: The calculation formula of the above earnings per share should be noticed the following matters in weighing:

1. Should according to the weighted average number of common stocks, but not the issued stocks at the end of the year as the basic.
2. If there is seasoned equity offering or treasury stock trading, should consider calculating the weighted average stocks in the circulation period.
3. If there is earning transferred to capital increased or capital surplus transferred to capital increased, should adjust based on the capital increased ratio but not consider the issued date of capital increased while calculating the earnings per share in the past years and the half years.
4. If the preferred stock is unconvertible cumulative preferred stock, the current dividend (no matter release or not) should be deducted from the profit after tax or increased net loss after tax. If the preferred stock is noncumulative, the preferred stock dividend should be deducted from the profit after tax if it has; if it is the loss, then do not need to adjust.

Note 3: The cash flow analysis should be noticed the following matters in weighing:

1. The cash flows from operating activities is dedicated cash provided by operating activities in cash flow.
2. Capital expenditure is dedicated cash used in capital investing every year.



3. The number of increases in inventory is only calculated when the balance at the end of the year is more than the beginning of the year; if the inventory was decreased at the end of the year, it would be calculated as zero.
4. Cash dividend is included the common stock and preferred stock.
5. The gross of property, plant and equipment means before deducting the total of property, plant and equipment accumulated depreciation.

Note 4: The issuer should separate each operating cost and operating expenses to fixed and variable depends on its property; if it involved the estimation or subjective judgment should be noticed the reasonability and maintain consistency.

Note 5: If the company stock is no-par stock or the par value is not NT\$10, the calculation of the paid-in capital ratio would be changed to the equity ratio attribute to shareholders of the parent in the balance sheet.

## (2) Financial Analysis- The Parent Company only (IFRSs)

Unit: NT\$ Thousands

Item \ Year		Most Recent Five Years Financial Analysis				
		2018	2019	2020	2021	2022
Capital Structure Analysis %	Debts Ratio	28.07	31.51	37.94	37.07	37.98
	Long-term Fund to Property, Plant and Equipment	1,587.72	1,694.59	2,035.84	2,180.66	897.80
Liquidity Analysis %	Current Ratio	186.51	155.95	149.42	157.72	134.94
	Quick Ratio	184.99	154.75	148.65	147.39	125.57
	Times Interest Earned	104.40	159.32	249.55	169.80	55.05
Operating Performance Analysis	Average Collection Turnover (Times)	3.87	3.33	3.35	3.80	2.9
	Days Sales Outstanding	94	110	109	96	126
	Average Inventory Turnover (Times)	212.06	150.53	215.38	44.58	15.05
	Average Payment Turnover (Times)	7.24	5.57	3.93	5.34	4.67
	Average Inventory Turnover Days	2	2	2	8	24
	Property, Plant and Equipment Turnover (Times)	17.63	13.91	21.63	30.68	11.00
	Total Assets Turnover (Times)	0.83	0.63	0.81	0.97	0.58
Profitability Analysis	Return on Total Assets (%)	9.97	8.82	13.59	11.30	8.08
	Return on Equity (%)	14.47	12.50	20.86	17.98	12.71
	Pre-tax Income to Paid-in Capital Ratio (%)	36.73	31.09	54.78	51.27	38.98
	Net Margin (%)	11.83	13.90	16.71	11.55	13.69
	Basic Earnings Per Share (NT\$)	2.77	2.49	4.55	4.30	3.13
Cash Flow	Cash Flow Ratio (%)	29.36	34.45	13.42	-	32.24
	Cash Flow Adequacy Ratio (%)	108.63	115.89	116.97	60.61	62.73
	Cash Flow Reinvestment Ratio (%)	0.69	5.64	1.53	(12.05)	3.95
Leverage	Operating Leverage	1.04	1.07	1.03	1.02	1.06
	Financial Leverage	1.02	1.02	1.01	1.01	1.05

Please explain the deviation of each financial ratio in the recent two years. (Other than the deviation is less than 20%)

- 1.The decrease in the interest coverage ratio is mainly due to a reduction in net income before income tax and interest expenses.
- 2.The decline in operational capability is primarily caused by a decrease in operating revenue, as well as a reduction in related operating costs, resulting in decreases in accounts receivable turnover, accounts payable turnover, fixed asset turnover, and total asset turnover.
- 3.The decrease in profitability is mainly attributed to a decrease in operating revenue in 2022, leading to a decline in gross profit from sales and a decrease in net profit for the current period.
- 4.The increase in the cash flow ratio is mainly a result of a decrease in inventory during the current period, resulting in an increase in net cash flow from operating activities.

Note: For the calculation formula, please refer to page 92-93 of the Annual Report.

### 3. Most Recent Year Audit Committee's Review Report

#### Channel Well Technology Co., Ltd. Audit Committee's Review Report

To: The 2023 Annual Shareholders' Meeting of Channel Well Technology Co., Ltd.

The Board of Directors has prepared the Company's Business Report, Financial Statements, and proposal for earnings distribution for the year 2022. The Aforementioned Financial Statements were audited by independent auditors of Deloitte & Touche CPA Firm with issuance of reports.

We, the Audit Committee of the Company have reviewed the above Business Report, Financial Statements, and proposal for earnings distribution in accordance with applicable laws and regulations and found the same have been complied with. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

The Audit Committee of Channel Well Technology Co., Ltd.

Convenor of the Audit Committee: Dong-Rong Huang

March 14, 2023

4.2022 Consolidated Financial Statements Audited by CPA: Please refer to **【Appendix A】** (P110-P173) of this annual report

5.2022 Parent Company Only Financial Statement Audited by CPA: Please refer to **【Appendix B】** (P174-P232) of this annual report

6.Company and Related Companies Experienced Financial Turnover Difficulties During The Most Recent Year and Up to the Published Date of The Annual Report: None.

## VII. Analysis of Financial Status, Performance and Risk-Related Issues

### 1. Financial Status (Consolidated)

Unit: NT\$ Thousands

Item \ Year	2021	2022	Difference		Explanation
			Amount	%	
Current Assets	7,753,657	7,424,809	(328,848)	(4.24)	—
Noncurrent Assets	1,867,780	2,095,496	227,716	12.19	—
Total Assets	9,621,437	9,520,305	(101,132)	(1.05)	—
Current Liabilities	3,706,794	3,481,554	(225,240)	(6.08)	—
Noncurrent Liabilities	358,300	409,030	50,730	14.16	—
Total Liabilities	4,065,094	3,890,584	(174,510)	(4.29)	—
Capital Stock	2,273,911	2,273,911	—	—	—
Capital Surplus	214,286	214,286	—	—	—
Retained Earnings	3,248,937	3,222,959	(25,978)	(0.80)	—
Other Equity	(180,791)	(81,435)	99,356	54.96	1
Treasury Shares	—	—	—	—	—
Equity Attributable to Shareholders of the Parent	5,556,343	5,629,721	73,378	1.32	—
Predecessors' Interests Under Common Control	—	—	—	—	—
Noncommon Control Equity Before Combined	—	—	—	—	—
Non-controlling interests	—	—	—	—	—
Total Equity	5,556,343	5,629,721	73,378	1.32	—
Please explain the difference ratio: (The difference ratio is more than 20%, and the amount is reached to \$10,000,000)					
1. Increase in other equity: the main cause is the gains on the exchange resulting from translating the financial statements in foreign operations with the floating exchange rate in 2022.					

## 2. Financial Performance

### (1) Financial Performance Comparison Analysis (Consolidated)

Unit: NT\$ Thousands

Item \ Year	2021	2022	Difference		Explanation
			Amount	%	
Net Revenue	10,090,823	6,486,756	(3,604,067)	(35.72)	1
Operating Cost	8,138,529	5,241,231	(2,897,298)	(35.60)	1
Gross Profit	1,952,294	1,245,525	(706,769)	(36.20)	
Realized gain from the sale	—	—	—	—	—
Gross profit	1,952,294	1,245,525	(706,769)	(36.20)	—
Operating Expenses	727,877	661,401	(66,476)	(9.13)	—
Operating Income	1,224,417	584,124	(640,293)	(52.29)	—
Non-operating Income and Expenses	72,931	352,891	279,960	383.87	—
Income Before Income Tax	1,297,348	937,051	(360,333)	(27.77)	—
Income Tax Expenses	(319,313)	(226,379)	92,934	(29.10)	2
Net Income	978,035	710,636	(267,399)	(27.34)	—
Other Comprehensive Loss	(27,176)	101,763	128,939	474.46	3
Total Comprehensive Income For The Year	950,859	812,399	(138,460)	(14.56)	—
Please explain the difference ratio: (The difference ratio is more than 20%, and the amount is reached to \$10,000,000)					
1. Decrease in operating revenue and operating costs: This is primarily due to weakening market demand and a slower adjustment in customer inventory liquidation, resulting in a decrease in operating revenue and a corresponding decrease in operating costs.					
2. Decrease in income tax expenses: This is mainly due to a decrease in pre-tax net income in 2022, resulting in a reduction in the estimated income tax provision.					
3. Increase in other comprehensive income: This is primarily due to exchange gains resulting from exchange rate fluctuations in 2022 on the financial statements of our overseas operating entities.					

- (2) Estimate the possible impact and countermeasures of the future year sales volume and basis to the company financial business: According to the industry environment, market supply and demand, capacity conditions, and the business target, the company and its subsidiaries estimated the combined sales volume of the various power supply is approximately 15,655,000 pcs in 2023.

### 3. Cash Flow

#### (1) Analysis of Cash Flow:

Item \ Year	2021	2022	Difference	Difference Ratio %
Net Income Generated by Operating Activities	83,279	1,566,078	1,482,799	1,780.52%
Net Income (Outcome) Generated by Investing Activities	685,700	(1,151,635)	(1,837,355)	(267.95%)
Net Income (Outcome) Generated by Financing Activities	29,004	(558,955)	(587,959)	(2,027.17%)
1. Increase in net cash flow from operating activities: This is mainly due to the higher net cash inflow from operating activities in 2022. 2. Increase in net cash outflow from investing activities: This is primarily due to the acquisition of a new operational headquarters and the undertaking of multiple fixed-term deposits in 2022. 3. Increase in net cash outflow from financing activities: This is mainly caused by a reduction in the amount of short-term borrowings in 2022 compared to the previous year.				

(2) Remedial Actions and Liquidity Analysis for Cash Shortage: Not applicable.

#### (3) Cash Flow Analysis for Next Year:

Unit: NT\$ Thousands

Cash Balance at The Beginning of Period (1)	Net Cash Provided by Operating Activities (2)	Cash Outflow (3)	Cash Balance (1)+(2)+(3)	Remedial Actions for Cash Shortage	
				Investment Plan	Financial Plan
1,847,595	854,218	(1,051,482)	1,650,331	—	—

### 4. The Impact of Major Capital Expenditure on the Financial Status in The Past Year:

#### (1) The applied status and resource of major capital expenditure

Expressed in thousands of New Taiwan dollars

Project	Actual or Estimated Capital Resource	Total Amount of Needed Capital	2021	2022
Purchased office building (Establish operation headquarter)	Equity capital	421,060	128,350	292,710

#### (2) Explanation of the estimated benefit:

Purchased the office building to be the corporate operation headquarter is for establishing the product R&D center, the display center and the operation management center for the group future development and for introducing the new equipment, upgrading the software to integrating and enhancing the source benefit.

5. Investment Policy in The Past Year, Main Causes of Profit/Loss, Improvement Plans and Future Investment Plans for The Coming Year:

(1) Investment Policy for the Recent Year

The company investment policy is to expand the investment of the main related business. Focus on the main business development to enhance the operation performance.

(2) Investment Profit/Loss Analysis

The net profit of long-term equity investment in 2022 is NT\$276,376,000, which was included investment companies such as CHANNEL WELL TECHNOLOGY(GUANGZHOU) CO., LTD., CHIA KWEI TECHNOLOGY(GUANGZHOU) CO., LTD., POWER PLUS TECHNOLOGY (WANZAI) CORP., NINGBO ISO ELECTRONIC CO.,LTD., CWT(VN), PPT(VN), and etc.. In general, the revenue has dramatically decreased due to the shrinking market in 2022. However, the decline of materials and labor costs is limited. The economies of scale for manufacturing plant is unable to distribute amortized costs; thus the re-investment profit decreased compared to 2021.

(3) Future Investment Plan for the Coming Year

It will depend on the whole group development and the operation status of subsidiaries to adjust the layout of the production base and establish the group headquarter. In 2023, CHANNEL WELL TECHNOLOGY(GUANGZHOU) CO., LTD., CHIA KWEI TECHNOLOGY(GUANGZHOU)CO., LTD., and POWER PLUS TECHNOLOGY (WANZAI) CORP., would continue to deeper the automatic manufacturing process and equipment replacement; PPT(VN)- Bac Ninh and CWT(VN)Hanoi, the capacity could continue to expand and install the self-made components product lines. The future needs of fund for operation has been estimated to be NTD\$360 million.

6. Risk Assessment:

(1) Effect of Changes in Interest Rate, Foreign Exchange and Inflation on Corporate Finance and Future Countermeasures:

A. The impact of profit and loss (Consolidated data):

Item	2022 (NT\$ Thousands; %)
Net Interest Revenue (Expense)	52,234
Net Exchange Gains (Losses)	253,981
Net Interest Revenue (Expense) to Net Operating Revenue Ratio (%)	0.81
Net Interest Revenue (Expense) to Income before income tax Ratio (%)	5.57
Net Exchange Gains (Losses) to Net Operating Revenue Ratio (%)	3.92
Net Exchange Gains (Losses) to Income before income tax Ratio (%)	27.11



a. Interest Rate:

The company and subsidiaries' short-term loan balance is approximately NT\$1,720,000,000, which is 18% of combined total assets. The main reason is the short-term turnover scheduling; the company could evaluate any time and get the prime rate from the bank. The total amount of financial assets of cash flow risk with the variable interest rate mainly included the bank deposit with floating rate and net other financial assets (liabilities) is approximately NT\$416,614,000, which is 4% of combined total assets. The company and subsidiaries' interest rate risk is mainly from the short-term loan of the floating rate. If the rate increased/decreased 100 basis points and the other conditions unchanged, the annual combined net income would be approximately increased/decreased NT\$4,166,000.

b. Foreign Exchange:

The company and subsidiaries' export and import quotation is based on the US dollar, and the exchange fluctuation of the US dollar would impact the income and cost at the same time. The financial assets of the fair value risk with a variable rate at the end of 2022 is US\$130,654,000 and CNY243,149,000, and also the financial liability US\$59,123,000 and CNY2,166,000. When the NT dollar depreciates/appreciate 1% to the related currency, the annual combined net income for the company and subsidiaries would be approximately increased/decreased NT\$32,592,000.

c. Inflation:

The CPI annual average in Taiwan was increased by 2.95% in 2022. The group production base was focus on China, so the CPI annual average in China was increased 2.0% in 2022. If the combined expense was NT\$661,401,000 in 2022, the inflation rate would be raised by 1%. That would impact the combined annual expenses of the company and subsidiaries increased approximately NT\$6,614,000.

B. Future Countermeasures:

- a. Interest Rate: The company and subsidiaries would follow the trend of interest rate anytime and evaluate the loan carefully and the deposit methods of funding.
- b. Foreign Exchange: The company and subsidiaries would pay attention to the trend of the exchange rate of US dollar, NT dollar, and CNY anytime. Other than the natural hedges of income and cost, The company and subsidiaries collect the information from the correspondent bank and evaluate carefully whether to process the hedging operation to reduce the exchange losses due to the exchange rate fluctuation.
- c. Inflation: The company and subsidiaries would pay attention to the quotation to the customers and from the suppliers anytime.

(2) Policies, Main Causes of Profit/Loss and Action Plans with Respect to High-risk, High-leverage Investment, Lending or Endorsement Guarantee, and Derivatives Transactions:

A. For the lending or endorsement guarantee and derivatives transactions behavior, the company established "Procedures of Loans to Others," "Management of Endorsement and Guarantees," and "Procedures for Acquisition or Disposal of Assets" to be the principle of implementation.

- B. The company and subsidiaries didn't launch into the trading matters of financial derivatives in 2022.
- C. The subsidiaries, YOUNG LING ENTERPRISE COMPANY LIMITED, DATAWELL HK LTD., and YUN DENG TECHNOLOGY COMPANY LIMITED., occurred the loaning to the affiliated in 2022 and was processed according to "Procedures of Loans to Others."
- D. The company did not endorse and Guarantee the subsidiaries in 2022.
- (3) The Annual R&D Plan in the Recent Year, Current Progress of Incomplete R&D Plan, Reinvested R&D Expenses, Expected time of Finished Mass Production, Main Successful Reason of R&D:
- The R&D plan of the company and subsidiaries is to develop the products, improve, and develop the appearance design to enhance the product added value to meet the market requirement and the trend of the future development. Estimate to appropriate 2.5%~3.5% of combined revenue into the R&D in 2023.
- (4) Effects of Changes in Policies and Regulations on Corporate Finance and Sales and Future Countermeasures:
- The company and the major subsidiaries established the responsible person to track and understand the revision of government policy and the regulations of Acts and pay high attention to the domestic and foreign policy development and variable of law and the proper countermeasures.
- (5) Effects of Technology change(including Cybersecurity Risks) and Industrial Changes on Corporate Finance and Sales and Future Countermeasures:
- For technology aspect, the internal has strengthened the internet firewall and kept antivirus softwares updated to prevent computer virus and malware from invading the Company's system. We back up system files and upload to the cloud as a daily routine to reduce risk, control the download on non-company softwares to avoid being attacked by unknown malwares or phishing websites that could cause significant damage to the Company. Besides, we keep improving information security protection to reduce any possible information security risks.
- In terms of industry, the major product of the company and subsidiaries is the power supply, which is the necessary component for the computer and its peripheral equipment and has no replacement product currently. The Company would focus on the development trend of power products anytime and invest in developing the new product. There is no major effect of technology changes on corporate financial business in recent years.
- (6) The Impact of The Changes of Corporate Image on Corporate Risk Management and Countermeasures: None.
- (7) Anticipated Results and Risks of Acquisition: None.
- (8) Expected efficiency and possible risks for the plant expansion in recent years:

The company would continue to acquire innovative technology and operating concept to improve the manufacturing process, deeper the automatic manufacturing process, enhance the quality, save the resource consumption, and rolling wave planning the production capacity and configuration between each base in China and Vietnam to make it achieve the best interests of the production scale, and provide the diversified service and strive for more business opportunities.

(9) Risks During Concentrated Stock Replenishment and Sale:

The important sales customers of the company and subsidiaries are long-term cooperation in the recent years; we have a close relationship and good interaction with customers. On the other hand, we actively develop different application products recently and expand the new market and new customers to reduce the risk of concentrated sales. Our raw material suppliers upstream are separated that have not risked concentrated component suppliers.

(10) Effects and Risks of The Large Number of Share Transfers or Changes by Directors, Supervisors, or Major Shareholders: None.

(11) Effects and Risks of Change in Operating Right: None.

(12) Litigious and non-litigious matters should be listed the major litigious, non-litigious, or administrative disputes involving the company, director, general manager, actual responsible person, a major shareholder holding a stake of more than 10%, and affiliated, that have been concluded by means of a final and unappeasable judgment or are still pending. Where the outcome may materially affect shareholders' equity or securities prices, it shall be disclosed the facts in dispute, amount of money at stake in the dispute, date of litigation commencement, main parties to the dispute, and measures taken in response which is up to the published date of the Annual Report: None.

(13) Other Major Risk: None.

7. Other Important Matters: None.

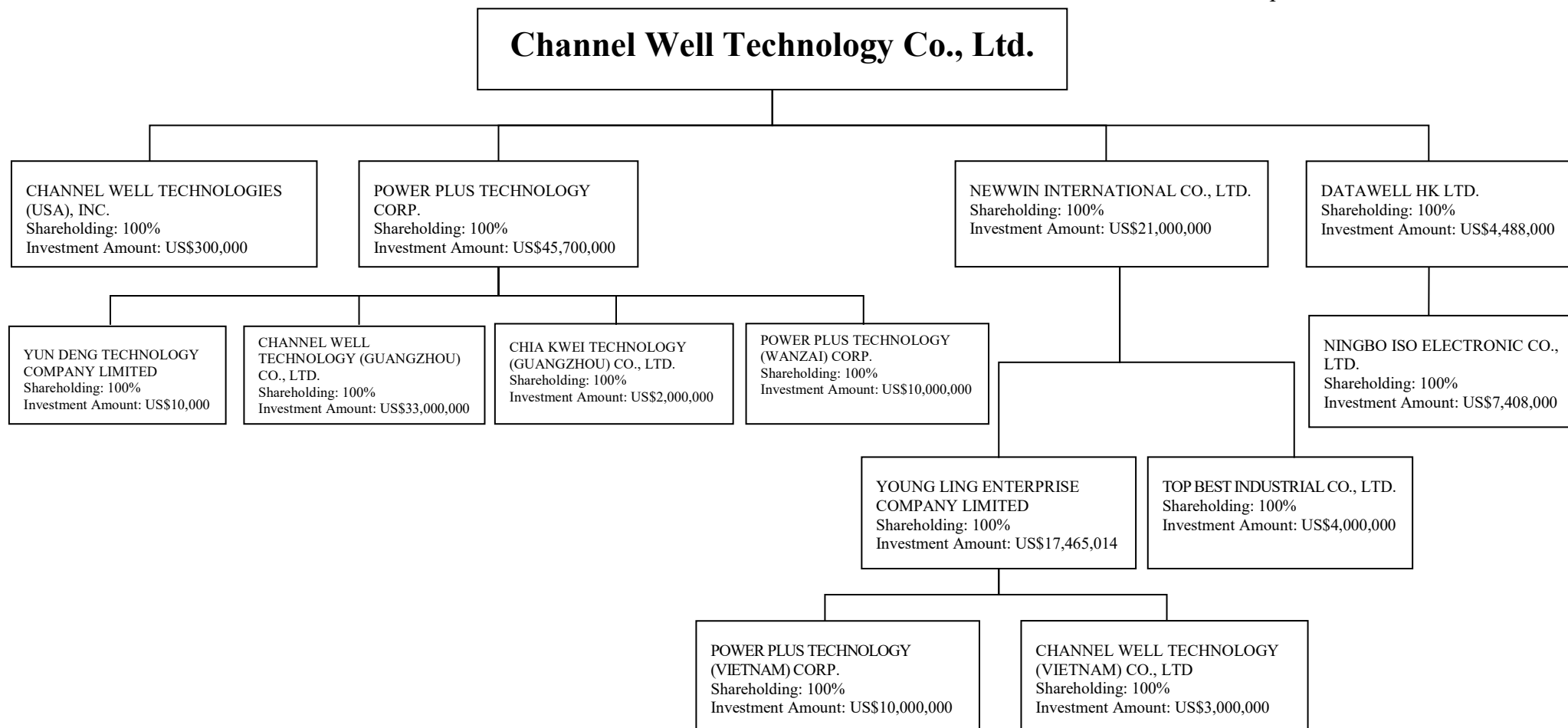
## VIII. Special Notes

### 1. Summary of Affiliated Company

(1) Affiliated Enterprise Combined Operating Report and Combined Financial Statement: Please refer to (P110-P173)

#### A. Subsidiaries Chart

Up to December 31, 2022



## B. Subsidiaries Information

December 31, 2022

Company	Established Date	Address	Capital Stock	Business Activities	Division
DATAWELL HK LTD.	1999.04.23	BRITISH VIRGIN ISLANDS	USD4,488,061	Holding company	Holding
CHANNEL WELL TECHNOLOGIES (USA), INC.	2002.05.01	LA, USA	USD300,000	Power supply sales	Sales business
POWER PLUS TECHNOLOGY CORP.	2004.11.24	Samoa	USD45,000,000	Holding company and general business	Holding and sales business
YOUNG LING ENTERPRISE COMPANY LIMITED	2009.12.17	Samoa	USD20,000,000	Holding company and general business	Holding and sales business
NINGBO ISO ELECTRONIC CO., LTD.	2000.06.07	NingBo Bonded Area	USD7,407,500	General business	Sales business
YUN DENG TECHNOLOGY COMPANY LIMITED	2009.12.17	Samoa	USD10,000	General business	Sales business
CHANNEL WELL TECHNOLOGY(GUANG ZHOU) CO., LTD.	2005.01.25	ZengCheng, Guangzhou	USD33,000,000	Power supply production and sales business	Sales business and Production
CHIA KWEI TECHNOLOGY(GUANG ZHOU)CO., LTD.	2010.12.06	ZengCheng, Guangzhou	USD2,000,000	Power supply production and sales business	Sales business and Production
POWER PLUS TECHNOLOGY (WANZAI) CORP.	2007.01.02	WanZai, JiangXi	USD10,000,000	Components production and sales business included transformer, wire, and cooling fin	Sales business and Production
CHANNEL WELL TECHNOLOGY (VIETNAM) CO., LTD	2015.06.30	Hanoi, Vietnam	USD3,000,000	Power supply, transformer, wire, and cooling fin production and sales business	Sales business and Production
POWER PLUS TECHNOLOGY (VIETNAM) CORP.	2019.05.06	BacNinh, Vietnam	USD10,000,000	Power supply, transformer, wire, and cooling fin production and sales business	Sales business and Production
NEWWIN INTERNATIONAL CO., LTD	2022.03.15	Samoa	USD21,000,000	Holding company and general business	Holding and sales business
TOP BEST INDUSTRIAL CO., LTD.	2022.03.21	Samoa	USD4,000,000	Holding company and general business	Holding and sales business

C. Data of Common Shareholders of Treated-as Controlled Companies and Affiliates: None.

## D. Directors, Supervisors, and General Managers of Affiliated Enterprise

December 31, 2022

Corporate Name	Title	Name or Representative	Spouse & Minors	
			Shares	%
DATAWELL HK LTD.	Chairman	Chun-Wei Pan (Representative of CWT)	4,488,061	100.00%
CHANNEL WELL TECHNOLOGIES(USA), INC.	Chairman	Shou-Jheng Chen (Representative of CWT)	300,000	100.00%
	Director	Chun-Wei Pan (Representative of CWT)		
POWER PLUS TECHNOLOGY CORP.	Chairman	Chun-Wei Pan (Representative of CWT)	45,000,000	100.00%
YOUNG LING ENTERPRISE COMPANY LIMITED	Director	Chun-Wei Pan (Representative of NEWWIN)	20,000,000	100.00%
NINGBO ISO ELECTRONIC CO.,LTD.	Chairman	Chun-Wei Pan (Representative of DATAWELL)	—	100.00%
	Director & General Manager	Shiow-Hua Yang (Representative of DATAWELL)		
	Director	Dao-Sing Pan (Representative of DATAWELL)		
YUN DENG TECHNOLOGY COMPANY LIMITED	Director	Chun-Wei Pan (Representative of POWER PLUS)	—	100.00%
CHANNEL WELL TECHNOLOGY(GUANGZHOU) CO., LTD.	Chairman	Chun-Wei Pan (Representative of POWER PLUS)	—	100.00%
	Director	Shiow-Hua Yang (Representative of POWER PLUS)		
	Director	Dao-Sing Pan (Representative of POWER PLUS)		
CHIA KWEI TECHNOLOGY(GUANGZHOU) CO., LTD.	Chairman	Chun-Wei Pan (Representative of POWER PLUS)	—	100.00%
	Director	Shiow-Hua Yang (Representative of POWER PLUS)		
	Director	Dao-Sing Pan (Representative of POWER PLUS)		
POWER PLUS TECHNOLOGY (WANZAI) CORP.	Chairman	Chun-Wei Pan (Representative of POWER PLUS)	—	100.00%
	Director	Shiow-Hua Yang (Representative of POWER PLUS)		
	Director	Dao-Sing Pan (Representative of POWER PLUS)		
CHANNEL WELL TECHNOLOGY (VIETNAM) CO., LTD	Chairman	Chun-Wei Pan (Representative of YOUNG LING)	—	100.00%
POWER PLUS TECHNOLOGY (VIETNAM) CORP.	Chairman	Chun-Wei Pan (Representative of YOUNG LING)	—	100.00%
NEWWIN INTERNATIONAL CO., LTD	Director	Chun-Wei Pan (Representative of CWT)	21,000,000	100.00%
TOP BEST INDUSTRIAL CO., LTD.	Director	Chun-Wei Pan (Representative of NEWWIN)	4,000,000	100.00%

E. Summarized Operation Results of Affiliated Enterprise

2022; Unit: NT\$ Thousands

Corporate Name	Capital	Total Assets	Total Liabilities	Net Value	Operating Revenue	Operating Income (Expense)	Current Profit and Loss (After Tax)	Earnings (Loss) Per Share (NT\$) (After Tax)
DATAWELL HK LTD.	172,105	741,183	—	741,183	—	(81)	111,743	24.90
CHANNEL WELL TECHNOLOGIES (USA), INC.	10,416	47,342	12,772	34,570	64,391	282	286	0.95
POWER PLUS TECHNOLOGY CORP.	1,421,700	2,782,969	34,195	2,748,774	—	(37)	236,587	5.26
YOUNG LING ENTERPRISE COMPANY LIMITED	603,380	733,995	207,528	526,467	241,446	(18,414)	(73,450)	(3.67)
NINGBO ISO ELECTRONIC CO., LTD.	251,830	1,138,843	531,613	607,230	1,462,724	87,032	95,582	—
YUN DENG TECHNOLOGY COMPANY LIMITED	318	325,824	47,953	277,871	789,825	9,635	11,450	1,145.04
CHANNEL WELL TECHNOLOGY(GUANGZHOU) CO., LTD.	1,040,796	2,389,565	1,102,901	1,286,664	3,976,689	365	34,462	—
CHIA KWEI TECHNOLOGY(GUANGZHOU)CO., LTD.	60,380	1,338,365	778,086	560,279	1,989,212	89,973	106,574	—
POWER PLUS TECHNOLOGY (WANZAI) CORP.	320,524	821,362	158,965	662,397	1,044,282	83,006	83,444	—
CHANNEL WELL TECHNOLOGY (VIETNAM) CO., LTD	96,810	88,230	4,525	83,705	58,192	(4,299)	(3,689)	—
POWER PLUS TECHNOLOGY (VIETNAM) CORP.	306,808	483,423	282,495	200,928	40,144	(49,317)	(62,144)	—
NEWWIN INTERNATIONAL CO., LTD	633,655	649,568	14,280	635,288	—	—	(12,217)	(0.58)
TOP BEST INDUSTRIAL CO., LTD.	124,840	123,033	—	123,033	—	—	187	0.05

## (2) Consolidated Financial Statements of Affiliated Enterprises

### **Declaration of Consolidated Financial Statements of Affiliates**

The entities that are required to be included in the combined financial statements of Channel Well Technology Co., Ltd. up to and for the year ended December 31, 2022, under the “Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, “Consolidated Financial Statements.” In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Channel Well Technology Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Hereby Declare,

Company: Channel Well Technology Co., Ltd.

Responsible Person: Chun-Wei Pan

March 14, 2023



2. Private Placement Securities in The Most Recent Year and Up to The Published Date of Annual Report: None.
3. Subsidiary Companies Holding or Disposal of The Company's Stock Status in The Most Recent Year and Up to The Published Date of Annual Report: None.
4. Other Supplementary Notes: The company has no outstanding commitments.

**IX. Matters Affecting Shareholders' Equity or Stock Price as Listed in Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act in the Most Recent Year and Up to The Published Date of Annual Report :None.**

## 【Appendix A】 2022 Consolidated Financial Statements Audited by CPA

### Independent Auditors' Report

To the Board of Directors of Channel Well Technology Co., Ltd. :

#### Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the International Financial Reporting Standards, International Accounting Standards, interpretations, as well as related guidance endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

#### Basis for Opinion

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

#### Key Audit Matters

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

Key audit matters for the Group's consolidated financial statements for the year ended December 31, 2022 are stated as follows:

#### The authenticity of sales revenue recognition

According to the accounting policy of the Group, upon shipment date of the electronic equipment products, the customer has the right to set the price and use of the products and bears the main responsibility for resale and the risk of obsolescence. The Group recognizes that point of time as income and accounts receivable. This year, the market demand for some products of the Group has declined, and the overall sales revenue has decreased. Among them, the changes in sales revenue of some customers have shown growth against the trend, and the amount is significant for the Group this year. The amount of impact on the financial statements is

significant, and the revenue recognized by these customers may have the risk of not meeting the conditions stipulated in the International Financial Reporting Standards. Consequently, the authenticity of the sales revenue recognition of major customers is identified as a key audit matter. For accounting policies and information related to the sales revenue recognition, please refer to Note 4 of the consolidated financial report.

Our audit procedures related to the evaluation of above mentioned included the following, among others:

1. We understand and test the main internal control processes for the recognition of sales revenue from major sales customers.
2. We obtain the sales revenue details of major sales customers throughout the year and verify their correctness and completeness.
3. We sampled from the sales revenue details of major sales customers, and review relevant documents such as their original orders and invoices.

#### **Other Matter**

Channel Well Technology Co., Ltd has additionally prepared its parent-company-only financial statements as of and for the years ended December 31, 2022 and 2021, on which we have issued an unqualified opinion, respectively.

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

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

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

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

#### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Chou, Shih-Chieh and Gung, Tza-Li.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China  
March 14, 2023

**Channel Well Technology Co., Ltd. and Subsidiaries**

Consolidated Balance Sheets

December 31, 2022 and 2021

(In Thousands of New Taiwan Dollars)

Code	ASSETS	December 31, 2022		December 31, 2021	
		Anout	%	Amount	%
	<b>Current assets</b>				
1100	Cash and cash equivalents (Notes 4 and 6)	\$ 1,847,595	20	\$ 1,916,911	20
1110	Financial assets at fair value through profit or loss-current (Notes 4 and 7)	198,425	2	182,342	2
1136	Financial assets at amortized cost-current (Notes 4, 9 and 29)	2,092,514	22	1,242,019	13
1170	Accounts receivable, net (Notes 4, 10 and 22)	2,028,707	21	2,618,045	27
1180	Accounts receivable from related parties, net (Notes 4 and 28)	3,952	-	1,274	-
1200	Other receivables (Notes 4, 10 and 28)	61,456	1	31,682	-
130X	Inventories (Notes 4 and 11)	1,061,498	11	1,623,839	17
1479	other current assets (Note 17)	130,662	1	137,545	2
11XX	<b>Total current assets</b>	<u>7,424,809</u>	<u>78</u>	<u>7,753,657</u>	<u>81</u>
	<b>Non-current assets</b>				
1517	Financial assets at fair value through other comprehensive income-noncurrent (Notes 4 and 8)	40,348	-	45,278	-
1600	Property, plant and equipment (Notes 4 and 13)	1,781,063	19	1,388,949	14
1755	Right-of-use assets (Notes 4 and 14)	152,412	2	149,293	2
1760	Investment property, net (Notes 4 and 15)	63,305	1	67,120	1
1780	Intangible assets (Notes 4 and 16)	4,722	-	7,393	-
1840	Deferred income tax assets (Notes 4 and 24)	25,273	-	50,366	-
1915	Prepayments for equipment	22,125	-	153,489	2
1990	Other non-current assets (Note 17)	6,248	-	5,892	-
15XX	<b>Total non-current assets</b>	<u>2,095,496</u>	<u>22</u>	<u>1,867,780</u>	<u>19</u>
1XXX	<b>Total assets</b>	<u>\$ 9,520,305</u>	<u>100</u>	<u>\$ 9,621,437</u>	<u>100</u>
	<b>Liabilities and Equity</b>				
	<b>Current liabilities:</b>				
2100	Short-term borrowings (Note 18)	\$ 1,720,000	18	\$ 1,540,000	16
2130	Contract liabilities-current (Notes 4 and 22)	42,927	1	35,112	-
2170	Accounts payable	1,298,933	14	1,657,196	17
2200	Other payables (Note 19)	222,333	2	284,925	3
2230	Income tax payable (Notes 4 and 24)	176,677	2	166,353	2
2399	Other current liabilities (Note 19)	20,684	-	23,208	-
21XX	<b>Total current liabilities</b>	<u>3,481,554</u>	<u>37</u>	<u>3,706,794</u>	<u>38</u>
	<b>Non-current liabilities:</b>				
2570	Deferred income tax liabilities (Notes 4 and 24)	385,854	4	332,336	4
2640	Net defined benefit liability (Notes 4 and 20)	18,308	-	21,162	-
2645	Guarantee deposits	4,868	-	4,802	-
25XX	<b>Total non-current liabilities</b>	<u>409,030</u>	<u>4</u>	<u>358,300</u>	<u>4</u>
2XXX	<b>Total liabilities</b>	<u>3,890,584</u>	<u>41</u>	<u>4,065,094</u>	<u>42</u>
	<b>Equity (Notes 4 and 21)</b>				
3110	Common stock	2,273,911	24	2,273,911	24
3200	Capital surplus	214,286	2	214,286	2
	Retained earnings				
3310	Appropriated as legal capital reserve	909,098	10	811,139	8
3320	Appropriated as special capital reserve	180,791	2	152,060	2
3350	Unappropriated earnings	2,133,070	22	2,285,738	24
3300	Total retained earnings	3,222,959	34	3,248,937	34
3400	Other equity	( 81,435 )	( 1 )	( 180,791 )	( 2 )
3XXX	<b>Total equity</b>	<u>5,629,721</u>	<u>59</u>	<u>5,556,343</u>	<u>58</u>
	<b>Total liabilities and equity</b>	<u>\$ 9,520,305</u>	<u>100</u>	<u>\$ 9,621,437</u>	<u>100</u>

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

**Channel Well Technology Co., Ltd. and Subsidiaries**  
Consolidated Statements of Comprehensive Income  
For the years ended December 31, 2022 and 2021  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

Code		2022		2021	
		Amount	%	Amount	%
4000	OPERATING REVENUES (Notes 4, 22 and 28)	\$ 6,486,756	100	\$ 10,090,823	100
5000	COST OF REVENUE (Notes 11 and 23)	<u>5,241,231</u>	<u>81</u>	<u>8,138,529</u>	<u>81</u>
5900	GROSS PROFIT	<u>1,245,525</u>	<u>19</u>	<u>1,952,294</u>	<u>19</u>
	<b>OPERATING EXPENSES</b> (Notes 10, 20 and 23)				
6100	Marketing	137,999	2	185,573	2
6200	General and administrative	308,039	5	313,552	3
6300	Research and development	220,042	3	231,151	2
6450	(Gain) on reversal of expected credit loss	( <u>4,679</u> )	<u>-</u>	( <u>2,399</u> )	<u>-</u>
6000	<b>Total operating expenses</b>	<u>661,401</u>	<u>10</u>	<u>727,877</u>	<u>7</u>
6900	INCOME FROM OPERATIONS	<u>584,124</u>	<u>9</u>	<u>1,224,417</u>	<u>12</u>
	<b>NON-OPERATING INCOME AND EXPENSES</b>				
7100	Interest income (Note 23)	68,615	1	60,546	1
7010	Other income (Notes 23 and 28)	48,546	1	52,399	-
7020	Other gains and losses (Note 23)	252,111	4	( 33,093 )	-
7050	Finance costs	( <u>16,381</u> )	( <u>1</u> )	( <u>6,921</u> )	<u>-</u>
7000	<b>Total non-operating income and expense</b>	<u>352,891</u>	<u>5</u>	<u>72,931</u>	<u>1</u>
7900	INCOME BEFORE INCOME TAX	937,015	14	1,297,348	13
7950	INCOME TAX EXPENSE (Notes 4 and 24)	( <u>226,379</u> )	( <u>3</u> )	( <u>319,313</u> )	( <u>4</u> )
8200	NET INCOME	<u>710,636</u>	<u>11</u>	<u>978,035</u>	<u>9</u>

(Continued)

Code		2022		2021	
		Amount	%	Amount	%
	OTHER COMPREHENSIVE INCOME (LOSS)				
	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit obligation	\$ 3,009	-	\$ 135	-
8316	Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income	( 4,930)	-	3,642	-
8349	Income tax benefit (expense) related to items that will not be reclassified subsequently to profit or loss	( 602 )	-	( 27 )	-
8310		( 2,523 )	-	3,750	-
	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences arising on translation of foreign operations	130,358	2	( 38,658 )	-
8399	Income tax related to items that may be reclassified subsequently to profit or loss	( 26,072 )	-	7,732	-
8360		104,286	2	( 30,926 )	-
8300	<b>Other comprehensive loss for the year, net of income tax</b>	101,763	2	( 27,176 )	-
8500	TOTAL COMPREHENSIVE INCOME FOR THE YEAR	\$ 812,399	13	\$ 950,859	9
	EARNINGS PER SHARE (NT\$, Note 25)				
9750	Basic earnings per share	\$ 3.13		\$ 4.30	
9850	Diluted earnings per share	\$ 3.08		\$ 4.25	

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



**Channel Well Technology Co., Ltd. and Subsidiaries**  
Consolidated Statement of Changes in Equity  
For the years ended December 31, 2022 and 2021  
(In Thousands of New Taiwan Dollars)

									Others			
									Foreign Currency	Unrealized Gain (Loss) on Assets at Fair Value Through Other Comprehensive		
C o d e		Capital Stock-Common Stock			Retained Earnings				Translation Reserve	Income	Total	Total Equity
		Shares (In thousands)	Amount	Capital Surplus	Local Capital Reserve	Special Capital Reserve	Unappropriated Earnings	Total				
A1	BALANCE, JANUARY 1, 2021	<u>227,391</u>	<u>\$ 2,273,911</u>	<u>\$ 214,286</u>	<u>\$ 707,717</u>	<u>\$ 140,071</u>	<u>\$ 2,137,841</u>	<u>\$ 2,985,629</u>	<u>(\$ 136,783)</u>	<u>(\$ 15,277)</u>	<u>(\$ 152,060)</u>	<u>\$ 5,321,766</u>
B1	Appropriations of earnings 2020 Legal capital reserve	<u>-</u>	<u>-</u>	<u>-</u>	<u>103,422</u>	<u>-</u>	<u>( 103,422)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
B3	Special capital reserve	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,989</u>	<u>( 11,989)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
B5	Cash dividends to shareholders	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>( 716,282)</u>	<u>( 716,282)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>( 716,282)</u>
D1	Net income in 2021	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>978,035</u>	<u>978,035</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>978,035</u>
D3	Other comprehensive income (loss) in 2021, net of income tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>108</u>	<u>108</u>	<u>( 30,926)</u>	<u>3,642</u>	<u>( 27,284)</u>	<u>( 27,176)</u>
D5	Total comprehensive income (loss) in 2021	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>978,143</u>	<u>978,143</u>	<u>( 30,926)</u>	<u>3,642</u>	<u>( 27,284)</u>	<u>950,859</u>
Q1	Disposal of investments in equity instruments at fair value through other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,447</u>	<u>1,447</u>	<u>-</u>	<u>( 1,447)</u>	<u>( 1,447)</u>	<u>-</u>
Z1	BALANCE, DECEMBER 31, 2021	<u>227,391</u>	<u>2,273,911</u>	<u>214,286</u>	<u>811,139</u>	<u>152,060</u>	<u>2,285,738</u>	<u>3,248,937</u>	<u>( 167,709)</u>	<u>( 13,082)</u>	<u>( 180,791)</u>	<u>5,556,343</u>
B1	Appropriations of earnings 2021 Legal capital reserve	<u>-</u>	<u>-</u>	<u>-</u>	<u>97,959</u>	<u>-</u>	<u>( 97,959)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
B3	Special capital reserve	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,731</u>	<u>( 28,731)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
B5	Cash dividends to shareholders	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>( 739,021)</u>	<u>( 739,021)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>( 739,021)</u>
D1	Net income in 2022	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>710,636</u>	<u>710,636</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>710,636</u>
D3	Other comprehensive income (loss) in 2022, net of income tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,407</u>	<u>2,407</u>	<u>104,286</u>	<u>( 4,930)</u>	<u>99,356</u>	<u>101,763</u>
D5	Total comprehensive income (loss) in 2022	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>713,043</u>	<u>713,043</u>	<u>104,286</u>	<u>( 4,930)</u>	<u>99,356</u>	<u>812,399</u>
Z1	BALANCE, DECEMBER 31, 2022	<u>227,391</u>	<u>\$ 2,273,911</u>	<u>\$ 214,286</u>	<u>\$ 909,098</u>	<u>\$ 180,791</u>	<u>\$ 2,133,070</u>	<u>\$ 3,222,959</u>	<u>(\$ 63,423)</u>	<u>(\$ 18,012)</u>	<u>(\$ 81,435)</u>	<u>\$ 5,629,721</u>

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

**Channel Well Technology Co., Ltd. and Subsidiaries**

Consolidated Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(In Thousands of New Taiwan Dollars)

Code		2022	2021
	<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
A10000	Income before income tax	\$ 937,015	\$ 1,297,348
A20010	Adjustments for:		
A20100	Depreciation expense	130,960	125,880
A20200	Amortization expense	2,834	2,694
A20300	Gain on reversal of expected credit loss	( 4,679 )	( 2,399 )
A20400	Net gain in financial assets or liabilities at fair value through profit or loss	( 2,871 )	( 7,896 )
A20900	Finance costs	16,381	6,921
A21200	Interest income	( 68,615 )	( 60,546 )
A21300	Dividend income	( 340 )	( 400 )
A22500	Loss (gain) on disposal of property, plant and equipment	( 44 )	2,131
A23700	Inventory losses (reversal of write-down of inventories)	36,295	( 1,805 )
A30000	Changes in operating assets and liabilities:		
A31130	Notes receivable	18,581	6,147
A31150	Accounts receivable	586,646	428,932
A31160	Receivables from related parties	( 2,678 )	4,035
A31180	Other receivables	( 60,670 )	( 48,414 )
A31200	Inventories	552,369	( 389,354 )
A31240	Other current assets	6,466	23,297
A32125	Contract liabilities	7,817	( 10,399 )
A32150	Accounts payable	( 389,317 )	( 925,631 )
A32180	Other payables	( 65,594 )	( 74,750 )
A32230	Other current liabilities	( 2,525 )	( 15,211 )
A32240	Net defined benefit liability	155	184
A33000	Cash generated from operations	1,698,186	360,764
A33100	Interest received	47,610	58,978
A33300	Interest paid	( 15,600 )	( 6,706 )
A33500	Income taxes paid	( 164,118 )	( 329,757 )
AAAA	<b>Net cash flows provided by operating activities</b>	<u>1,566,078</u>	<u>83,279</u>

(Continued)

Code		2022	2021
	<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
B00010	Acquisitions of Financial assets at fair value through other comprehensive income	\$ -	( \$ 15,000 )
B00020	Proceeds from disposal of Financial assets at fair value through other comprehensive income	-	4,687
B00040	Acquisitions of Financial assets at amortized cost	( 807,002 )	-
B00050	Proceeds from disposal of Financial assets at amortized cost	-	5,420
B00100	Acquisitions of Financial assets at fair value through profit or loss	( 1,263 )	-
B00200	Proceeds from disposal of Financial assets at fair value through profit or loss	-	974,532
B02700	Acquisitions of property, plant and equipment	( 349,701 )	( 184,217 )
B02800	Proceeds from disposal of property, plant and equipment	368	7,015
B03700	Increase in refundable deposits	( 263 )	-
B03800	Decrease in refundable deposits	-	31
B04500	Acquisitions of intangible assets	( 124 )	( 3,857 )
B07100	Increase in Prepayments for equipment	6,010	( 103,311 )
B07600	Dividend received	<u>340</u>	<u>400</u>
BBBB	<b>Net cash flows provided by(used in) investing activities</b>	<u>( 1,151,635 )</u>	<u>685,700</u>
	<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
C00100	Increase in short-term loans	180,000	745,000
C03100	Increase in guarantee deposits received	66	286
C04500	Cash dividends	( <u>739,021</u> )	( <u>716,282</u> )
CCCC	<b>Net cash flows provided by(used in) financing activities</b>	<u>( 558,955 )</u>	<u>29,004</u>
DDDD	<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	<u>75,196</u>	( <u>21,925</u> )
EEEE	<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	( 69,316 )	776,058
E00100	<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>1,916,911</u>	<u>1,140,853</u>
E00200	<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 1,847,595</u>	<u>\$ 1,916,911</u>

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

Channel Well Technology Co., Ltd. and Subsidiaries

Notes to Consolidated Financial Statements

January 1 to December 31, 2022 and 2021

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

**1. GENERAL INFORMATION**

Channel Well Technology Co., Ltd (the “Company”) was incorporated on October 5, 1983, in accordance with the Company Act and related laws of the Republic of China (“R.O.C.”) and registered under the Ministry of Economic with Business Registration Certificate obtained.

The Company is mainly engaged in the processing, manufacturing, and trading of power supply and electrical appliances as well as various electronic components.

The Company was approved as an OTC stock by letter No. 0930036808 on December 8, 2004 and was officially listed for trading on January 31, 2005.

The accompanying financial statements are expressed in the Company’s functional currency, New Taiwan Dollars

**2. APPROVAL OF FINANCIAL STATEMENTS**

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors on March 14, 2023.

**3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS**

- (1) Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC did not have a significant effect on the accounting policies of the Company and its subsidiaries (collectively as the “Group”)

- (2) Amendments to the IFRSs issued by International Accounting Standards Board (IASB) and endorsed by the FSC with effective date starting 2023

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IAS 1 “Disclosure of Accounting Policies	January 1, 2023 (note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (note 3)

Note1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note3: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

As of the date when this consolidated financial statements were authorized for issue, the Group has evaluated other adjustments in regulations or explanation would not have significant impact on the financial status and performance.

(3) The IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB (note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
Amendments to IFRS 16 "Leases Liability in a Sale and leaseback"	January 1, 2024 (Note 2)
Amendments to IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
The amendments of IFRS 17: The comparison between the first-applied IFRS 17 and IFRS 9	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Noncurrent"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

Note1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

In addition to the above impacts, as of the date when this consolidated financial statements were authorized for issue, the Group continues in evaluating the impact of other standards and amendments to the interpretation on the financial status and financial performance, and the relevant impacts will be disclosed when the evaluation is completed.

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

(1) Statement of Compliance

The accompanying consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities

Issuers and the IFRSs endorsed by FSC with the effective dates (collectively, “Taiwan-IFRSs”).

## (2) Basis of Preparation

The accompanying consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values as well as net defined benefit liability, which is recognized at the present value of defined benefit liability minus the fair value of planned assets.

According to the observability and significance of the relevant inputs, the fair value measurement is categorised into three levels of the fair value hierarchy.

1. Level 1 inputs: are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date (without adjustment).
2. Level 2 inputs: are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
3. Level 3 inputs: inputs are unobservable inputs for the asset or liability.

## (3) Classification of Current and Noncurrent Assets and Liabilities:

Current assets are:

1. Assets held for trading purposes
2. Assets expected to be converted to cash or sold within one year from the end of the reporting period; and
3. Cash and cash equivalent, excluding those with restriction for exchanging or paying off debts more than 12 months after the balance sheet date.

Current liabilities are:

1. Those that are obligations incurred for trading purposes
2. Expected to settle the liability when due within 12 months after the balance sheet date, even if an agreement to refinance or to reschedule payments on a long-term basis is completed after the balance sheet date and before the financial reports are authorized for issue; or
3. Not having an unconditional right to defer settlement of the liability for at least 12 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.

Those that are not classified as current assets or current liabilities as mentioned above are classified as non-current assets or non-current liabilities.

## (4) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into

line with those used by the Company. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

For details of subsidiaries, shareholding ratios and business items, please refer to Note 12 and Tables 5 and 6.

#### (5) Foreign Currencies

In preparing the financial statements of each individual consolidated entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized as functional currency records at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. The exchange difference arising from the delivery of monetary items or the conversion of monetary items are recognized in profit or loss in the year in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the year except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in foreign currencies, converted at the exchange rate on the transaction date, are not retranslated.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Company's foreign operations, including subsidiaries that operate in a different country or using different currency, are translated into NT\$ using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income

#### (6) Inventories

Inventories include materials, finished goods and merchandise. Inventories are required to be stated at the lower of cost and net realisable value (NRV). When comparing cost and net realizable value, basis of items that are not interchangeable, specific costs are attributed to the specific individual items of inventory. NRV is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale. Inventory cost is calculated by weighted average cost formulas.

#### (7) Property, Plant and Equipment

Real estate, plant and equipment are recognized at cost, and accordingly, Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment.

Property, plant and equipment in the course of construction for production, supply or administrative purposes are carried at cost, which includes professional service fees and borrowing costs that meet the capitalization conditions, less any recognized impairment loss. Such assets are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use and depreciation of these assets commences meanwhile.

Depreciation is recognized so as to write off the cost of the assets less their residual values over their useful lives, and it is computed using the straight-line method by separate depreciation for each significant part. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

#### (8) Investment properties

Investment property is property held to earn rentals or for capital appreciation or both, and it contains land held for a currently undetermined future use.

Investment property is initially measured at cost, including transaction costs, with some exceptions, may be subsequently measured using a cost model or fair value model, with changes in the fair value under the fair value model being recognised in profit or loss.

Depreciation is recognized so as to write off the cost of the assets less their residual values over their useful lives, and it is computed using the straight-line method.

The gain or loss on disposal should be calculated as the difference between the net disposal proceeds and the carrying amount of the asset and should be recognised as income or expense in the income statement.

#### (9) Intangible Assets

##### 1. Separately acquired intangible assets

Separately acquired intangible assets with finite useful lives are measured as cost, and accordingly carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized using the straight-line method over the estimated useful life. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis.



## 2. Derecognition

Upon derecognition of intangible assets, the difference between net disposal proceeds and carrying amount is recognized as current profit and loss.

### (10) Impairment of Property, Plant and Equipment, Right-of-use Assets and Intangible Assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and other intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset or a cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount, less amortization and depreciation, does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

### (11) Financial Instruments

Financial assets and liabilities shall be recognized in consolidated financial statement when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and liabilities are initially recognized at fair values. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

#### 1. Financial Assets

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

##### 1) Category and measurement

Financial assets held by the Group are classified into the following categories: financial assets at FVTPL, financial assets at amortized cost, and investments in equity instruments at FVTOCI.

A. Financial asset at FVTPL

For certain financial assets which include investments in equity instruments that do not meet the criteria of FVTOCI, it is mandatorily required to measure them at FVTPL.

Any gain or loss arising from remeasurement is recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest earned on the financial asset.

B. Measured at amortized cost

If the Group's investment financial assets meet the following two conditions at the same time, they are classified as financial assets measured at amortized cost:

- a. held under a certain business model, the purpose of this model is to hold financial assets to collect contractual cash flows; and
- b. contractual terms specifying that cash flows with significant date are solely payments of principal and interest on the principal amount outstanding

Subsequent to initial recognition, financial assets measured at amortized cost, including cash, cash equivalents, notes and accounts receivable measured at amortized cost, and refundable deposits, are measured at amortized cost, which equals to carrying amount determined by the effective interest method less any impairment loss. Any foreign currency exchange gains and losses are recognized in profit and loss.

Interest income is calculated by multiplying the effective interest rate by the total carrying amount of financial assets.

Cash equivalents include time deposits that are highly liquid and can be converted into fixed cash at any time within 3 months from the date of acquisition, and the risk of value changes is very small, which is used to meet short-term cash commitments.

C. Investments in equity instruments at FVTOCI

On initial recognition, the Group may irrevocably designate investments in equity investments that is not held for trading and recognition or contingent consideration by business combination acquirer as at FVTOCI.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. At the time of investment disposal, the accumulated profits and losses are directly transferred to retained earnings and are not reclassified as profits and losses.

Dividends on these investments in equity instruments at FVTOCI are recognized in profit or loss when the Group's right to receive the dividends is established, unless the Group's rights clearly represent a recovery of part of the cost of the investment.

## 2) Impairment of financial assets

At each reporting period, a loss allowance for expected credit loss is recognized for financial assets at amortized cost (including notes and accounts receivable as well as refundable deposits), financial instrument at FVTPL and for investments in debt instruments that are measured at FVTOCI.

The loss allowance for notes and accounts receivable as well as refundable deposits is measured at an amount equal to lifetime expected credit losses.

The Group recognizes an impairment loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of the financial asset.

## 3) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the financial asset to another entity.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss that had been recognized in other

comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

## 2. Equity Instruments

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

Equity instruments retrieval is recognized and deducted under equity items. The purchase, sale, issuance or cancellation of the Group's own equity instruments are not recognized in profit or loss.

## 3. Financial liabilities

### 1) Subsequent measurement

Financial liabilities are subsequently measured at amortized cost using effective interest method.

### 2) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any transferred non-cash assets or liabilities assumed, is recognized in profit or loss.

## (12) Revenue Recognition

The Group recognizes revenue when the performance obligations are identified in customer's contract, the transaction price is allocated to each performance obligation, and performance obligations are satisfied.

### Revenue from sale of goods

Major revenue from sale of goods of the Group is from sales of electronic products. Upon shipment date of the electronic equipment products, the customer has the right to set the price and use of the products and bears the main responsibility for resale and the risk of obsolescence. The Group recognizes that point of time as income and accounts receivable.

During the processing, the control of the ownership of the processed products has not been transferred, so its processing is not recognized as income.

## (13) Leases

The Group assesses whether the contract belongs to (or contains) a lease based on the date of contract establishment.

### 1. The Group as lessor

Leases are classified as finance leases, which transfer substantially all the risks and rewards of ownership, and give rise to asset and liability recognition by the lessee and a receivable by the lessor; meanwhile all other than finance leases are operating leases.

Under operating leases, lease payments after deducting lease incentives are recognized as income on a straight-line basis during the relevant lease period. The original direct cost incurred in obtaining an operating lease is added to the book value of the underlying asset and recognized as an expense during the lease period on a straight-line basis.

## 2. The Group as lessee

Except for payments for low-value asset leases and short-term leases (leases of machinery and equipment and others) which are recognized as expenses on a straight-line basis, the Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of the lease.

Right-of-use assets are measured at cost. The cost of right-of-use assets comprises the initial measurement of lease liabilities adjusted for lease payments, lease factors of reduced lease payment and initial direct costs made at or before the commencement date, plus an estimate of costs needed to restore the underlying assets. Subsequent measurement is calculated as cost less accumulated depreciation and accumulated impairment loss and adjusted for changes in lease liabilities. Except for those that meet the definition of investment real estate, right-of-use assets are presented separately in the consolidated balance sheet. For the recognition and measurement of right-of-use assets that meet the definition of investment real estate, please refer to IAS17, Accounting Policy for Investment Real Estate.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

If the implicit interest rate of the lease is easy to determine, the lease payment is discounted using that interest rate. If the interest rate is not easy to determine, use the lessee's incremental borrowing interest rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms.

## (14) Borrowing Costs

Borrowing Costs requires that borrowing costs directly attributable to the acquisition, construction or production of a 'qualifying asset' (one that necessarily takes a substantial period of time to get ready for its intended use or sale) are included in the cost of the asset.

Where funds are borrowed specifically, costs eligible for capitalisation are the actual costs incurred less any income earned on the temporary investment of such borrowings.

Other borrowing costs are recognised as an expense.

## (15) Employee Benefits

### 1. Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for service rendered by employees.

## 2. Retirement benefits

For defined contribution retirement benefit plans, payments to the benefit plan are recognized as an expense when the employees have rendered service entitling them to the contribution.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the Projected Unit Credit Method. Service cost (including current service cost), and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Company's defined benefit plan. Net defined benefit asset is the lower of any surplus in the fund and the 'asset ceiling' (i.e. the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan).

## (16) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

### 1. Current tax

The Group determines current income (loss) in accordance with the laws and regulations established by the jurisdiction of the income tax declaration, and calculates the income tax payable (recoverable) accordingly.

Income tax on unappropriated earnings is expensed in the year the shareholders approved the appropriation of earnings which is the year subsequent to the year the earnings are generated.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

### 2. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, net operating loss carryforwards and tax credits for research and development expenses to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary

difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the date of each balance sheet and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered. The deferred tax assets which originally not recognized is also reviewed at the date of each balance sheet and recognized to the extent that it is probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset is realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

### 3. Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

## **5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the aforementioned Group's accounting policies, despite relevant sources that are not readily apparent, the management is required to make judgments, estimates and assumptions based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

## 6. CASH AND CASH EQUIVALENTS

	December 31, 2022	December 31, 2021
Cash on hand/working refund	\$ 9,493	\$ 2,929
Bank checks/demand deposit	668,516	1,752,457
Cash equivalent		
Investment in three months since commence date-		
Fixed Deposits	<u>1,169,586</u>	<u>161,525</u>
	<u>\$ 1,847,595</u>	<u>\$ 1,916,911</u>

## 7. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31, 2022	December 31, 2021
<u>Financial assets – Current</u>		
Mandatorily measured at FVTPL		
Non-derivative financial assets		
— non-guaranteed wealth management products	<u>\$ 198,425</u>	<u>\$ 182,342</u>

## 8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31, 2022	December 31, 2021
<u>Non-current</u>		
Investments in equity instruments	<u>\$ 40,348</u>	<u>\$ 45,278</u>
<u>Investments in Equity Instruments</u>		
	December 31, 2022	December 31, 2021
Non-current		
Domestic investment		
Shares of listed company at stock exchange, OTC, and emerging stock market.		
Common stock of Plastron Precision Co., Ltd.	\$ 20,825	\$ 25,755
Shares of non-public entities		
Common stock of eTreego	<u>19,523</u>	<u>19,523</u>
	<u>\$ 40,348</u>	<u>\$ 45,278</u>

The Group invests in the common stocks of the aforementioned companies to align with med-and-long-term strategic purposes and expects for investment profits in the long run. The management of the Group considers that if the short-term fair value fluctuations of these investments are included in the profit and loss, it is inconsistent with the aforementioned long-term investment plan, so these investments as measured at FVTOCI are designated.



The Group recognized dividend income of NT\$340 thousand and NT\$400 thousand in 2022 and 2021 respectively.

## 9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31, 2022	December 31, 2021
Current		
Fixed deposits exceeding three months since commence (a.)	\$ 1,801,693	\$ 954,136
Restricted bank deposits (b.)	<u>290,821</u>	<u>287,883</u>
	<u>\$ 2,092,514</u>	<u>\$ 1,242,019</u>

(1) Range of interest rate of fixed deposits with the original maturity date of more than three months on December 31, 2022 and 2021 are 1.25%~4.90% and 2.00%~4.90% respectively.

(2) The Company applies for the application of overseas fund repatriation management and taxation regulations to remit the surplus of foreign subsidiaries to a special bank account. The regulations restrict the use of deposits in the special account, so the amount of this special account is classified as financial assets measured at amortized cost-Current.

## 10. NOTES, ACCOUNTS AND OTHERS RECEIVABLE

	December 31, 2022	December 31, 2021
Notes receivable		
At amortized cost		
Total carrying amount	\$ 18,238	\$ 36,227
Less: loss allowance	<u>-</u>	( <u>1</u> )
	<u>\$ 18,238</u>	<u>\$ 36,226</u>
Accounts receivable		
At amortized cost		
Total carrying amount	\$ 2,020,883	\$ 2,597,251
Less: loss allowance	( <u>10,414</u> )	( <u>15,432</u> )
	<u>\$ 2,010,469</u>	<u>\$ 2,581,819</u>
Others receivable		
Others receivable	\$ 61,544	\$ 31,813
Less: loss allowance	( <u>88</u> )	( <u>131</u> )
	<u>\$ 61,456</u>	<u>\$ 31,682</u>

The Group's average credit period for merchandise sales is 60 to 120 days, and accounts receivable are not interest-bearing.

Aside from recognizing impairment loss for credit-impaired accounts receivable, the Group recognizes loss allowance based on the expected credit loss ratio in accordance with simplified method of IFRS 9. The expected credit loss ratio of customers is consideration of factors of historical violation records, the current financial conditions and business economic scope. Since the Group's credit loss history shows no significant difference in the loss patterns of different customer groups, the customer group is not further differentiated, and the expected credit loss rate is determined based on the number of days overdue for accounts receivable only.

If evidence shows the counterparty is facing serious financial difficulties and the Group cannot reasonably expect the recoverable amount, the Group directly writes off the relevant accounts receivable, but will continue to pursue recourse activities, as the recovered amount is recognized in profit and loss.

The Group measures the allowance for notes receivable and accounts and other receivables as follows:

December 31, 2022

	Not past due	past due within 90 days	past due 91~ 240 days	past due 241~ 420 days	past due over 421 days	Total
Expected credit loss rate	0.49%	1%~5%	10%~15%	25%~50%	100%	
Total carrying amount	\$ 2,009,206	\$ 90,582	\$ 573	\$ 21	\$ 283	\$ 2,100,665
Loss allowance (expected credit losses)	( 8,903 )	( 1,247 )	( 59 )	( 10 )	( 283 )	( 10,502 )
Cost after amortization	\$ 2,000,303	\$ 89,335	\$ 514	\$ 11	\$ -	\$ 2,090,163

December 31, 2021

	Not past due	past due within 90 days	past due 91~ 240 days	past due 241~ 420 days	past due over 421 days	Total
Expected credit loss rate	0.49%	1%~5%	10%~15%	25%~50%	100%	
Total carrying amount	\$ 2,446,623	\$ 216,677	\$ 586	\$ 37	\$ 1,368	\$ 2,665,291
Loss allowance (expected credit losses)	( 11,925 )	( 2,197 )	( 60 )	( 14 )	( 1,368 )	( 15,564 )
Cost after amortization	\$ 2,434,698	\$ 214,480	\$ 526	\$ 23	\$ -	\$ 2,649,727

Movements of the loss allowance of notes, accounts and others receivable was as follows:

	2022	2021
Balance, beginning of year	\$ 15,564	\$ 17,989
Decrease: Reversal	( 4,679 )	( 2,399 )
Amounts written off (1)	( 454 )	-
Effect of exchange rate changes	71	( 26 )
Balance, end of year	\$ 10,502	\$ 15,564

The customer of Ningbo ISO Electronic Co., Ltd. entered the account recovery litigation procedure, the relevant accounts receivable of NT\$454 thousand was written off.

## 11. INVENTORIES

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Raw materials	\$ 531,366	\$ 756,662
Supplies	8,099	7,322
Work in process	122,543	94,616
Finished goods	<u>399,490</u>	<u>765,239</u>
	<u>\$ 1,061,498</u>	<u>\$ 1,623,839</u>

Cost of Goods Sold are listed as follows:

	<u>2022</u>	<u>2021</u>
Inventory Cost of Sold Goods	\$ 5,204,936	\$ 8,140,334
Gain from Price Recovery (1)	<u>36,295</u>	( <u>1,805</u> )
	<u>\$ 5,241,231</u>	<u>\$ 8,138,529</u>

(1)Gain from price recovery is caused by the net realized value upturn.

## 12. SUBSIDIARIES

### Subsidiaries included in the consolidated financial statements

The preparation of this consolidated financial statements is as follows:

Investment company name	Subsidiary	Principal Activities	% of Ownership		Note
			December 31, 2022	December 31, 2021	
The Company	DATAWELL HK LTD.	Holding company	100%	100%	
The Company	Channel Well Technologies (USA) , Inc.	Selling and marketing of power supply	100%	100%	
The Company	POWER PLUS TECHNOLOGY CORP.	Holding company and engaged in general trading business	100%	100%	
The Company	Yang Ling Enterprise Company Limited	Holding company and engaged in general trading business	-	100%	(1)
The Company	NEWWIN INTERNATIONAL CO., LTD.	Holding company and engaged in general trading business	100%	-	(1)
NEWWIN INTERNATION AL CO., LTD.	Yang Ling Enterprise Company Limited	Holding company and engaged in general trading business	100%	-	(1)
NEWWIN INTERNATION AL CO., LTD.	TOP BEST INDUSTRIAL CO., LTD.	Holding company and engaged in general trading business	100%	-	(1)
DATAWELL HK LTD.	Ningbo ISO Electronic Co., Ltd.	General trading business	100%	100%	
POWER PLUS TECHNOLOGY CORP.	Yun Deng Company Limited.	General trading business	100%	100%	
POWER PLUS TECHNOLOGY CORP.	Channel Well Technology (Guangzhou) Co., Ltd.	Manufacturing and selling of power supply	100%	100%	
POWER PLUS TECHNOLOGY CORP.	Power Plus Technology (Wanzai) Corp.	Manufacturing and selling of transformer, wire, heat sinks and other components.	100%	100%	
POWER PLUS TECHNOLOGY CORP.	Chia Kwei Technology (Guangzhou) Co., Ltd.	Manufacturing and selling of power supply	100%	100%	
Yang-Ling Enterprise Company Limited	CHANNEL WELL TECHNOLOGY (VIETNAM) CO., LTD.	Manufacturing and selling of power supply and transformer, wire, heat sinks and other components.	100%	100%	
Yang-Ling Enterprise Company Limited	POWER PLUS TECHNOLOGY (VIETNAM) CORP.	Manufacturing and selling of power supply and transformer, wire, heat sinks and other components.	100%	100%	

Note:

- (1) Based on the Group's operation considerations, the Company newly established NEWWIN INTERNATIONAL CO., LTD. in 2022, and invested US\$21,000 thousand in NEWWIN INTERNATIONAL CO., LTD.; in addition, NEWWIN INTERNATIONAL CO., LTD. invested US\$4,000 thousand in TOP BEST INDUSTRIAL CO., LTD.; and the Group's investment structure was adjusted, and the equity of Yang Ling Enterprise Company Limited originally held through the Company was changed to be directly held by the newly established NEWWIN INTERNATIONAL CO., LTD.

### 13. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and Equipment	Other Equipment	Equipment under Installation and Construction in Progress	Total
<u>Cost</u>						
Balance at January 1, 2022	\$ 77,947	\$1,575,994	\$ 460,432	\$ 476,423	\$ 1,316	\$2,592,112
Additions	273,766	145,592	35,216	20,565	-	475,139
Disposals	-	-	( 406)	( 3,256)	-	( 3,662)
rearrange	-	1,414	-	-	( 1,414)	-
Effect of exchange rate changes	-	40,692	12,799	5,082	98	58,671
Balance at December 31, 2022	<u>\$ 351,713</u>	<u>\$1,763,692</u>	<u>\$ 508,041</u>	<u>\$ 498,814</u>	<u>\$ -</u>	<u>\$3,122,260</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2022	\$ -	\$ 563,870	\$ 266,228	\$ 373,065	\$ -	\$1,203,163
Disposals	-	-	( 375)	( 2,963)	-	( 3,338)
Depreciation expense	-	61,969	34,864	25,959	-	122,792
Effect of exchange rate changes	-	8,625	6,360	3,595	-	18,580
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 634,464</u>	<u>\$ 307,077</u>	<u>\$ 399,656</u>	<u>\$ -</u>	<u>\$1,341,197</u>
Balance at December 31, 2022	<u>\$ 351,713</u>	<u>\$1,129,228</u>	<u>\$ 200,964</u>	<u>\$ 99,158</u>	<u>\$ -</u>	<u>\$1,781,063</u>
<u>Cost</u>						
Balance at January 1, 2021	\$ 77,947	\$1,564,548	\$ 390,621	\$ 416,704	\$ 1,338	\$2,451,158
Additions		22,053	94,929	67,235	-	184,217
Disposals		-	( 21,259)	( 5,557)	-	( 26,816)
Effect of exchange rate changes		( 10,607)	( 3,859)	( 1,959)	( 22)	( 16,447)
Balance at December 31, 2021	<u>\$ 77,947</u>	<u>\$1,575,994</u>	<u>\$ 460,432</u>	<u>\$ 476,423</u>	<u>\$ 1,316</u>	<u>\$2,592,112</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2021	\$ -	\$ 505,132	\$ 249,136	\$ 354,214	\$ -	\$1,108,482
Disposals	-	-	( 12,276)	( 5,394)	-	( 17,670)
Depreciation expense	-	61,126	30,876	25,763	-	117,765
Effect of exchange rate changes	-	( 2,388)	( 1,508)	( 1,518)	-	( 5,414)
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 563,870</u>	<u>\$ 266,228</u>	<u>\$ 373,065</u>	<u>\$ -</u>	<u>\$1,203,163</u>
Balance at December 31, 2021	<u>\$ 77,947</u>	<u>\$1,012,124</u>	<u>\$ 194,204</u>	<u>\$ 103,358</u>	<u>\$ 1,316</u>	<u>\$1,388,949</u>

Some equipment of the Group is not used for operation and has no recoverable value after assessment; therefore, impairment losses are included. The accumulated impairment losses on December 31, 2022 and 2021 were NT\$670 thousand and NT\$660 thousand, respectively.

Depreciation expenses are depreciated on a straight-line basis according to the following durability years:

- Buidings
- Plant main building

Plant main building	20-50 years
Office	50 years
Electrical power equipments	20-35 years
Engineering system	20 years
Machinery	1.5-10 years
Other equipments	1-15 years

#### 14. LEASE ARRANGEMENTS

##### (1) Right-of-use assets

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Carrying amounts		
Land	<u>\$ 152,412</u>	<u>\$ 149,293</u>
	<u>2021</u>	<u>2021</u>
Depreciation of right-of-use assets		
Land	<u>\$ 4,263</u>	<u>\$ 4,135</u>

Except for the addition and recognition of depreciation expenses listed above, there was no significant sublease or deduction of the right-of-use assets of the Group in 2022 and 2021.

##### (2) Other Lease information

Please refer to Note 15 for the agreement of the Group to lease investment property, land and equipment under operating lease.

	<u>2022</u>	<u>2021</u>
Expenses relating to short-term leases	<u>\$ 3,912</u>	<u>\$ 2,849</u>
Expenses relating to low-value asset leases	<u>\$ 190</u>	<u>\$ 184</u>
Total cash outflow for leases	<u>(\$ 4,102)</u>	<u>(\$ 3,033)</u>

The Group has elected to applied exemption and not to recognize right-of-use assets and lease liabilities to lease of certain office equipment that regarded as of short-term leases and low-value asset leases.

#### 15. INVESTMENT PROPERTY

	<u>Completed Tangible investment</u>	<u>Right-of-use assets</u>	<u>Total</u>
<u>Cost</u>			
Balance at January 1, 2022	\$ 102,383	\$ 37,004	\$ 139,387
Net exchange difference	<u>361</u>	<u>578</u>	<u>939</u>
Balance at December 31, 2022	<u>\$ 102,744</u>	<u>\$ 37,582</u>	<u>\$ 140,326</u>
<u>Accumulated amortization and impairment</u>			
Balance at January 1, 2022	\$ 37,268	\$ 34,999	\$ 72,267
Depreciation expense	<u>2,022</u>	<u>1,883</u>	<u>3,905</u>

	Completed Tangible investment	Right-of-use assets	Total
Net exchange difference	<u>305</u>	<u>544</u>	<u>849</u>
Balance at December 31, 2022	<u>\$ 39,595</u>	<u>\$ 37,426</u>	<u>\$ 77,021</u>
Net amount at December 31, 2022	<u>\$ 63,149</u>	<u>\$ 156</u>	<u>\$ 63,305</u>
<u>Cost</u>			
Balance at January 1, 2021	\$ 102,506	\$ 37,203	\$ 139,709
Net exchange difference	( <u>123</u> )	( <u>199</u> )	( <u>322</u> )
Balance at December 31, 2021	<u>\$ 102,383</u>	<u>\$ 37,004</u>	<u>\$ 139,387</u>
<u>Accumulated amortization and impairment</u>			
Balance at January 1, 2021	\$ 35,236	\$ 33,327	\$ 68,563
Depreciation expense	2,131	1,849	3,980
Net exchange difference	( <u>99</u> )	( <u>177</u> )	( <u>276</u> )
Balance at December 31, 2021	<u>\$ 37,268</u>	<u>\$ 34,999</u>	<u>\$ 72,267</u>
Net amount at December 31, 2021	<u>\$ 65,115</u>	<u>\$ 2,005</u>	<u>\$ 67,120</u>

Depreciation of investment property is computed on a straight-line basis.

Investment property after recognition is measured by cost model. The investment property contains leased premises and a piece of idle land, which were acquired in 2003 and recorded at fair value to offset the collection payment. That piece of land is agricultural land with ownership not transferrable to legal person. After reaching an agreement with the chairman, Chun-Wei Pan, and signing a power of attorney, the land was transferred to the chairman's name and pledged to the Company.

The fair value of property investment is self-assessed by Hunhsin Independent Real Estate Appraisal Firm and the Company's management, and fair value of December 31, 2022 and 2021 were issued in valuation report of December 31, 2022 and 2021 respectively. • The evaluation method adopts the weighted average and discounted cash flow analysis method of the direct capitalization method of the comparison method and the income method. The important assumptions and evaluation of fair values are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Fair values	\$ 140,665	\$ 136,928
Rate of earnings capitalization	0.62%~1.75%	0.60%~1.50%
Discount Rate	1.25%~2.07%	1.03%~1.23%

## 16. INTANGIBLE ASSETS

	<u>Computer software</u>
<u>Cost</u>	
Balance at January 1, 2022	\$ 21,929
Acquired independently	124
Net exchange difference	<u>98</u>
Balance at December 31, 2022	<u>\$ 22,151</u>
<u>Accumulated amortization and impairment</u>	
Balance at January 1, 2022	\$ 14,536
Depreciation expense	2,818
Net exchange difference	<u>75</u>
Balance at December 31, 2022	<u>\$ 17,429</u>
Net amounts at December 31, 2022	<u>\$ 4,722</u>
<u>Cost</u>	
Balance at January 1, 2021	\$ 18,534
Acquired independently	3,857
Disposals	( 429 )
Net exchange difference	<u>( 33 )</u>
Balance at December 31, 2021	<u>\$ 21,929</u>
<u>Accumulated amortization and impairment</u>	
Balance at January 1, 2021	\$ 12,306
Depreciation expense	2,680
Disposals	( 429 )
Net exchange difference	<u>( 21 )</u>
Balance at December 31, 2021	<u>\$ 14,536</u>
Net amounts at December 31, 2021	<u>\$ 7,393</u>

Depreciation expenses are depreciated on a straight-line basis according to the following durability years:

Software	2-8 years
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## 17. OTHER ASSETS

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Current</u>		
Advance payments	\$ 21,427	\$ 25,323
Input tax	96,813	104,610
Others	<u>12,422</u>	<u>7,612</u>
	<u>\$ 130,662</u>	<u>\$ 137,545</u>



	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Non-current</u>		
Refundable deposits	\$ 6,156	\$ 5,892
Collection of money	7,720	8,047
Allowance for bad debts-collections	( 7,720 )	( 8,047 )
Others	92	-
	<u>\$ 6,248</u>	<u>\$ 5,892</u>

## **18. SHORT-TERM LOANS**

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>unsecured loans</u>		
Credit loans	<u>\$1,720,000</u>	<u>\$1,540,000</u>

Interest rate of bank credit loans in December 31, 2022 and 2021 is 1.46%~1.80% and 0.75%~0.80% respectively.

## **19. OTHER LIABILITIES**

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Other payables</u>		
Salaries and bonuses payable	\$ 171,774	\$ 200,725
Processing fee payable	16,536	19,396
Equipment payment payable	1,544	4,358
Commission payable	4,316	8,586
Others	28,163	51,860
	<u>\$ 222,333</u>	<u>\$ 284,925</u>
 <u>Current</u>		
Refund liability	\$ 11,562	\$ 17,176
Others	9,122	6,032
	<u>\$ 20,684</u>	<u>\$ 23,208</u>

## **20. RETIREMENT BENEFIT PLANS**

### **(1) Defined contribution plans**

The plan under the R.O.C. Labor Pension Act (the “Act”) is deemed a defined contribution plan. Pursuant to the Act, the Company has made monthly contributions equal to 6% of each employee’s monthly salary to employees’ pension accounts.

The employees of the Group's subsidiaries in Mainland China, Vietnam and the United States are members of retirement benefits programs operated by the governments of Mainland China, Vietnam and the United States. The subsidiary must allocate a specific proportion of the salary cost to the retirement benefit plan to provide funding for the

plan. The obligation of the Group's subsidiaries for this government-run retirement benefit plan is only to allocate a specific amount.

(2) Defined benefit plans

The Company has defined benefit plans under the R.O.C. Labor Standards Law that provide benefits based on an employee's length of service and average monthly salary for the six-month period prior to retirement. The Company contributes an amount equal to 2% of salaries paid each month to their respective pension funds (the Funds), which are administered by the Labor Pension Fund Supervisory Committee (the Committee) and deposited in the Committee's name in the Bank of Taiwan. Before the end of each year, the Company assesses the balance in the Funds. If the amount of the balance in the Funds is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The Funds are operated and managed by the government's designated authorities; as such, the Company does not have any right to intervene in the investments of the Funds. The specific pension fund account is managed by Bureau of Labor Insurance authorized by of the Ministry of Labor, and the Company holds zero right to influence investment management strategy.

Amount of defined benefit plan of the Company reported in the consolidated balance sheet is as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Present value of defined benefit obligations	\$ 35,754	\$ 37,289
Fair value of planned assets	( <u>17,446</u> )	( <u>16,127</u> )
Defined benefit liabilities, net	<u>\$ 18,308</u>	<u>\$ 21,162</u>

Changes of defined benefit liabilities, net is as follows:

	<u>Present value of defined benefit obligations</u>	<u>Fair value of planned assets</u>	<u>Defined benefit liabilities net</u>
Balance at January 1, 2021	<u>\$ 36,430</u>	( <u>\$ 15,316</u> )	<u>\$ 21,114</u>
Service costs			
Current service costs	569	-	569
Interest income	<u>273</u>	( <u>117</u> )	<u>156</u>
Recognized in profit and loss	<u>842</u>	( <u>117</u> )	<u>725</u>
Remeasurement			
Compensation on planned assets	-	( 152 )	( 152 )
Actuarial losses arising from changes in financial assumptions	1,240	-	1,240
Actuarial gains arising from experience adjustments	( <u>1,223</u> )	-	( <u>1,223</u> )
Recognized in comprehensive profit and loss	<u>17</u>	( <u>152</u> )	( <u>135</u> )
Contributions by the employer	-	( <u>542</u> )	( <u>542</u> )
Balance at December 31, 2021	<u>\$ 37,289</u>	( <u>\$ 16,127</u> )	<u>\$ 21,162</u>

Balance at January 1, 2022	\$ 37,289	( \$ 16,127 )	\$ 21,162
service costs			
Current service costs	575	-	575
Interest income	<u>224</u>	( <u>98</u> )	<u>126</u>
Recognized in profit and loss	<u>799</u>	( <u>98</u> )	<u>701</u>
Remeasurement			
Compensation on planned assets	-	( 1,244 )	( 1,244 )
Actuarial losses arising from changes in financial assumptions	( 875 )	-	( 875 )
Actuarial gains arising from experience adjustments	( <u>890</u> )	<u>-</u>	( <u>890</u> )
Recognized in comprehensive profit and loss	( <u>1,765</u> )	( <u>1,244</u> )	( <u>3,009</u> )
Contributions by the employer	<u>-</u>	( <u>546</u> )	( <u>546</u> )
Benefits paid	( <u>569</u> )	<u>569</u>	<u>-</u>
Balance at December 31, 2022	<u>\$ 35,754</u>	( <u>\$ 17,446</u> )	<u>\$ 18,308</u>

Expenses recognized in profit or loss in defined benefit plans summarized by category as follows:

	<u>2022</u>	<u>2021</u>
Summary by category		
Marketing expenses	\$ 224	\$ 241
General and administrative expenses	175	192
Research and development expenses	<u>302</u>	<u>292</u>
	<u>\$ 701</u>	<u>\$ 725</u>

Through the defined benefit plans under the R.O.C. Labor Standards Law, the Company is exposed to the following risks:

1. Investment risk: The pension funds are invested in domestic (foreign) equity and debt securities, bank deposits, etc, and were conducted at The Bureau of Labor Fund, Ministry of Labor or under the mandated management. However, under the R.O.C. Labor Standards Law, the rate of return on assets shall not be less than the average interest rate on a two-year time deposit published by the local banks.
2. Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the debt investments of the plan assets.
3. Salary Risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The present value of the Company's defined benefit obligations is actuarially calculated by qualified actuary, and the principal assumptions of the actuarial valuation were as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Discount rate	1.25%	0.60%
Future salary increases rate	2.00%	2.00%

If the major actuarial assumptions are subject to reasonably possible changes, and all other assumptions remain unchanged, the amount that will increase (decrease) the present value of the defined benefit obligation is as follow:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Discount rate		
Increase 0.25%	( \$ 320 )	( \$ 491 )
Decrease 0.25%	<u>\$ 329</u>	<u>\$ 503</u>
Future salary increases rate		
Increase 1%	<u>\$ 1,342</u>	<u>\$ 2,035</u>
Decrease 1%	( <u>\$ 1,227</u> )	( <u>\$ 1,875</u> )

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Expected amount to be withdrawn within 1 year	<u>\$ 546</u>	<u>\$ 546</u>
Determine the average maturity period of benefit obligations	11.4 years	11.9years

## **21. EQUITY**

### **(1) Capital stock**

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Authorized shares (in thousands)	<u>250,000</u>	<u>250,000</u>
Authorized capital	<u>\$ 2,500,000</u>	<u>\$ 2,500,000</u>
Issued and paid shares (in thousands)	<u>227,391</u>	<u>227,391</u>
Issued capital	<u>\$ 2,273,911</u>	<u>\$ 2,273,911</u>

### **(2) Capital surplus**

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>be used to make up for losses, cash dividends and stock dividends(1)</u>		
Additional paid-in capital	\$ 185,562	\$ 185,562
Treasury stock trading	26,449	26,449
<u>only be used to make up for losses</u>		

Gain of asset disposal	<u>2,275</u>	<u>2,275</u>
	<u>\$ 214,286</u>	<u>\$ 214,286</u>

1. The capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or stock dividends up to a certain percentage of the Company's paid in capital.

(3) Retained earnings and dividend policy

The earnings distribution policy of Company's Articles of Incorporation provide that, when allocating earnings at close of a business year, the Company shall first estimate and reserve the taxes to be paid, offset its losses, set aside a legal capital reserve at 10% of the remaining earnings, then set aside or reserve a special capital reserve in accordance with relevant laws or regulations. Any balance left over shall be allocated along with accumulated undistributed surplus and distributed by motion of cash dividends approved by the Company's Board of Directors and reported to the Company's shareholders in its meeting. For remuneration distribution policy for employees, directors and supervisors stipulated in the Company's Articles of Incorporation, please refer to Note 24 (7) Remuneration of employees and remuneration of directors and supervisors.

The statutory surplus reserve shall be allocated until the balance reaches the total paid-up share capital of the Company. The reserve may be used to offset a deficit, or be distributed as dividends in cash or stocks for the portion in excess of 25% of the paid-in capital if the Company incurs no loss.

The appropriation of 2021 and 2020 earnings has been approved by the Company's shareholders in its meeting held on June 29, 2022 and August 3, 2021. The appropriation was as follows:

	<u>2021</u>	<u>2020</u>
Legal capital reserve	<u>\$ 97,959</u>	<u>\$ 103,422</u>
Special capital reserve	<u>\$ 28,731</u>	<u>\$ 11,989</u>
Cash dividends to shareholders	<u>\$ 739,021</u>	<u>\$ 716,282</u>
cash dividends per share (NT\$)	\$ 3.25	\$ 3.15

The appropriation of 2022 earnings approved by the Board of Directors of Company in its meeting on March 14, 2023 and was as follows:

	<u>2022</u>
Legal capital reserve	<u>\$ 71,304</u>
Special capital reserve	<u>( \$ 99,356 )</u>
Cash dividends to shareholders	<u>\$ 534,369</u>
cash dividends per share (NT\$)	\$ 2.35

The proposal for "Distribution of 2022 Earnings" to be presented for approval in the the Company's shareholders' meeting on June 27, 2023.

## 22. NET REVENUE

	<u>2022</u>	<u>2021</u>	
revenue from contracts with customers			
Merchandise	<u>\$ 6,486,756</u>	<u>\$10,090,823</u>	
(1)Contract balances			
	December 31, 2022	December 31, 2021	January 1, 2020
Accounts payable (Note 10)	<u>\$ 2,020,883</u>	<u>\$ 2,597,251</u>	<u>\$ 3,030,237</u>
Contract liabilities — Current			
Merchandise	<u>\$ 42,927</u>	<u>\$ 35,112</u>	<u>\$ 45,511</u>
(2)Disaggregation of revenue from contracts with customers			
<u>2022</u>			
	Reporting Units		
Types of revenue from contracts	Domestic	Foreign	Total
Merchandise	<u>\$ 400,673</u>	<u>\$ 6,086,083</u>	<u>\$ 6,486,756</u>
<u>2021</u>			
	Reporting Units		
Types of revenue from contracts	Domestic	Foreign	Total
Merchandise	<u>\$ 358,840</u>	<u>\$ 9,731,983</u>	<u>\$10,090,823</u>

## 23. NET INCOME

(1) Interest income		
	<u>2022</u>	<u>2021</u>
Interest income		
Bank deposits	\$ 16,649	\$ 12,790
Financial assets at FVTPL	9,117	22,984
Financial assets at amortized cost	<u>42,849</u>	<u>24,772</u>
	<u>\$ 68,615</u>	<u>\$ 60,546</u>
(2) Others		
	<u>2022</u>	<u>2021</u>
Rental Income	\$ 25,420	\$ 23,017
Dividends Income	340	400
Support income	11,900	5,822
Others	<u>10,886</u>	<u>23,160</u>
	<u>\$ 48,546</u>	<u>\$ 52,399</u>

(3) Other gains and losses

	2022	2021
Gain (Loss) on foreign currency exchange, net	\$ 253,981	(\$ 34,149)
Disposal of property, plant and equipment	44	( 2,131)
Financial assets assessment interest-Mandatorily measured at FVTPL	2,871	7,896
Others	( 4,785)	( 4,709)
	<u>\$ 252,111</u>	<u>(\$ 33,093)</u>

(4) Depreciation and Amortization

	2022	2021
Depreciation expense, summarized by function		
Cost of Reveue	\$ 83,133	\$ 79,616
Operating expense	43,762	42,284
Non-operating income and expenses	4,065	3,980
	<u>\$ 130,960</u>	<u>\$ 125,880</u>
Amortization expense of intangible assets, summarized by function		
Cost of Reveue	\$ 147	\$ 145
Operating expense	2,687	2,549
	<u>\$ 22,834</u>	<u>\$ 2,694</u>

Amortization expenses include intangible assets and other current assets. Amortization expenses of intangible assets, please refer to Note 16 Intangible assets, and amortization expenses of other current assets of 2022 and 2021 is NT\$16 thousand and NT\$14 thousand, respectively.

(5) Direct operating expenses of investment property

	2022	2021
Gain of rental income	<u>\$ 3,905</u>	<u>\$ 4,592</u>

(6) Employee benefits expenses

	2022	2021
Post-employment benefits		
Defined contribution plans	\$ 5,681	\$ 5,775
Defined benefit plans (Note 20)	701	725
	6,382	6,500
Other employee benefits	1,044,258	1,431,187
Total employee benefits expenses	<u>\$ 1,050,640</u>	<u>\$ 1,437,687</u>
Summarized by function		
Cost of Reveue	\$ 672,239	\$ 1,030,338
Operating expenses	378,401	407,349
	<u>\$ 1,050,640</u>	<u>\$ 1,437,687</u>

(7) Profit sharing bonus to employees, directors and supervisors

If the Company makes a profit for the year, it shall allocate profit sharing bonus to employees of the Company at least 2%, distributed in stock or cash by the resolution of the board of directors. The payment objects include employees of affiliated companies who meet certain conditions. According to its profit value, the Company shall allocate compensation to directors and supervisors no more than 3%. The distribution of profit sharing bonus to employee and compensation to the directors and supervisors shall be submitted to the report of the regular shareholders' meeting. The Company's profit sharing bonus to employees and compensation to directors for 2022 and 2021 had been approved by the Board of Directors of the Company on March 14, 2023 and March 25, 2022, as illustrated below:

	<u>2022</u>	<u>2021</u>
Profit sharing bonus to employees	8.38%	7.73%
Compensation to directors and supervisors	1.83%	1.68%

	<u>2022</u>	<u>2021</u>
<u>Amount</u>	<u>Cash</u>	<u>Cash</u>
Profit sharing bonus to employees	\$ 82,855	\$ 99,482
Compensation to directors and supervisors	18,058	21,682

If there is a change in the proposed amounts after the annual parent company only financial statements are authorized for issue, the differences are recorded as a change in accounting estimate.

There is no difference between the actual allotment of employee remuneration and the compensation of directors and supervisors, and the amount recognized in the 2021 and 2020 parent company only financial statement.

The information about the appropriations of the Company's profit sharing bonus to employees and compensation to directors and supervisors, which were approved by Board of Directors, is available at the Market Observation Post System website in TWSE.

(8) Gain and loss of foreign currency exchange

	<u>2022</u>	<u>2021</u>
Total gain of foreign currency exchange	\$ 460,884	\$ 207,302
Total loss of foreign currency exchange	( <u>206,903</u> )	( <u>241,451</u> )
Gains (Loss), net	<u>\$ 253,981</u>	( <u>\$ 34,149</u> )



## 24. INCOME TAX

(1) Income tax expense recognized in profit or loss consisted of the following:

	<u>2022</u>	<u>2021</u>
Current income tax expense		
Current tax expense recognized in the current year	\$ 203,951	\$ 364,542
Additional income tax on unappropriated earnings	5,694	10,147
Income tax adjustments on prior years	( 35,203 )	( 18,878 )
	174,442	355,811
Deferred income tax		
Current tax expense recognized in the current year	51,937	( 36,498 )
Income tax expense recognized in profit or loss	<u>\$ 226,379</u>	<u>\$ 319,313</u>

A reconciliation of income before income tax and income tax expense recognized in profit or loss was as follows:

	<u>2022</u>	<u>2021</u>
Income tax expense at the statutory rate	\$ 244,738	\$ 374,233
Tax-exempt income	( 68 )	( 80 )
Non-deductible expenses	219	376
Unrecognized deductible temporary differences	10,999	1,323
Additional income tax on unappropriated earnings	5,694	10,147
Income tax adjustments on prior years	( 35,203 )	( 18,878 )
Income tax benefits of repatriation of special law funds	-	( 47,808 )
Income tax expense recognized in profit or loss	<u>\$ 226,379</u>	<u>\$ 319,313</u>

(2) Income tax expense recognized in other comprehensive income

	<u>2022</u>	<u>2021</u>
<u>Deferred income tax</u>		
This year		
— Foreign operating agency conversion	( \$ 26,072 )	\$ 7,732
— remeasurement of defined benefit plan	( 602 )	( 27 )
Income tax recognized in comprehensive income	<u>( \$ 26,674 )</u>	<u>\$ 7,705</u>

(3) Deferred income tax assets and liabilities

The analysis of deferred income tax assets and liabilities was as follows:

	<u>2022</u>			
	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in comprehensive income	Balance, End of Year
<u>Deferred income tax assets</u>				
Temporary differences				
Loss of inventory write-down	\$ 699	\$ 2,446	\$ -	\$ 3,145

Bad debt expenses past due	-	51	-	51
Defined benefit retirement plan	4,231	31	( 602 )	3,660
Difference in the conversion of financial statements of foreign operating organizations	41,929	-	( 26,072 )	15,857
Allowance for Sales Returns and Discounts	3,435	( 1,123 )	-	2,312
Unrealized exchange loss	-	176	-	176
Assets in equity instruments at FVTOCI	<u>72</u>	<u>-</u>	<u>-</u>	<u>72</u>
	<u>\$ 50,366</u>	<u>\$ 1,581</u>	<u>( \$ 26,674 )</u>	<u>\$ 25,273</u>

<u>Deferred income tax liabilities</u>				
Temporary differences				
Investment interest	\$ 330,550	\$ 55,304	\$ -	\$ 385,854
Unrealized exchange gains	<u>1,786</u>	<u>( 1,786 )</u>	<u>-</u>	<u>-</u>
	<u>\$ 332,336</u>	<u>\$ 53,518</u>	<u>\$ -</u>	<u>\$ 385,854</u>

### 2021

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in comprehensive income	Balance, End of Year
<u>Deferred income tax assets</u>				
Temporary differences				
Loss of inventory write-down	\$ 782	( \$ 83 )	\$ -	\$ 699
Defined benefit retirement plan	4,221	37	( 27 )	4,231
Difference in the conversion of financial statements of foreign operating organizations	34,197	-	7,732	41,929
Allowance for Sales Returns and Discounts	6,302	( 2,867 )	-	3,435
Assets in equity instruments at FVTOCI	<u>72</u>	<u>-</u>	<u>-</u>	<u>72</u>
	<u>\$ 45,574</u>	<u>( \$ 2,913 )</u>	<u>\$ 7,705</u>	<u>\$ 50,366</u>
<u>Deferred income tax liabilities</u>				
Temporary differences				
Investment interest	\$ 366,059	( \$ 35,509 )	\$ -	\$ 330,550
Unrealized exchange gains	<u>5,688</u>	<u>( 3,902 )</u>	<u>-</u>	<u>1,786</u>
	<u>\$ 371,747</u>	<u>( \$ 39,411 )</u>	<u>\$ -</u>	<u>\$ 332,336</u>

- (4) The deductible temporary differences for which no deferred income tax assets have been recognized

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
The deductible temporary differences	<u>\$ 27,414</u>	<u>\$ 21,867</u>

- (5) Income tax examination

The tax authorities have examined operating income tax returns of the Company through 2020.

Channel Well Technologies (USA) , Inc., Ningbo ISO Electronic Co., Ltd., Channel Well Technology (Guangzhou) Co., Ltd., Power Plus Technology (Wanzai) Corp., Chia Kwei Technology (Guangzhou) Co., Ltd., CHANNEL WELL TECHNOLOGY (VIETNAM) CO., LTD., POWER PLUS TECHNOLOGY (VIETNAM) CORP. have completed the income tax declaration according to the deadline stipulated by the local tax collection authority.

DATAWELL HK LTD. was established in the British Virgin Islands and POWER PLUS TECHNOLOGY CORP., Yang Ling Enterprise Company Limited, NEWWIN INTERNATIONAL CO., LTD., TOP BEST INDUSTRIAL CO., LTD., Yun Deng Company Limited., were established in Samoa, there is no local income taxes.

## **25. EARNINGS PER SHARE**

EPS is computed by net income and weighted average common shares as follows:

Net income of the year

	<u>2022</u>	<u>2021</u>
Net income	<u>\$ 710,636</u>	<u>\$ 978,035</u>

Number of Shares

Unit: In Thousands

	<u>2022</u>	<u>2021</u>
The weighted average common shares used to calculate basic EPS	227,391	227,391
The impact of diluted potential common shares :		
Employee dividend	<u>3,558</u>	<u>2,977</u>
The weighted average common shares used to calculate diluted EPS	<u>230,949</u>	<u>230,368</u>

If the Company may settle the obligation by cash, by issuing shares, or in combination of both cash and shares, profit sharing to employees which will be settled in shares should be included in the weighted average number of shares outstanding in calculation of diluted EPS, if the shares have a dilutive effect. Such dilutive effect of the potential shares needs to be included in the calculation of diluted EPS until profit sharing to employees to be settled in the form of common stocks are approved by the shareholders in the following year.

## **26. CAPITAL RISK MANAGEMENT**

The Group's goal of capital management is to maintain the best capital structure under the scope of operation continuous and growth, so as to provide sufficient compensation to shareholders. The Company's capital structure management strategy is based on factors such as the business scale of the Company and its Subsidiaries, the future growth of the industry, product development blueprints and changes in the external environment to manages its capital in a manner to ensure that it has sufficient and necessary financial resources to fund its plant equipment and corresponding capital asset purchases to reach required capacity. The Company calculates the required working capital and cash according to the characteristics of the industry, and estimates the possible product profit, operating profit rate and cash flow; in addition, the Company puts risk factors such as industry's business cycle fluctuations and product life cycle into consideration to determine the most appropriate capital structure of the Company.

## 27. FINANCIAL INSTRUMENTS

(1) Fair value of financial instruments that are not measured at fair value

1. Fair value hierarchy

December 31, 2022

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>					
Non-guaranteed financial products	<u>\$ 198,425</u>	<u>\$ -</u>	<u>\$ 198,425</u>	<u>\$ -</u>	<u>\$ 198,425</u>
<u>Financial assets at FVTOCI</u>					
Financial instruments investment					
– Domestic listed (OTC) stocks	20,825	20,825	-	-	20,825
– Domestic unlisted (OTC) stocks	<u>19,523</u>	<u>-</u>	<u>-</u>	<u>19,523</u>	<u>19,523</u>
	<u>40,348</u>	<u>20,825</u>	<u>-</u>	<u>19,523</u>	<u>40,348</u>
Total	<u>\$238,773</u>	<u>\$ 20,825</u>	<u>\$ 198,425</u>	<u>\$ 19,523</u>	<u>\$ 238,773</u>

December 31, 2021

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>					
Non-guaranteed financial products	<u>\$ 182,342</u>	<u>\$ -</u>	<u>\$ 182,342</u>	<u>\$ -</u>	<u>\$ 182,342</u>
<u>Financial assets at FVTOCI</u>					
Financial instruments investment					
– Domestic listed (OTC) stock	25,755	25,755	-	-	25,755
– Domestic unlisted (OTC) stocks	<u>19,523</u>	<u>-</u>	<u>-</u>	<u>19,523</u>	<u>19,523</u>
	<u>45,278</u>	<u>25,755</u>	<u>-</u>	<u>19,523</u>	<u>45,278</u>
Total	<u>\$ 227,620</u>	<u>\$ 25,755</u>	<u>\$ 182,342</u>	<u>\$ 19,523</u>	<u>\$ 227,620</u>

In the year between 2022 and 2021, no value measured at fair value transfer between Level 1 and Level 2.

2. Financial assets adjustments based on the Level 3 fair-value measurement.

2022

<u>Financial Assets</u>	<u>Financial assets measured at fair value through other comprehensive income Equity Instrument</u>
Balance, beginning of year	\$ 19,523
Purchase	<u>-</u>
Balance, end of year	<u>\$ 19,523</u>

2021

<u>Financial assets measured at fair value through other comprehensive income</u>
---

	<u>Equity Instrument</u>
<u>Financial Assets</u>	
Balance, beginning of year	\$ 4,523
Purchase	<u>15,000</u>
Balance, end of year	<u>\$ 19,523</u>

3. Valuation techniques and inputs applied for Level 2 fair value measurement

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
The structured deposits	Discounted cash flow : Future cash flows are estimated on the basis of contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

4. Techniques and input value measured at the Level 3 fair value.

Domestic unlisted equity investment is measured by asset approach.

(2) Categories of financial instruments

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial assets</u>		
At FVTPL		
Mandatory measurement of fair value through profit and loss	\$ 198,425	\$ 182,342
Amortized cost (Note 1)	6,040,380	5,815,823
FVTOCI	40,348	45,278
<u>Financial liabilities</u>		
Amortized cost (Note 2)	3,246,134	3,486,923

Note 1 : Balance contains financial assets as cash and cash equivalents, financial assets at amortized cost, notes and accounts receivable, other receivables and refundable deposits.

Note 2 : Balance contains financial liabilities as short-term loans, accounts payable, other payable and guarantee deposits.

(3) Financial risk management objectives and policy

The Group manages its exposure to currency risk, interest rate risk, credit risk and liquidity risk in relation to operational activities as company's financial risk management objective. To reduce the potentially adverse effects the market changes may have on its financial performance, the Group is committed to recognize, evaluate and avoid market uncertainties.

The Group may use derivative financial instruments to evade storm risk to reduce the impact of these risks. The use of derivative financial instruments is regulated by the policies adopted by the Group's board of directors, and internal auditors continue to review compliance with the policies and the risk limit. The Group does not trade financial instruments (including derivative financial instruments) for speculative purposes.

1. Market risk

The Group is exposed to the financial market risks, primarily changes in foreign currency exchange rates, resulting from its operational activities. The Group pays attention to the exchange rate trends of the US dollar and RMB against the New Taiwan dollar at all times. In addition to natural hedging related to income and costs, the Group also collects information from correspondent banks and carefully evaluates whether to conduct hedging transactions to reduce the impact of exchange rate fluctuations.

(1) Currency risk

Some of the Group's operating activities and net investment by foreign operating institutions are mainly traded in foreign currencies, so foreign currency exchange rate risks arise. In order to avoid a decrease in the value of foreign currency assets and fluctuations in future cash flows due to exchange rate changes, the Group may use derivative financial instruments to avoid exchange rate risks. The use of such derivative financial instruments can help the Group reduce, but do not entirely eliminate, the effect of foreign currency exchange rate changes.

The net investment of foreign operating institutions is a strategic investment, so the Group has not hedged against it.

For the carrying amount of monetary assets and monetary liabilities denominated in non-functional currencies of the Group at the balance sheet date, excluding monetary items denominated in non-functional currencies that have been written off in the consolidated financial statements, please refer to Note 30

Sensitivity analysis

The Group's significant effect is the exchange rate fluctuations of the US dollar and RMB against the New Taiwan dollar.

The following table details the sensitivity analysis of the Group when the exchange rate of the New Taiwan Dollar (functional currency) against the U.S. dollar and RMB increases and decreases by 1%. Sensitivity analysis only includes monetary items in foreign currencies in circulation, and the conversion at the end of the period is adjusted with a 1% exchange rate change. The positive numbers in the table below indicate the amount of increase in net profit before tax when the New Taiwan Dollar depreciates by 1% relative to the relevant currencies; When the New Taiwan Dollar appreciates by 1% relative to each relevant foreign currency, its impact on the net profit before tax will be the negative of the same amount.

	Impact of profit and loss	
	2022	2021
USD	\$ 21,966	\$ 21,511
RMB	10,626	10,228

## (2) Interest rate risk

Interest rate risk refers to the risk of changes in the fair value of financial instruments and the risk of changes in cash flow due to changes in market interest rates.

The Group's carrying amount of financial assets and financial liabilities subject to interest rate exposure at the balance sheet date are as follows:

	December 31, 2022	December 31, 2021
Interest rate risk at fair value		
— Financial assets	\$ 3,262,100	\$ 1,403,544
— Financial liabilities	1,270,000	1,440,000
Interest rate risk with cash flow		
— Financial assets	866,614	1,934,367
— Financial liabilities	450,000	100,000

## Sensitivity analysis

The sensitivity analysis below is determined based on the interest rate risk of derivative and non-derivative instruments at the balance sheet date. For floating-rate liabilities, the analysis method is based on the assumption that the amount of liabilities outstanding on the balance sheet date is in circulation during the reporting period. The rate of change used when reporting interest rates internally to key management by the Group increases or decreases by 100 basis points, which also represents the management's assessment of the reasonably possible range of changes in interest rates.

If the interest rate increases by 100 basis points and all other variables remain unchanged, the Group's net profit before tax for 2022 and 2021 will increase by NT\$4,166sand and NT\$18,344 thousand, respectively, mainly due to the Group's variable interest rate deposits.

The Group's sensitivity to interest rates increased in the current period, mainly due to the increase in deposits with variable interest rates.

## 2.Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial losses to the Group. As of date of balance sheet, the Group's maximum credit risk exposure is equal to the carrying amount of financial assets recognized in balance sheet.

The Group's important sales customers in the most recent year are long-term cooperation customers, and the Group has very close contacts with customers and maintains good interaction. In addition, in recent years, the Group has actively developed different products and expanded new markets and new customers in order to reduce the risk of sales concentration.

The credit risk of the Group is mainly concentrated on the largest customer of the Group. As of December 31, 2022 and 2021, the ratio of the total accounts receivable from the aforementioned customers was 35.50% and 38.84%, respectively.

The counterparties of liquidity transactions are banks with high credit ratings from international credit rating agencies, so the credit risk and its concentration risk are also limited.

### 3. Liquidity risk

The objective of liquidity risk management is to ensure the Group has sufficient financial liquidity to fund its cash and cash equivalents for business operations maintenance, highly liquid securities and sufficient bank financing lines.

The unused financing line of the Group in December 31, 2022 and 2021, please refer to the following financing line description.

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Unsecured bank overdraft line (reexamination every year)		
— Used amount	\$ 1,720,000	\$ 1,540,000
— Unused amount	<u>933,520</u>	<u>627,160</u>
	<u>\$ 2,653,520</u>	<u>\$ 2,167,160</u>

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

<u>December 31, 2022</u>					
	<u>Less Than 6 months</u>	<u>6-12 months</u>	<u>1-2 Years</u>	<u>2-5 Years</u>	<u>Total</u>
<u>Non-derivative financial liabilities</u>					
Short-term loans	\$ 1,620,000	\$ 100,000	\$ -	\$ -	\$ 1,720,000
Accounts payable	1,293,328	5,605	-	-	1,298,933
Others payable	<u>121,420</u>	<u>100,913</u>	<u>-</u>	<u>-</u>	<u>222,333</u>
	<u>\$ 3,034,748</u>	<u>\$ 206,518</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,241,266</u>
<u>December 31, 2021</u>					
	<u>Less Than 6 months</u>	<u>6-12 months</u>	<u>1-2 Years</u>	<u>2-5 Years</u>	<u>Total</u>
<u>Non-derivative financial liabilities</u>					
Short-term loans	\$ 1,440,000	\$ 100,000	\$ -	\$ -	\$ 1,540,000
Accounts payable	1,652,065	5,131	-	-	1,657,196



Others payable	<u>163,761</u>	<u>121,164</u>	<u>-</u>	<u>-</u>	<u>284,925</u>
	<u>\$ 3,255,826</u>	<u>\$ 226,295</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,482,121</u>

## 28. RELATED PARTY TRANSACTIONS

Intercompany transactions, balances, profit and expenses between Channel Well Technology Co., Ltd and its subsidiaries, which are related parties of CWT, have been eliminated upon consolidation; therefore those items are not disclosed in this note. The significant transactions between the Group and its related parties, other than those disclosed in other notes, are summarized as follows:

### (1) Related party name and categories

Related Party Name	Related Party Categories
eTreego Corp.	Substantive Related Parties

### (2) Net revenue

Related Party Name/Categories	2022	2021
Substantive Related Parties	<u>\$ 5,883</u>	<u>\$ 7,544</u>

The sales prices and payment terms to related parties, not comparable to other transactions of the same type, were determined in accordance with mutual agreements on prices and conditions.

### (3) Receivables from related parties, excluding borrowing and contractual assets from related parties

Item	Related Party Categories	December 31, 2022	December 31, 2021
Accounts receivables	Substantive Parties	<u>\$ 3,952</u>	<u>\$ 1,274</u>
Other receivables	Substantive Parties	<u>\$ 32</u>	<u>\$ -</u>

### (4) Compensation of key management personnel

	2022	2021
Short-term employee benefits	<u>\$ 62,577</u>	<u>\$ 71,978</u>
Post-employment benefits	<u>751</u>	<u>744</u>
	<u>\$ 63,328</u>	<u>\$ 72,722</u>

The compensation to directors and other key management personnel were determined by the Compensation Committee of the Company in accordance with the individual performance and the market trends.

## 29. PLEDGED ASSETS

The following assets have been provided as deposits for the Vietnam Electric Power Company:

	December 31, 2022	December 31, 2021
Certificate of deposits (recorded in other financial assets at amortized cost)	<u>\$ 348</u>	<u>\$ 308</u>

### 30. **SIGNIFICANT INFORMATION OF FOREIGN-CURRENCY FINANCIAL ASSETS AND LIABILITIES**

The following information was summarized according to the foreign currencies other than the functional currency of the Group. The exchange rates disclosed were used to translate the foreign currencies into the functional currency. The significant financial assets and liabilities denominated in foreign currencies were as follows:

December 31, 2022

Foreign currency	Foreign	Exchange Rate	Carrying
assets	Currencies		Amount
<u>Monetary items</u>			
USD	\$ 87,435	30.71 (USD: NTD)	\$ 2,685,129
USD	43,219	6.965 (USD: RMB)	1,327,105
HKD	1,677	3.938 (HKD: NTD)	6,604
RMB	243,149	4.409 (RMB: NTD)	1,072,141
Foreign currency			
liabilities			
<u>Monetary items</u>			
USD	31,983	30.71 (USD: NTD)	982,198
USD	18,169	6.965 (USD: RMB)	557,970
USD	8,971	23,570 (USD: VND)	275,507
RMB	2,166	0.144 (RMB: USD)	9,552

December 31, 2021

Foreign currency	Foreign	Exchange Rate	Carrying
assets	Currencies		Amount
<u>Monetary items</u>			
USD	\$ 105,355	27.680 (USD: NTD)	\$ 2,916,226
USD	40,334	6.376 (USD: RMB)	1,116,446
USD	2,807	22,830 (USD: VND)	77,700
RMB	237,273	4.342 (RMB: NTD)	1,030,121
Foreign currency			
liabilities			
<u>Monetary items</u>			
USD	37,324	27,680 (USD: NTD)	1,033,128
USD	22,725	6.376 (USD: RMB)	629,026
USD	10,735	22,830 (USD: VND)	297,135
RMB	1,690	0.157 (RMB: USD)	7,338

The significant gains and loss denominated in foreign currency exchanges were as follows:

Functional Currency	2022		2021	
	Functional currency Exchange currency	Exchange gains and losses, net	Functional currency Exchange currency	Exchange gains and losses, net
New Taiwan Dollars	1 (NTD: NTD)	\$213,657	1 (NTD: NTD)	( \$ 11,314 )
RMB	4.417 (NTD: RMB)	<u>40,324</u>	4.3385 (NTD: RMB)	( <u>22,835</u> )
		<u>\$253,981</u>		( <u>\$ 34,149</u> )

### **31. ADDITIONAL DISCLOSURES**

(1) Information on significant transactions:

1. Financings provided: See Table 1 attached.
2. Endorsement/guarantee provided: None
3. Marketable securities held (excluding the equity of the invested subsidiary companies): See Table 2 attached.
4. Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None
5. Acquisition of real estate reaching NT\$300 million or 20% of the paid-in capital: None.
6. Disposal of real estate reaching NT\$300 million or 20% of the paid-in capital: None
7. Total purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital: See Table 3 attached
8. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: See Table 4 attached
9. Information about the derivative financial instrument transaction: None
10. Others: The business relationship between the parent and the subsidiaries and significant transactions between them: See Table 8 attached

(2) Information on investees: See Table 5 attached

(3) Information on investment in mainland China

1. The name of the investee in mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, income (losses) of the investee, share of profits/losses of investee, ending balance, amount received as dividends from the investee, and the limitation on investee: See Table 6 attached.
2. Significant transactions, either directly or indirectly through a third area, with investee companies in the mainland area: See Note 7.
  - 1) The amount and percentage of purchase and the ending balance and percentage of related payables.
  - 2) The amount and percentage of sales and the ending balance and percentage of related receivables.
  - 3) The amount of property transactions and the amount of profits and losses generated.
  - 4) The ending balance and purpose of the bill endorsement guarantee or the provision of collateral.
  - 5) The maximum balance, ending balance, interest rate range and total interest of the current period of Financing.

- 6) Other transactions that have a significant impact on the current profit and loss or financial status, such as the provision or receipt of labor services, etc.

(4) Information on major shareholder

List of all shareholders with ownership of 5 percent or greater showing the names and the number of shares and percentage of ownership held by each shareholder: See Table 9 attached.

## **32. OPERATING SEGMENTS INFORMATION**

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on each type of product or service delivered or provided. The Group has only one operating segment, engages mainly in the processing, manufacturing, and selling of power supply, with only a single reportable segment. The basis for the accounting policy from the reportable segment is the same as that for the the summary description of the important accounting policies described in Note 4.

(1) Comprehensive income for the related segment revenue and operating results

The income and operating results of the Group are analyzed by the reportable segment as follows:

	<u>2022</u>	<u>2021</u>
Revenue from external customers	\$ 6,486,756	\$ 10,090,823
Inter-departmental revenue	<u>-</u>	<u>-</u>
Departmental revenue	6,486,756	10,090,823
Internal write-off	<u>-</u>	<u>-</u>
Consolidated income	<u>\$ 6,486,756</u>	<u>\$ 10,090,823</u>
Departmental interest	\$ 584,124	\$ 1,224,417
Non-operating income and expenses	<u>352,891</u>	<u>72,931</u>
Net profit before tax	<u>\$ 937,015</u>	<u>\$ 1,297,348</u>

The income reported above is generated from transactions with external customers.

Departmental benefits refer to the profits earned by the power supply department, excluding interest income, rental income, property, plant and equipment impairment and recovery benefits, benefits measured at FVTPL, net foreign currency conversion benefits, financial costs, other benefits and losses and income tax expenses. This measurement amount is provided to the chief operating decision makers for resource allocation and/or performance assessment.

(2) Department assets

The measurement amount of the assets of the Group is not provided to the operating decision makers, so the measurement amount of the assets is zero.

(3) Major income of products and services were as follows:

Income analysis of major products of the Group as follows:

	2022	2021
Power supply	\$ 6,405,857	\$ 10,026,235
Others	80,899	64,588
	<u>\$ 6,486,756</u>	<u>\$ 10,090,823</u>

(4) Geographic information

Three main operation regions of the Group are Taiwan, China and the United States. The income of its continuing business units is listed below according to the location of operation:

	2022	2021
Taiwan	\$ 400,673	\$ 358,839
Aisa	3,136,892	5,240,553
America	1,964,657	2,617,898
Europe	902,519	1,759,326
Others	82,015	114,207
	<u>\$ 6,486,756</u>	<u>\$ 10,090,823</u>

(5) Major customers

Major customers of the Group in 2022 and 2021, and each single customer representing at least 10% of total revenue as follows:

	2022		2021	
Customer code	Amount	%	Amount	%
A	\$ 1,841,823	28.39	\$ 4,358,812	43.20

Channel Well Technology Co., Ltd. and Subsidiaries  
FINANCINGS PROVIDED  
FOR THE YEAR ENDED DECEMBER 31, 2022

TABLE 1 (Amounts in Thousands of New Taiwan Dollars)

No. (Note 1)	Financing Company	Counterparty	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Interest Rate	Nature for Financing (Note 2)	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Notes 3 and 4)	Total Financing Limits (Notes 5)	Remarks
													Item	Value			
1	DATAWELL HK LTD.	Yang Ling Enterprise Company Limited	Other receivables	yes	\$ 59,880	\$ 30,710	\$ 30,710	3%	2	\$ -	Operating capital	\$ -	—	—	\$ 296,473	\$ 296,473	
		POWER PLUS TECH CORP	Other receivables	yes	35,437	33,781	33,781	3%	2	-	Operating capital	-	—	—	296,473	296,473	
2	Yun Deng Technology Company Limited	Yang Ling Enterprise Company Limited	Other receivables	yes	58,950	-	-	3%	2	-	Operating capital	-	—	—	111,148	111,148	
3	Yang Ling Enterprise Company Limited	POWER PLUS TECHNOLOGY (VIETNAM) CORP.	Other receivables	yes	194,535	178,118	178,118	3%	2	-	Operating capital	-	—	—	210,587	210,587	
		CHANNAL WELL TECHNOLOGY (VIETNAM) CORP.	Other receivables	yes	29,475	-	-	3%	2	-	Operating capital	-	—	—	210,587	210,587	

Note 1: Fill in 0 for the Company, and the invested company will be numbered in sequence starting from 1 according to the company type.

Note 2: Fund, loan and nature: fill in 1 if there is a business relationship, fill in 2 if necessary for short-term financing.

Note 3: For companies that have business relations with the Company, the individual loan amount shall not exceed the amount of business dealings between the two parties. The said business transaction amount refers to the higher of either purchase or sale between the two parties.

Note 4: For companies with short-term financing needs, the individual loan amount is limited to 10% of the Company's net value; the individual loan amount of the subsidiary is limited to 40% of the loan company's net value.

Note 5: The total aggregate amount shall not exceed 40% of the net worth of the Company audited and verified by CPAs in most recent financial statements; however, due to the need for short-term financing of funds between the companies, the total aggregate amount shall not exceed 20% of the net worth of the Company audited and verified by CPAs in most recent financial statements.

Note 6: Due to the need for short-term financing of funds between the companies, the total aggregate amount shall not exceed 40% of the net worth of the subsidiaries audited and verified by CPAs in most recent financial statements.

Note 7: The total line of credit provided by DATAWELL HK LTD., Yang Ling Enterprise Company Limited and Yun Deng Technology Company Limited are calculated based on the net value of the financial statement on December 31, 2022.

Note 8: All the transactions listed in the above table have been eliminated when preparing the consolidated financial statements.

Channel Well Technology Co., Ltd. and Subsidiaries  
MARKETABLE SECURITIES HELD  
DECEMBER 31, 2022

TABLE 2 (Amounts in Thousands of New Taiwan Dollars/Thousand Shares)

Held Company Name	Marketable Securities Type and Name (Note 1)	Relationship with the Company (Note 2)	Financial Statement Account	December 31, 2021				Remarks
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Channel Well Technology Co., Ltd	<u>Stocks</u>							
	SKY DIGITAL INC.	None	Financial assets-non current, at FVTPL	3	\$ -	5.21%	\$ -	
	eTreego Co., Ltd	None	Financial assets-non current, at FVTOCI	11,171	19,523	12.08%	19,523	
	Plastron Precision Co., Ltd	None	Financial assets-non current, at FVTOCI	1,700	20,825	1.13%	20,825	
Channel Well Technology (Guangzhou) Co., Ltd	Structure deposit	None	Current financial assets at fair value through profit or loss		83,779		83,779	
Chia Kwei Technology (Guangzhou) Co., Ltd	Structure deposit	None	Current financial assets at fair value through profit or loss		114,646		114,646	

Note 1: The securities mentioned in this table refer to stocks, bonds, beneficiary certificates and securities derived from the above items that fall within the scope of International Financial Reporting Standard No. 9 "Financial Instruments".

Note 2: If the securities issuer is not a related party, this column is not required.

Note 3: For information about investment in subsidiaries and affiliates, please refer to Table 5 and Table 6.



Channel Well Technology Co., Ltd. and Subsidiaries  
TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2022

TABLE 3

(Amounts in Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationships	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Remarks
			Purchases/ Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Channel Well Technology Co., Ltd	Channel Well Technology (Guangzhou) Co., Ltd	Sub-subsidiary	Purchases	\$ 2,671,728	60.74%	60 days	—	—	(\$ 359,274)	39.95%	
	Yun Deng Technology Company Limited	Sub-subsidiary	Purchases	783,815	17.82%	60 days	—	—	( 252,126)	28.04%	
	Ningbo ISO Electronic Co., Ltd	Sub-subsidiary	Purchases	831,261	18.90%	60 days	—	—	( 228,481)	25.41%	
Channel Well Technology (Guangzhou) Co., Ltd	Power Plus Technology (Wanzai) Corp.	Sub-subsidiary	Purchases	621,300	21.50%	60 days	—	—	( 245,543)	23.64%	
Chia Kwei Technology (Guangzhou) Co., Ltd	Power Plus Technology (Wanzai) Corp.	Sub-subsidiary	Purchases	403,455	24.2%	60 days	—	—	( 215,529)	27.36%	
	Channel Well Technology (Guangzhou) Co., Ltd	Sub-subsidiary	Purchases	547,284	32.82%	60 days	—	—	( 209,078)	26.54%	
Yun Deng Technology Company Limited	Channel Well Technology (Guangzhou) Co., Ltd	Sub-subsidiary	Purchases	757,365	100.00%	60 days	—	—	( 47,444)	100.00%	
Ningbo ISO Electronic Co., Ltd	Chia Kwei Technology (Guangzhou) Co., Ltd	Sub-subsidiary	Purchases	1,347,827	100.00%	60 days	—	—	( 545,748)	98.98%	

Note: All the transactions listed in the above table have been eliminated when preparing the consolidated financial statements.

Channel Well Technology Co., Ltd. and Subsidiaries  
RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
DECEMBER 31, 2022

TABLE 4 (Amounts in Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationships	Ending Balance	Turnover rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts	Remarks
					Amount	Action Taken			
Channel Well Technology (Guangzhou) Co., Ltd	Channel Well Technology Co., Ltd	Parent company	\$ 359,274	7.06	\$ -	—	\$ 260,317	\$ -	
Yun Deng Technology Company Limited	Channel Well Technology Co., Ltd	Parent company	252,126	2.97	-	—	62,606	-	
Power Plus Technology (Wanzai) Corp.	Channel Well Technology (Guangzhou) Co., Ltd	Associate	245,543	2.62	-	—	40,622	-	
Chia Kwei Technology (Guangzhou) Co., Ltd	Ningbo ISO Electronic Co., Ltd	Associate	545,748	2.76	-	—	360,135	-	
Yang Ling Enterprise Company Limited	Channel Well Technology Co., Ltd	Parent company	101,984	0.27	-	—	37,251	-	
Ningbo ISO Electronic Co., Ltd	Channel Well Technology Co., Ltd	Parent company	228,481	7.28	-	—	228,481	-	
Yang Ling Enterprise Company Limited	POWER PLUS TECHNOLOGY (VIETNAM) CORP.	Associate	271,159	-	-	—	-	-	
Channel Well Technology (Guangzhou) Co., Ltd	Chia Kwei Technology (Guangzhou) Co., Ltd	Associate	209,078	3.31	-	—	131,071	-	
Power Plus Technology (Wanzai) Corp.	Chia Kwei Technology (Guangzhou) Co., Ltd	Associate	215,529	2.23	-	—	85,273	-	

Note: All the transactions listed in the above table have been eliminated when preparing the consolidated financial statements.

Channel Well Technology Co., Ltd. and Subsidiaries  
NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEs OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE  
FOR THE YEAR ENDED DECEMBER 31, 2022

TABLE 5 (Amounts in Thousands of New Taiwan Dollars/ thousand shares (unit))

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2021			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee	Remarks
				December 31, 2021	December 31, 2020	Shares	Percentage of Ownership	Carrying Value			
Channel Well Technology Co., Ltd	DATAWELL HK LTD.	British Virgin Islands	Holding company	\$ 172,105	\$ 172,105	4,488	100.00%	\$ 741,183	\$ 111,743	\$ 111,743	Subsidiary
Channel Well Technology Co., Ltd	Channel Well Technologies (USA), Inc.	L.A. U.S.A.	Selling and marketing of power supply	10,416	10,416	300	100.00%	34,570	286	286	Subsidiary
Channel Well Technology Co., Ltd	POWER PLUS TECH CORP.	Samoa	Holding company and engaged in general trading business	1,444,791	1,444,791	45,000	100.00%	2,748,774	236,587	236,587	Subsidiary
Channel Well Technology Co., Ltd	Yang Ling Enterprise Company Limited	Samoa	Holding company and engaged in general trading business	-	603,380	20,000	100.00%	-	( 73,450)	( 60,023)	Subsidiary
Channel Well Technology Co., Ltd	NEWWIN INTERNATIONAL CO., LTD.	Samoa	Holding company and engaged in general trading business	633,655	-	21,000	100.00%	635,288	( 12,217)	( 12,217)	Subsidiary
NEWWIN INTERNATIONAL CO., LTD.	Yang Ling Enterprise Company Limited	Samoa	Holding company and engaged in general trading business	554,514 (USD 17,465)	-	20,000	100.00%	526,467 USD 17,143	( 73,450) (USD 2,472)	( 13,427) (USD 420)	Sub-subsubsidiary
Yang Ling Enterprise Company Limited	CHANNEL WELL TECHNOLOGY (VIETNAM) CO., LTD	Vietnam	Manufacturing and selling of power supply and transformer, wire, heat sinks and other components.	96,810 (USD 3,000)	96,810 (USD 3,000)	-	100.00%	57,460 USD 1,871	( 3,689) (USD 124)	2,661 USD 90	Sub-subsubsidiary (Note2)
	POWER PLUS TECHNOLOGY (VIETNAM) CORP.	Vietnam	Manufacturing and selling of power supply and transformer, wire, heat sinks and other components.	306,808 (USD 10,000)	306,808 (USD 10,000)	-	100.00%	200,928 USD 6,543	( 62,144) (USD 2,091)	( 62,144) (USD 2,091)	Sub-subsubsidiary
POWER PLUS TECH CORP.	Yun Deng Technology Company Limited	Samoa	General trading business	318	318	10	100.00%	277,871 USD 9,048	11,450 USD 385	11,450 USD 385	Sub-subsubsidiary
NEWWIN INTERNATIONAL CO., LTD.	TOP BEST INDUSTRIAL CO., LTD.	Samoa	Holding company and engaged in general trading business	124,840 (USD 4,000)	-	4,000	100.00%	123,033 USD 4,000	187 USD 6	187 USD 6	Sub-subsubsidiary

Note 1: Please refer to Attached Table 6 for information about the investment in mainland China.

Note 2: The difference amount of NT\$ 6,350 thousand is downstream and upstream transaction influencing factor.

Note 3: All the transactions of subsidiary and sub-subsidiary have been eliminated when preparing the consolidated financial statements.

Channel Well Technology Co., Ltd. and Subsidiaries  
INFORMATION ON INVESTMENT IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2022

TABLE 6 (Amounts in Thousands of New Taiwan Dollars),

Investee Company	Main Businesses and Products□	Total Amount of Paid-in Capital	Method of Investment (Not 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2021	Net Income (Losses) of the Investee Company	Percentage of Ownership	Share of Profits/Losses (Note 4)	Carrying Amount as of December 31, 2021	Accumulated Inward Remittance of Earnings as of December 31, 2021 (Note 7)	Remarks
					Outflow	Inflow							
Ningbo ISO Electronic Co., Ltd	General trading business	USD 7,408	(2) (Note2)	\$ 251,830	—	—	\$ 251,830	\$ 95,582	100.00%	\$ 95,582	\$ 607,230	\$ 173,500 RMB 40,680	(Note8)
Channel Well Technology (Guangzhou) Co., Ltd	Manufacturing, selling and marketing of power supply	USD 33,000	(2) (Note3)	1,040,796	—	—	1,040,796	34,462 USD 1,160	100.00%	36,094 USD 1,215	1,279,918 USD 41,678	212,607 RMB 49,954	
Power Plus Technology (Wanzai) Corp.	Manufacturing, selling and marketing of transformers, wires, heat sinks and other components.	USD 10,000	(2) (Note3)	320,524	—	—	320,524	83,444 USD 2,808	100.00%	83,444 USD 2,808	662,397 USD 21,569	213,263 RMB 50,103	
Chia Kwei Technology (Guangzhou) Co., Ltd	Manufacturing, selling and marketing of power supply	USD 2,000	(2) (Note3)	60,380	—	—	60,380	106,574 USD 3,586	100.00%	106,574 USD 3,586	560,279 USD 18,244	198,772 RMB 46,683	

Accumulated Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
NT\$ 1,673,530	NT \$ 1,782,113	Note 5

Note 1: The investment methods are categorized into the following three types, types indicate as:

- (1) Direct investment in Mainland China
- (2) Reinvestment in mainland China through a third-region company (please specify the investment company in the third region).
- (3) Others

Note 2: The investment company of the third area is DATAWELL HK LTD.

Note 3: The investment company of the third area is POWER PLUS TECH CORP.

Note 4: The gains and losses of investment recognized in the current period have been verified by the Taiwanese parent company's CPAs in the financial statements, and the variation of the unrealized gains and losses of the inter-company transactions has been considered.

Note 5: The Company is an enterprise that has been approved by the Industrial Development Bureau, Ministry of Economic Affairs to comply with the operating scope of the operating headquarters. In accordance with the amendment of "Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China" published under MOEA approval No. 09704604680, the amount of the Company's investment is not restricted.

Note 6: The exchange rate is based on the average buying/selling exchange rate of the Bank of Taiwan on December 31, 2022 In addition, authorized amount limit by MOEAIC is based on foreign currency, and the amount of investment has not exceeded the limit as of the current period.

Note 7: Sub-subsidiary's reversal of investment income is RMB 187,435 thousand, of which RMB 187,420 thousand was indirectly remitted back to the Company, and the remaining RMB 15 thousand was remitted back to POWER PLUS TECH CORP. and DATAWELL HK LTD.

Note 8: The difference amount of NT\$ 1,632 thousand is downstream and upstream transaction influencing factor.

Note 9: All the transactions of subsidiary and sub-subsidiary have been eliminated when preparing the consolidated financial statements.

Channel Well Technology Co., Ltd. and Subsidiaries

SIGNIFICANT TRANSACTIONS, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD AREA, WITH INVESTEE COMPANIES IN THE MAINLAND AREA.

FOR THE YEAR ENDED DECEMBER 31, 2022

TABLE 7 (Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Company name	Transaction type	Purchase/Sale (Note)		Price	Transaction condition		Note and Accounts Receivable (Payable)		Unrealized profit and loss	Remarks
		Amount	Percentage %		Payment term	Comparison with general transaction	Amount	Percentage %		
Ningbo ISO Electronic Co., Ltd	Purchase	\$ 831,261	19.56%	Note 2	60 days	No difference	( \$ 228,481 )	25.41%	\$ -	
Chia Kwei Technology (Guangzhou) Co., Ltd	Purchase	1,167	0.03%	Note 2	60 days	No difference	-	-	-	
Power Plus Technology (Wanzai) Corp.	Purchase	3,817	0.09%	Note 2	60 days	No difference	( 383 )	0.04%	-	
Channel Well Technology (Guangzhou) Co., Ltd	Purchase	3,455,543	78.56%	Note 2	60 days	No difference	( 611,400 )	67.99%	-	Note 1 & Note 3

Note 1: The Company purchased goods from Channel Well Technology (Guangzhou) Co., Ltd., some of which were resold through Yun Deng Technology Company Limited. The ending balance of accounts payable include the amount due to Yun Deng Technology Company Limited of NT\$ 252,126 thousand.

Note 2: The aforementioned purchase price of the Company is discounted based on the sales order price. It is a unique product, and no comparison is available. The payment term is 60 days, which is not significantly different from the general transaction object.

Note 3: The Company purchased raw materials for Channel Well Technology (Guangzhou) Co., Ltd., with total amount of NT\$ 15,295 thousand in the current period.

Note 4: Please refer to Table 1 for financing and funding.

Note 5: All the transactions listed in the above table have been eliminated when preparing the consolidated financial statements.

Channel Well Technology Co., Ltd. and Subsidiaries  
INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
FOR THE YEAR ENDED DECEMBER 31, 2022

TABLE 8 (Amounts in Thousands of New Taiwan Dollars)

No. (Note 1)	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transactions			
				Financial Statements Item	Amount	Terms	Percentage of Consolidated Net Revenue or Total Assets (Note 3)
0	Channel Well Technology Co., Ltd	Channel Well Technology (Guangzhou) Co., Ltd	1	Purchases	\$ 2,671,728	no significant difference	41.19%
		Channel Well Technology (Guangzhou) Co., Ltd	1	Accounts payable	359,274	no significant difference	3.77%
		Yun Deng Technology Company Limited	1	Purchases	783,815	no significant difference	12.08%
		Yun Deng Technology Company Limited	1	Accounts payable	252,126	no significant difference	2.65%
		Channel Well Technologies (USA), Inc.	1	Accounts receivable	14,121	no significant difference	0.15%
		Channel Well Technologies (USA), Inc.	1	Net revenue from sale	37,828	no significant difference	0.58%
		Yang Ling Enterprise Company Limited	1	Purchases	59,386	no significant difference	0.92%
		Yang Ling Enterprise Company Limited	1	Accounts payable	30,347	no significant difference	0.32%
		Yang Ling Enterprise Company Limited	1	Other payables	71,637	no significant difference	0.75%
		Yang Ling Enterprise Company Limited	1	Other receivables	15,837	no significant difference	0.17%
		Yang Ling Enterprise Company Limited	1	Processing cost	85,834	no significant difference	1.32%
		Ningbo ISO Electronic Co., Ltd	1	Purchases	831,261	no significant difference	12.81%
		Ningbo ISO Electronic Co., Ltd	1	Accounts payable	228,481	no significant difference	2.40%
1	Channel Well Technology (Guangzhou) Co., Ltd	Power Plus Technology (Wanzai) Corp.	3	Purchases	621,300	no significant difference	9.58%
		Power Plus Technology (Wanzai) Corp.	3	Accounts payable	245,543	no significant difference	2.58%
		Chia Kwei Technology (Guangzhou) Co., Ltd	3	Net revenue from sale	547,284	no significant difference	8.44%
		Chia Kwei Technology (Guangzhou) Co., Ltd	3	Accounts receivable	209,078	no significant difference	2.20%
		Yang Ling Enterprise Company Limited	3	Purchases	98,314	no significant difference	1.52%
		Yang Ling Enterprise Company Limited	3	Accounts payable	28,778	no significant difference	0.30%
		Yang Ling Enterprise Company Limited	3	Other receivables	72,851	no significant difference	0.77%
		Yun Deng Technology Company Limited	3	Accounts receivable	47,444	no significant difference	0.50%
		Yun Deng Technology Company Limited	3	Net revenue from sale	757,365	no significant difference	11.68%
2	DATAWELL HK LTD	POWER PLUS TECHNOLOGY CORP.	3	Other receivables	34,195	no significant difference	0.36%
		Yang Ling Enterprise Company Limited	3	Other receivables	31,067	no significant difference	0.33%
3	Yang Ling Enterprise Company Limited	Power Plus Technology (Wanzai) Corp.	3	Accounts payable	3,422	no significant difference	0.04%
		Power Plus Technology (Wanzai) Corp.	3	Other payables	15,902	no significant difference	0.17%
		CHANNEL WELL TECHNOLOGY (VIETNAM) CO., LTD	3	Processing cost	58,192	no significant difference	0.90%
		CHANNEL WELL TECHNOLOGY (VIETNAM) CO., LTD	3	Accounts payable	8,149	no significant difference	0.09%
		CHANNEL WELL TECHNOLOGY (VIETNAM) CO., LTD	3	Other payables	1,493	no significant difference	0.02%
		POWER PLUS TECHNOLOGY (VIETNAM) CORP.	3	Processing cost	39,720	no significant difference	0.61%
		POWER PLUS TECHNOLOGY (VIETNAM) CORP.	3	Other receivables	271,159	no significant difference	2.85%
4	Chia Kwei Technology (Guangzhou) Co., Ltd	Power Plus Technology (Wanzai) Corp.	3	Accounts payable	215,529	no significant difference	2.26%
		Power Plus Technology (Wanzai) Corp.	3	Purchases	403,445	no significant difference	6.22%
		Ningbo ISO Electronic Co., Ltd	3	Accounts receivable	545,748	no significant difference	5.73%
		Ningbo ISO Electronic Co., Ltd	3	Net revenue from sale	1,347,827	no significant difference	20.78%

Note 1: The information on the business transactions between the parent company and its subsidiaries should be indicated in the serial number column respectively. The method of filling in the serial number is as follows:

- Fill in number 0 for the parent company.
- Subsidiaries are numbered sequentially starting from Arabic numeral 1 accordingly.

Note 2: There are 3 types of transaction with related parties as below, only needful for indicating the type:

- Parent company to subsidiary.

b. Subsidiary to parent company.

c. Subsidiary to Subsidiary.

Note 3: The calculation of the ratio of the transaction amount to the consolidated total revenue or total assets. If it is an asset-liability account, it is calculated as the ending balance out of the consolidated total assets; if it is a profit and loss account, it is calculated as the mid-term cumulative amount out of the consolidated total revenue.

Note 4: All the transactions listed in the above table have been eliminated when preparing the consolidated financial statements.



Channel Well Technology Co., Ltd.  
INFORMATION ON MAJOR SHAREHOLDERS  
DECEMBER 31, 2022

TABLE 9

Shareholders	Shares	
	Total Shares Owned	Ownership Percentage
Syuan-He Investment Ltd.	21,727,369	9.55%

Note 1: The main shareholder information in this table is based on the last business day of the current quarter end, and the shareholders' ownership of common shares and special shares that have completed unregistered delivery (including treasury shares) is 5% or greater. The share capital recorded in the Company's consolidated financial statements and the actual number of shares delivered without physical registration may be different or different due to different calculation bases.

Note 2: In the case of the above information, if the shareholder delivers the shares to the trust, it is disclosed in individual accounts by the trustee. As for the shareholder's declaration of insider's equity holding more than 10% of the shares in accordance with the Securities and Exchange Act, his shareholding includes his own shareholding plus the shares delivered to the trust and the right to use the trust property, etc.. Please refer insider's equity declaration information to the MOPS.

## 【Appendix B】2022 Parent Company Only Financial Statement Audited by CPA

### Independent Auditors' Report

To the Board of Directors of Channel Well Technology Co., Ltd.:

#### Opinion

We have audited the parent-company-only financial statements of Channel Well Technology Co., Ltd. (the "Company"), which comprise the parent-company-only balance sheets as of December 31, 2022 and 2021, and the parent-company-only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent-company-only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent-company-only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its parent-company-only financial performance and its parent-company-only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

#### Basis for Opinion

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

#### Key Audit Matters

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

Key audit matters for the Company's parent-company-only financial statements for the year ended December 31, 2022 are stated as follows:

#### The authenticity of sales revenue recognition

According to the accounting policy of the Company, upon shipment date of the electronic equipment products, the customer has the right to set the price and use of the products and bears the main responsibility for resale and the risk of obsolescence. The Company recognizes that point of time as income and accounts receivable. This year, the market demand for some products of the Company has declined, and the overall sales revenue has decreased. Among them, the changes in sales revenue of some customers have shown growth against the trend, and the amount is significant for the Company this year. The amount of impact on the financial statements is significant, and the revenue recognized by these customers may have the risk of not meeting the conditions stipulated in the International Financial Reporting Standards

Consequently, the authenticity of the sales revenue recognition of major customers is identified as a key audit matter. For accounting policies and information related to the sales revenue recognition, please refer to Note 4 of the parent-company-only financial report.

Our audit procedures related to the evaluation of above mentioned included the following, among others:

1. We understand and test the main internal control processes for the recognition of sales revenue from major sales customers.
2. We obtain the sales revenue details of major sales customers throughout the year and verify their correctness and completeness.
3. We sampled from the sales revenue details of major sales customers, and review relevant documents such as their original orders and invoices.

### **Responsibilities of Management and Those Charged with Governance for the Parent-Company-Only Financial Statements**

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

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

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

### **Auditors' Responsibilities for the Audit of the Parent-Company-Only Financial Statements**

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

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

1. Identify and assess the risks of material misstatement of the parent-company-only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for

our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent-company-only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent-company-only financial statements, including the disclosures, and whether the parent-company-only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent-company-only financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remained solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent-company-only financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Chou, Shih-Chieh and Gung, Tza-Li.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China  
March 14, 2023

**Channel Well Technology Co., Ltd.**  
Parent Company Only Balance Sheets  
December 31, 2022 and 2021  
(In Thousands of New Taiwan Dollars)

CODE	ASSETS	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents (Note 4 and 6)	\$ 1,069,796	12	\$ 1,098,492	13
1136	Financial assets measured at amortized cost-current (Notes 4 and 8)	1,149,331	13	1,111,465	13
1170	Accounts receivable, net (Notes 4, 9 and 21)	1,507,773	17	2,004,768	23
1180	Accounts receivable from related parties (Notes 4 and 27)	18,773	-	31,426	-
1200	Other receivables (Notes 4 and 9)	34,904	-	27,866	-
1210	Other receivables from related parties (Notes 4, 9 and 27)	39,037	-	13,361	-
130X	Inventories (Notes 4 and 10)	278,029	3	298,468	3
1479	other current assets (Note 16)	7,436	-	17,996	-
11XX	<b>Total current assets</b>	<u>4,105,079</u>	<u>45</u>	<u>4,603,842</u>	<u>52</u>
	Non-current assets				
1517	Financial assets at fair value through other comprehensive income-noncurrent (Notes 4 and 7)	40,348	1	45,278	1
1550	Investments accounted for under the equity method (Notes 4 and 11)	4,159,815	46	3,659,954	41
1600	Property, plant and equipment (Notes 4 and 12)	672,138	7	271,038	3
1760	Investment property, net (Notes 4 and 14)	60,724	1	61,693	1
1780	Intangible assets (Notes 4 and 15)	3,708	-	5,916	-
1840	Deferred income tax assets (Notes 4 and 23)	25,273	-	50,366	1
1990	Other non-current assets (Notes 4 and 16)	9,587	-	131,250	1
15XX	<b>Total non-current assets</b>	<u>4,971,593</u>	<u>55</u>	<u>4,225,495</u>	<u>48</u>
1XXX	<b>Total assets</b>	<u>\$ 9,076,672</u>	<u>100</u>	<u>\$ 8,829,337</u>	<u>100</u>
CODE	<b>Liabilities and Equity</b>				
	Current liabilities:				
2100	Short-term borrowings (Note 17)	\$ 1,720,000	19	\$ 1,540,000	18
2130	Contract liabilities-current (Note 21)	38,521	-	30,218	-
2170	Accounts payable	28,668	-	2,140	-
2180	Accounts payable to related parties (Note 27)	870,611	10	1,019,308	12
2219	Other payables (Note 18)	152,081	2	178,165	2
2201	Other payables to related parties (Note 27)	73,680	1	1,102	-
2230	Income tax payable (Note 4)	138,890	2	126,036	1
2399	Other current liabilities (Note 18)	19,759	-	21,948	-
21XX	<b>Total current liabilities</b>	<u>3,042,210</u>	<u>34</u>	<u>2,918,917</u>	<u>33</u>
	Non-current liabilities:				
2570	Deferred income tax liabilities (Notes 4 and 23)	385,854	4	332,336	4
2645	Guarantee deposits	579	-	579	-
2640	Net defined benefit liability (Notes 4 and 19)	18,308	-	21,162	-
25XX	<b>Total non-current liabilities</b>	<u>404,741</u>	<u>4</u>	<u>354,077</u>	<u>4</u>
2XXX	<b>Total liabilities</b>	<u>3,446,951</u>	<u>38</u>	<u>3,272,994</u>	<u>37</u>
	Equity (Note 4 and 20)				
	Capital stock				
3110	Common stock	2,273,911	25	2,273,911	26
3200	Capital surplus	214,286	2	214,286	2
	Retained earnings				
3310	Appropriated as legal capital reserve	909,098	10	811,139	9
3320	Appropriated as special capital reserve	180,791	2	152,060	2
3350	Unappropriated earnings	2,133,070	24	2,285,738	26
3300	Total retained earnings	3,222,959	36	3,248,937	37
3490	Other equity	( 81,435 )	( 1 )	( 180,791 )	( 2 )
3XXX	<b>Total equity</b>	<u>5,629,721</u>	<u>62</u>	<u>5,556,343</u>	<u>63</u>
	<b>Total liabilities and equity</b>	<u>\$ 9,076,672</u>	<u>100</u>	<u>\$ 8,829,337</u>	<u>100</u>

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

**Channel Well Technology Co., Ltd.**  
Parent Company Only Statements of Comprehensive Income  
For the years ended December 31, 2022 and 2021  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

CODE		2022		2021	
		Amount	%	Amount	%
4000	OPERATING REVENUES (notes 4, 21 and 27)	\$ 5,189,043	100	\$ 8,464,451	100
5000	COST OF REVENUE (Notes 10 and 27)	<u>4,481,997</u>	<u>86</u>	<u>7,246,506</u>	<u>86</u>
5900	GROSS PROFIT	<u>707,046</u>	<u>14</u>	<u>1,217,945</u>	<u>14</u>
	<b>OPERATING EXPENSES (Notes 19 and 22)</b>				
6100	Marketing	96,537	2	133,340	2
6200	General and administrative	146,574	3	158,231	2
6300	Research and development	118,378	2	116,218	1
6450	(Gain) on reversal of expected credit loss	( <u>3,211</u> )	<u>-</u>	( <u>1,586</u> )	<u>-</u>
6000	<b>Total operating expenses</b>	<u>358,278</u>	<u>7</u>	<u>406,203</u>	<u>5</u>
6900	INCOME FROM OPERATIONS	<u>348,768</u>	<u>7</u>	<u>811,742</u>	<u>9</u>
	<b>NON-OPERATING INCOME AND EXPENSES</b>				
7100	Interest income (Note 22)	40,761	1	28,627	-
7010	Other income (Notes 4, 7, 22 and 27)	24,659	-	44,914	-
7020	Other gains and losses (Note 22)	212,287	4	( 12,884 )	-
7050	Finance costs (Note 4)	( 16,401 )	-	( 6,907 )	-
7070	Share of profits (losses) of subsidiaries and associates (Notes 4)	<u>276,376</u>	<u>5</u>	<u>300,398</u>	<u>4</u>
7000	<b>Total non-operating income and expense</b>	<u>537,682</u>	<u>10</u>	<u>354,148</u>	<u>4</u>
7900	INCOME BEFORE INCOME TAX	886,450	17	1,165,890	13
7950	INCOME TAX EXPENSE (Notes 4 and 23)	( <u>175,814</u> )	( <u>3</u> )	( <u>187,855</u> )	( <u>2</u> )
8200	NET INCOME	<u>710,636</u>	<u>14</u>	<u>978,035</u>	<u>11</u>

(Continued)

CODE		2022		2021	
		Amount	%	Amount	%
	OTHER COMPREHENSIVE INCOME (LOSS)				
	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit obligation	\$ 3,009	-	\$ 135	-
8316	Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income	( 4,930)	-	3,642	-
8349	Income tax benefit (expense) related to items that will not be reclassified subsequently to profit or loss	( 602)	-	( 27)	-
8310		<u>2,523</u>	<u>-</u>	<u>3,750</u>	<u>-</u>
	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences arising on translation of foreign operations	130,358	3	( 38,658)	-
8399	Income tax related to items that may be reclassified subsequently to profit or loss	( 26,072)	( 1)	7,732	-
8360		<u>104,286</u>	<u>2</u>	<u>( 30,926)</u>	<u>-</u>
8300	<b>Other comprehensive loss for the year, net of income tax</b>	<u>101,763</u>	<u>2</u>	<u>( 27,176)</u>	<u>-</u>
8500	TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 812,399</u>	<u>16</u>	<u>\$ 950,859</u>	<u>11</u>
	EARNINGS PER SHARE (NT\$, Note 24)				
9750	Basic earnings per share	<u>\$ 3.13</u>		<u>\$ 4.30</u>	
9850	Diluted earnings per share	<u>\$ 3.08</u>		<u>\$ 4.25</u>	

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



**Channel Well Technology Co., Ltd.**  
Parent Company Only Statements of Changes in Equity  
For the years ended December 31, 2022 and 2021  
(In Thousands of New Taiwan Dollars)

Code		Capital Stock-Common Stock		Capital Surplus	Retained Earnings				Others		Total	Total Equity
		Shares (In thousands)	Amount		Local Capital Reserve	Special Capital Reserve	Unappropriated Earnings	Total	Foreign Currency Translation Reserve	Unrealized Gain (Loss) on Assets at Fair Value Through Other Comprehensive Income		
A1	BALANCE, JANUARY 1, 2021	<u>227,391</u>	<u>\$ 2,273,911</u>	<u>\$ 214,286</u>	<u>\$ 707,717</u>	<u>\$ 140,071</u>	<u>\$ 2,137,841</u>	<u>\$ 2,985,629</u>	<u>(\$ 136,783)</u>	<u>(\$ 15,277)</u>	<u>(\$ 152,060)</u>	<u>\$ 5,321,766</u>
	Appropriations of earnings 2020											
B1	Legal capital reserve	-	-	-	103,422	-	( 103,422)	-	-	-	-	-
B3	Special capital reserve	-	-	-	-	11,989	( 11,989)	-	-	-	-	-
B5	Cash dividends to shareholders	-	-	-	-	-	( 716,282)	( 716,282)	-	-	-	( 716,282)
D1	Net income in 2021	-	-	-	-	-	978,035	978,035	-	-	-	978,035
D3	Other comprehensive income (loss) in 2021, net of income tax	-	-	-	-	-	108	108	( 30,926)	3,642	( 27,284)	( 27,176)
D5	Total comprehensive income (loss) in 2021	-	-	-	-	-	978,143	978,143	( 30,926)	3,642	( 27,284)	950,859
Q1	Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	1,447	1,447	-	( 1,447)	( 1,447)	-
Z1	BALANCE, DECEMBER 31, 2021	<u>227,391</u>	<u>2,273,911</u>	<u>214,286</u>	<u>811,139</u>	<u>152,060</u>	<u>2,285,738</u>	<u>3,248,937</u>	<u>( 167,709)</u>	<u>( 13,082)</u>	<u>( 180,791)</u>	<u>5,556,343</u>
	Appropriations of earnings 2021											
B1	Legal capital reserve	-	-	-	97,959	-	( 97,959)	-	-	-	-	-
B3	Special capital reserve	-	-	-	-	28,731	( 28,731)	-	-	-	-	-
B5	Cash dividends to shareholders	-	-	-	-	-	( 739,021)	( 739,021)	-	-	-	( 739,021)
D1	Net income in 2022	-	-	-	-	-	710,636	710,639	-	-	-	710,639
D3	Other comprehensive income (loss) in 2022, net of income tax	-	-	-	-	-	2,407	2,407	104,286	( 4,930)	99,356	101,763
D5	Total comprehensive income (loss) in 2022	-	-	-	-	-	713,043	713,043	104,286	( 4,930)	99,356	812,399
Z1	BALANCE, DECEMBER 31, 2022	<u>227,391</u>	<u>\$ 2,273,911</u>	<u>\$ 214,286</u>	<u>\$ 909,098</u>	<u>\$ 180,791</u>	<u>\$ 2,133,070</u>	<u>\$ 3,222,959</u>	<u>(\$ 63,423)</u>	<u>(\$ 18,012)</u>	<u>(\$ 81,435)</u>	<u>\$ 5,629,721</u>

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

**Channel Well Technology Co., Ltd.**  
Parent Company Only Statements of Cash Flows  
For the years ended December 31, 2022 and 2021  
(In Thousands of New Taiwan Dollars)

Code		2022	2021
	<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
A00010	Income before income tax	\$ 886,450	\$ 1,165,890
A20010	Adjustments for:		
A20100	Depreciation expense	18,239	17,969
A20200	Amortization expense	2,224	2,000
A20300	Gain on reversal of expected credit loss	( 3,211 )	( 1,856 )
A23600	Inventory losses (reversal of write-down of inventories)	12,231	( 414 )
A20900	Finance costs	16,401	6,907
A21200	Interest income	( 40,761 )	( 28,627 )
A21300	Dividend income	( 340 )	( 400 )
A22300	Share of profits of subsidiaries and associates	( 276,376 )	( 300,398 )
A22500	Gain on disposal of property, plant and equipment	( 114 )	( 138 )
A30000	Changes in operating assets and liabilities:		
A31130	Notes receivable	133	4,674
A31150	Accounts receivable	500,028	346,241
A31160	Receivables from related parties	12,653	8,496
A31180	Other receivables	( 1,973 )	( 36,871 )
A31200	Inventories	8,208	( 278,836 )
A31240	Other current assets	10,544	( 15,312 )
A32125	Contract liabilities	8,303	( 12,230 )
A32150	Accounts payable	26,528	964
A32160	Payables to related parties	( 148,697 )	( 673,741 )
A32180	Other payables	( 26,889 )	( 2,907 )
A32190	Other payables to related parties	72,578	( 194 )
A32230	Other current liabilities	( 2,189 )	( 14,136 )
A32240	Net defined benefit liability	155	184
A33000	Cash generated from operations	1,074,125	187,265
A33100	Interest received	33,218	24,557
A33300	Interest paid	( 15,596 )	( 6,692 )
A33500	Income taxes paid	( 111,023 )	( 208,100 )
AAAA	<b>Net cash flows provided by(used in) operating activities</b>	<u>980,724</u>	<u>( 2,970 )</u>

(Continued)

Code		2022	2021
	CASH FLOWS FROM INVESTING ACTIVITIES		
B00010	Acquisitions of Financial assets at fair value through other comprehensive income	\$ -	( \$ 15,000 )
B00020	Disposal of financial assets measured at fair value through other comprehensive income	-	4,687
B00040	Acquisitions of Financial assets at amortized cost	( 37,866 )	( 36,776 )
B01800	Additions to investments accounted for under the equity method	( 633,655 )	-
B01900	Proceeds from disposal of investments accounted for under the equity method	517,375	-
B02700	Acquisitions of property, plant and equipment	( 293,270 )	( 7,182 )
B02800	Proceeds from disposal of property, plant and equipmen	367	138
B04500	Acquisitions of intangible assets	-	( 3,857 )
B07100	Increase in Prepayments for equipment	( 3,690 )	( 130,033 )
B07600	Dividends received	340	400
B09900	Acquisitions of dividends in subsidiary	-	478,192
BBBB	<b>Net cash flows provided by(used in) investing activities</b>	( <u>450,399</u> )	<u>290,569</u>
	CASH FLOWS FROM FINANCING ACTIVITIES		
C00100	Increase in short-term loans	180,000	745,000
C04500	Cash dividends	( <u>739,021</u> )	( <u>716,282</u> )
CCCC	<b>Net cash flows provided by(used in) financing activities</b>	( <u>559,021</u> )	<u>28,718</u>
EEEE	NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	( 28,696 )	316,317
E00100	CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,098,492</u>	<u>782,175</u>
E00200	CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,069,796</u>	<u>\$ 1,098,492</u>

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

Channel Well Technology Co., Ltd.  
Notes to Parent Company Only Financial Statements

January 1 to December 31, 2022 and 2021

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

**1. GENERAL INFORMATION**

Channel Well Technology Co., Ltd (the “Company”) was incorporated on October 5, 1983, in accordance with the Company Act and related laws of the Republic of China (“R.O.C.”) and registered under the Ministry of Economic with Business Registration Certificate obtained. The Company is mainly engaged in the processing, manufacturing, and trading of power supply and electrical appliances as well as various electronic components.

The Company was approved as an OTC stock by letter No. 0930036808 on December 8, 2004 and was officially listed for trading on January 31, 2005.

The accompanying parent company only financial statements are expressed in the Company’s functional currency, New Taiwan Dollars

**2. APPROVAL OF FINANCIAL STATEMENTS**

The accompanying parent company only financial statements were approved and authorized for issue by the Board of Directors on March 14, 2023.

**3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS**

(1) Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC did not have a significant effect on the accounting policies of the Company.

(2) Amendments to the IFRSs issued by International Accounting Standards Board (IASB) and endorsed by the FSC with effective date starting 2022

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IAS 1 “Disclosure of Accounting Policies	January 1, 2023 (note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (note 3)

Note1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note3: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

As of the date the accompanying parent company only financial statements were authorized for issue, the Company has evaluated other adjustments in regulations or explanation would not have significant impact on the financial status and performance.

(3) The IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB (note 1)</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
Amendments to IFRS 16 “Leases Liability in a Sale and leaseback”	January 1, 2024 (Note 2)
Amendments to IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
The amendments of IFRS 17: The comparison between the first-applied IFRS 17 and IFRS 9	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Noncurrent”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024

Note1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

In addition to the above impacts, as of the date the accompanying parent company only financial statements were authorized for issue, the Company continues in evaluating the impact of other standards and amendments to the interpretation on the financial status and financial performance, and the relevant impacts will be disclosed when the evaluation is completed.

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

(1) Statement of Compliance

The accompanying parent company only financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by

Securities Issuers and the IFRSs endorsed by FSC with the effective dates (collectively, “Taiwan-IFRSs”).

(2) Basis of Preparation

The accompanying parent company only financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values as well as net defined benefit liability, which is recognized at the present value of defined benefit liability minus the fair value of planned assets.

According to the observability and significance of the relevant inputs, the fair value measurement is categorised into three levels of the fair value hierarchy.

1. Level 1 inputs: are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date (without adjustment).
2. Level 2 inputs: are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
3. Level 3 inputs: inputs are unobservable inputs for the asset or liability.

When preparing the parent company only financial statements, the Company accounts for subsidiaries and associates by using the equity method. In order to agree with the amount of net income, other comprehensive income and equity attributable to shareholders of the parent in the consolidated financial statements, the differences of the accounting treatment between the parent company only basis and the consolidated basis are adjusted under the heading of investments accounted for using equity method, share of profits of subsidiaries and associates and related equity projects.

(3) Classification of Current and Noncurrent Assets and Liabilities:

Current assets are:

1. Assets held for trading purposes
2. Assets expected to be converted to cash or sold within one year from the end of the reporting period; and
3. Cash and cash equivalent, excluding those with restriction for exchanging or paying off debts more than 12 months after the balance sheet date.

Current liabilities are:

1. Liabilities are obligations incurred for trading purposes
2. Expected to settle the liability when due within 12 months after the balance sheet date, even if an agreement to refinance or to reschedule payments on a long-term basis is completed after the balance sheet date and before the financial reports are authorized for issue; or
3. Not have an unconditional right to defer settlement of the liability for at least 12 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.

Those that are not classified as current assets or current liabilities as mentioned above are classified as non-current assets or non-current liabilities.

#### (4) Foreign Currencies

In preparing the parent company only financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized as functional currency records at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. The exchange difference arising from the delivery of monetary items or the conversion of monetary items are recognized in profit or loss in the year in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the year except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in foreign currencies, converted at the exchange rate on the transaction date, are not retranslated. For the purposes of presenting parent company only financial statements, the assets and liabilities of the Company's foreign operations, including subsidiaries that operate in a different country or using different currency, are translated into NT\$ using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income.

#### (5) Inventories

Inventories include materials, finished goods and merchandise. Inventories are required to be stated at the lower of cost and net realisable value (NRV). When comparing cost and net realizable value, basis of items that are not interchangeable, specific costs are attributed to the specific individual items of inventory. NRV is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale. Inventory cost is calculated by weighted average cost formulas.

#### (6) Investment in Subsidiaries

The Company uses the equity method to handle investments in subsidiaries.

A subsidiary is an entity that is controlled by the Company.

Under the equity method, the investment is initially recognized at cost and adjusted thereafter to recognize the Company's share of profit or loss and other comprehensive income of the subsidiary as well as the distribution received. The Company also recognized its share in the changes in the equity of subsidiaries.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. Any difference between the carrying amount of the subsidiary and the fair value of

the consideration paid or received is recognized directly in equity.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. Any difference between the carrying amount of the subsidiary and the fair value of the consideration paid or received is recognized directly in equity. If an investor's share of losses of an associate equal or exceeds its "interest in the associate", the investor discontinues recognising its share of further losses. The "interest in an associate" is the carrying amount of the investment in the associate under the equity method together with any long-term interests that, in substance, form part of the investor's net investment in the associate.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of a subsidiary recognized at the date of acquisition is recognized as goodwill, which is non-amortized included within the carrying amount of the investment. Any excess of the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When necessary, the entire carrying amount of the investment is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any reversal of that impairment loss is recognized to the profit that the recoverable amount of the investment subsequently increases. However, any impairment loss recognized forms part of the carrying amount of the investment should not exceed the carrying amount of the investment after amortization deduction. The impairment loss attributable to goodwill shall not be reversed in subsequent periods. When necessary, the entire carrying amount of the investment is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any reversal of that impairment loss is recognized as income that the recoverable amount of the investment subsequently increases, in regards of carrying amount of impairment loss of assets recognized not exceeding that of derecognition less amortization. The impairment loss attributable to goodwill cannot be reversed in subsequent periods.

When the Company loses control of a subsidiary, any retained investment of the former subsidiary is measured at the fair value at that date. A gain or loss is recognized in profit or loss and calculated as the difference between (a) the aggregate of the fair value of consideration received and the fair value of any retained interest at the date when control is lost; and (b) the previous carrying amount of the investments in such subsidiary. In addition, the Company shall account for all amounts previously recognized in other comprehensive income in relation to the subsidiary on the same basis as would be required if the subsidiary had directly disposed of the related assets and liabilities.

When the Company transacts with its subsidiaries, profits and losses resulting from the major transactions with the subsidiaries are recognized in the Company's parent company only financial statements only to the extent of interests in the subsidiaries



that are not owned by the Company.

(7) Property, Plant and Equipment

Real estate, plant and equipment are recognized at cost, and accordingly, Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment.

Property, plant and equipment in the course of construction for production, supply or administrative purposes are carried at cost, which includes professional service fees and borrowing costs that meet the capitalization conditions, less any recognized impairment loss. Such assets are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use and depreciation of these assets commences meanwhile.

Depreciation is recognized so as to write off the cost of the assets less their residual values over their useful lives, and it is computed using the straight-line method by separate depreciation for each significant part. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

(8) Investment properties

Investment property is property held to earn rentals or for capital appreciation or both, and it contains land held for a currently undetermined future use.

Investment property is initially measured at cost, including transaction costs, with some exceptions. May be subsequently measured using a cost model or fair value model, with changes in the fair value under the fair value model being recognised in profit or loss. Depreciation is recognized so as to write off the cost of the assets less their residual values over their useful lives, and it is computed using the straight-line method.

The gain or loss on disposal should be calculated as the difference between the net disposal proceeds and the carrying amount of the asset and should be recognised as income or expense in the income statement.

(9) Intangible Assets

1. Separately acquired intangible assets

Separately acquired intangible assets with finite useful lives are measured as cost, and accordingly carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized using the straight-line method over the estimated useful life. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis. Intangible assets with infinite useful lives are recognized as cost less accumulated impairment loss.

2. Derecognition

Upon derecognition of intangible assets, the difference between net disposal proceeds and carrying amount is recognized as current profit and loss.

(10) Impairment of Property, Plant and Equipment, Right-of-use Assets and Intangible Assets

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use assets and other intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset or a cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount, less amortization and depreciation, does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

(11) Financial Instruments

Financial assets and liabilities shall be recognized in the parent company only financial statements when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and liabilities are initially recognized in the parent company only financial statement at fair values. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1. Financial Assets

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

(1) Category and measurement

Financial assets held by the Company are classified into financial assets at amortized cost and investments in equity instruments at FVTOCI.

A. Measured at amortized cost

If the Company's investment financial assets meet the following two conditions at the same time, they are classified as financial assets measured

at amortized cost:

- a. held under a certain business model, the purpose of this model is to hold financial assets to collect contractual cash flows; and
- b. contractual terms specifying that cash flows with significant date are solely payments of principal and interest on the principal amount outstanding

Subsequent to initial recognition, financial assets measured at amortized cost, including cash, cash equivalents, notes and accounts receivable measured at amortized cost, and refundable deposits, are measured at amortized cost, which equals to carrying amount determined by the effective interest method less any impairment loss. Any foreign currency exchange gains and losses are recognized in profit and loss.

Interest income is calculated by multiplying the effective interest rate by the total carrying amount of financial assets.

Cash equivalents include time deposits that are highly liquid and can be converted into fixed cash at any time within 3 months from the date of acquisition, and the risk of value changes is very small, which is used to meet short-term cash commitments.

#### B. Investments in equity instruments at FVTOCI

On initial recognition, the Company may irrevocably designate investments in equity investments that is not held for trading and recognition or contingent consideration by business combination acquirer as at FVTOCI.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. At the time of investment disposal, the accumulated profits and losses are directly transferred to retained earnings and are not reclassified as profits and losses.

Dividends on these investments in equity instruments at FVTOCI are recognized in profit or loss when the Company's right to receive the dividends is established, unless the Company's rights clearly represent a recovery of part of the cost of the investment.

#### (2) Impairment of financial assets

At each reporting period, a loss allowance for expected credit loss is recognized for financial assets at amortized cost (including notes and accounts receivable as well as refundable deposits), financial instrument at FVTPL and for investments in debt instruments that are measured at FVTOCI.

The loss allowance for notes and accounts receivable as well as refundable deposits is measured at an amount equal to lifetime expected credit losses.

The Company recognizes an impairment loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are

measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of the financial asset.

(3) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the financial asset to another entity.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss that had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

## 2. Equity Instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Equity instruments retrieval is recognized and deducted under equity items. The purchase, sale, issuance or cancellation of the Company's own equity instruments are not recognized in profit or loss.

## 3. Financial liabilities

### (1) Subsequent measurement

Financial liabilities are subsequently measured at amortized cost using effective interest method.

### (2) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any transferred non-cash assets or liabilities assumed, is recognized in profit or loss.

## (12) Revenue Recognition

The Company recognizes revenue when the performance obligations are identified in customer's contract, the transaction price is allocated to each performance obligation, and performance obligations are satisfied.

### Revenue from sale of goods

Major revenue from sale of goods of the Company is from sales of electronic products. Upon shipment date of the electronic equipment products, the customer has the right to set the price and use of the products and bears the main responsibility for resale and the risk of obsolescence. The Company recognizes that point of time as income and accounts receivable.

During the processing, the control of the ownership of the processed products has not been transferred, so its processing is not recognized as income.

## (13) Leases

The Company assesses whether the contract belongs to (or contains) a lease based on the date of contract establishment.

### 1. The Company as lessor

Leases are classified as finance leases, which transfer substantially all the risks and rewards of ownership, and give rise to asset and liability recognition by the lessee and a receivable by the lessor; meanwhile all other than finance leases are operating leases.

## 2. The Company as lessee

Except for payments for low-value asset leases and short-term leases (leases of machinery and equipment and others) which are recognized as expenses on a straight-line basis, the Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of the lease.

Right-of-use assets are measured at cost. The cost of right-of-use assets comprises the initial measurement of lease liabilities adjusted for lease payments, lease factors of reduced lease payment and initial direct costs made at or before the commencement date, plus an estimate of costs needed to restore the underlying assets. Subsequent measurement is calculated as cost less accumulated depreciation and accumulated impairment loss and adjusted for changes in lease liabilities.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms.

### (14) Borrowing Costs

Borrowing Costs requires that borrowing costs directly attributable to the acquisition, construction or production of a 'qualifying asset' (one that necessarily takes a substantial period of time to get ready for its intended use or sale) are included in the cost of the asset.

Where funds are borrowed specifically, costs eligible for capitalisation are the actual costs incurred less any income earned on the temporary investment of such borrowings.

Other borrowing costs are recognised as an expense.

### (15) Employee Benefits

#### 1. Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for service rendered by employees.

#### 2. Retirement benefits

For defined contribution retirement benefit plans, payments to the benefit plan are recognized as an expense when the employees have rendered service entitling them to the contribution.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the Projected Unit Credit Method. Service cost (including current service cost), and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be

reclassified to profit or loss.

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Company's defined benefit plan. Net defined benefit asset is the lower of any surplus in the fund and the 'asset ceiling' (i.e. the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan).

#### (16) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

##### 1. Current tax

The Company determines current income (loss) in accordance with the laws and regulations established by the jurisdiction of the income tax declaration, and calculates the income tax payable (recoverable) accordingly.

Income tax on unappropriated earnings is expensed in the year the shareholders approved the appropriation of earnings which is the year subsequent to the year the earnings are generated.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

##### 2. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the parent company only financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, net operating loss carryforwards and tax credits for research and development expenses to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the date of each balance sheet and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered. The deferred tax assets which originally not recognized is also reviewed at the date of each balance sheet and recognized to the extent that it is probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset is realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3. Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

## **5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the aforementioned Company's accounting policies, despite relevant sources that are not readily apparent, the management is required to make judgments, estimates and assumptions based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

## **6. CASH AND CASH EQUIVALENTS**

	December 31, 2022	December 31, 2021
Cash on hand/working refund	\$ 346	\$ 392
Bank checks/demand deposit	286,345	1,042,740
Cash equivalent (investment in three months since commence date)		
Bank Fixed Deposits	783,105	55,360
	<u>\$1,069,796</u>	<u>\$1,098,492</u>

## **7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

	December 31, 2022	December 31, 2021
<u>Non-current</u>		
Investments in equity instruments	<u>\$ 40,348</u>	<u>\$ 45,278</u>



### Investments in Equity Instruments

	December 31, 2022	December 31, 2021
<u>Non-current</u>		
Domestic investment		
Shares of listed company at stock exchange, OTC, and emerging stock market.		
Common stock of Plastron Precision Co., Ltd.	\$ 20,825	\$ 25,755
Shares of non-public entities		
Common stock of eTreego	<u>19,523</u> <u>\$ 40,348</u>	<u>19,523</u> <u>\$ 45,278</u>

The Company invests in the common stocks of the aforementioned companies to align with med-and-long-term strategic purposes and expects for investment profits in the long run. The management of the Company considers that if the short-term fair value fluctuations of these investments are included in the profit and loss, it is inconsistent with the aforementioned long-term investment plan, so these investments as measured at FVTOCI are designated.

The Company recognized dividend income of NT\$340 thousand and NT\$400 in 2022 and 2021 respectively.

### **8. FINANCIAL ASSETS AT AMORTIZED COST**

	December 31, 2022	December 31, 2021
<u>Current</u>		
Fixed deposits exceeding three months since commence (a.)	\$ 858,510	\$ 823,582
Restricted bank deposits (b.)	<u>290,821</u> <u>\$ 1,149,331</u>	<u>287,883</u> <u>\$ 1,111,465</u>

(1) Range of interest rate of fixed deposits with the original maturity date of more than three months on December 31, 2022 and 2021 are 2.10%~3.00% and 2.00%~2.70% respectively.

(2) The Company applies for the application of overseas fund repatriation management and taxation regulations to remit the surplus of foreign subsidiaries to a special bank account. The regulations restrict the use of deposits in the special account, so the amount of this special account is classified as financial assets measured at amortized cost-Current.

## 9. NOTES, ACCOUNTS AND OTHERS RECEIVABLE

	December 31, 2022	December 31, 2021
Notes receivable		
At amortized cost		
Total carrying amount	\$ 322	\$ 456
Less: loss allowance	<u>-</u>	<u>( 1 )</u>
	<u>\$ 322</u>	<u>\$ 455</u>
Accounts receivable		
At amortized cost		
Total carrying amount	\$ 1,515,333	\$ 2,015,361
Less: loss allowance	<u>( 7,882 )</u>	<u>( 11,048 )</u>
	<u>\$ 1,507,451</u>	<u>\$ 2,004,313</u>
Others receivable		
Others receivable	\$ 34,990	\$ 27,996
Less: loss allowance	<u>( 86 )</u>	<u>( 130 )</u>
	<u>\$ 34,904</u>	<u>\$ 27,866</u>

The Company's average credit period for merchandise sales is 60 to 120 days, and accounts receivable are not interest-bearing.

Aside from recognizing impairment loss for credit-impaired accounts receivable, the Company recognizes loss allowance based on the expected credit loss ratio in accordance with simplified method of IFRS 9. The expected credit loss ratio of customers is consideration of factors of historical violation records, the current financial conditions and business economic scope. Since the Company's credit loss history shows no significant difference in the loss patterns of different customer groups, the customer group is not further differentiated, and the expected credit loss rate is determined based on the number of days overdue for accounts receivable only.

If evidence shows the counterparty is facing serious financial difficulties and the Company cannot reasonably expect the recoverable amount, the Company directly writes off the relevant accounts receivable, but will continue to pursue recourse activities, as the recovered amount is recognized in profit and loss.

The Company measures the allowance for notes receivable and accounts and other receivables as follows:

### December 31, 2022

	Not past due	past due within 90 days	past due 91 ~ 240 days	past due 241 ~ 420 days	past due over 421 days	Total
expected credit loss rate	0.5%	1% ~ 5%	10% ~ 15%	25% ~ 50%	100%	
Total carrying amount	\$1,490,086	\$ 59,965	\$ 573	\$ 21	\$ -	\$1,550,645
Loss allowance (expected credit losses)	<u>( 6,707 )</u>	<u>( 1,192 )</u>	<u>( 59 )</u>	<u>( 10 )</u>	<u>-</u>	<u>( 7,968 )</u>
Cost after amortization	<u>\$1,483,379</u>	<u>\$ 58,773</u>	<u>\$ 514</u>	<u>\$ 11</u>	<u>\$ -</u>	<u>\$1,542,677</u>

## December 31, 2021

	Not past due	past due within 90 days	past due 91~ 240 days	past due 241 ~420 days	past due over 421days	Total
expected credit loss rate	0.5%	1%~5%	10%~15%	25%~50%	100%	
Total carrying amount	\$ 1,856,611	\$ 186,654	\$ 511	\$ 37	\$ -	\$ 2,043,813
Loss allowance (expected credit losses)	( 9,216 )	( 1,897 )	( 52 )	( 14 )	-	( 11,179 )
Cost after amortization	<u>\$ 1,847,395</u>	<u>\$ 184,757</u>	<u>\$ 459</u>	<u>\$ 23</u>	<u>\$ -</u>	<u>\$ 2,032,634</u>

The changes in loss allowance of notes, accounts and others receivable was as follows:

	2022	2021
Balance, beginning of year	\$ 11,179	\$ 13,035
Decrease: Reversal	( 3,211 )	( 1,856 )
Balance, end of year	<u>\$ 7,968</u>	<u>\$ 11,179</u>

## **10. INVENTORIES**

	December 31, 2022	December 31, 2021
Raw materials	\$ 153,073	\$ 193,418
Supplies	4,630	5,344
Work in process	536	956
Finished goods	119,790	98,750
	<u>\$ 278,029</u>	<u>\$ 298,468</u>

Cost of Goods Sold are listed as follows:

	2022	2021
Inventory Cost of Sold Goods	\$ 4,469,766	\$ 7,246,920
Inventory losses (reversal of write-down of inventories) (1)	12,231	( 414 )
	<u>\$ 4,481,997</u>	<u>\$ 7,246,506</u>

(1) Gain from price recovery is caused by the net realized value upturn.

## **11. INVESTMENTS ACCOUNTED FOR UNDER EQUITY METHOD**

	December 31, 2022	December 31, 2021
Subsidiaries investment	<u>\$ 4,159,815</u>	<u>\$ 3,659,954</u>

### (1) Investment in Subsidiaries

	December 31, 2022	December 31, 2021
Non listed companies		
DATAWELL HK LTD	\$ 741,183	\$ 621,725
Channel Well Technologies (USA), Inc.	34,570	30,893
POWER PLUS TECH CORP	2,748,774	2,454,565
Yang Ling Enterprise Company Limited	-	552,771
NEWWIN INTERNATIONAL CO., LTD.	635,288	-
	<u>\$ 4,159,815</u>	<u>\$ 3,659,954</u>

Subsidiaries	% of Ownership and Voting Rights Held by the Company	
	December 31, 2022	December 31, 2021
DATAWELL HK LTD.	100%	100%
CWT, USA	100%	100%
POWER PLUS TECH CORP.	100%	100%
Yang Ling Enterprise Company Limited	-	100%
NEWWIN INTERNATIONAL CO., LTD.	100%	-

Based on the group's operation considerations, the Company newly established NEWWIN INTERNATIONAL CO., LTD. in 2022, and invested US\$21,000 thousand in NEWWIN INTERNATIONAL CO., LTD.; in addition, the group's investment structure was adjusted, and the equity of Yang Ling Enterprise Company Limited originally held through the Company was changed to be directly held by the newly established NEWWIN INTERNATIONAL CO., LTD.

## 12. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and Equipment	Other Equipment	Total
<u>Cost</u>					
Balance at January 1, 2022	\$ 77,947	\$ 264,827	\$ 22,730	\$ 102,806	\$ 468,310
Additions	273,766	142,729	1,617	511	418,623
Deductions	-	-	-	( 3,049)	( 3,049)
Balance at December 31, 2022	<u>\$ 351,713</u>	<u>\$ 407,556</u>	<u>\$ 24,347</u>	<u>\$ 100,268</u>	<u>\$ 883,884</u>
<u>Accumulated depreciation and impairment</u>					
Balance at January 1, 2022	\$ -	\$ 94,510	\$ 12,913	\$ 89,849	\$ 197,272
Disposals	-	-	-	( 2,796)	( 2,796)
Depreciation expense	-	10,730	2,970	3,570	17,270
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 105,240</u>	<u>\$ 15,883</u>	<u>\$ 90,623</u>	<u>\$ 211,746</u>
Carrying amounts at December 31, 2022	<u>\$ 351,713</u>	<u>\$ 302,316</u>	<u>\$ 8,464</u>	<u>\$ 9,645</u>	<u>\$ 672,138</u>
<u>Cost</u>					
Balance at January 1, 2021	\$ 77,947	\$ 264,827	\$ 21,149	\$ 99,420	\$ 463,343
Additions	-	-	2,446	4,736	7,182
Deductions	-	-	( 865)	( 1,350)	( 2,215)
Balance at December 31, 2021	<u>\$ 77,947</u>	<u>\$ 264,827</u>	<u>\$ 22,730</u>	<u>\$ 102,806</u>	<u>\$ 468,310</u>
<u>Accumulated depreciation and impairment</u>					
Balance at January 1, 2021	\$ -	\$ 84,632	\$ 11,558	\$ 86,424	\$ 182,614
Disposals	-	-	( 865)	( 1,350)	( 2,215)
Depreciation expense	-	9,878	2,220	4,775	16,873
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 94,510</u>	<u>\$ 12,913</u>	<u>\$ 89,849</u>	<u>\$ 197,272</u>
Carrying amounts at December 31, 2021	<u>\$ 77,947</u>	<u>\$ 170,317</u>	<u>\$ 9,817</u>	<u>\$ 12,957</u>	<u>\$ 271,038</u>

No such impairment loss was recognized in 2022 and 2021, so the Company did not conduct impairment loss assessment.

Depreciation expenses are depreciated on a straight-line basis according to the following durability years:

Buidings	
Plant main building	
Plant main building	20-50 years
Office	50 years
Electrical power equipments	20-35 years
Engineering system	20 years
Machinery	1.5-10 years
Other equipments	1-15 years

### 13. LEASE ARRANGEMENTS

#### Other Lease information

	2022	2021
Expenses relating to low-value asset leases	\$ 166	\$ 160
Total cash (outflow) from lease	(\$ 166)	(\$ 160)

The Company has elected to applied exemption and not to recognize right-of-use assets and lease liabilities to lease of certain office equipment that regarded as of low-value asset leases.

### 14. INVESTMENT PROPERTY

	Completed Tangible assets
<u>Cost</u>	
Balance at January 1, 2022	\$ 79,377
Balance at December 31, 2022	\$ 79,377
<u>Accumulated amortization and impairment</u>	
Balance at January 1, 2022	\$ 17,684
Depreciation expense	969
Balance at December 31, 2022	\$ 18,653
Net amounts at December 31, 2022	\$ 60,724
<u>Cost</u>	
Balance at January 1, 2021	\$ 79,377
Balance at December 31, 2021	\$ 79,377
<u>Accumulated amortization and impairment</u>	
Balance at January 1, 2021	\$ 16,588
Depreciation expense	1,096
Balance at December 31, 2021	\$ 17,684
Net amounts at December 31, 2021	\$ 61,693

Investment property after recognition is measured by cost model. The investment property contains leased premises and a piece of idle land, which were acquired in 2003

and recorded at fair value to offset the collection payment. That piece of land is agricultural land with ownership not transferrable to legal person. After reaching an agreement with the chairman, Chun-Wei Pan, and signing a power of attorney, the land was transferred to the chairman's name and pledged to the Company.

The fair value of property investment is self-assessed by Hunhsin Independent Real Estate Appraisal Firm and The Company's management, and fair value of December 31, 2022 and 2021 were issued in valuation report of December 31, 2022 and 2021 respectively. The evaluation method adopts the weighted average and discounted cash flow analysis method of the direct capitalization method of the comparison method and the income method. The important assumptions and evaluation of fair values are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Fair values	\$102,639	\$ 99,488
Rate of earnings capitalization	0.625%~1.753%	0.60%~1.50%
Discount Rate	1.25%~2.07%	1.03%~1.23%

## 15. INTANGIBLE ASSETS

	<u>Computer software</u>
<u>Cost</u>	
Balance at January 1, 2022	\$ 15,685
Balance at December 31, 2022	<u>\$ 15,685</u>
<u>Accumulated amortization and impairment</u>	
Balance at January 1, 2022	\$ 9,769
Depreciation expense	<u>2,208</u>
Balance at December 31, 2022	<u>\$ 11,977</u>
Net amounts at December 31, 2022	<u>\$ 3,708</u>
<u>Cost</u>	
Balance at January 1, 2021	\$ 12,257
Acquired independently	3,857
Disposal	( 429 )
Balance at December 31, 2021	<u>\$ 15,685</u>
<u>Accumulated amortization and impairment</u>	
Balance at January 1, 2021	\$ 8,212
Depreciation expense	1,986
Disposal	( 429 )
Balance at December 31, 2021	<u>\$ 9,769</u>
Net amounts at December 31, 2021	<u>\$ 5,916</u>

Depreciation expenses are depreciated on a straight-line basis according to the following durability years:

Software

1-5 years

**16. OTHER ASSETS**

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Current</u>		
Payment on behalf of others	\$ -	\$ 11,284
Advance payments	6,837	3,242
Pre-paid taxes	-	2,475
Temporary payment	599	995
	<u>\$ 7,436</u>	<u>\$ 17,996</u>
<u>Non-current</u>		
Refundable deposits	\$ 1,217	\$ 1,217
Collection of money	7,705	8,032
Allowance for bad debts-collections	( 7,705)	( 8,032)
Pre-paid equipment	8,370	130,033
	<u>\$ 9,587</u>	<u>\$ 131,250</u>

**17. SHORT-TERM LOANS****SHORT-TERM LOANS**

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>unsecured loans</u>		
Credit loans	<u>\$1,720,000</u>	<u>\$1,540,000</u>

Interest rate of bank credit loans in December 31, 2022 and 2021 is 1.46%~1.80% and 0.75%~0.80% respectively.

**18. OTHER LIABILITIES**

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Current</u>		
Other payables		
Salaries and bonuses payable	\$125,949	\$146,489
Commission payable	4,316	8,305
Others	21,816	23,371
	<u>\$152,081</u>	<u>\$178,165</u>
Other liabilities		
Refund liability	\$ 11,562	\$ 17,176
Others	8,197	4,772
	<u>\$ 19,759</u>	<u>\$ 21,948</u>

**19. RETIREMENT BENEFIT PLANS**

(1) Defined contribution plans

The plan under the R.O.C. Labor Pension Act (the “Act”) is deemed a defined contribution plan. Pursuant to the Act, the Company has made monthly contributions equal to 6% of each employee’s monthly salary to employees’ pension accounts.

(2) Defined benefit plans

The Company has defined benefit plans under the R.O.C. Labor Standards Law that provide benefits based on an employee’s length of service and average monthly salary for the six-month period prior to retirement. The Company contributes an amount equal to 2% of salaries paid each month to their respective pension funds (the Funds), which are administered by the Labor Pension Fund Supervisory Committee (the Committee) and deposited in the Committee’s name in the Bank of Taiwan. Before the end of each year, the Company assesses the balance in the Funds. If the amount of the balance in the Funds is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The Funds are operated and managed by the government’s designated authorities; as such, the Company does not have any right to intervene in the investments of the Funds. The specific pension fund account is managed by Bureau of Labor Insurance authorized by of the Ministry of Labor, and the Company holds zero right to influence investment management strategy.

Amount of defined benefit plan reported in the parent company only balance sheet is as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Present value of defined benefit obligations	\$ 35,754	\$ 37,289
Fair value of planned assets	( 17,446 )	( 16,127 )
Defined benefit liabilities, net	<u>\$ 18,308</u>	<u>\$ 21,162</u>

Changes of defined benefit liabilities, net is as follows:

	<u>Present value of defined benefit obligations</u>	<u>Fair value of planned assets</u>	<u>Defined benefit liabilities, net</u>
Balance at January 1, 2021	<u>\$ 36,430</u>	<u>( \$ 15,316 )</u>	<u>\$ 21,114</u>
service costs			
Current service costs	569	-	569
Interest income	<u>273</u>	<u>( 117 )</u>	<u>156</u>
Recognized in profit and loss	<u>842</u>	<u>( 117 )</u>	<u>725</u>
Remeasurement			
Compensation on planned assets	-	( 152 )	( 152 )
Actuarial losses arising from changes in financial assumptions	1,240	-	1,240
Actuarial gains arising from experience adjustments	<u>( 1,223 )</u>	<u>-</u>	<u>( 1,223 )</u>
Recognized in comprehensive profit and loss	<u>17</u>	<u>( 152 )</u>	<u>( 135 )</u>
Contributions by the employer	<u>-</u>	<u>( 542 )</u>	<u>( 542 )</u>
Balance at December 31, 2021	<u>\$ 37,289</u>	<u>( \$ 16,127 )</u>	<u>\$ 21,162</u>



	Present value of defined benefit obligations	Fair value of planned assets	Defined benefit liabilities, net
Balance at January 1, 2022	<u>\$ 37,289</u>	<u>( \$ 16,127 )</u>	<u>\$ 21,162</u>
service costs			
Current service costs	575	-	575
Interest income	<u>224</u>	<u>( 98 )</u>	<u>126</u>
Recognized in profit and loss	<u>799</u>	<u>( 98 )</u>	<u>701</u>
Remeasurement			
Compensation on planned assets	-	( 1,244 )	( 1,244 )
Actuarial losses arising from changes in financial assumptions	( 875 )	-	( 875 )
Actuarial gains arising from experience adjustments	( 890 )	-	( 890 )
Recognized in comprehensive profit and loss	<u>( 1,765 )</u>	<u>( 1,244 )</u>	<u>( 3,009 )</u>
Contributions by the employer	-	( 546 )	( 546 )
Benefits paid	<u>( 569 )</u>	<u>569</u>	<u>-</u>
Balance at December 31, 2022	<u>\$ 35,754</u>	<u>( \$ 17,446 )</u>	<u>\$ 18,308</u>

Expenses recognized in profit or loss in defined benefit planis summarized by category as follows:

Summary by category	2022	2021
Selling expenses	\$ 224	\$ 241
Administrative expenses	175	192
Research and development expenses	<u>302</u>	<u>292</u>
	<u>\$ 701</u>	<u>\$ 725</u>

Through the defined benefit plans under the R.O.C. Labor Standards Law, the Company is exposed to the following risks:

1. Investment risk: The pension funds are invested in domestic (foreign) equity and debt securities, bank deposits, etc, and were conducted at The Bureau of Labor Fund, Ministry of Labor or under the mandated management. However, under the R.O.C. Labor Standards Law, the rate of return on assets shall not be less than the average interest rate on a two-year time deposit published by the local banks.
2. Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the debt investments of the plan assets.
3. Salary Risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The present value of the Company's defined benefit obligations is actuarially calculated by qualified actuary, and the principal assumptions of the actuarial valuation were as follows:

	December 31, 2022	December 31, 2021
Discount rate	1.25%	0.60%
Future salary increases rate	2.00%	2.00%

If the major actuarial assumptions are subject to reasonably possible changes, and all other assumptions remain unchanged, the amount that will increase (decrease) the present value of the defined benefit obligation is as follow:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Discount rate		
Increase 0.25%	( \$ <u>320</u> )	( \$ <u>491</u> )
Decrease 0.25%	<u>\$ 329</u>	<u>\$ 503</u>
Future salary increases rate		
Increase 1%	<u>\$ 1,342</u>	<u>\$ 2,035</u>
Decrease 1%	( <u>\$ 1,227</u> )	( <u>\$ 1,875</u> )

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	<u>December 31, 2021</u>	<u>December 31, 2021</u>
Expected amount to be withdrawn within 1 year	<u>\$ 546</u>	<u>\$ 546</u>
Determine the average maturity period of benefit obligations	11.4years	11.9 years

## **20. EQUITY**

### **(1) Capital stock**

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Authorized shares (in thousands)	<u>250,000</u>	<u>250,000</u>
Authorized capital	<u>\$ 2,500,000</u>	<u>\$ 2,500,000</u>
Issued and paid shares (in thousands)	<u>227,391</u>	<u>227,391</u>
Issued capital	<u>\$ 2,273,911</u>	<u>\$ 2,273,911</u>

(2) Capital surplus

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>be used to make up for losses, cash</u> <u>dividends and stock dividends(1)</u>		
Additional paid-in capital	\$ 185,562	\$ 185,562
Treasury stock trading	26,449	26,449
<u>only be used to make up for losses</u>		
Gain of asset disposal	<u>2,275</u>	<u>2,275</u>
	<u>\$ 214,286</u>	<u>\$ 214,286</u>

1. The capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or stock dividends up to a certain percentage of the Company's paid in capital.

(3) Retained earnings and dividend policy

The earnings distribution policy of Company's Articles of Incorporation provide that, when allocating earnings at close of a business year, the Company shall first estimate and reserve the taxes to be paid, offset its losses, set aside a legal capital reserve at 10% of the remaining earnings, then set aside or reserve a special capital reserve in accordance with relevant laws or regulations. Any balance left over shall be allocated along with accumulated undistributed surplus and distributed by motion of cash dividends approved by the Company's Board of Directors and reported to the Company's shareholders in its meeting. For remuneration distribution policy for employees, directors and supervisors stipulated in the Company's Articles of Incorporation, please refer to Note 22 (7) Remuneration of employees and remuneration of directors and supervisors.

The statutory surplus reserve shall be allocated until the balance reaches the total paid-up share capital of the Company. The reserve may be used to offset a deficit, or be distributed as dividends in cash or stocks for the portion in excess of 25% of the paid-in capital if the Company incurs no loss.

The appropriation of 2021 and 2020 earnings has been approved by the Company's shareholders in its meeting held on June 29, 2022 and August 3, 2021. The appropriation was as follows:

	<u>2021</u>	<u>2020</u>
Legal capital reserve	<u>\$ 97,959</u>	<u>\$103,422</u>
Special capital reserve	<u>\$ 28,731</u>	<u>\$ 11,989</u>
Cash dividends to shareholders	<u>\$739,021</u>	<u>\$716,282</u>
cash dividends per share (NT\$)	\$ 3.25	\$ 3.15

The appropriation of 2022 earnings approved by the Board of Directors of Company in its meeting held on March 14, 2023 and was as follows:

	<u>2022</u>
Legal capital reserve	<u>\$ 71,304</u>
Special capital reserve	<u>( \$ 99,356 )</u>
Cash dividends to shareholders	<u>\$534,369</u>
cash dividends per share (NT\$)	<u>\$ 2.35</u>

The proposal for “Distribution of 2022 Earnings” to be presented for approval in the the Company’s shareholders’ meeting to be held on June 27, 2023 (expected).

## 21. NET REVENUE

	<u>2022</u>	<u>2021</u>	
revenue from contracts with customers			
Merchandise	<u>\$ 5,189,043</u>	<u>\$ 8,464,451</u>	
(1)Contract balances			
	December 31, 2022	December 31, 2021	January 1, 2021
Accounts payable (Note 9)	<u>\$ 1,515,333</u>	<u>\$ 2,015,361</u>	<u>\$ 2,361,602</u>
Contract liabilities — Current			
Merchandise	<u>\$ 38,521</u>	<u>\$ 30,218</u>	<u>\$ 42,448</u>
(2) Disaggregation of revenue from contracts with customers			
<u>2022</u>			
	Reporting Units		
Types of revenue from contracts	Domestic	Foreign	Total
Merchandise	<u>\$ 400,720</u>	<u>\$ 4,788,323</u>	<u>\$ 5,189,043</u>
<u>2021</u>			
	Reporting Units		
Types of revenue from contracts	Domestic	Foreign	Total
Merchandise	<u>\$ 358,839</u>	<u>\$ 8,105,612</u>	<u>\$ 8,464,451</u>

## 22. NET INCOME

(1) Interest income	<u>2022</u>	<u>2021</u>
Bank deposits	\$ 11,152	\$ 6,198
Financial assets at amortized cost	<u>29,609</u>	<u>22,429</u>
	<u>\$ 40,761</u>	<u>\$ 28,627</u>

(2) Others

	<u>2022</u>	<u>2021</u>
Rental Income	\$ 4,921	\$ 4,921
Dividends Income	340	400
Support income	11,943	20,781
Others	<u>7,455</u>	<u>18,812</u>
	<u>\$ 24,659</u>	<u>\$ 44,914</u>

(3) Other gains and losses

	<u>2022</u>	<u>2021</u>
Gain (Loss) on foreign currency exchange, net	\$213,657	(\$ 11,314)
Disposal and depreciation of property, plant and equipment	114	138
Others	<u>( 1,484)</u>	<u>( 1,708)</u>
	<u>\$212,287</u>	<u>(\$ 12,884)</u>

(4) Depreciation and Amortization

	<u>2022</u>	<u>2021</u>
Depreciation expense, summarized by function		
Operating expense	\$ 17,270	\$ 16,873
Non-operating income and expenses	<u>969</u>	<u>1,096</u>
	<u>\$ 18,239</u>	<u>\$ 17,969</u>
Amortization expense, summarized by function		
Operating expense	<u>\$ 2,224</u>	<u>\$ 2,000</u>

Amortization expenses include intangible assets and other current assets. Amortization expenses of intangible assets, please refer to Note 15 Intangible assets, and amortization expenses of other current assets of 2022 and 2021 is NT\$16 thousand and NT\$14 thousand, respectively.

(5) Direct operating expenses of investment property

	<u>2022</u>	<u>2021</u>
Gain of rental income	<u>\$ 1,483</u>	<u>\$ 1,708</u>

(6) Employee benefits expenses

	<u>2022</u>	<u>2021</u>
Post-employment benefits		
Defined contribution plans	\$ 5,681	\$ 5,775
Defined benefit plans (Note 19)	<u>701</u>	<u>725</u>
	6,382	6,500
Other employee benefits	<u>234,819</u>	<u>261,671</u>
Total employee benefits expenses	<u>\$ 241,201</u>	<u>\$ 268,171</u>
Summarized by function		
Operating expenses	<u>\$ 241,201</u>	<u>\$ 268,171</u>

(7) Profit sharing bonus to employees, directors and supervisors

If the Company makes a profit for the year, it shall allocate profit sharing bonus to employees of the Company at least 2%, distributed in stock or cash by the resolution of the board of directors. The payment objects include employees of affiliated companies who meet certain conditions. According to its profit value, the Company shall allocate compensation to directors and supervisors no more than 3%. The distribution of profit sharing bonus to employee and compensation to the directors and supervisors shall be submitted to the report of the regular shareholders' meeting. The Company's profit sharing bonus to employees and compensation to directors for 2022 and 2020 had been approved by the Board of Directors of the Company on March 14, 2023 and March 25, 2022, as illustrated below:

<u>Illustrated rate</u>		
	<u>2022</u>	<u>2021</u>
Profit sharing bonus to employees	8.38%	7.73%
Compensation to directors and supervisors	1.83%	1.68%

<u>Amount</u>		
	<u>2022</u>	<u>2021</u>
	<u>Cash</u>	<u>Cash</u>
Profit sharing bonus to employees	\$ 82,855	\$ 99,482
Compensation to directors and supervisors	18,058	21,682

If there is a change in the proposed amounts after the annual parent company only financial statements are authorized for issue, the differences are recorded as a change in accounting estimate.

There is no difference between the actual allotment of employee remuneration and the compensation of directors and supervisors, and the amount recognized in the 2021 and 2020 parent company only financial statement.

The information about the appropriations of the Company's profit sharing bonus to employees and compensation to directors and supervisors, which were approved by Board of Directors, is available at the Market Observation Post System website in TWSE.

(8) Gain and loss of foreign currency exchange

	<u>2022</u>	<u>2021</u>
Total gain of foreign currency exchange	\$ 359,671	\$ 142,739
Total loss of foreign currency exchange	( <u>146,014</u> )	( <u>154,053</u> )
Gains (Loss), net	<u>\$ 213,657</u>	( <u>\$ 11,314</u> )

## 23. INCOME TAX

### (1) Income tax expense recognized in profit or loss

Income tax expense consisted of the following:

	<u>2022</u>	<u>2021</u>
Current income tax expense		
Current tax expense recognized in the current year	\$ 125,449	\$ 222,072
Additional income tax on unappropriated earnings	5,694	10,147
Income tax adjustments on prior years	( <u>7,266</u> )	( <u>7,866</u> )
	123,877	224,353
Deferred income tax		
Current tax expense recognized in the current year	<u>51,937</u>	( <u>36,498</u> )
Income tax expense recognized in profit or loss	<u>\$ 175,814</u>	<u>\$ 187,855</u>

A reconciliation of income before income tax and income tax expense recognized in profit or loss was as follows:

	<u>2022</u>	<u>2021</u>
Income tax expense at the statutory rate	\$177,290	\$233,178
Non-deductible expenses	136	235
Tax-exempt income	( 68 )	( 80 )
Additional income tax on unappropriated earnings	5,694	10,147
Income tax adjustments on prior years	( 7,266 )	( 7,866 )
Income tax benefits of repatriation of overseas funds	-	( 47,808 )
Others	<u>28</u>	<u>49</u>
Income tax expense recognized in profit or loss	<u>\$175,814</u>	<u>\$187,855</u>

### (2) Income tax expense recognized in other comprehensive income

	<u>2022</u>	<u>2021</u>
<u>Deferred income tax</u>		
This year		
— Foreign operating agency conversion	( \$ 26,072 )	\$ 7,732
— remeasurement of defined benefit plan	( <u>602</u> )	( <u>27</u> )
Income tax recognized in comprehensive income	( <u>\$ 26,674</u> )	<u>\$ 7,705</u>

(3) Deferred income tax assets and liabilities

The analysis of deferred income tax assets and liabilities was as follows:

2022

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in comprehensive income	Balance, End of Year
<u>Deferred income tax assets</u>				
Temporary differences				
Loss of inventory write-down	\$ 699	\$ 2,446	\$ -	\$ 3,145
Bad debt expenses past due	-	51	-	51
Defined benefit retirement plan	4,231	37	( 602 )	3,660
Difference in the conversion of financial statements of foreign operating organizations	41,929	-	( 26,072 )	15,857
Allowance for Sales Returns and Discounts	3,435	( 1,123 )	-	2,312
Unrealized exchange loss	-	176	-	176
Assets in equity instruments at FVTOCI	72	-	-	72
	<u>\$ 50,366</u>	<u>\$ 1,581</u>	<u>( \$ 26,674 )</u>	<u>\$ 25,273</u>
<u>Deferred income tax liabilities</u>				
Temporary differences				
Investment interest	\$ 330,550	\$ 55,304	\$ -	\$ 385,854
Unrealized exchange gains	1,786	( 1,786 )	-	-
	<u>\$ 332,336</u>	<u>\$ 53,518</u>	<u>\$ -</u>	<u>\$ 385,854</u>

2021

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in comprehensive income	Balance, End of Year
<u>Deferred income tax assets</u>				
Temporary differences				
Loss of inventory write-down	\$ 782	( \$ 83 )	\$ -	\$ 699
Defined benefit retirement plan	4,221	37	( 27 )	4,231
Difference in the conversion of financial statements of foreign operating organizations	34,197	-	7,732	41,929
Allowance for Sales Returns and Discounts	6,302	( 2,867 )	-	3,435
Assets in equity instruments at FVTOCI	72	-	-	72
	<u>\$ 45,574</u>	<u>( \$ 2,913 )</u>	<u>\$ 7,705</u>	<u>\$ 50,366</u>
<u>Deferred income tax liabilities</u>				
Temporary differences				
Investment interest	\$ 366,059	( \$ 35,509 )	\$ -	\$ 330,550
Unrealized exchange gains	5,688	( 3,902 )	-	1,786
	<u>\$ 371,747</u>	<u>( \$ 39,411 )</u>	<u>\$ -</u>	<u>\$ 332,336</u>

(4) Income tax examination



The tax authorities have examined operating income tax returns of the Company through 2020.

## **24. EARNINGS PER SHARE**

EPS is computed by net income and weighted average common shares as follows:

<u>Net income of the year</u>		
	<u>2022</u>	<u>2021</u>
Net income	<u>\$ 710,636</u>	<u>\$ 978,035</u>
<u>Number of Shares</u>		
	<u>2022</u>	<u>2021</u>
Unit: In Thousands		
The weighted average common shares used to calculate basic EPS	227,391	227,391
The impact of diluted potential common shares :		
Employee dividend	<u>3,558</u>	<u>2,977</u>
The weighted average common shares used to calculate diluted EPS	<u>230,949</u>	<u>230,368</u>

If the Company may settle the obligation by cash, by issuing shares, or in combination of both cash and shares, profit sharing to employees which will be settled in shares should be included in the weighted average number of shares outstanding in calculation of diluted EPS, if the shares have a dilutive effect. Such dilutive effect of the potential shares needs to be included in the calculation of diluted EPS until profit sharing to employees to be settled in the form of common stocks are approved by the shareholders in the following year.

## **25. CAPITAL RISK MANAGEMENT**

The Company's goal of capital management is to maintain the best capital structure under the scope of operation continuous and growth, so as to provide sufficient compensation to shareholders. The Company's capital structure management strategy is based on factors such as the business scale of the Company, the future growth of the industry, product development blueprints and changes in the external environment to manages its capital in a manner to ensure that it has sufficient and necessary financial resources to fund its plant equipment and corresponding capital asset purchases to reach required capacity. The Company calculates the required working capital and cash according to the characteristics of the industry, and estimates the possible product profit, operating profit rate and cash flow; in addition, the Company puts risk factors such as industry's business cycle fluctuations and product life cycle into consideration to determine the most appropriate capital structure of the Company.

## 26. FINANCIAL INSTRUMENTS

(1) Fair value of financial instruments that are measured at fair value on a recurring basis.

### 1. Fair value hierarchy

December 31, 2022

		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
<u>Financial assets at comprehensive fair value</u>					
Financial instruments investment					
— Domestic listed (OTC) stocks	\$ 20,825	\$ 20,825	\$ -	\$ -	\$ 20,825
— Domestic unlisted (OTC) stocks	<u>19,523</u>	<u>-</u>	<u>-</u>	<u>19,523</u>	<u>19,523</u>
Total	<u>\$ 40,348</u>	<u>\$ 20,825</u>	<u>\$ -</u>	<u>\$ 19,523</u>	<u>\$ 40,348</u>

December 31, 2021

		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
<u>Financial assets at comprehensive fair value</u>					
Financial instruments investment					
— Domestic listed (OTC) stocks	\$ 25,755	\$ 25,755	\$ -	\$ -	\$ 25,755
— Domestic unlisted (OTC) stocks	<u>19,523</u>	<u>-</u>	<u>-</u>	<u>19,523</u>	<u>19,523</u>
Total	<u>\$ 45,278</u>	<u>\$ 25,755</u>	<u>\$ -</u>	<u>\$ 19,523</u>	<u>\$ 45,278</u>

In the year between 2021 and 2020, no value measured at fair value transfer between Level 1 and Level 2.

### 2. Financial assets adjustments based on the Level 3 fair-value measurement.

2022

	Financial assets measured at fair value through other comprehensive income
	<u>Equity Instrument</u>
<u>Financial Assets</u>	
Balance, beginning of year	\$ 19,523
Purchase	<u>-</u>
Balance, end of year	<u>\$ 19,523</u>
<u>2021</u>	

Financial assets  
measured at fair  
value through other

	comprehensive income
	<u>Equity Instrument</u>
<u>Financial Assets</u>	
Balance, beginning of year	\$ 4,523
Purchase	<u>15,000</u>
Balance, end of year	<u>\$ 19,523</u>

3. Techniques and input value measured at the Level 3 fair value.

Domestic unlisted equity investment is measured by asset approach.

(2) Categories of financial instruments

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial assets</u>		
Amortized cost (Note 1)	\$ 3,820,831	\$ 4,288,595
FVTOCI	40,348	45,278
<u>Financial liabilities</u>		
Amortized cost (Note 2)	2,845,619	2,741,294

Note 1 : Balance contains financial assets as cash and cash equivalents, financial assets at amortized cost, notes and accounts receivable, other receivables and refundable deposits.

Note 2 : Balance contains financial liabilities as short-term loans, accounts payable, other payable and guarantee deposits.

(3) Financial risk management objectives and policy

The Company manages its exposure to currency risk, interest rate risk, credit risk and liquidity risk in relation to operational activities as company's financial risk management objective. To reduce the potentially adverse effects the market changes may have on its financial performance, the Company is committed to recognize, evaluate and avoid market uncertainties.

The Company may use derivative financial instruments to evade storm risk to reduce the impact of these risks. The use of derivative financial instruments is regulated by the policies adopted by the Company's board of directors, and internal auditors continue to review compliance with the policies and the risk limit. The Company does not trade financial instruments (including derivative financial instruments) for speculative purposes.

1. Market risk

The Company is exposed to the financial market risks, primarily changes in foreign currency exchange rates, resulting from its operational activities. The Company pays attention to the exchange rate trends of the US dollar and RMB against the New Taiwan dollar at all times. In addition to natural hedging related to income and costs, the Company also collects information from correspondent banks and carefully

evaluates whether to conduct hedging transactions to reduce the impact of exchange rate fluctuations.

(1) Currency risk

Some of the Company's operating activities and net investment by foreign operating institutions are mainly traded in foreign currencies, so foreign currency exchange rate risks arise. In order to avoid a decrease in the value of foreign currency assets and fluctuations in future cash flows due to exchange rate changes, the Company may use derivative financial instruments to avoid exchange rate risks. The use of such derivative financial instruments can help the Company reduce, but do not entirely eliminate, the effect of foreign currency exchange rate changes.

The net investment of foreign operating institutions is a strategic investment, so the Company has not hedged against it.

For the carrying amount of monetary assets and monetary liabilities denominated in non-functional currencies of the Company at the balance sheet date, please refer to Note 28.

Sensitivity analysis

The Company's significant effect is the exchange rate fluctuations of the US dollar and RMB against the New Taiwan dollar.

The following table details the sensitivity analysis of the Company when the exchange rate of the New Taiwan Dollar (functional currency) against the U.S. dollar and RMB increases and decreases by 1%. Sensitivity analysis only includes monetary items in foreign currencies in circulation, and the conversion at the end of the period is adjusted with a 1% exchange rate change. The positive numbers in the table below indicate the amount of increase in net profit before tax when the New Taiwan Dollar depreciates by 1% relative to the relevant currencies; When the New Taiwan Dollar appreciates by 1% relative to each relevant foreign currency, its impact on the net profit before tax will be the negative of the same amount.

	Impact of profit and loss	
	2022	2021
USD	\$ 1,645	\$ 17,654
RMB	12,896	10,300

(2) Interest rate risk

Interest rate risk refers to the risk of changes in the fair value of financial instruments and the risk of changes in cash flow due to changes in market interest rates.

The Company's carrying amount of financial assets and financial liabilities subject to interest rate exposure at the balance sheet date are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Interest rate risk at fair value		
— Financial assets	\$ 1,932,436	\$ 1,166,825
— Financial liabilities	1,270,000	1,440,000
Interest rate risk with cash flow		
— Financial assets	286,345	1,042,740
— Financial liabilities	450,000	100,000

### Sensitivity analysis

The sensitivity analysis below is determined based on the interest rate risk of derivative and non-derivative instruments at the balance sheet date. For floating-rate liabilities, the analysis method is based on the assumption that the amount of liabilities outstanding on the balance sheet date is in circulation during the reporting period. The rate of change used when reporting interest rates internally to key management by the Company increases or decreases by 100 basis points, which also represents the management's assessment of the reasonably possible range of changes in interest rates.

If the interest rate increases by 100 basis points and all other variables remain unchanged, the Company's net profit before tax for 2022 and 2021 will increase by NT\$1,637 thousand and NT\$9,427 thousand, respectively, mainly due to the Company's variable interest rate deposits.

## 2. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial losses to the Company. As of date of balance sheet, the Company's maximum credit risk exposure is equal to the carrying amount of financial assets recognized in balance sheet.

The Company's important sales customers in the most recent year are long-term cooperation customers, and the Company has very close contacts with customers and maintains good interaction. In addition, in recent years, the Company has actively developed different products and expanded new markets and new customers in order to reduce the risk of sales concentration.

The counterparties of liquidity transactions are banks with high credit ratings from international credit rating agencies, so the credit risk and its concentration risk are also limited.

## 3. Liquidity risk

The objective of liquidity risk management is to ensure the Company has sufficient financial liquidity to fund its cash and cash equivalents for business operations maintenance, highly liquid securities and sufficient bank financing lines.

The unused financing line of the Company in December 31, 2022 and 2021, please refer to the following financing line description.

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Unsecured bank overdraft line (reexamination every year)		
— Used amount	\$ 1,720,000	\$ 1,540,000
— Unused amount	<u>933,520</u>	<u>627,160</u>
	<u>\$ 2,653,520</u>	<u>\$ 2,167,160</u>

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

December 31, 2022

	<u>Less Than 6 months</u>	<u>6-12 months</u>	<u>1-2 Years</u>	<u>2-5 Years</u>	<u>Total</u>
<u>Non-derivative financial liabilities</u>					
Short-term loans	\$ 1,620,000	\$ 100,000	\$ -	\$ -	\$ 1,720,000
Accounts payable	899,279	-	-	-	899,279
Others payable	<u>124,848</u>	<u>100,913</u>	<u>-</u>	<u>-</u>	<u>225,761</u>
	<u>\$ 2,644,127</u>	<u>\$ 200,913</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,845,040</u>

December 31, 2021

	<u>Less Than 6 months</u>	<u>6-12 months</u>	<u>1-2 Years</u>	<u>2-5 Years</u>	<u>Total</u>
<u>Non-derivative financial liabilities</u>					
Short-term loans	\$ 1,440,000	\$ 100,000	\$ -	\$ -	\$ 1,540,000
Accounts payable	1,021,448	-	-	-	1,021,448
Others payable	<u>58,103</u>	<u>121,164</u>	<u>-</u>	<u>-</u>	<u>179,267</u>
	<u>\$ 2,519,551</u>	<u>\$ 221,164</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,740,715</u>

## **27. RELATED PARTY TRANSACTIONS**

The significant transactions between the Company and its related parties, other than those disclosed in other notes, are summarized as follows:

(1) Related party name and categories

<u>Related Party Name</u>	<u>Related Party Categories</u>
DATAWELL HK LTD.	Subsidiaries
Channel Well Technologies (USA), Inc.	Subsidiaries
POWER PLUS TECH CORP.	Subsidiaries
Yang Ling Enterprise Company Limited	Sub-subsubsidiary
Ningbo ISO Electronic Co., Ltd	Sub-subsubsidiary
Yun Deng Technology Company Limited	Sub-subsubsidiary
Channel Well Technology (Guangzhou) Co., Ltd	Sub-subsubsidiary
Power Plus Technology (Wanzai) Corp.	Sub-subsubsidiary
Chia Kwei Technology (Guangzhou) Co.,	Sub-subsubsidiary

Ltd	
CHANNEL WELL TECHNOLOGY (VIETNAM) CO., LTD	Sub-subsidiary
POWER PLUS TECHNOLOGY (VIETNAM) CO., LTD	Sub-subsidiary
NEWWIN INTERNATIONAL CO., LTD.	Subsidiaries
eTreego Corp.	Substantive Related Parties

(2) Net revenue

<u>Related Party Name/Categories</u>	<u>2022</u>	<u>2021</u>
Subsidiaries	\$ 37,828	\$ 68,582
Sub-subsidiary	1,414	-
Substantive Related Parties	<u>5,883</u>	<u>7,544</u>
	<u>\$ 45,125</u>	<u>\$ 76,126</u>

The sales prices and payment terms to related parties, not comparable to other transactions of the same type, were determined in accordance with mutual agreements on prices and conditions.

(3) Purchases

<u>Related Party Name/Categories</u>	<u>2022</u>	<u>2021</u>
Sub-subsidiary		
Channel Well Technology (Guangzhou) Co., Ltd	\$ 2,671,728	\$ 3,237,507
Ningbo ISO Electronic Co., Ltd	831,261	-
Yun Deng Technology Company Limited	783,815	3,067,901
Yang Lin Enterprise Company Limited	59,386	1,287,453
Others	<u>4,984</u>	<u>4,626</u>
	<u>\$ 4,351,174</u>	<u>\$ 7,597,487</u>

The purchase to related parties, not comparable to other transactions of the same type, were determined in accordance with mutual agreements on prices and conditions.

(4) Receivables from related parties

Item	Related Party Categories	December 31, 2022	December 31, 2021
Receivables from related parties	Subsidiaries		
	Channel Well Technologies (USA), Inc.	\$ 14,121	\$ 30,152
	Sub-subsidiary	700	-
	Substantive Related Parties	<u>3,952</u>	<u>1,274</u>
		<u>\$ 18,773</u>	<u>\$ 31,426</u>
Other receivables from related parties	Subsidiaries		
	NEWWIN INTERNATIONAL CO., LTD.	\$ 23,154	\$ -
	Others	14	4
	Sub-subsidiary		
	Yang Ling Enterprise Company Limited	15,837	13,357
	Substantive Related Parties	<u>32</u>	<u>-</u>
		<u>\$ 39,037</u>	<u>\$ 13,361</u>

No guarantee is received for the accounts receivable from related parties that are out of circulation. No allowance for losses is provided for the accounts receivable from related parties in 2022 and 2021.

(5) Payables to related parties

Item	Related Party Categories	December 31, 2022	December 31, 2021
Receivables from related parties	Sub-subsidiary		
	Channel Well Technology (Guangzhou) Co., Ltd	\$ 359,274	\$ 398,120
	Yun Deng Technology Company Limited	252,126	276,020
	Ningbo ISO Electronic Co., Ltd	228,481	-
	Yang Lin Enterprise Company Limited	30,347	344,367
	Others	<u>383</u>	<u>801</u>
		<u>\$ 870,611</u>	<u>\$ 1,019,308</u>
Other receivables from related parties	Subsidiaries		
	Channel Well Technologies (USA), Inc.	\$ 2,043	\$ 1,102
	Sub-subsidiary		
	Yang Lin Enterprise Company Limited	<u>71,637</u>	<u>-</u>
		<u>\$ 73,680</u>	<u>\$ 1,102</u>



The balance of the outstanding amount due to related parties is not guaranteed.

(6) Others

- 1.Amount of raw materials purchase for its sub-subsidiary in 2022 and 2021 was NT\$15,295 thousand and NT\$1,486 thousand respectively.
- 2.The income from support services for sub-subsidiary's manpower and technical support in 2022 and 2021 was NT\$11,943 thousand and NT\$20,781 thousand respectively, which were accounted under item of other income.
- 3.The technical royalties from sub-subsidiary in 2022 and 2021 were NT\$16,912 thousand and NT\$86,847 thousand respectively, which were accounted under item of sales deduction of goods sold.
4. In 2022, the Company entrusted sub-subsidiary to process on its behalf, and paid a processing fee of NT\$85,834 thousand, which was accounted under the cost of goods sold.

(7) Compensation of key management personnel

	2022	2021
Short-term employee benefits	\$ 61,275	\$ 70,704
Post-employment benefits	751	744
	<u>\$ 62,026</u>	<u>\$ 71,448</u>

The compensation to directors and other key management personnel were determined by the Compensation Committee of the Company in accordance with the individual performance and the market trends.

## 28. Significant Assets and Liabilities Denominated In Foreign Currencies

The following information was summarized according to the foreign currencies other than the functional currency of the Company. The exchange rates disclosed were used to translate the foreign currencies into the functional currency. The significant financial assets and liabilities denominated in foreign currencies were as follows:

December 31, 2022

Foreign currency assets	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Monetary items</u>			
RMB	\$ 292,456	4.409 (RMB: NTD)	\$ 1,289,555
USD	33,710	30.71 (USD: NTD)	1,035,234
HKD	1,677	3.938 (HKD: NTD)	6,604
<u>Non-monetary items</u>			
Subsidiaries at equity method			
USD	\$ 111,320	30.71 (USD: NTD)	\$ 3,418,632
<u>Foreign currency</u>			

<u>liabilities</u>					
<u>Monetary items</u>					
USD	\$	28,353	30.71 (USD: NTD)	\$	870,721

December 31, 2021

	Foreign Currencies		Exchange Rate	Carrying Amount
Foreign currency assets				
<u>Monetary items</u>				
RMB	\$	237,242	4.342 (RMB: NTD)	\$ 1,029,985
USD		101,104	27.68 (USD: NTD)	2,798,563
<u>Non-monetary items</u>				
Subsidiaries at equity method				
USD	\$	109,763	27.68 (USD: NTD)	\$ 3,038,229
Foreign currency liabilities				
<u>Monetary items</u>				
USD		37,324	27.68 (USD: NTD)	1,033,128
HKD		1,605	3.549 (HKD: NTD)	5,696

The significant gains and loss denominated in foreign currency exchanges were as follows:

	2022		2021	
Functional Currency	Functional currency Exchange currency	Exchange gains and losses, net	Functional currency Exchange currency	Exchange gains and losses, net
New Taiwan Dollars	1 (NTD: NTD)	<u>\$ 213,657</u>	1(NTD: NTD)	<u>( \$ 11,314 )</u>

## **29. ADDITIONAL DISCLOSURES**

(1) Information on significant transactions:

1. Financings provided: See Table 1 attached.
2. Endorsement/guarantee provided: None.
3. Marketable securities held (excluding the equity of the invested subsidiary companies):  
See Table 2 attached.
4. Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None
5. Acquisition of real estate reaching NT\$300 million or 20% of the paid-in capital: None
6. Disposal of real estate reaching NT\$300 million or 20% of the paid-in capital: None
7. Total purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital: See Table 3 attached

8. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: See Table 4 attached

9. Information about the derivative financial instrument transaction: None

(2) Information on investees: See Table 5 attached

(3) Information on investment in mainland China

1. The name of the investee in mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, income (losses) of the investee, share of profits/losses of investee, ending balance, amount received as dividends from the investee, and the limitation on investee: See Table 6 attached.

2. Significant transactions, either directly or indirectly through a third area, with investee companies in the mainland area: See Note 7.

1) The amount and percentage of purchase and the ending balance and percentage of related payables.

2) The amount and percentage of sales and the ending balance and percentage of related receivables.

3) The amount of property transactions and the amount of profits and losses generated.

4) The ending balance and purpose of the bill endorsement guarantee or the provision of collateral.

5) The maximum balance, ending balance, interest rate range and total interest of the current period of Financing.

6) Other transactions that have a significant impact on the current profit and loss or financial status, such as the provision or receipt of labor services, etc.

(4) Information on major shareholder

List of all shareholders with ownership of 5 percent or greater showing the names and the number of shares and percentage of ownership held by each shareholder: See Table 8 attached.

Channel Well Technology Co., Ltd.  
FINANCINGS PROVIDED  
FOR THE YEAR ENDED DECEMBER 31, 2022

TABLE 1 (Amounts in Thousands of New Taiwan Dollars)

No. (Note 1)	Financing Company	Counterparty	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Interest Rate	Nature for Financing (Note 2)	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Notes 3 and 4)	Total Financing Limits (Notes 5)	Remarks
													Item	Value			
1	DATAWELL HK LTD.	Yang Ling Enterprise Company Limited	Other receivables	yes	\$ 59,880	\$ 30,710	\$ 30,710	3%	2	\$ -	Operating capital	\$ -	—	—	\$ 296,473	\$ 296,473	
		POWER PLUS TECH CORP	Other receivables	yes	35,437	33,781	33,781	3%	2	-	Operating capital	-	—	—	296,473	296,473	
2	Yun Deng Technology Company Limited	Yang Ling Enterprise Company Limited	Other receivables	yes	58,950	-	-	3%	2	-	Operating capital	-	—	—	111,148	111,148	
3	Yang Ling Enterprise Company Limited	POWER PLUS TECHNOLOGY (VIETNAM) CORP.	Other receivables	yes	194,535	178,118	178,118	3%	2	-	Operating capital	-	—	—	210,587	210,587	
		CHANNAL WELL TECHNOLOGY (VIETNAM) CORP.	Other receivables	yes	29,475	-	-	3%	2	-	Operating capital	-	—	—	210,587	210,587	

Note 1: Fill in 0 for the Company, and the invested company will be numbered in sequence starting from 1 according to the company type.

Note 2: Fund, loan and nature: fill in 1 if there is a business relationship, fill in 2 if necessary for short-term financing.

Note 3: For companies that have business relations with the Company, the individual loan amount shall not exceed the amount of business dealings between the two parties. The said business transaction amount refers to the higher of either purchase or sale between the two parties.

Note 4: For companies with short-term financing needs, the individual loan amount is limited to 10% of the Company's net value; the individual loan amount of the subsidiary is limited to 40% of the loan company's net value.

Note 5: The total aggregate amount shall not exceed 40% of the net worth of the Company audited and verified by CPAs in most recent financial statements; however, due to the need for short-term financing of funds between the companies, the total aggregate amount shall not exceed 20% of the net worth of the Company audited and verified by CPAs in most recent financial statements.

Note 6: Due to the need for short-term financing of funds between the companies, the total aggregate amount shall not exceed 40% of the net worth of the subsidiaries audited and verified by CPAs in most recent financial statements.

Note 7: The total line of credit provided by DATAWELL HK LTD., Yang Ling Enterprise Company Limited and Yun Deng Technology Company Limited are calculated based on the net value of the financial statement on December 31, 2022.

Channel Well Technology Co., Ltd.  
MARKETABLE SECURITIES HELD  
DECEMBER 31, 2022

TABLE 2 (Amounts in Thousands of New Taiwan Dollars/Thousand Shares)

Held Company Name	Marketable Securities Type and Name (Note 1)	Relationship with the Company (Note 2)	Financial Statement Account	December 31, 2021				Remarks
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Channel Well Technology Co., Ltd	<u>Stocks</u>							
	SKY DIGITAL INC.	None	Financial assets-non current, at FVTPL	3	\$ -	5.21%	\$ -	
	eTreego Co., Ltd	None	Financial assets-non current, at FVTOCI	11,171	19,523	12.08%	19,523	
	Plastron Precision Co., Ltd	None	Financial assets-non current, at FVTOCI	1,700	20,825	1.13%	20,825	
Channel Well Technology (Guangzhou) Co., Ltd	Structure deposit	None	Current financial assets at fair value through profit or loss		83,779		83,779	
Chia Kwei Technology (Guangzhou) Co., Ltd	Structure deposit	None	Current financial assets at fair value through profit or loss		114,646		114,646	

Note 1: The securities mentioned in this table refer to stocks, bonds, beneficiary certificates and securities derived from the above items that fall within the scope of International Financial Reporting Standard No. 9 "Financial Instruments".

Note 2: If the securities issuer is not a related party, this column is not required.

Note 3: For information about investment in subsidiaries and affiliates, please refer to Table 5 and Table 6.

Channel Well Technology Co., Ltd.

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

FOR THE YEAR ENDED DECEMBER 31, 2022

TABLE 3

(Amounts in Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationships	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Remarks
			Purchases/ Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Channel Well Technology Co., Ltd	Channel Well Technology (Guangzhou) Co., Ltd	Sub-subsidiary	Purchases	\$ 2,671,728	60.74%	60 days	—	—	( \$ 359,274 )	39.95%	
	Yun Deng Technology Company Limited	Sub-subsidiary	Purchases	783,815	17.82%	60 days	—	—	( 252,126 )	28.04%	
	Ningbo ISO Electronic Co., Ltd	Sub-subsidiary	Purchases	831,261	18.90%	60 days	—	—	( 228,481 )	25.41%	
Channel Well Technology (Guangzhou) Co., Ltd	Power Plus Technology (Wanzai) Corp.	Sub-subsidiary	Purchases	621,300	21.50%	60 days	—	—	( 245,543 )	23.64%	
Chia Kwei Technology (Guangzhou) Co., Ltd	Power Plus Technology (Wanzai) Corp.	Sub-subsidiary	Purchases	403,455	24.20%	60 days	—	—	( 215,529 )	27.36%	
	Channel Well Technology (Guangzhou) Co., Ltd	Sub-subsidiary	Purchases	547,284	32.82%	60 days	—	—	( 209,078 )	26.54%	
Yun Deng Technology Company Limited	Channel Well Technology (Guangzhou) Co., Ltd	Sub-subsidiary	Purchases	757,365	100.00%	60 days	—	—	( 47,444 )	100.00%	
Ningbo ISO Electronic Co., Ltd	Chia Kwei Technology (Guangzhou) Co., Ltd	Sub-subsidiary	Purchases	1,347,827	100.00%	60 days	—	—	( 545,748 )	98.98%	

Channel Well Technology Co., Ltd.  
RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
DECEMBER 31, 2022

TABLE 4 (Amounts in Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationships	Ending Balance	Turnover rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts	Remarks
					Amount	Action Taken			
Channel Well Technology (Guangzhou) Co., Ltd	Channel Well Technology Co., Ltd	Parent company	\$ 359,274	7.06	\$ -	—	\$ 260,317	\$ -	
Yun Deng Technology Company Limited	Channel Well Technology Co., Ltd	Parent company	252,126	2.97	-	—	62,606	-	
Power Plus Technology (Wanzai) Corp.	Channel Well Technology (Guangzhou) Co., Ltd	Associate	245,543	2.62	-	—	40,622	-	
Chia Kwei Technology (Guangzhou) Co., Ltd	Ningbo ISO Electronic Co., Ltd	Associate	545,748	2.76	-	—	360,135	-	
Yang Ling Enterprise Company Limited	Channel Well Technology Co., Ltd	Parent company	101,984	0.27	-	—	37,251	-	
Ningbo ISO Electronic Co., Ltd	Channel Well Technology Co., Ltd	Parent company	228,481	7.28	-	—	228,481	-	
Yang Ling Enterprise Company Limited	POWER PLUS TECHNOLOGY (VIETNAM) CORP.	Associate	271,159	-	-	—	-	-	
Channel Well Technology (Guangzhou) Co., Ltd	Chia Kwei Technology (Guangzhou) Co., Ltd	Associate	209,078	3.31	-	—	131,071	-	
Power Plus Technology (Wanzai) Corp.	Chia Kwei Technology (Guangzhou) Co., Ltd	Associate	215,529	2.23	-	—	85,273	-	

Channel Well Technology Co., Ltd.

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE

FOR THE YEAR ENDED DECEMBER 31, 2022

TABLE 5

(Amounts in Thousands of New Taiwan Dollars/ thousand shares (unit))

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2021			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee	Remarks
				December 31, 2021	December 31, 2020	Shares	Percentage of Ownership	Carrying Value			
Channel Well Technology Co., Ltd	DATAWELL HK LTD.	British Virgin Islands	Holding company	\$ 172,105	\$ 172,105	4,488	100.00%	\$ 741,183	\$ 111,743	\$ 111,743	Subsidiary
Channel Well Technology Co., Ltd	Channel Well Technologies (USA), Inc.	L.A. U.S.A.	Selling and marketing of power supply	10,416	10,416	300	100.00%	34,570	286	286	Subsidiary
Channel Well Technology Co., Ltd	POWER PLUS TECH CORP.	Samoa	Holding company and engaged in general trading business	1,444,791	1,444,791	45,000	100.00%	2,748,774	236,587	236,587	Subsidiary
Channel Well Technology Co., Ltd	Yang Ling Enterprise Company Limited	Samoa	Holding company and engaged in general trading business	-	603,380	20,000	100.00%	-	( 73,450)	( 60,023)	Subsidiary
Channel Well Technology Co., Ltd	NEWWIN INTERNATIONAL CO., LTD.	Samoa	Holding company and engaged in general trading business	633,655	-	21,000	100.00%	635,288	( 12,217)	( 12,217)	Subsidiary
NEWWIN INTERNATIONAL CO., LTD.	Yang Ling Enterprise Company Limited	Samoa	Holding company and engaged in general trading business	554,514 (USD 17,465)	-	20,000	100.00%	526,467 USD 17,143	( 73,450) (USD 2,472)	( 13,427) (USD 420)	Sub-subsubsidiary
Yang Ling Enterprise Company Limited	CHANNEL WELL TECHNOLOGY (VIETNAM) CO., LTD	Vietnam	Manufacturing and selling of power supply and transformer, wire, heat sinks and other components.	96,810 (USD 3,000)	96,810 (USD 3,000)	-	100.00%	57,460 USD 1,871	( 3,689) (USD 124)	2,661 USD 90	Sub-subsubsidiary (Note2)
	POWER PLUS TECHNOLOGY (VIETNAM) CORP.	Vietnam	Manufacturing and selling of power supply and transformer, wire, heat sinks and other components.	306,808 (USD 10,000)	306,808 (USD 10,000)	-	100.00%	200,928 USD 6,543	( 62,144) (USD 2,091)	( 62,144) (USD 2,091)	Sub-subsubsidiary
POWER PLUS TECH CORP.	Yun Deng Technology Company Limited	Samoa	General trading business	318	318	10	100.00%	277,871 USD 9,048	11,450 USD 385	11,450 USD 385	Sub-subsubsidiary
NEWWIN INTERNATIONAL CO., LTD.	TOP BEST INDUSTRIAL CO., LTD.	Samoa	Holding company and engaged in general trading business	124,840 (USD 4,000)	-	4,000	100.00%	123,033 USD 4,000	187 USD 6	187 USD 6	Sub-subsubsidiary



Note 1: Please refer to Attached Table 6 for information about the investment in mainland China.

Note 2: The difference amount of NT\$ 6,350 thousand is downstream and upstream transaction influencing factor.

Channel Well Technology Co., Ltd.  
INFORMATION ON INVESTMENT IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2022

TABLE 6 (Amounts in Thousands of New Taiwan Dollars)

Investee Company	Main Businesses and Products □	Total Amount of Paid-in Capital	Method of Investment (Not 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2021	Net Income (Losses) of the Investee Company	Percentage of Ownership	Share of Profits/Losses (Note 4)	Carrying Amount as of December 31, 2021	Accumulated Inward Remittance of Earnings as of December 31, 2021 (Note 7)	Remarks
					Outflow	Inflow							
Ningbo ISO Electronic Co., Ltd	General trading business	USD 7,408	(2) (Note2)	\$ 251,830	—	—	\$ 251,830	\$ 95,582	100.00%	\$ 95,582	\$ 607,230	\$ 173,500 RMB 40,680	(Note8)
Channel Well Technology (Guangzhou) Co., Ltd	Manufacturing, selling and marketing of power supply	USD 33,000	(2) (Note3)	1,040,796	—	—	1,040,796	34,462 USD 1,160	100.00%	36,094 USD 1,215	1,279,918 USD 41,678	212,607 RMB 49,954	
Power Plus Technology (Wanzai) Corp.	Manufacturing, selling and marketing of transformers, wires, heat sinks and other components.	USD 10,000	(2) (Note3)	320,524	—	—	320,524	83,444 USD 2,808	100.00%	83,444 USD 2,808	662,397 USD 21,569	213,263 RMB 50,103	
Chia Kwei Technology (Guangzhou) Co., Ltd	Manufacturing, selling and marketing of power supply	USD 2,000	(2) (Note3)	60,380	—	—	60,380	106,574 USD 3,586	100.00%	106,574 USD 3,586	560,279 USD 18,244	198,772 RMB 46,683	

Accumulated Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
NT \$ 1,673,530	NT \$ 1,782,113	Note 5

Note 1: The investment methods are categorized into the following three types, types indicate as:

- (1)Direct investment in Mainland China
- (2)Reinvestment in mainland China through a third-region company (please specify the investment company in the third region).
- (3)Others

Note 2: The investment company of the third area is DATAWELL HK LTD.

Note 3: The investment company of the third area is POWER PLUS TECH CORP.

Note 4: The gains and losses of investment recognized in the current period have been verified by the Taiwanese parent company's CPAs in the financial statements, and the variation of the unrealized gains and losses of the inter-company transactions has been considered.

Note 5: The Company is an enterprise that has been approved by the Industrial Development Bureau, Ministry of Economic Affairs to comply with the operating scope of the operating headquarters. In accordance with the amendment of "Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China" published under MOEA approval No. 09704604680, the amount of the Company's investment is not restricted.

Note 6: The exchange rate is based on the average buying/selling exchange rate of the Bank of Taiwan on December 31, 2022. In addition, authorized amount limit by MOEAIC is based on foreign currency, and the amount of investment has not exceeded the limit as of the current period.

Note 7: Sub-subsidiary's reversal of investment income is RMB 187,435 thousand, of which RMB 187,420 thousand was indirectly remitted back to the Company, and the remaining RMB 15 thousand was remitted back to POWER PLUS TECH CORP. and DATAWELL HK LTD.

Note 8: The difference amount of NT\$ 1,632 thousand is downstream and upstream transaction influencing factor.

Channel Well Technology Co., Ltd.

SIGNIFICANT TRANSACTIONS, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD AREA, WITH INVESTEE COMPANIES IN THE MAINLAND AREA.

FOR THE YEAR ENDED DECEMBER 31, 2022

TABLE 7

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

Company name	Transaction type	Purchase/Sale (Note)		Price	Transaction condition		Note and Accounts Receivable (Payable)		Unrealized profit and loss	Remarks
		Amount	Percentage %		Payment term	Comparison with general transaction	Amount	Percentage %		
Ningbo ISO Electronic Co., Ltd	Purchase	\$ 831,261	19.56%	Note 2	60 days	No difference	( \$ 228,481 )	25.41%	\$ -	
Chia Kwei Technology (Guangzhou) Co., Ltd	Purchase	1,167	0.03%	Note 2	60 days	No difference	-	-	-	
Power Plus Technology (Wanzai) Corp.	Purchase	3,817	0.09%	Note 2	60 days	No difference	( 383 )	0.04%	-	
Channel Well Technology (Guangzhou) Co., Ltd	Purchase	3,455,543	78.56%	Note 2	60 days	No difference	( 611,400 )	67.99%	-	Note 1 & Note 3

Note 1: The Company purchased goods from Channel Well Technology (Guangzhou) Co., Ltd., some of which were resold through Yun Deng Technology Company Limited. The ending balance of accounts payable include the amount due to Yun Deng Technology Company Limited of NT\$252,126 thousand.

Note 2: The aforementioned purchase price of the Company is discounted based on the sales order price. It is a unique product, and no comparison is available. The payment term is 60 days, which is not significantly different from the general transaction object.

Note 3: The Company purchased raw materials for Channel Well Technology (Guangzhou) Co., Ltd., with total amount of NT\$15,295 thousand in the current period.

Note 4: Please refer to Table 1 for financing and funding.

Channel Well Technology Co., Ltd  
INFORMATION ON MAJOR SHAREHOLDERS  
DECEMBER 31, 2022

TABLE 8

Shareholders	Shares	
	Total Shares Owned	Ownership Percentage
Syuan-He Investment Ltd.	21,727,369	9.55%

Note 1: The main shareholder information in this table is based on the last business day of the current quarter end, and the shareholders' ownership of common shares and special shares that have completed unregistered delivery (including treasury shares) is 5% or greater. The share capital recorded in the Company's consolidated financial report and the actual number of shares delivered without physical registration may be different or different due to different calculation bases.

Note 2: In the case of the above information, if the shareholder delivers the shares to the trust, it is disclosed in individual accounts by the trustee. As for the shareholder's declaration of insider's equity holding more than 10% of the shares in accordance with the Securities and Exchange Act, his shareholding includes his own shareholding plus the shares delivered to the trust and the right to use the trust property, etc.. Please refer insider's equity declaration information to the MOPS.

Channel Well Technology Co., Ltd.

Chairman Chun-Wei Pan