Stock Code:3229

CHEER TIME ENTERPRISE CO., LTD.

2022 Annual Report

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I. Spokesperson and Deputy Spokesperson

Spokesperson:	Liu, Wen-Zhen
Title:	General Manager
Tel:	(02)2701-7019
Email:	winston.liu @cheer-time.com.tw
Deputy Spokesman:	Chiu, Huai-Ching
Title:	Chief Financial Officer
Tel:	(02)2701-7019
Email:	claire.chiu@cheer-time.com.tw

II. Headquarter and Plants

Headquarter Address:	No. 2, Ln. 305, Qionglin S. Rd., Xinzhuang Dist., New Taipei City, Taiwan (R.O.C.)
Taipei Liasion Office:	11F.-2, No. 200, Songjiang Rd., Zhongshan Dist., Taipei City, Taiwan (R.O.C.)
Tel:	(02)2701-7019
Xinzhuang Plant Address:	307, 309, 311, 313, and No. 2, 4, 6, Ln. 305, Qionglin S. Rd., Xinzhuang Dist., New Taipei City, Taiwan (R.O.C.)
Tel:	(02)2205-2032
Luzhu Plant Address:	No. 276, Sec. 1, Nanshan Rd., Luzhu Dist., Taoyuan City, Taiwan (R.O.C.)
Tel:	(03)3229691

III. Stock Transfer Agency

Corporate:	SinoPac Securities Corporation
Address:	3F., No. 17, Bo'ai Rd., Zhongzheng Dist., Taipei City, Taiwan (R.O.C.)
Tel:	(02)2382-6288
Website:	http:// www.sinotrade.com.tw

IV. CAPs

Accountants:	Wang, Song-Ze and Lin, Yong-Zhi
Accounting Firm:	PricewaterhouseCoopers Taiwan
Address:	27F., No. 333, Sec. 1, Keelung Rd., Xinyi Dist., Taipei City, Taiwan (R.O.C.)
Tel:	(02)2729-6666
Website:	http://www.pwc.tw

V. Overseas Securities Exchange: N/A

VI. Corporate Website: http://www.cheer-time.com.tw/

CHEER TIME ENTERPRISE CO., LTD.
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I. Letter to Shareholders

In 2022, the management team of the Company was replaced with a full reelection of directors. In the meantime, we merged and acquired TSC Electronic Co., Ltd. Currently, our main business covered three areas respectively in manufacturing and trading of phosphorous copper balls of the PCB upstream raw materials, the midstream drilling OEM, and the full-process production and sale of printed circuit boards. The agency of security protection and monitoring equipment of the original subsidiary, Great Lite International Co., Ltd., had been fully withdrawn, and replaced by three major business segments, which found a stable basis for revenue and quality; in addition, we integrated the supply chain resources to improve the machining process efficiency of the production line in each station, display the process benefits, and provide customers with a more complete and rapid one-stop service.

The consolidated net revenue of the Company in 2022 was NT$820 million, representing an increase by 86.08% compared with NT$440 million in 2021, mainly benefiting from the expansion of the operation scale by the merger and acquisition of TSC Electronic Co., Ltd. Among others, the proportion of each segment was separately: 50% phosphorous copper balls, 7% drilling OEM, and 43% full-process PCB. Phosphorous copper balls were the requisite materials of PCB electrodeposited process. The Company adopted LME-registered 99.99 electrolytic copper, and used the upper guiding method and the phosphor-copper alloy continuous casting technology to establish 25mm and 50mm professional production lines to produce phosphorous copper balls which complied with Rohs. Since drilling was classified as the single-station machining of the PCB front-end process, the Company's major customers were mostly the domestic large-scale PCB manufacturers, who greatly recognized our technology and quality, and our daily production capacity could reach 28,000 square meters. The PCB full process mainly focused on small volume, diversification and fast delivery in order to meet the market demands for orders featuring multiple styles and little amount when customers researched, developed and introduced new products.

With the hardworking reformation of the new management team, the entire process equipment and staff of Gueishan Plant were consolidated into Xinzhuang Plant in the 2nd half of 2022. In addition to effectively reducing loss from the second handling and downsizing manpower, it even hugely enhanced the process efficiency, and reduced production cost. Besides, the merger and acquisition of TSC Electronic Co., Ltd. enlarged the revenue of phosphorous copper balls and drilling OEM, so the Company turned out a totally different buildup with consolidated management. However, in the second half of 2022, economy went downwards, accompanied with weak end consumption power, and the major electronic manufacturers at home and abroad continued to destock and decrease orders, so the revenue decline in the second half of the year affected profits; the consolidated net loss after tax in 2022 was NT$32,969 thousand, decreasing by NT$32,094 thousand compared with 2021, and the loss per share was NT$0.66.

In 2022, under the influence of such ongoing negative factors as international conflicts, high inflation and high inventory, the would-be optimistic climate of the industry changed. The growth momentum of the global PCB output value weakened quarter by quarter. In particular, in the second half of the year, a lot of enterprises suffered decline in performance due to the remarkable impact of weak consumption demands and so far, there has been no sign of improvement. Looking forward to 2023, the demands for end products have not recovered and the overall output of PCB is still possible to decline. In the second year after the Company transformed operation, we will actively control the internal cost for the purpose of lowering the breakeven point and transforming towards the mid-and-high-end products, and establishing close relationship with customers. In an age when the cyber technology alternates generation by generation, we aim to grasp the opportunity of product specifications upgrading in due course.

A summary on the operation highlights in 2021 and the business plan in 2022 was reported as follows:

I. 2022 Business Results

(1) Implementation Results of the Business Plan

Unit: NT$ Thousand

Item	2022	2021	Comparison by Increase (Decrease)
Operating Revenue	819,585	440,436	379,149
Operating Cost	781,032	397,337	383,695
Operating Margin	38,553	43,099	(4,546)
Operating Expenses	87,122	103,181	(16,059)
Operating Profit (Loss)	(48,569)	(60,082)	11,513
Non-operating Income and Expenditure	11,837	(7,350)	19,187
Net Profit (Loss)before Tax	(36,732)	(67,432)	30,700
Net Profit (Loss) after Tax	(32,969)	(65,063)	32,094

(2) Budget Execution Status: Not applicable.

(3) Analysis of Financial Income and Expenditure, and Profitability

Item			2022	2021
Analysis of Financial Structure	Ratio (%) of Liabilities to Assets		33.54	46.57
	Ratio (%) of Long-term Capital to Property, Plant and Equipment		275.56	157.31
Analysis of Solvency Structure	Flow Ratio (%)		209.65	167.36
	Quick Ratio (%)		152.99	135.77
Analysis of Profitability	Return on Assets (%)		(3.94)	(10.71)
	Return on Equity (%)		(7.10)	(20.51)
	Ratio (%) to Paid-in Capital	Operating Profit (Loss)	(7.56)	(18.62)
		Pre-tax Net Profit (Loss)	(5.72)	(20.90)
	Net Profit (Loss) Ratio (%)		(4.02)	(14.77)
	Earnings (Loss) per Share (Dollar) (Note)		(0.66)	(1.72)

Note: The earnings per share is calculated subject to the number of shares after retrospective adjustment.

(4) Research and Development Status:

The Company has experience in the PCB industry for more than thirty years. We keep on meliorating production flexibility and process planning capability, and further creating the core advantages in competition of niche products characteristic of small volume, diversification and fast delivery. Such features successfully satisfy the demands of domestic and foreign electronic manufacturers in research, development and market. For recent years, we continue to increase the manufacturing capability and yield of the PCBs in high density, thin circuit and high quality, develop high-end technical products, improve application and yield of the high-density HDI and soft-and-hard combined board technology, and control process and materials in pursuit of the highest yield, the best efficiency and advantage-endowed low cost of products so as to cater for various emerging products and market demands in the future.

II. Overview of 2023 Business Plan

(1) 2023 Operation Policy:

1. Sale: Move towards vertical integration of the industry, make good use of different roles which the Company’s three major businesses play in the supply chain, provide customers with one-stop service, strengthen strategic alliance relationship with customers, and actively develop new customers in order to improve revenue and profit.
2. Technology: Continue to develop high cost-effective products in the PCB application sector and consider such products as the top-priority orders, actively pay attention to the development trends of the industry, further develop economic expansion strategies of high-end products, go on with exploiting emerging markets, and maintain management of relations with customers.
3. Production: Continue to improve production environment, introduce critical equipment for smart mechanical production in order to shorten production timeframe and increase efficiency, strictly control product yield, develop potential product markets, and produce

niche products related to multiple development with a view to maintaining the operation model of small volume, diversification and fast delivery.

(2) Expected Sale Volume and its Basis:

1. Expected Sale Volume of Phosphorous Copper Ball Segment

Unit: Kg

Type of Product	Expected Sale Volume in 2023
25mm	1,564,591
50mm	946,388
Total	2,510,979

2. Expected Sale Volume of Drilling Machining Segment

Unit: Piece

Type of Product	Expected Sale Volume in 2023
Drilling Machining	2,543,699

3. Expected Sale Volume of Printed Circuit Board Segment

Unit: Square Meter

Type of Product	Expected Sale Volume in 2023
Single-side PCB	3,986
Double-side PCB	13,696
Multiple PCB	23,189
Total	40,871

The preparation of expected sale volume of the Company's major products in 2023 is mainly based on the sale conditions in 2022, along with consideration taken into domestic and foreign economic situation, supply and demand in the future industry marketing, as well the Company's productivity load, and other factors.

(3) Production and Marketing Policy in 2023:

1. Continue to establish production history as a support of excellent production management model, enable further improvement of yield and shipment achievement, and increase manufacturing efficiency in each station and smoothness to shorten the delivery time.
2. Conduct E-management by colors of signages in order to have the best control of inter-stations, aim to constantly stabilize production technology and mass production of high-end boards, and increase production capacity.
3. Enhance core competitiveness, make good use of 6S management, optimize and implement each process and standard regulations of ISO9001, IATF16949, QC080000 and ISO14001 management systems, expand total quality management, implement each employee's educational training and off-factory observation and continuing study in order to carry out the mission of the company's restructure and ongoing improvement.
4. Continue to correspond to the needs of domestic and foreign customers for research and development as well as mass production of new products, invest in new machinery and equipment and research and development of new technologies, and foster the self-improvement and enhancement ability

III. Future Development Strategies of the Company

(1) Strengthen the corporate management system, reinforce the organizational effectiveness and sale management system in order to grasp the market changes and product

development pulse.

(2) Continue to develop high-quality products featured by high-density, thin-circuit and small-aperture, etc. in response to the trend of getting lighter, thinner and smaller for electronic products in the digital era.

IV. Impact of External Competitive Environment, Regulatory Environment and Macro Operation Environment

(1) Impact of External Competitive Environment:

For recent years, the international situation has been in a chaos. The competition of regional power emerges in the form of trade war. Consequently, the localization of supply chain and the restriction of technology exportation will further affect the layout strategies of the enterprise's production capacity; meanwhile the economy of the industry is under the influence of high inflation and high interest rates, leading to slowdown of consumption power in the terminal market. Seeing that major manufacturers make efforts in destocking, the visibility of orders is limited. Accordingly, the Company will undertake more deliberative evaluation on materials preparation at the early stage and destocking in the future production schedule.

(2) Impact of Regulatory Environment:

In response to the stricter requirements and regulations of the global environmental protection laws, the Company will continue to update the process technology and devote ourselves to the facilities related to protection and treatment of environmental pollutions with a view to complying with the statutory regulations.

(3) Impact of Macroeconomic Environment:

As the global economy changes rapidly, the Company is involved in the PCB industry which has high synchronization with fluctuation of the global economy. In addition to a scrupulous management attitude which the Company has been adhering to, our business philosophy will still be based on fast delivery, excellent quality and fair price of products. In the meantime, we will also continue to exactly control information of the electronic industry in order to cope with the changes of the entire environment, and ensure that the competition advantages are built on leading high-end technology and optimized production management.

It has been thirty years or more since the Company was established. We will continue to hold by the "sincere and honest" business culture and operation philosophy, strive for upgrading the employees' quality and morale, product quality, yield, capacity utilization, and delivery speed, etc. in order to achieve the profit-making goal, and do our best to take responsibilities for the whole shareholders. Herewith, we would like to extend our sincere gratitude to all shareholders for your long-term recognition and advice for Cheer Time. We are even looking forward to having your more support and encouragements to let our steps more stable and solid.

Wish you good health and may all go well with you.

Cheer Time Enterprise Co., Ltd.

Chairperson: Chuang, Ming-Li

Vice Chairperson and General Manager: Liu, Wen-Chen

II. Company Profile

1. Date of Incorporation: 28.07.1987

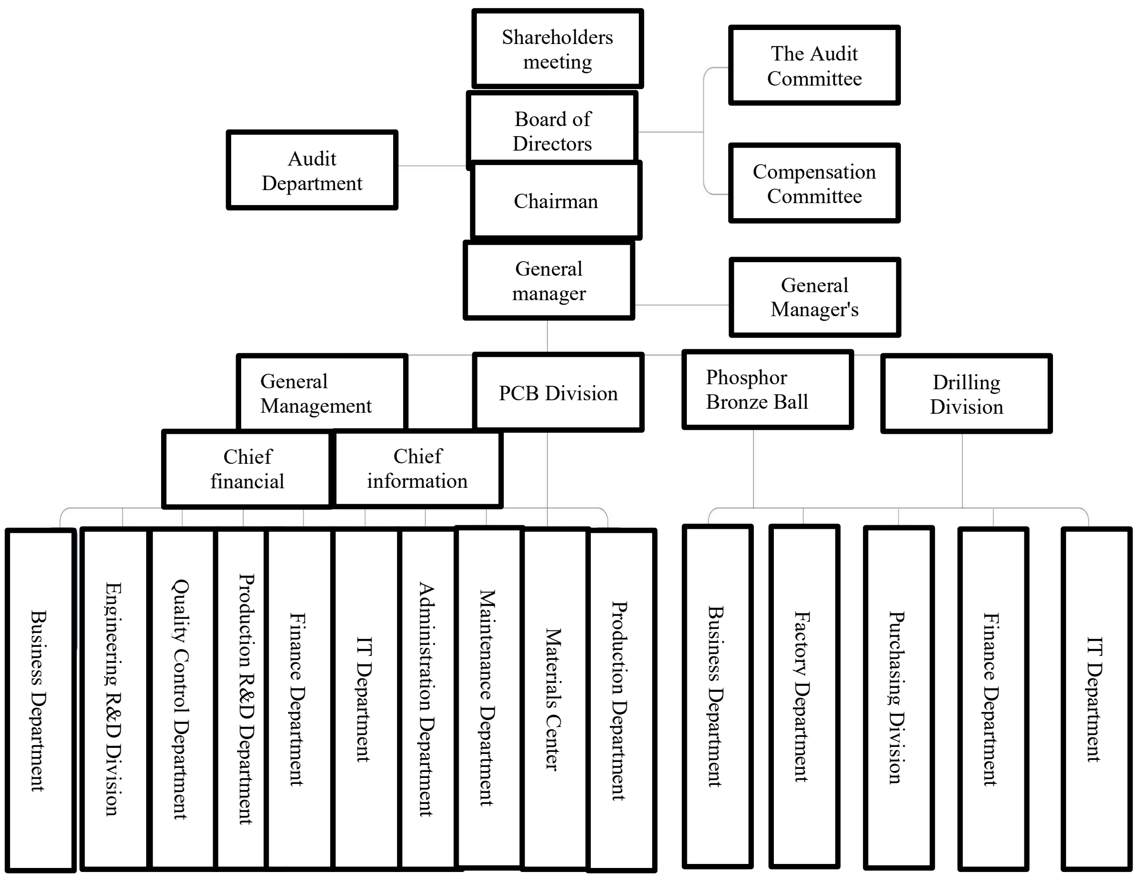
2. Company History:

1987	The company was established in Taipei City at No. 77-8, Qionglin S. Rd., Xinzhuang Dist. It has a registered capital of 30 million NTD, with an equal amount of paid-in capital.
1990	A second factory was set up at No. 2, Lane 305, Qionglin S. Rd, to specialize in the production of double-sided and multi-layered PCBs.
1991 Mar. 1998 Apr. 2003 Feb. 2004	The company carried out a capital increase of 3.3 million NTD, and the actual paid-in capital is 10.8 million NTD. In the same year, for the convenience of management, the first and second factories were merged at No. 2, Lane 305, Qionglin S. Rd. Furthermore, the double-sided PCBs have obtained UL certification The company successfully computerized its real-time production management system and obtained ISO-9002 certification. Certified of ISO-9001: 2000 Certified of QS-9000
Dec. 2009	The company's shares were listed for trading
Jun. 2022	Our company underwent a restructuring of the management team and conducted a private placement of cash to acquire 100% equity ownership of Bao Guang Electronics Co., Ltd. The subscribed capital amounted to NTD 642,630,000.

III. Corporate Governance Report

1. Organization Structure:

   (1) Organizational Structure:



(2) Major Corporate Functions:

Department	Business Scope
Audit Department	Responsible for conducting inspections and evaluations of the effectiveness of the company's internal control system, internal audit system, and self-evaluation procedures for internal controls, and providing recommendations for further analysis and evaluation.
Business Department	Responsible for market evaluation, developing, expanding, and planning related to the company's products, as well as sales, after-sales service, customer complaints, etc.
Engineering R&D Division	Pre-production scheduling, data provision, etc.
Quality Control Department	Responsible for quality inspection of the company's products, developing quality policies, improving product quality, and other related tasks.
Production R&D Department	Responsible for improving the process, technology and standardization of the production of the Office of PCB, yield improvement, new material testing, etc.
Administration Department	Responsible for human resources management and general affairs
IT Department	Responsible for the planning of IT systems, network construction and maintenance, and the setup and management of various computer hardware and software.
Maintenance Department	Responsible for the maintenance of production utilities, assisting general affairs for repairs and planning power consumption within the plant.
Materials Center	Responsible for coordinating production management, warehouse management, outsourcing, materials control, and procurement, strengthening material control and procurement pricing negotiation capabilities
Production Department	Responsible for production planning, PCB manufacturing, manufacturing process improvement, technology enhancement, yield improvement, etc.
Finance Department	Responsible for accounting, report preparation, variance analysis, taxation, financial and shareholding planning, processing and control, inspection, and evaluation of the adequacy of the control system and evaluation procedures of overseas branches and making recommendations for analysis and evaluation of related operations.
Management Department	Responsible for general management of the headquarters procurement, general affairs and property administration and maintenance

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

(1) Information on Directors and Supervisors

①Director Information Form

2023.05.02

Unit: shares; %

Title	Nationality/ Place of Incorporation	Name	Gender, Age	Date of election / appointment to current term	Term of office	Commence ment date of first term	No. of shares held at time of election (Note 2)		No. of shares currently held No. of shares currently held (Note 3)		Shares currently held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications	Positions held concurrently in the company and/or in any other company	Other officer(s), director(s), or supervisor(s) with which the person has a relationship of spouse or relative within the second degree			Note
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Chairman	ROC	Chuang, Ming-Li	Female 61~70 y/o	2022.06.01	3 years	2022.06.01	7,650,000	11.90%	8,571,080	13.34%	4,022,350	0.00%	0	0.00%	Master of Political Science from Chinese Culture University, Chairman and Director of Ta Ching Securities Co., Ltd.	Vice Chairman of Good Finance Securities Co., Ltd., Director of Medigen Biotech Corp., Chairman of Xin Yi Tai Investment Co., Ltd., Chairman of Da Qun Development and Construction Co., Ltd, Chairman of Zao Qing Construction Co., Ltd., Chairman of Da Qing Construction Co., Ltd., Chairman of TSC Electronic Co., Ltd, Supervisor of Xing Qing Construction Co., Ltd.	Director	Lin, Ding-Xiang	First degree kinship	Not applicable
Vice Chairman	ROC	Liu, Wen-Zhen	male 61~70 y/o	2022.06.01	3 years	2022.06.01	6,800,000	10.58%	6,800,000	10.58%	1,200,000	1.87%	0	0.00%	Master of Business Administration at Metropolitan State University, Chairman of TRUST-SEARCH CORP., LTD., General Manager of Super Dragon Technology Co., Ltd.	General manager of Cheer Time Enterprise Co., Ltd., Chairman of Yu Da Industrial Co, Ltd. Director of TSC Electronic Co., Ltd	Not applicable	Not applicable	Not applicable	Not applicable
Director	ROC	Representative of Chuang Da Investment Co., Ltd.: Lin, Zhong-Nan	male above 71 y/o	2022.06.01	3 years	2022.06.01	4,531,000 0	7.05% 0.00%	4,920,582 1,147,470	7.66% 1.79%	0	0.00%	0	0.00%	Luzhou Elementary School	Director of Ta Ching Securities Co., Ltd., Chairman of Xing Da Construction Development Co. Ltd. Chairman of Xing Qing Construction Co., Ltd.	Not applicable	Not applicable	Not applicable	Not applicable
Director	ROC	Wu, Ying-Zhu	male 41~50 y/o	2022.06.01	3 years	2013.10.17	1,600,645	2.49%	1,600,645	2.49%	0	0.00%	1,343,534	2.09%	MBA at University of California, Chairman of Cheer Time Enterprise Co., Ltd.,	Chairman of GREAT LITE INTERNATIONAL CO., LTD., Chairman of Kai Ying Capital Co., Ltd. Chairman of Ding Sheng Investment Co. Ltd., Chairman of SILICON XPANDAS ELECTRONICS CO., LTD., Chairman of Pluto Lab Co., Ltd.	Not applicable	Not applicable	Not applicable	Not applicable
Director	ROC	Chuang, Bo-Qiang	male 41~50 y/o	2022.06.01	3 years	2022.06.01	0	0.00%	200,000	0.31%	0	0.00%	0	0.00%	Information Management Department at the University of California, Associate at Good Finance Securities Co., Ltd.	IT Manager at Cheer Time Enterprise Co., Ltd., Supervisor of TSC Electronic Co., Ltd	Not applicable	Not applicable	Not applicable	Not
Director	ROC	Lin, Ding-Xiang	male 31~40 y/o	2022.06.01	3 years	2022.06.01	2,136,586	3.32%	2,336,586	3.64%	0	0.00%	0	0.00%	Integrated Marketing and Communication at Pepperdine University, Francfranc procurement team at Colltex Garment MFY CO., Ltd.	Person in charge of Oright Global Co., Person in Charge of Le Qi Planning and Integration Co., Ltd., Person in charge of Fortunera International Co., Ltd., Cing Jie Co., Ltd. (Japan), General representative in Japan at Ditiantai International Enterprise Co., Ltd	Chairman	Chuang, Ming-Li	First-degree relative	Not applicable

Title	Nationality/ Place of Incorporation	Name	Gender, Age	Date of election / appointment to current term	Term of office	Commencement date of first term	No. of shares held at time of election (Note 2)		No. of shares currently held No. of shares currently held (Note 3)		Shares currently held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications	Positions held concurrently in the company and/or in any other company	Other officer(s), director(s), or supervisor(s) with which the person has a relationship of spouse or relative within the second degree			Note
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Independent Director	ROC	Shen, Hui-Cheng	male 61~70 y/o	06. 01, 2022	3 years	06. 01, 2022	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Department of Law at National Chengchi University, Independent Director at New Advance Electronics Technologies Company Limited, Director at Answer Technology, Director at E-Elements Technology, Co. Ltd., Court Clerk at the Taiwan High Court	General manager at Good Finance Securities Co., Ltd. (Regulation Compliance), Director of Ado Optronics Corporation, Director at OFCO Industrial Corp., Supervisor at Yung Fu Co., Ltd., Supervisor at NIKO SEMICONDUCTOR CO., LTD.	Not applicable	Not applicable	Not applicable	Not applicable
Independent Director	ROC	Lu, Jia-Kai	male 61~70 y/o	06. 01, 2022	3 years	06. 01, 2022	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Department of Law at National Chengchi University. Deputy Chairman of the Veterans Affairs Council, Senior Executive Officer of the Taiwan Executive Yuan's Legal affairs Committee, Secretary General of Veterans Affairs Council 's Regulations Committee, Director of SHIN SHIN CO LTD.	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Independent Director	ROC	Liu, Qi-Xu	male 41~50 y/o	06. 01, 2022	3 years	06. 01, 2022	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Master's degree in Accounting at Soochow University, Independent Director at Deloitte Touche Tohmatsu Limited, Independent Director at Taimide Tech, INC.	Accountant of Cyun Yi Joint Accounting Firm	Not applicable	Not applicable	Not applicable	Not applicable

Note 3: The current number of shares held, and the percentage of shares held are calculated based on 32,263,000 shares after the capital reduction in November 2021, combined with the capital increase of 32,000,000 shares from the private placement in March 2022, for a total of 64,263,000 shares.

②Information on Supervisors: Our company has established an Audit Committee, instead of Supervisors

③Major Shareholders of the Corporate shareholders:

2023.05.02

Name of Corporate Shareholders	Major Shareholders
Chuang Da Investment Co., Ltd.	Chen Hui-Mei (13.51%), Lin Shi-Zong (20.27%), Lin Mei-Ling (13.51%), Qiu Xiao-Hui (13.51%), Lin Shi-Hong (6.76%), Lin, Zhong-Nan(32.44%)
Ding Sheng Investment Co., Ltd	Wu, Ying-Zhu (99.998%)

④Professional qualifications and independence analysis of Directors and Supervisors

Criteria / Name	Independent Directors	Member of Audit Committee	Professional Qualification and Experience	Independence	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Chuang, Ming-Li	-	-	Educational background: Master of Political Science from Chinese Culture University Main Experiences: Chairman and Director of Securities Co., Ltd.Current Positions: Chairman at Good Finance Securities Co., Ltd., Director of Medigen Biotech Corp., Chairman of Xin Yi Tai Investment Co., Ltd., Chairman of Da Qun Development and Construction Co., Ltd, Chairman of Zao Qing Construction Co., Ltd., Chairman of Da Qing Construction Co., Ltd., Chairman of TSC Electronic Co., Ltd, Supervisor of Xing Qing Construction Co., Ltd.	not applicable	0
Liu, Wen-Zhen	-	-	Educational Background Master of Business Administration at Metropolitan State University Main Experience: Chairman of TRUST-SEARCH CORP., LTD., General Manager of Super Dragon Technology Co., Ltd. Current Positions: General manager of Cheer Time Enterprise Co., Director of TSC Electronic Co., Ltd		0
Lin, Zhong-Nan	-	-	Educational Background: Luzhou Elementary School Current Positions: Luzhou Elementary School Director of Securities Co., Ltd., Chairman of Xing Da Construction Development Co. Ltd. Chairman of Xing Qing Construction Co., Ltd.		0
Wu, Ying-Zhu	-	-	Educational Background: MBA at University of California Main Experiences: Chairman of Cheer Time Enterprise Co., Ltd. Current Positions: Chairman of GREAT LITE INTERNATIONAL CO., LTD., Chairman, Kai Ying Capital Co., Ltd., Chairman of Ding Sheng Investment Co., Ltd., Chairman of SILICON XPANDAS ELECTRONICS CO., LTD., Chairman of Pluto Lab Co., Ltd.		0
Chuang, Bo-Qiang	-	-	Educational Background: Information Management Department at the University of California Main Experiences: Associate at Good Finance Securities Co., Ltd. Current Positions: IT Manager at Cheer Time Enterprise Co., Ltd.		0
Lin, Ding-Xiang	-	-	Educational Background: Integrated Marketing and Communication at Pepperdine University Main Experiences: Francfranc procurement team at Colltex Garment MFY CO., Ltd. Current Positions: Person in charge of Oright Global Co., Person in Charge of Le Qi Planning and Integration Co., Ltd. Person in charge of Fortunera International Co., Ltd., Cing Jie Co., Ltd. (Japan), General representative in Japan at Ditiantai International Enterprise Co., Ltd		0
Shen, Hui-Cheng	✓	✓ (Convenor)	Educational Background: Department of Law at National Chengchi University Main Experiences: Independent Director at New Advance Electronics Technologies Company Limited, Director at Answer Technology, Director at E-Elements Technology, Court Clerk at the Taiwan High Court Current Positions: General manager at Good Finance Securities Co., Ltd. (Regulation Compliance), Director of Ado Optronics Corporation, Director at OFCO Industrial Corp., Supervisor at Yung Fu Co., Ltd., Supervisor at NIKO SEMICONDUCTOR CO., LTD. Not subject to the provisions of Article 30 of the Company	The independent directors of the Company are in accordance with Article 3, Paragraphs 1 to 8 of the Regulations Governing Appointment of Independent	0

			Act	Directors and Compliance Matters for Public Companies. The Company's independent directors did not provide commercial, legal, financial or accounting services to the Company or other affiliates companies in 2021 and 2022.	
Lu, Jia-Kai	✓	✓	Educational Background: Department of Law at National Chengchi University Main Experiences: Deputy Chairman of the Veterans Affairs Council, Senior Executive Officer of the Taiwan Executive Yuan's Legal affairs Committee, Secretary General of Veterans Affairs Council 's Regulations Committee, Director of SHIN SHIN CO LTD.		0
Liu, Qi-Xu	✓	✓	Educational Background: Master's degree in Accounting at Soochow University Main Experiences: Director at Deloitte Touche Tohmatsu Limited, Independent Director at Taimide Tech, INC. Current Positions: Accountant at Cyun Yi Joint Accounting Firm Not subject to the provisions of Article 30 of the Company Act		0

⑤Diversity Policy of the Board of Directors and Implementation

To enhance corporate governance and uphold the integrity of the Board of Directors' composition and structure, the Corporate Governance Best Practices of the Company stipulate that diversity should be a crucial factor in the Board's makeup under Article 20, Item 3. Moreover, apart from limiting the number of directors who are also managers to one-third of the Board, the Company should establish appropriate guidelines to ensure diversity in its operation, business model, and development needs. These guidelines should encompass multiple criteria, including, but not limited to, the following two major criteria.

(1) Basic requirements and values: gender, age, nationality and culture, etc.

(2) Professional knowledge and skills: Professional background (such as law, accounting, fields of industry, finance, marketing or technology), Professional skills and industry experience, etc.

The current board of directors of the Company consists of 9 Directors (including 3 independent directors) with extensive experience and expertise in the fields of industry, finance, business and management.

The relevant information is listed below:

Name of Directors	Basic Information									Diversified Key Features										
										Industrial Experience					Professional Competence					
				Age																
	Nationality or place of registration	Gender	Employee of the Company	40 and Under	40 to 50	51 to 60	61 to 70	71 And over	Term of office	Financial and Securities Industry	Accounting Services	Electronic Technology Industry	International Trade	Others	Business	Finance Accounting	Finance	Electronic Technology	Law	Sales
Chuang, Ming-Li	ROC	Female					✓		-	✓	✓		✓	✓	✓	✓	✓			
Liu, Wen-Zhen	ROC	Male	✓				✓		-			✓	✓	✓	✓					✓
Lin, Zhong-Nan	ROC	Male						✓	-	✓			✓	✓	✓					
Wu, Ying-Zhu	ROC	Male			✓				-			✓	✓	✓	✓		✓			
Chuang, Bo-Qiang	ROC	Male	✓		✓				-	✓					✓		✓	✓		
Lin, Ding-Xiang	ROC	Male		✓					-				✓	✓	✓					✓
Shen, Hui-Cheng	ROC	Male					✓		1	✓					✓		✓		✓	
Lu, Jia-Kai	ROC	Male					✓		1						✓				✓	
Liu, Qi-Xu	ROC	Male			✓				1		✓				✓	✓				

The age distribution of the Company's 14th Board of Directors includes one director under the age of 40, three directors aged 41-50, four directors aged 61-70, and one director aged 71 or older, the current Board of Directors includes one female member in order to implement the policy of diversifying the composition of the Board of Directors.

The Company's Board of Directors consists of 9 members, all of whom are not subject to the provisions of Article 30 of the Company Act. Except for Chuang, Ming-Li Chairman and Lin, Ding-Chao Director, who are related to each other as mother and son , the remaining 7 members of the Board of Directors are not subject to the provisions of Article 3 of Article 26 of the Securities and Exchange Act (more than half of the directors are related to each other as spouses, second degree of kinship, etc.), item 3 and Item 4 of Article 26 of the Securities and Exchange Act (no spouse, second degree of kinship, etc., between supervisors or between supervisors and directors).

(2) Information on Directors, Supervisors, General Manager, Deputy General Manager, Associates, Departments and Branches Office

2023.04.03

Unit: Shares

Title	Nationality or place of registration	Name	Gender	Date of appointment to position	Shares held		Shares held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications	Positions concurrently held in other companies at present	Other managerial officer(s) with which the person has a relationship of spouse or relative within the second degree			Note
					No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio			Title	Name	Relationship	
General Manager	ROC	Liu, Wen-Zhen	Male	04. 02. 2016	1,600,645	2.49%	0	0.00%	6,900,000	1.07%	Master of Business Administration from Metropolitan State University, Chairman of TRUST-SEARCH CORP., LTD., General Manager of Super Dragon Technology Company Limited	General manager of Cheer Time Enterprise Co., Chairman of Yu Da Industrial Co, Ltd., Director of TSC Electronic Co., Ltd	Director	Liu, Wen-Zhen	Himself	-
Chief Financial Officer	ROC	Chiu, Huai-Ching	Female	16. 03. 2022	0	0.00%	0	0.00%	0	0.00%	Master of Department of Finance from National Central University, Manager of Corporate Finance Department at China Construction Bank Corporation, Legal Business Manager at CTBC Bank Co., Ltd.	Director of TSC Electronic Co., Ltd	Chairman	Chuang, Ming-Li	First-degree kinship by marriage	-
Accounting Manager	ROC	Lo Yu-Ru, Lu.	Female	12. 08. 2020	0	0.00%	0	0.00%	0	0.00%	Department of Accounting from Tunghai University, Manager of the Audit Office of KPMG International Limited	n/p	n/p	n/p	n/p	-
Finance Manager	ROC	Jia-Rong	Female	12. 08. 2020	345	0.00%	0	0.00%	0	0.00%	Business Management Department from Chihlee University of Technology	n/p	n/p	n/p	n/p	-
Auditing Manager	ROC	Cheng Qiu-Ya	Female	12. 05. 2022	0	0.00%	0	0.00%	0	0.00%	Department of Accounting from Southern Taiwan University of Science and Technology, Manager of Finance and Accounting Department at Cheer Time Enterprise Co.	n/p	n/p	n/p	n/p	-
Manager of Governance	ROC	Lu Gui-Lan	Female	22. 03. 2023	0	0.00%	0	0.00%	0	0.00%	Master of International Business Management from Chinese Culture University, Manager of Governance at Good Finance Securities Co., Ltd.	Supervisor of WEFORCE Co., Ltd	n/p	n/p	n/p	-

Note: Where the Chairman of the Board of Directors and the General Manager or person of an equivalent post (the highest-level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto must be disclosed: None

3. Remuneration to Directors, Independent Directors, General Manager and Deputy General Manager in Recent Years

(1)Remuneration to Directors and Independent Director:

Unit: NT$ thousands

Job title	Name	Remuneration to Directors								Sum of A+B+C+D and ratio to net income (Note 10)		Remuneration received by directors for concurrent service as an employee								Sum of A+B+C+D+E+F+G and ratio to net income (Note 10)		Remuneration received from investee enterprises other than subsidiaries or from the parent company (Note 11
		Base Remuneration(A) (Note 2)		Retirement pay and pension (B)		Director profit sharing compensation (C) (Note 3)		Expenses and perquisites (D) (Note 4)				Salary, rewards, and special disbursements (E) (Note 5)		Retirement pay and pension (F)		Employee profit-sharing compensation(G) (Note 7)						
		The company	All consolidated entities (Note 7)	The company	All consolidated entities (Note 7)	The company	All consolidated entities (Note 7)	The company	All consolidated entities (Note 7)	The company	All consolidated entities (Note 7)	The company	All consolidated entities (Note 7)	The company	All consolidated entities (Note 7)	The company		All consolidated entities (Note 7)		The company	All consolidated entities (Note 7)	
																Cash	Stock	Cash	Stock			
Chairman	Chuang, Ming-Li	1,800	1,800	0	0	0	0	24	24	(4.80%)	(4.80%)	0	0	0	0	0	0	0	0	(4.80%)	(4.80%)	None
Board of Director	Liu, Wen-Zhen	0	0	0	0	0	0	24	24	(0.06%)	(0.06%)	40	1,340	0	0	0	0	0	0	(3.69%)	(3.69%)	None
Board of Director	Lin, Zhong-Nan	0	0	0	0	0	0	24	24	(0.06%)	(0.06%)	0	0	0	0	0	0	0	0	(0.06%)	(0.06%)	None
Board of Director	Wu, Ying-Zhu	1,000	1,250	0	0	0	0	48	48	(3.41%)	(3.41%)	430	430	0	0	0	0	0	0	(4.54%)	(4.54%)	None
Board of Director	Chuang, Bo-Qiang	0	0	0	0	0	0	24	24	(0.06%)	(0.06%)	915	915	51	51	0	0	0	0	(2.60%)	(2.60%)	None
Board of Director	Lin, Ding-Xiang	0	0	0	0	0	0	24	24	(0.06%)	(0.06%)	0	0	0	0	0	0	0	0	(0.06%)	(0.06%)	None
Independent Board of Director	Shen, Hui-Cheng	210	210	0	0	0	0	24	24	(0.62%)	(0.62%)	0	0	0	0	0	0	0	0	(0.62%)	(0.62%)	None
Independent Board of Director	Lu, Jia-Kai	210	210	0	0	0	0	24	24	(0.62%)	(0.62%)	0	0	0	0	0	0	0	0	(0.62%)	(0.62%)	None
Independent Board of Director	Liu, Qi-Xu	210	210	0	0	0	0	24	24	(0.62%)	(0.62%)	0	0	0	0	0	0	0	0	(0.62%)	(0.62%)	None
Board of Director	Jian Rong-Kun (Note)	0	0	0	0	0	0	0	0	-	-	0	0	0	0	0	0	0	0	-	-	None
Board of Director	Lin, Sen-Mao (Note)	0	0	0	0	0	0	6	6	(0.02%)	(0.02%)	0	0	0	0	0	0	0	0	(0.02%)	(0.02%)	None
Board of Director	Li, Yue-Xun (Note)	0	0	0	0	0	0	0	0	-	-	0	0	0	0	0	0	0	0	-	-	None
Independent Board of Director	Chen, Wei-Yu (Note)	150	150	0	0	0	0	0	0	(0.39%)	(0.39%)	0	0	0	0	0	0	0	0	(0.39%)	(0.39%)	None
Independent Board of Director	Cao, Zhi-Ren (Note)	150	150	0	0	0	0	24	24	(0.46%)	(0.46%)	0	0	0	0	0	0	0	0	(0.46%)	(0.46%)	None
Independent Board of Director	Li, Ya-Xin (Note)	150	150	0	0	0	0	12	12	(0.43%)	(0.43%)	0	0	0	0	0	0	0	0	(0.43%)	(0.43%)	None

1. Please describe the policy, system, criteria and structure of the remuneration of the independent directors, and the relevance of the amount of remuneration paid based on the responsibilities, risks and time commitment.
In accordance with Article 5 of the Rules of Responsibilities of Independent Directors, the remuneration of the Company's independent directors shall be fixed at NT$30,000 per month and shall not participate in the distribution of earnings. In addition to the above, the remuneration received by the directors of the Company for services provided to all companies in the financial statements (such as serving as consultants to non-employees) in the most recent year: None.

Note: Already relieved of duties after the complete board of directors change on June 1, 2022

Remuneration Range Table

Ranges of remuneration paid to each of the Company's directors	Name of Directors			
	Sum of (A+B+C+D)		Sum of (A+B+C+D+E+F+G)	
	The company (Note 8)	All consolidated entities (Note 9) H	The company (Note 8)	All consolidated entities (Note 9) I
Less than NT$ 1,000,000	Lin, Chung-Nan, Chuang, Bo-Qiang, Lin, Ding-Xiang, Shen, Hui-Cheng, Lu, Jia-Kai, Liu, Qi-Xu, Jian, Rong-Kun (Note 12), Lin, Sen-Mao (Note 12), Li, Yue-Xun (Note 12), Chen, Wei-Yu (Note 12), Cao, Zhi-Ren (Note 12), Li, Ya-Xin (Note 12)	Lin, Chung-Nan, Chuang, Bo-Qiang, Lin, Ding-Xiang, Shen, Hui-Cheng, Lu, Jia-Kai, Liu, Qi-Xu, Jian, Rong-Kun (Note 12), Lin, Sen-Mao (Note 12), Li, Yue-Xun (Note 12), Chen, Wei-Yu (Note 12), Cao, Zhi-Ren (Note 12), Li, Ya-Xin (Note 12)	Lin, Chung-Nan, Chuang, Bo-Qiang, Lin, Ding-Xiang, Shen, Hui-Cheng, Lu, Jia-Kai, Liu, Qi-Xu, Jian, Rong-Kun (Note 12), Lin, Sen-Mao (Note 12), Li, Yue-Xun (Note 12), Chen, Wei-Yu (Note 12), Cao, Zhi-Ren (Note 12), Li, Ya-Xin (Note 12)	Lin, Chung-Nan, Chuang, Bo-Qiang, Lin, Ding-Xiang, Shen, Hui-Cheng, Lu, Jia-Kai, Liu, Qi-Xu, Jian, Rong-Kun (Note 12), Lin, Sen-Mao (Note 12), Li, Yue-Xun (Note 12), Chen, Wei-Yu (Note 12), Cao, Zhi-Ren (Note 12), Li, Ya-Xin (Note 12)
NT$1,000,000 ~ NT$1,999,999	Chuang, Ming-Li, Liu, Wen-Zhen, Wu, Ying-Zhu	Chuang, Ming-Li, Liu, Wen-Zhen, Wu, Ying-Zhu	Chuang, Ming-Li, Liu, Wen-Zhen, Wu, Ying-Zhu	Chuang, Ming-Li, Liu, Wen-Zhen, Wu, Ying-Zhu
NT$2,000,000 ~ NT$3,499,999				
NT$3,500,000 ~ NT$4,999,999	-	-	-	-
NT$5,000,000 ~ NT$9,999,999	-	-	-	-
NT$10,000,000 ~ NT$14,999,999	-	-	-	-
NT$15,000,000 ~ NT$29,999,999	-	-	-	-
NT$30,000,000 ~ NT$49,999,999	-	-	-	-
NT$50,000,000 ~ NT$99,999,999	-	-	-	-
Greater than or equal to NT$100,000,000	-	-	-	-
Total	9	9	9	9

Note 1: The names of Directors and corporate shareholders (along with their representatives) should be listed separately. The amounts paid to each Director, both General and Independent, should be listed separately and disclosed in an aggregate manner. If a director also holds the position of General Manager or Deputy General Manager, this table and the table down below should be filled out accordingly.

Note 2: The remuneration of Directors in the most recent year should be disclosed, including Director's salary, salary increments, severance pay, bonuses, and rewards.

Note 3: The amount of Directors' remuneration approved by the Board of Directors in the most recent year.

Note 4: The amount of Directors' business expenses in the most recent year should be disclosed, including car transportation expenses, special expenses, various allowances, accommodation, and vehicles. In case of expenses for providing housing, vehicles, or other means of transportation for personal use, the nature and cost of the asset provided, the actual or fair market value of rent, fuel, and other payments should be disclosed. Where a driver is provided, please provide an explanation in the notes on the compensation paid to the driver by the Company, but not calculating as remuneration.

Note 5: The remuneration of directors who are also employees (Including General Manager, Deputy General Manager, managers and employees) in the most recent year should disclose the salaries, salary increments, severance pay, bonuses, incentives, transportation fee, special expenses, allowances, dormitories, vehicles, and other provisions they received. When providing housing, vehicles, other means of transportation, or personal expenses, the nature and cost of the assets provided, the actual or fair market value of rent, fuel, and other payments should be disclosed. If a chauffeur is provided, please include a note stating the compensation paid by the company to the chauffeur but not included in the remuneration. Salary expenses recognized under IFRS 2 Share-based Payment, including the acquisition of employee stock options, restricted employee rights of new shares and participation in proceeds of new issue, subscription of shares, etc., should also be included in the remuneration.

Note 6: This refers to Directors who are also employees of the company (including those who are also General Managers, Deputy General Managers, other Managers, and employees) who received employee remuneration (including stock and cash) in the most recent year. The amount of employee remuneration approved by the Board of Directors in the most recent year should be disclosed, and if the amount cannot be estimated, the proposed distribution amount for this year should be calculated in proportion to the actual distribution amount last year and listed in Table 1-3.

Note 7: The total amount of remuneration paid to the Company's Directors by all companies in the consolidated report (including the Company) should be disclosed.

Note 8: The total amount of remuneration paid by the Company to each director is disclosed in the relevant salary range with the names of the directors specified.

Note 9: The total amount of remuneration from other Companies and the Company paid to each Director of the Company, shall be disclosed in the relevant salary range with the names of the directors specified.

Note 10: Refers to the net income after taxes for the individual or separate financial report of recent years.

Note 11: a. The amount of remuneration received by the Directors of the Company from the subsidiaries, or the parent company should be clearly stated in this column (if not, please enter "none").

b. If a Director of the Company receives remuneration from a subsidiary or a parent company, the remuneration received by the Director of the Company should be included in Column I of the Remuneration Table, and the name of the column should be changed to " Parent Company and All Re-invested Businesses ".

c. The remuneration means pay, remuneration (including remuneration of employees, Directors and Supervisors) and business expenses received by the Directors serving as a Director, Supervisor or Manager of re-invested businesses other than subsidiaries or of the parent company.

Note12: Already relieved of duties after the complete board of directors change on June 1, 2022

(2)Remuneration to General Manager and Deputy General Manager

1. Unit: NT$ thousands

Job title	Name	Salary(A) (Note2)		Retirement pay and pension (B)		Rewards and special disbursements(C) (Note3)		Employee profit-sharing compensation(D) (Note4)				Sum of A+B+C+D and ratio to net income (Note 8)(%)		Remuneration received from investee enterprises other than subsidiaries or from the parent company (Note 9)
		The company	All consolidated entities (Note5)	The company	All consolidated entities (Note5)	The company	All consolidated entities (Note5)	The company		All consolidated entities (Note5)		The company	All consolidated entities (Note5)	
								Amount in Cash	Amount in Stock	Amount in Cash	Amount in Stock			
General Manager	Liu, Wen-Zhen	40	1,140	0	0	0	160	0	0	0	0	(3.69%)	(3.69%)	Naone

Remuneration Range table

Ranges of remuneration paid to the Company's General Managers and Deputy General Manager	Name of General Manager and Deputy General Manager	
	The company (Note6)	All consolidated entities (Note) E
Less than NT$ 1,000,000		
NT$1,000,000 ~ NT$1,999,999	Liu, Wen-Zhen	Liu, Wen-Zhen
NT$2,000,000 ~ NT$3,499,999	-	-
NT$3,500,000 ~ NT$4,999,999	-	-
NT$5,000,000 ~ NT$9,999,999	-	-
NT$10,000,000 ~ NT$14,999,999	-	-
NT$15,000,000 ~ NT$29,999,999	-	-
NT$30,000,000 ~ NT$49,999,999	-	-
NT$50,000,000 ~ NT$99,999,999	-	-
Greater than or equal to NT$100,000,000	-	-
Total	1	1

Note 1: The names of the General Manager and Deputy General Manager should be listed separately, and the amount paid should be disclosed in an aggregate manner. If a director concurrently serves as the General manager or Deputy General Manager, both this form and the form above (1) should be filled out.
Note 2: Remuneration, job allowances, and severance payment of General Manager and Deputy General Manager for the most recent year.
Note 3: The amount of Directors' business expenses in the most recent year should be disclosed, including car transportation expenses, special expenses, various allowances, accommodation, and vehicles. In case of expenses for providing housing, vehicles, or other means of transportation for personal use, the nature and cost of the asset provided, the actual or fair market value of rent, fuel, and other payments should be disclosed. Where a driver is provided, please provide an explanation in the notes on the compensation paid to the driver by the Company, but not calculating as remuneration.
Note 4: in the most recent year. The amount of General Manager and Deputy General Manager remuneration (including stock and cash) approved by the Board of Directors in the most recent year, if the amount cannot be estimated, the proposed distribution amount for this year should be calculated in proportion to the actual distribution amount last year and listed in Table 1-3.
Note 5: The total amount of remuneration paid to the General Manager and Deputy General Manager by all companies in the consolidated report (including the Company) should be disclosed.
Note 6: The total amount of remuneration paid by the company to each General Manager and Deputy General Manager is disclosed in the relevant salary range with the names of the General Manager and Deputy General Manager specified.
Note 7: The total amount of remuneration paid to each General Manager and Deputy General Manager of the Company by all companies in the Consolidated Report (including the Company) should be disclosed, and the names of the General Manager and Deputy General Manager should be disclosed in the relevant salary range with the names of the General Manager and Deputy General Manager specified.
Note 8: Refers to the net income after taxes for the individual or separate financial report of recent years.
Note 9: a. The amount of remuneration received by the General Manager and Deputy General Manager from subsidiaries or parent companies should be clearly stated in this column (if not, please enter "none").
b. If the General Manager and Deputy General Manager of the Company receives remuneration or parent company, the remuneration received by the director of the Company should be included in Column E of the Range of Remuneration Table, and the name of the column should be changed to "Parent Company and All Re-invested Businesses".
c. The remuneration means pay, Remuneration (including Remuneration of employees, directors and supervisors) and business expenses received by the General Manager and Deputy General Manager serving as a director, supervisor or manager of re-invested businesses other than subsidiaries or of the parent company.

* The remuneration disclosed in this table is different from the concept of income under the Income Tax Act, so the purpose of this table is for information disclosure and not for tax purposes.

(3)Remuneration to the Five Highest Remunerated Management Personnel of a TWSE or TPEx listed Company:

Unit: NT$ thousands

Job title	Name	Salary(A) (Note2)		Retirement pay and pension (B)		Rewards and special disbursements (C) (Note3)		Employee profit-sharing compensation (D) (Note4)				Sum of A+B+C+D and ratio to net income (% (Note8)		Remuneration received from investee enterprises other than subsidiaries or from the parent company (Note 9)
		The company	Companies in the consolidated financial statements (Note5)	The company	Companies in the consolidated financial statements (Note5)	The company	Companies in the consolidated financial statements (Note5)	The company		Companies in the consolidated financial statements (Note5)		The company	Companies in the consolidated financial statements (Note5)	
								Cash	Stock	Cash	Stock			
General Manager	Liu, Wen-Zhen	40	1,140	0	0	0	160	0	0	0	0	(3.52%)	(3.52%)	n/p
Chief Financial Officer	Chiu, Huai-Ching	1,710	0	102	0	105	0	0	0	0	0	(5.04%)	(5.04%)	n/p
Accounting Manager	Lo Yu-Ru, Lu.	1,125	0	66	0	90	0	0	0	0	0	(3.37%)	(3.37%)	n/p
Finance Manager	Lu Jia-Rong	886	0	52	0	50	0	0	0	0	0	(2.60%)	(2.60%)	n/p

* The remuneration disclosed in this table is different from the concept of income under the Income Tax Act, so the purpose of this table is for information disclosure and not for tax purposes.

(4)Name of the manager who allocates employees' remuneration and the details of the allocation: None.

(5)This refers to an analysis of the proportion of the total remuneration paid to the Directors, Supervisors, General Manager, Deputy General Manager, and employees of all companies included in the Company's consolidated financial statements in the past two years, as a percentage of the Company's after-tax net income. The analysis should also provide an explanation of the policies, standards, and combinations for determining the remuneration, the procedures for setting the remuneration, and the correlation between the remuneration and business performance:

①The ratio of total remuneration paid by the Company and by all companies included in the consolidated financial statements for the two most recent fiscal years to directors, supervisors, president and vice presidents of the Company, to the net income.:

	Total remuneration paid to Directors, Supervisors, General Manager and Deputy General Manager (NT$ thousands)		Sum of remuneration paid to Directors, Supervisors, General Manager and Deputy General Manager to net income (%)	
	The company	All consolidated entities	The company	All consolidated entities
2021	4,053	4,353	7.32%	7.86%
2022	5,848	7,148	(15.38%)	(18.79%)

The total remuneration of directors and supervisors for the year 2022 slightly increased compared to 2021. This increase is due to the replacement of the management team in 2022, which resulted in additional director positions and increased business execution expenses. The new management team has successfully improved operational performance, leading to a significant reduction in post-tax net losses.

②The Director's remuneration of this company includes compensation, retained earnings, and business execution expenses.

The Remuneration is authorized by Articles of Incorporation, which allows the Board of Directors to determine the value of their participation and contribution to the company's operations, considering industry standards. The remuneration of directors and supervisors for profit distribution is calculated in accordance with the Articles of Incorporation and is set at 2% of the current year's after-tax net profit. Business execution expenses are paid based solely on attendance at each board meeting.

The remuneration of the General Manager and Deputy General Manager of the company is determined based on the company's executive compensation policy and system. It takes into account the positions held, scope of business execution, responsibilities, and contributions, while also considering industry salary benchmarks to ensure fair compensation. The linkage between remuneration and performance is assessed based on the following performance indicators: (1) Performance indicators such as revenue and profit, achievement of budget goals, growth rate, and exploration of new markets, (2) Talent development, including the cultivation of elite talents and employee retention rates, and (3) Risk management, including compliance with laws and regulations. After being reviewed by the Compensation Committee, the remuneration proposals are submitted to the Board of Directors for approval.

The performance assessment and reasonableness of remuneration for the directors and executives of the company are evaluated and reviewed annually by the Compensation Committee and the Board of Directors. In addition to considering individual performance achievements and contributions to the company, factors such as overall operational performance, future industry risks and trends, and ongoing review of remuneration systems in accordance with actual business conditions and relevant laws and regulations are taken into account. Furthermore, a reasonable compensation is provided based on the current trends in corporate governance, aiming to achieve a balance between sustainable business operations and risk management. The actual disbursement of remuneration for directors and executives in the fiscal year 2022 was subject to the approval of the Board of Directors after being reviewed by the Compensation Committee.

4. Corporate Governance Status:

(1) Operation of the Board of Directors

The Board of Directors held 9 meetings in the year 2022 (including 4 meetings of the 13th term and 5 meetings of the 14th term). The attendance of the Directors is as follows:

Title	Name (Note1)	No. of meetings attended in person	No. of meetings attended by proxy	In-person attendance rate (%) 【B/A】 (Note 2)	Remarks
The 13th Board of Directors					
Chairman	Wu, Ying-Zhu	4	0	100%	
Director	Jian Rong-Kun	2	2	50%	Date of Termination 2022.06.01
Director	Representative of Ding Sheng Investment Co., Ltd.: Lin, Sen-Mao	2	0	50%	Date of Termination 2022.06.01
Director	Representative of Ding Sheng Investment Co., Ltd.: Li, Yue-Xun	0	0	0%	Terminated for cause 2022.04.26
Independent Director	Chen, Wei-Yu	4	0	100%	Date of Termination 2022.06.01
Independent Director	Cao, Zhi-Ren	4	0	100%	Date of Termination 2022.06.01
Independent Director	Li, Ya-Xin	4	0	100%	Date of Termination 2022.06.01
The 14th Board of Directors					
Chairman	Chuang, Ming-Li	5	0	100%	Date of Appointment 2022.06.01
Director	Liu, Wen-Zhen	5	0	100%	Date of Appointment 2022.06.01
Director	Chuang Da Investment Co., Ltd. Representative: Lin, Zhong-Nan	5	0	100%	Date of Appointment 2022.06.01
Director	Chuang, Bo-Qiang	5	0	100%	Date of Appointment 2022.06.01
Director	Lin, Ding-Xiang	5	0	100%	Date of Appointment 2022.06.01
Director	Wu, Ying-Zhu	5	0	100%	Date of Appointment 2022.06.01
Independent Director	Shen, Hui-Cheng	5	0	100%	Date of Appointment 2022.06.01
Independent Director	Lu, Jia-Kai	5	0	100%	Date of Appointment 2022.06.01
Independent Director	Liu, Qi-Xu	5	0	100%	Date of Appointment 2022.06.01

Other mentionable items:

I. If any of the following circumstances occur, the dates of the meetings, sessions, contents of motion, all independent directors' opinions and the company's response should be specified:

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

Board of Directors	Resolution Content	Subsequent Handling	Independent Directors' objection or reserved opinion	Subsequent Handling of Independent Directors' opinion
2022.03.07 13th Board of Directors 12th Meeting	1. Planned the relevant matters for the first private placement of common stock issuance of our company in the year 2022. 2. Planned the relevant matters for the first private placement of common stock issuance of our company	All Directors present passed the motion without objection.	None	Not applicable

	in the year 2022.			
2022.03.06 13th Board of Directors 13th Meeting	1. Issued the "Internal Control Statement" of the company for the year 2021. 2. Evaluate the independent case of the Certified Public Accountant. 3. The case of evaluating overdue accounts receivable of our company and its subsidiaries being transferred to funds lent to others. 4. Amend the "Articles of Incorporation" of the company. 5. Amend certain provisions of the "Rules of Shareholders' Meetings" of the company. 6. Amend certain provisions of the " Regulations Governing the Acquisition and Disposal of Assets " of the company. 7. The case of appointing a new manager and changing the spokesman of the company. 8. Review the individual remuneration of the new manager of the company.	All Directors present passed the motion without objection.	None	Not applicabl e
2022.04.20 13th Board of Directors 14th Meeting	1. The case of planning to acquire 100% of equity of TSC Electronic Co., Ltd.	All Directors present passed the motion without objection.	None	Not applicabl e
2022.05.12 13th Board of Directors 15th Meeting	1. The case of evaluating overdue accounts receivable of our company and its subsidiaries being transferred to funds lent to others. 2.The case of changing of the company's Audit Manager.	All Directors present passed the motion without objection.	None	Not applicabl e
2022.06.10 14th Board of Directors 12th Meeting	1. The case of appointing a new manager, changing the Spokesman and Deputy Spokesman of the company. 2. Review the individual remuneration of the new manager of the company. 3. Review the individual remuneration of the directors concurrently serving other positions in the company.	1. All Directors present passed the motion without objection. 2. Deputy Chairman Liu, Wen-Zhen, a stakeholder involved in the case, recusal due to conflicts of interest. After the Chairman consulted the other directors present, the motion was passed without objection. 3.Wu, Ying-Zhuand Director Chuang, Bo-Qiang are stakeholders involved in the case, recusal due to conflicts of interest. After the Chairman consulted the other directors present, the motion was passed without objection.	None	Not applicabl e
2022.08.10 14th Board of Directors 3rd Meeting	1. The case regarding the replacement of certified public accountants for financial report audits. 2. The case of evaluating overdue accounts receivable of our company and its subsidiaries being transferred to funds lent to others. 3. The case of loaning the Company's capital to its subsidiary, GREAT LITE INTERNATIONAL CO., LTD.	All Directors present passed the motion without objection.	None	Not applicabl e
2022.09.11 14th Board of Directors 4th Meeting	1. The case of evaluating overdue accounts receivable of the company and its subsidiaries being transferred to funds lent to others. 2. Amend the "Rules Governing Voting Authority and Proxy " of the company. 3. Amendment of the "Rules of Procedures for Handling Significant Internal Information" of the company. 4. Amend certain provisions of the "Rules of Shareholders' Meetings" of the company.	All Directors present passed the motion without objection..	None	Not applicabl e
2022.12.21 14th Board of Directors 5th Meeting	1. The Company funded 100% to Zeng Sun Co., Gregg Wright (Chengdu) Technology Co.	All Directors present passed the motion without objection.	None	Not applicabl e
2023.03.22 14th Board of Directors 6th Meeting	1. Issued the "Internal Control Statement" of the company for the year 2022. 2. The case of evaluating overdue accounts receivable of the company and its subsidiaries being transferred to funds lent to others.	All Directors present passed the motion without objection.	None	Not applicabl e

	3. Handle the liquidation case of the subsidiary, Great Lite International Co., Ltd.			

(2) Other than the aforementioned matters, other board meeting agenda items where independent directors opposed or reversed their opinions and there are records or written statements of it: None

2. The Directors' execution status of recusal due to conflicts of interest, the names of the directors, the Resolution content, the reasons for recusal, and the voting participation:

Date of Board Meeting	Name of Director	Resolution content	The reasons for recusal	Voting Participation
06. 10. 2022 14th Board of Directors 2nd Meeting	1.Liu, Wen-Zhen 2.Wu, Ying-Zhu, Chuang, Bo-Qiang	1. Review the individual remuneration of the new manager of the company. 2. Review the individual remuneration of the directors concurrently serving other positions in the company.	The interested party themselves	Recusal due to conflicts of interest and did not participate in the voting
12. 21. 2022 14th Board of Directors 5th Meeting	Chuang, Ming-Li, Liu, Wen-Zhen	The chairman and deputy chairman on the case of bonus payout for the year 2022.	The interested party themselves	Recusal due to conflicts of interest and did not participate in the voting

3. Listed companies are required to disclose the evaluation cycle and period, scope of evaluation, evaluation method, and evaluation items of the self (or peer) evaluations conducted by the Board of Directors, and to fill out "Implementation Status of Board Evaluations.": The 2022 Directors' Performance Evaluation was reported to the 6th Session of the 14th Board Meeting on March 22, 2023, regarding its implementation.

Evaluation cycle	Evaluation period	Scope of evaluation	Method of evaluation	Evaluation content	Evaluation of the implementation
Once a year	2022.06. 01 – 2023.12. 31	Individual director performance evaluation	Self-evaluation by each Director	The major 6 aspects: 1. The mastery of the company's objectives and tasks 2. Recognition of directors' responsibilities 3. The degree of participation in the company's operation 4. Internal relationship management and communication 5. The professional and the continuous education of directors 6. Internal control	The evaluation score of 92.72 indicates that the Board members of the Company are professional and responsible with good communication. The meetings were conducted smoothly.
		Board of Directors	self-evaluation by the Board of Directors	The major 5 aspects: 1. The degree of participation in the company's operation. 2. Improving the quality of decision-making. 3. The composition and structure of the Board of Directors 4. Election of Directors and continuous education 5. Internal Control	The evaluation score of 95.24 indicates that the overall operation of the Board of Directors is satisfactory and in line with corporate governance.
		Functional Committees (Audit Committee / Remuneration Committee)	Functional committee internal self-evaluation	The major 5 aspects: 1. The degree of participation in the company's operation. 2. Recognition of functional committee responsibilities. 3. Improve the quality of decision-making. 4. The composition and selection of functional committee members. 5. Internal control	The evaluation score is 100, which shows that the overall operation of the functional committee is well-developed and meets the demands of corporate governance. Effectively enhance the functions of the Board of Directors.

Note: Full re-election of Directors in 2023. 06. 01

4. Goals to enhance the functions of the Board of Directors in the current and recent years (such as setting up an Audit Committee, enhancing information transparency, etc.) and the evaluation of the implementation:

(1) Function Enhancement:

A. The Company has approved the establishment of the Head of Corporate Governance at the 6th meeting of the 14th Board of Directors on March 22, 2023.

B. The Company has established an Audit Committee for the purpose of improving corporate governance and strengthening the functions of the Board of Directors; please refer to (2) The Operation of Audit Committee or Supervisors' Participation in the of the Board of Directors.

C. C. The Company has established a Remuneration Committee; please refer to (4) The Operation of the Remuneration Committee.

(2) Information transparency:

The Company has a spokesperson and a Proxy Spokesperson, and a person in charge of information disclosure and other related matters.

(2) Participation of the Audit Committee in the operation of the Board of Directors:

The Audit Committee met 6 times in 2022, including 3 meetings of the 2nd Audit Committee and 3 meetings of the 3rd Audit Committee; the attendance of independent directors was as follows.

Term	Title	Name	No. of meetings attended in person (B)	In-person attendance rate (%) 【B/A】 (Notes 1 and 2)	Remarks
2nd Audit Committee (2020.06.18-2023.06.01)	Independent Director	Chen, Wei-Yu	3	100%	Dismissed on2022.06.01
	Independent Director	Cao, Zhi-Ren	3	100%	Dismissed on 2022.06.01
	Independent Director	Li, Ya-Xin	3	100%	Dismissed on 2022.06.01
2nd Audit Committee (2023.06.01-2025.05.31)	Independent Director	Shen, Hui-Cheng	3	100%	Appointed on 2022.06.01
	Independent Director	Lu, Jia-Kai	3	100%	Appointed on 2022.06.01
	Independent Director	Liu, Qi-Xu	3	100%	Appointed on 2022.06.01

Other mentionable items:

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

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

Board Meeting	Contents of Motion	Resolutions of the Audit Committee	Company's response to the Audit Committee's opinion
13th Board of Directors 13th Meeting 2022.03.16	1. Issue of the "Statement of Internal Control" by the Company 2. 2. Evaluation of the case of the independence of certified public accountants 3. Year 2021 Annual Report on Operations and Financial Statements of the Company 4. Appropriation of profit or loss in 2021 5. The case of evaluating overdue accounts receivable of our company and its subsidiaries being transferred to funds lent to others. 6. Amendment of certain provisions of the "Procedures for the Acquisition or Disposal of Assets" of the Company 7. The appointment of new manager and the change of spokesperson	All members present passed the motion without objection.	Submitted to the Board of Directors in accordance with the resolution of the Audit Committee, and approved by the Board of Directors.
13th Board of Directors 14th Meeting 2022.04.20	1. The case of planning to acquire 100% of equity of TSC Electronic Co., Ltd.	All members present passed the motion without objection.	Submitted to the Board of Directors in accordance with the resolution of the Audit Committee, and approved by the Board of Directors.
13th Board of Directors 15th Meeting 2022.05.12	1. The Consolidated Financial Statements of the Company for the first quarter of 2022. 2. The case of evaluating overdue accounts receivable of our company and its subsidiaries being transferred to funds lent to others. 3. The case of changing the company's Audit Manager.	All members present passed the motion without objection.	Submitted to the Board of Directors in accordance with the resolution of the Audit Committee, and approved by the Board of Directors.
14th Board of Directors 3rd Meeting 2022.08.10	1. The case of changing the Financial Report Audit Accountant. 2. The Consolidated Financial Statements of the Company for the second quarter of 2022. 3.The case of evaluating overdue accounts receivable of our company and its subsidiaries being transferred to funds lent to others. 4. Proposal to apply for a line of credit from Cathay United Bank. 5. Proposal to apply for a line of credit from The Shanghai Commercial & Savings Bank, Ltd. 6.The Company's loan of funds to its subsidiary,	All members present passed the motion without objection.	Submitted to the Board of Directors in accordance with the resolution of the Audit Committee, and approved by the Board of Directors.

	GREAT LITE INTERNATIONAL CO., LTD.		
14th Board of Directors 4th Meeting 2022.11.09	1. The Consolidated Financial Statements of the Company for the Third Quarter of 2022 2.The case of evaluating overdue accounts receivable of our company and its subsidiaries being transferred to funds lent to others. 3.Amendments of the "Regulations Governing the Approval of Authorities and Agents" of the Company. 4. Amendment of the "Rules of Procedures for Handling Significant Internal Information" of the company.	All members present passed the motion without objection.	Submitted to the Board of Directors in accordance with the resolution of the Audit Committee, and approved by the Board of Directors.
14th Board of Directors 5th Meeting 2022.12.21	1. The Audit plan for the year 2023 is submitted for review. 2. The Company funded 100% to Zeng Sun Co., Gregg Wright (Chengdu) Technology Co. 3. Proposed to establish the Company's "Regulations for Prevention of Insider Trading" and submit for review. 4. Proposed to establish the Company's "Rules for Handling Prosecution Cases" and submit them for review.	All members present passed the motion without objection.	Submitted to the Board of Directors in accordance with the resolution of the Audit Committee, and approved by the Board of Directors.
14th Board of Directors 6th Meeting 2023.03.22	1. A Statement of Internal Control was issued. 2.Annual Report of 2022 on Operations Report and Financial Statements. 3.Appropriation of profit or loss for year 2022. 4. The case of evaluating overdue accounts receivable of our company and its subsidiaries being transferred to funds lent to others. 5. Handle the liquidation case of the subsidiary, Great Lite International Co., Ltd.	All members present passed the motion without objection.	Submitted to the Board of Directors in accordance with the resolution of the Audit Committee, and approved by the Board of Directors.

(2) Other than the aforementioned matters, other matters not approved by the Audit Committee but approved by two-thirds or more of all directors: None

2. The recusal of the Independent Directors from the implementation of the interested motion shall include the names of the Independent Directors, the content of the motion, the reasons for the recusal and the participation in voting: None.

3. The communication between the Independent Directors and the head of the Internal Audit Manager and the accountants ("the financial status, business operating status, and the method and results should be included).

1. Prepare a monthly "Audit Report" and submit it to each Audit Committee for review.
2. In case the Audit Committee has any questions or instructions after reviewing the copy of the Audit Report, they will call the Audit Manager to make inquiries or inform the matter.
3. Each audit report is required to track the internal control deficiencies and anomalies. Tracking reports are made at least quarterly until improvement is made to confirm that appropriate improvement measures have been taken in a timely manner for the relevant unit.
4. The Internal Audit Manager is required to attend the Board of Directors' meeting to report the Audit business, and the Independent Directors shall communicate directly if there is any suggestion.
5. The CPAs of the company shall report the results of the audit or review of the financial statements in each quarterly meeting of the Audit Committee, and discuss any other matters as required by the relevant laws and regulations.
6. In summary, the Independent Directors are able to follow up on the Company's operations (including financial and business conditions) and audits through the Board of Directors, the Audit Committee, individual meetings, as well as various reports and channels (e.g., telephone, fax, email, etc.), and maintain good communication with the Internal Audit Manager and accountants.

(1)Communication between Independent Directors and Accountants:

Date	The Focus of Communication
2022.03.16	1. Scope of work of the accountant 2. Communication between the accountant and the Governance Unit 3. Communication with the Audit Committee on other matters 4. Analysis of Operating Performance for Year 2021 5. Review plan for the first quarter of Year 2022
2022.08.10	1. Scope of work of the accountant 2. Communication between the accountant and the Governance Unit 3. Communication with the Audit Committee on other matters 4. Analysis of Operating Performance for the second quarter of 2022 5. Review plan for the third quarter of 2022
2022.11.09	1. Scope of work of the accountant 2. Communication between the accountant and the Governance Unit 3. Communication with the Audit Committee on other matters 4. Analysis of Operating Performance in the third quarter of Year 2022 5. Annual review plan for Year 2022 6. Potential Critical Audit Items for Year 2022 7. Other matters of communication
2022.12.21	Communication of the Governance Unit during the planning phase for the year 2022.

2023.03.22.	Analysis of Operational Performance for the year 2022.

(2)Communication between Independent Directors and Internal Audit Manager:
In addition to submitting Audit Reports to each Independent Director for review every month, the Audit Manager also presents reports to members of the Audit committee and Board of Directors on the focus of the Audit.

Date	Communication Meeting	Content of Communication	Communication Results
2022. 03.16	Board of Directors	(1) Report on the implementation of the audit plan from November 2021 to January 2022. (2) Statement of Internal Control System for Year 2021.	(1) Noted (2) The Independent Directors have no comments
2022. 05.12	Board of Directors	Report on the implementation of the audit plan from February 2022 to April 2022.	Noted
2022. 08.10	Board of Directors	Report on the implementation of the audit plan from April 2022 to June 2022.	Noted
2022. 11.09	Board of Directors	Report on the implementation of the audit plan from July 2022 to September 2022.	Noted
2022. 12.21	Board of Directors	(1) Report on the implementation of the audit plan for October 2022. (2) Audit plan for Year 2023.	(1) Noted (2) The Independent Directors have no comments
2023. 03.22	Board of Directors	(1) Report on the implementation of the audit plan from November 2022 to February 2023. (2) Statement of internal control system for the year 2022.	(1) Noted (2) The Independent Directors have no comments

(3) Implementation Status and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the Reasons

Evaluation Item	Implementation Status (Note)			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
1. Has the Company established and disclosed its Corporate Governance Best-Practice Principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies?	✔		The Company's Board of Directors approved the amendments to the "Corporate Governance Code" at the 14th Board of Directors' Meeting on November 9, 2022 and uploaded it to the Market Observation Post System and the Company's website.	No significant differences.

Evaluation Item	Implementation Status (Note)			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
2. Shareholding Structure and Shareholders' Rights (1) Does the Company have Internal Operation Procedures for handling shareholders' suggestions, concerns, disputes and litigation matters. If yes, have these procedures been implemented accordingly? (2) Does the Company know the identity of its major shareholders and the parties with ultimate control of the major shareholders? (3) Has the Company built and implemented a risk management system and a firewall between the Company and its affiliates? (4) Has the Company established internal rules prohibiting insider trading of securities based on undisclosed information?	✔ ✔ ✔ ✔		(1) The Company has a Spokesperson, a Proxy Spokesperson and other responsible personnel, and an investor mailbox (investor@cheer-time.com.tw) to handle issues such as shareholders' suggestions or disputes. (2) The Company regularly discloses the names of major Shareholders and the ultimate controllers of major Shareholders in accordance with the relevant laws and regulations, and reports information on changes in the Company in accordance with the regulations. (3) The Company has established operating, business and financial procedures for transactions with its affiliates, which are implemented in accordance with the regulations. (4) The Company has established the "Regulations Governing Insider Trading" and informed the Company's insiders to strictly follow them. In Year 2022, the Company informed its directors and insiders by e-mail of the "Precautions against insider trading".	No significant differences.
3. Composition and responsibilities of the board of directors (1) Have a diversity policy and specific management objectives been adopted for the board and have they been fully implemented? (2) Has the Company voluntarily established other functional committees in addition to the remuneration committee and the audit committee? (3) Has the Company established rules and methodology evaluating the performance of its Board of Directors, implemented the performance evaluations on an annual basis, and submitted the results of performance evaluations to the board of directors and used them as reference in determining salary/compensation for individual directors and their nomination and additional office terms? (4) Does the Company regularly evaluate its external auditors' independence?	✔ ✔ ✔	✔	(1) The Board of Directors has 6 Directors and 3 Independent Directors, who have the necessary knowledge, skills, education and experience to carry out their duties and to implement the diversity policy of the Board of Directors. (2) The Company has established the RemunerationCommittee and the Audit Committee in accordance with the law. In addition to following the law, the Company will also establish other functional committees in the future in order to meet the actual needs of the Company. (3) In accordance with the " Evaluation of the Performance of the Board of Directors" of the Company, the Management Department conducts the evaluation of the performance of the Board of Directors after the end of the year, and it is specified in the "Organizational Rules of the Remuneration Committee" that the remuneration of each Director shall be evaluated by the Remuneration Committee on a regular basis. (4) The company conducts regular evaluations of the independence of the auditors and reports the results to the Board of Directors for approval. On March 16,2022, the independence of the auditors of the financial statements was approved by the 13th meeting of the 13th Board of Directors. On May 10, 2023, the 14th meeting of the 8th Board of Directors appointed the auditors for the financial statements of the 2023 fiscal year and evaluated their independence.	No significant differences.
4. Does the TWSE/TPEx listed company have in place an adequate number of qualified corporate governance officers and has it appointed a chief	✔		On March 22, 2023, the Company's 6th meeting of the 14th Board of Directors approved the establishment of a Director of Corporate Governance, who is responsible for	No significant differences.

Evaluation Item	Implementation Status (Note)			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
corporate governance officer with responsibility corporate governance practices (including but not limited to providing information necessary for directors and supervisors to perform their duties, aiding directors and supervisors in complying with laws and regulations, organizing board meetings and annual general meetings of shareholders as required by law, and compiling minutes of board meetings and annual general meetings)?			corporate governance related matters (including but not limited to providing information necessary for Directors to perform their business, assisting Directors and Supervisors to be in compliance with laws and regulations, conducting Board of Directors and shareholders' meeting related matters in accordance with the law, and preparing Board of Directors and shareholders' meeting records, etc.) The Company has established the "Standard Procedures Required by Directors" to assist Directors in carrying out their duties and to enhance the efficiency of the Board of Directors.	
5.Has the Company established channels for communicating with its stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) and created a stakeholder's section on its company website? Does the Company appropriately respond to stakeholders' questions and concerns on important corporate social responsibility issues?	✔		The company established communication channels with Stakeholders (including but not limited to shareholders, employees, customers and suppliers, etc.) and set up a stakeholder area on the company's website (http://www.cheer-time.com.tw/) and will be appropriately responding to important corporate social responsibilities issues concerning Stakeholders	No significant differences.
6. Has the Company appointed a professional shareholder services agent to handle matters related to its shareholder meetings?	✔		The Company designates SinoPac Securities to deal with shareholder affairs.	No significant differences.
7. Information Disclosure (1) Has the Company established a corporate website to disclose information regarding its financials, business, and corporate governance status? (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.)? (3) Does the company publish and report its annual financial report within two months after the end of the fiscal year, and publish and report its financial reports for the first, second, and third quarters as well as its operating statements for each month before the specified deadlines?	✔ ✔	✔	1. The Company had a website set up to disclose its financial operations and corporate governance information 2. The Company has assigned a person to be responsible for the disclosure of significant corporate information and to enter it into the Market Observation Post System and website regularly, and to implement the spokesperson system in accordance with the regulations. 3. The Company has reported annual financial statements within two months after the end of each fiscal year and announced them on the company website (https://mops.twse.com.tw/). The Company announced and reported its financial statements for Q1, Q2, and Q3 and filed monthly operating status before the deadline.	No significant differences.

Evaluation Item	Implementation Status (Note)			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
8. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' continuing education, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing liability insurance for directors and supervisors)?	✔		1、Employee rights and benefits: The Company protects the rights and benefits of employees in accordance with the Labor Standards Law and provides additional insurance coverage for employees to protect them from occupational hazards and conducts annual employee health examinations to ensure their livelihood. 2、Employee Care: Our company cares about the life and welfare of our employees, and sets reasonable salaries and wages. 3、Investor relations: The Company has a Spokesperson and a Deputy Spokesperson who are responsible for the Company's external relations communications, and a person to disclose the Company's information on the Market Observation Post System in accordance with the law. 4、Supplier relationships: The Company has good supply chain relationships with its suppliers to optimize overall costs of production. 5、Stakeholder rights: The Company maintains good communication channels with its stakeholders and respects and protects their legal rights. 6、Directors' pursuit of further education: The directors of the Company have taken further education courses as required by law, please refer to page 36 of the Annual Report. 7、Implementation of risk management policies and risk measurement standards: Internal regulations and internal control systems are established in accordance with the law, and various risk management and assessments are conducted and audited regularly and irregularly by Internal Auditing Units. 8、Implementation of customer policies: The Company maintains stable and good relationships with its customers to maximize the company's profits. 9、The company's purchase of liability insurance for Directors: The Company has taken out liability insurance for the Directors of the Company, which was reported at the Third 14th Board Meeting (2022.08.10) and has been reported on the Market Observation Post System	No significant differences.
9. Please describe improvements that have already been made based on the Corporate Governance Evaluation results released for the most recent fiscal year by the Corporate Governance Center, Taiwan Stock Exchange, and specify the priority enhancement objectives and measures planned for any matters still awaiting improvement. (If the Company was not included among the companies evaluated for the given recent year, this item does not need to be completed.): The Company was not listed as an evaluated company in Year 2021; therefore, it is not necessary to fill in the information.				

Note: Regardless of whether "Yes" or "No" is ticked regarding the implementation status, an explanation should still be provided in the explanation column for each item.

(4) If the Company has a Remuneration Committee, it shall disclose its composition, duties and operation:

The Company's 5th Remuneration Committee (term of office from June 10, 2022 to May 31, 2025), consisting of all three Independent Directors, shall meet at least twice a year to set and regularly review the Company's performance evaluation standards, annual and long-term performance goals and remuneration policies, systems, standards and structures for Directors and Managers, and to regularly evaluate the achievement of the Company's performance goals for Directors and Managers, and to determine the content and amount of their individual remuneration based on the evaluation results obtained from the performance evaluation standards.

Information on Remuneration Committee Members

Qualifications Name	Member of the committee	Professional Qualifications and Experience	Independence analysis	Number of other public companies at which the person concurrently serves as remuneration committee member
Shen, Hui-Cheng	Independent Director (Convener)	Educational Background: Department of Law at National Chengchi University Main Experiences: Independent Director at New Advance Electronics Technologies Company Limited, Director at Answer Technology, Director at E-Elements Technology, Co. Ltd., Court Clerk at the Taiwan High Court Current Positions: General manager at Good Finance Securities Co., Ltd. (Regulation Compliance), Director of Ado Optronics Corporation, Director at OFCO Industrial Corp., Supervisor at Yung Fu Co., Ltd., Supervisor at NIKO SEMICONDUCTOR CO., LTD. Not subject to the provisions of Article 30 of the Company Act	The independent directors of the Company are in accordance with Article 3, Paragraphs 1 to 8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies. The Company's independent directors did not provide commercial, legal, financial or accounting services to the Company or other affiliates in the years 2021 and 2022.	0
Lu, Jia-Kai	Independent Director	Educational Background: Department of Law at National Chengchi University Main Experiences: Deputy Chairman of the Veterans Affairs Council, Senior Executive Officer of the Taiwan Executive Yuan's Legal affairs Committee, Secretary General of Veterans Affairs Council 's Regulations Committee, Director of SHIN SHIN CO LTD. Not subject to the provisions of Article 30 of the Company Act		0
Liu, Qi-Xu	Independent Director	Educational Background: Master's degree in Accounting at Soochow University Main Experiences: Director at Deloitte Touche Tohmatsu Limited, Independent Director at Taimide Tech, INC. Current Positions: Account at Cyun Yi Joint accounting firm Not subject to the provisions of Article 30 of the Company Act		0

Operation of the Remuneration Committee

1. There are three members of the Remuneration Committee of the Company

(1) Term of office: The 2nd term of the Remuneration Committee is from June 18, 2020 to June 1, 2022, and the 3rd term is from June 10, 2022 to May 31, 2025. The Remuneration Committee met three times in 2022, and members attended the following meetings was as follows:

Term(A) (No. of meetings)	Title	Name	No. of meetings attended in person (B)	No. of meetings attended by proxy	In-person attendance rate (%) (Note)	Remarks
4th Remuneration Committee (1 meeting)	Convener	Chen, Wei-Yu	1	0	100%	Date of Termination 2022. 06. 01
	Committee Member	Cao, Zhi-Ren	1	0	100%	Date of Termination 2022. 06. 01.
	Committee Member	Li, Ya-Xin	1	0	100%	Date of Termination 2022. 06. 01
5th Remuneration Committee (2 meetings)	Convener	Shen, Hui-Cheng	2	0	100%	Date of Appointment 2022. 06. 10
	Committee Member	Lu, Jia-Kai	2	0	100%	Date of Appointment 2022. 06. 10
	Committee Member	Liu, Qi-Xu	2	0	100%	Date of Appointment 2022. 06. 10

Other information required to be disclosed:

1. If the board of directors declines to adopt or modifies a recommendation of the remuneration committee, it should specify the date of the meeting, session, content of the motion, resolution by the board of directors, and the Company's response to the remuneration committee's opinion (e.g., the remuneration passed by the Board of Directors exceeds the recommendation of the remuneration committee, the circumstances and cause for the difference shall be specified): None.
2. Resolutions of the remuneration committee objected to by members or expressed reservations and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified: None
3. A summary of the major communication items and resolutions for 2022 is as follows.:

Date of meeting	Content of the motion	Resolution Result	The Company's Handling of Remuneration Committee Opinions
2022. 03.16 3rd meeting of 4th Remuneration Committee	Review of new Manager's individual remuneration case	All Directors present passed the motion without objection.	Submitted to the Board of Directors in accordance with the resolution of the Remuneration Committee, and approved by the Board of Directors.
2022.08.10 1st Meeting of 5th Remuneration Committee	Review of the Company's Directors' and Functional Members' Remuneration	After the Chairman consulted all the members present and agreed to amend Article 3, paragraphs 1 and 4, Article 5 and part of Article 6, it was presented to the Board of Directors for resolution.	Submitted to the Board of Directors in accordance with the resolution of the Remuneration Committee, and approved by the Board of Directors.
2022.12.21 2nd Meeting of 5th Remuneration Committee	The first case: Chairman and Deputy Chairman's year-end bonuses for 2022. The second case: Manager's performance and year-end bonus for 2022.	The first case: The Chairman consulted all members present and agreed to adjust the increase of the bonus amount for the Deputy Chairman and submitted it to the Board of Directors for resolution. The second case: All Directors present passed the motion without objection.	Submitted to the Board of Directors in accordance with the resolution of the Remuneration Committee, and approved by the Board of Directors.
2023.03.22 3rd Meeting of 5th Remuneration Committee	The first case: The proposal to amend the " Manager's Remuneration Policy and System" of the Company. The second case: The Company proposes to continue the existing " Method of Remuneration for Directors and Functional Members".	All Directors present passed the motion without objection.	Submitted to the Board of Directors in accordance with the resolution of the Remuneration Committee, and approved by the Board of Directors.

Notes:

(1) If a member of the Remuneration Committee leaves the Company before the end of the year, the date of departure should be indicated in the Notes column, and the actual attendance rate (%) should be calculated based on the number of Remuneration Committee meetings and the actual attendance during the period of employment.

(2) If there is a re-election of the Remuneration Committee before the end of the year, both new and existing members of the Remuneration Committee should be listed, and the date of re-election should be indicated in the Note column. The actual attendance rate (%) should be calculated based on the number of Remuneration Committee meetings and the actual attendance during the period of employment.

(5) Promotion of Sustainable Development – Implementation Status and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the Reasons:

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Implementation Status (Note1)</th><th rowspan="2">Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description (Note 2)</th></tr>
<tr><td>1. Has the Company established a governance framework for promoting sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the board of directors authorized senior management to handle related matters under the supervision of the board?</td><td>✔</td><td></td><td>The Board of Directors has authorized the General Manager as the convener to collectively review the Company's core operational capabilities, formulate mid- and long-term sustainable development plans, and report to the Board of Directors annually.
The "Sustainable Development Promotion Team" serves as a platform for communication between the upper and lower levels of the company and across departments in a cross-departmental manner. It identifies sustainability issues of concern to the company's operations and stakeholders, sets corresponding strategies and work directions, plans and implements annual proposals, and tracks the effectiveness of implementation to ensure that sustainable development strategies are fully implemented in the company's daily operations.
The Sustainable Development Promotion Group held a total of three meetings in the year 2022, and the resolutions included (1) the identification of sustainability issues and stakeholders that require attention; (2) the revision of goals and policies on sustainability-related issues; and (3) the company's response measures to climate change and evaluate the implementation status.
The Company will report the implementation status for 2022 at the 6th meeting of the 14th Board of Directors on March 22, 2023.</td><td>No significant differences</td></tr>
<tr><td>2. Does the company conduct risk assessments of environmental, social and corporate governance (ESG) issues related to the company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies?</td><td>✔</td><td></td><td>The risk assessment boundary for the period from January to December 2022 was based on the Company's Xinzhuang plant and the inclusion of its subsidiary, TSC Electronic Co., Ltd.
The risk evaluation strategy is as follows:
<table>
<tr><th>Major Issue</th><th>Risk Assessment Items</th><th>Description</th></tr>
<tr><td>Environment</td><td>Environmental Impact and Management</td><td>1.Through implementing production process safety management and institutionalized management cycle, and investing in relevant equipment for monitoring air and water pollution, the company has effectively reduced pollution emissions and minimized the environmental impact.
2. The company has obtained RoHS certification for its products and has upgraded its manufacturing process to lead-free and low environmental pollution technology.
3. The Company will establish a greenhouse gas inventory plan in accordance with the regulations of the competent authorities and report the progress of implementation to the Board of Directors on a quarterly basis to review the impact of the Company's operations. In addition, the Company will continue to implement carbon reduction measures in accordance with the carbon inventory plan to effectively reduce the risk of Scope 1 emissions and the indirect emissions of Scope 2 greenhouse gasses caused by electricity use.</td></tr>
<tr><td>Society</td><td>1.Occupational Safety

2. Product Safety</td><td>The Company holds regular fire drills and industrial safety education training every year to cultivate employees' emergency response and self-safety managing abilities. In 2022, the Company and its subsidiaries all completed employee health checks.
2. The products of the Company comply with all government regulations and laws. In order to ensure the quality of customer service, we set up a customer service hotline and communication website to strengthen cooperation with clients.</td></tr>
</table></td><td>No significant differences</td></tr>
</table>

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Implementation Status (Note1)</th><th rowspan="2">Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description (Note 2)</th></tr>
<tr><td></td><td></td><td></td><td><table><tr><td>Corporate Governance</td><td>1. Social economic and legal compliance

2. Strengthening the functions of Directors

3. Communications with Stakeholders</td><td>1. To ensure that all employees and operations of the Company comply with relevant laws and regulations by establishing a governance organization and implementing internal control mechanisms.
2.
(1) To plan relevant education programs for Directors and to provide Directors with annual updates on regulations, institutional developments and policies.
(2) To ensure Directors' liability insurance to protect them from lawsuits or claims.
3.
(1) The Company analyzes the key stakeholders and the issues of their concerns annually.
(2) To establish various communication channels to actively communicate and reduce confrontation and misunderstanding. The Company has set up a mailbox for investors, and the Spokesperson is responsible for responding to them.</td></tr></table></td><td></td></tr>
<tr><td>3.Environmental issues
(1) Has the Company set an environmental management system designed to industry characteristics?

(2) Has the Company set an environmental management system designed to industry characteristics?

(3) Has the Company evaluated the potential risks and opportunities posed by climate change for its business now and in the future and adopted relevant measures to address them?

(4) Did the company collect data for the past two years on greenhouse gas emissions, volume of water consumption, and the total weight of waste, and establish policies for greenhouse gas reduction, reduction of water consumption, or management of other wastes?</td><td>✔

✔

✔

✔</td><td></td><td>(1) The Company has established a thorough procedural document under ISO14001 environmental management system, undergoes regular external audits, continues to actively implement the greenhouse gas inventory program through third-party verification and resolutions of the Board of Directors, and tracks the effectiveness of emission reduction and reports to the Board of Directors.
(2) The Company strives to improve the recycling of various resources (such as water, copper, gold, silver and other metals recycling) and improve the utilization rate of plates and carry out waste reduction plans to reduce the amount of waste generated and disposed, and continuously carry out waste recycling.
(3) The Company has adopted the Sustainable Development Promotion Team as the promotion unit for climate change management, with the General Manager as the convener, to review the Company's climate change strategy and objectives, actions to manage climate change impacts and opportunities, and review the implementation status and discuss future plans annually, then report to the Board of Directors.
(4) The Company takes climate change-related issues seriously. In addition to encouraging the recycling of resources in our office environment, we have introduced an electronic document exchange mechanism for government documents, which makes it easier to send and receive documents and reduces the transmission time of documents, using both sides of the paper as much as possible, and set up a recycling rack next to the printer for recycling paper, which greatly reduces the amount of paper used. In addition, the company has completed the replacement of energy-efficient lighting lights and continues to replace traditional energy-consuming products with various energy-efficient products.
The company has set up relevant treatment facilities for waste gas emissions and has a dedicated staff to strictly monitor the quality of waste gas emissions, which not only meets the requirements of domestic laws and regulations but also contributes to the reduction of greenhouse gasses and harmful gasses.</td><td>No significant differences</td></tr>
</table>

Item	Implementation Status (Note1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description (Note 2)	
4. Social issues (1) Has the company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?	✔		(1) The Company recognizes and voluntarily follows the internationally recognized human rights standards such as the United Nations Universal Declaration of Human Rights, the United Nations Global Compact, the United Nations Guiding Principles on Business and Human Rights, and the United Nations International Labor Organization, and adopts the "Cheer Time Enterprise Human Rights Management Policy" to respect the protection set forth in the human rights treaties, which is posted on the Company's website. The Company's human rights management policy and its specific plans are summarized as follows. (a) Provide a safe and healthy working environment: The Company regularly reviews and maintains the safety and hygiene of the working environment and strives to improve the safety and health of employees, and regularly provides safety education and health checkups for employees. The Company also assigns personnel to attend various types of workplace safety and health training outside the company in order to reduce the safety and health hazards of the working environment for employees. (b) Prohibit forced labor and comply with local government labor laws and regulations: Implement a leave system and encourage employees to focus on work-life balance. In the future, the company will continue to pay attention to human rights protection issues and promote related education and training to raise awareness of human rights protection and reduce the possibility of related risks.	No significant differences
(2) Has the Company established and implemented reasonable employee welfare measures (include salary/compensation, leave, and other benefits), and are business performance or results appropriately reflected in employee salary/compensation?	✔		(2) The remuneration policy for employees is determined based on individual ability, contribution to the Company, performance, competitiveness and consideration of the Company's future operating risks. The Company's Articles of Incorporation provide that if the Company makes a profit in a year, it shall set aside 1% to 5% as employee remuneration and up to 3% as Director remuneration. Such employee remuneration may be in the form of stock or cash and may be paid to employees of affiliated companies who meet the criteria set by the Board of Directors. The aforementioned Director's remuneration can only be paid in cash. The Company has established an Employee Benefit Committee, and each year the Company allocates welfare funds to plan and provide high-quality benefits for employees, such as employee travel compensation, education and training, birthday vouchers, wedding allowance, maternity allowance, funeral allowance, etc. In addition, the Company also provides benefits such as a free medical checkup program for employees. In the event that employees need to take a longer leave of absence due to childcare, major injury or illness, or a significant misfortune, they can also apply for leave without pay to take care of their personal and family needs.	
(3) Does the Company provide employees with a safe and healthy working environment, and implement regular safety and health education for employees?	✔		(3) The Company establishes occupational safety and health management policies in accordance with laws and regulations, client requirements, and the Company's philosophy of sustainable management, and develops management systems based on the concept of precaution, strictly complies with relevant laws and regulations, continuously improves occupational safety and hygiene standards, aims to achieve the goal of no major damages. The Company's installations and equipment are safe, and the safety awareness and behavioral correction of employees are enhanced to reduce the risk of accidents. In terms of employee health, the Company provides health care services and plans a variety of health awareness activities and monthly health related topics to enhance the physical and mental health of employees.	

Item	Implementation Status (Note1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description (Note 2)	
(4) Has the Company established effective career development training programs for employees? (5) Does the company comply with the relevant laws and international standards with regards to customer health and safety, customer privacy, and marketing and labeling of products and services, and implement consumer protection and grievance policies? (6) Has the company formulated supplier management policies requiring suppliers to comply with relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and what is the status of their implementation?	✔ ✔ ✔		(4) The Company grants full authorization to each department for the training of its employees, and each department may submit training application to the Management Department for the internal and external training courses required for the relevant duties, and the subsequent training results will be accepted by the managers of each department, and the training results will be submitted to the Management Department for record keeping. (5) The Company's products are sold in compliance with domestic and international laws and regulations, and the Company's products are RoHS certified. The Company's "Operating Procedures and Guidelines for Integrity" specify that the Company's personnel shall comply with applicable intellectual property laws and regulations, regulate business activities, consumer protections and complaint procedures and operate with integrity.	
5. Does the company refer to international reporting standards or guidelines when preparing its sustainability report and other reports disclosing non-financial information? Does the company obtain third party assurance or certification for the reports above?		✔	The company has not yet compiled and will consider international trends and market changes for timely compilation in the future.	No significant differences
6. If the Company has adopted its own sustainable development best practice principles based on the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, please describe any deviation from the principles in the Company's operations: The Company has established a code of practice for Corporate Social Responsibility and continues to contribute in environmental protection, social contributions, social services, social welfare, consumer rights, human rights, safety and hygiene, and other social responsibility activities.				
7. Other important information to facilitate better understanding of the company's promotion of sustainable development: In addition to focusing on the Company's business development, the Company has also been actively involved in social welfare activities for many years. Since the establishment in 1987, the Company has been donating a fixed percentage of its annual revenue to charitable organizations in need, such as the Buddhist Compassion Relief Tzu Chi Foundation, and has participated for many years in the Charity Fair held by the Center for the Spinal Injury and Potential Development, and in addition to sponsoring funds, the Company has also participated in setting up booths for charity sales. In the future, we will continue to provide social services and contribute to social welfare in the spirit of doing our part in contributing back to society for the purpose of social stability.				

Note 1: If "Yes" is ticked in the "Implementation status" column, please concretely describe the major policies, strategies, and measures adopted and the status of their implementation. If "No" is ticked in the "Implementation status" column, please explain the deviations and the reasons in the "Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons" column and explain the Company's plans for adoption of related policies, strategies, and measures in the future.

Note 2: Companies who have compiled CSR reports may cite the source from specific pages of their CSR reports instead.

Note 3: The materiality principle refers to environmental, social, or corporate governance issues that have a material impact on the investors or other stakeholders of the company.

(6) Ethical Corporate Management – Implementation Status and Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons

Evaluation item	Implementation status (Note)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
1. Establishment of ethical corporate management policies and programs (1) Does the company have an 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? (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/TPE Listed Companies? (3) Does the company clearly set out the operating procedures, behavior guidelines, and punishment and appeal system for violations in the unethical conduct prevention program, implement it, and regularly review and revise the plan?	✔ ✔ ✔		(1) On November 13, 2014 and March 30, 2015, the Company's Board of Directors established the "Code of Conduct for Ethical Management" and the "Ethical Corporate Management Best Practice Principles" by resolution of the Board of Directors, specifying the policies and practices for integrity management in the regulations and external documents, as well as the commitment of the Board of Directors and the Management to implement the management policies actively. (2) The Company's "Code of Conduct for Ethical Management", "Ethical Corporate Management Best Practice Principles" and "Employee Handbook" all specify the integrity behaviors to be followed by all employees of the Company, so that all employees of the Company can fully understand the Company's commitment to integrity operation, policies, prevention plans and consequences of violations and unethical behaviors, which the Audit Office is responsible for supervising and enforcing. (3) The Company's "Operating Procedures and Behavior Guidelines for Integrity Management" and "Employee Handbook" stipulate that any employee of the Company who "commits fraud, accepts rebates, steals or embezzles public funds, fails to maintain integrity, or commits a violation of discipline or law. In material cases, the employment relationship may be terminated without warning.	No significant differences
2. Ethical Management Practice (1) Does the company assess the ethics records of those it has business relationships with and include ethical conduct related clauses in the business contracts? (2) Has the company set up a dedicated unit to promote ethical corporate management under the board of directors, and does it regularly (at least once a year) report to the board of directors on its ethical corporate management policy and program to prevent unethical conduct and monitor their implementation? (3) Has the company established policies to prevent conflict of interests, provided appropriate communication and complaint channels, and properly implemented such policies? (4) Does the company have effective accounting and internal control systems in place to enforce ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit compliance with the systems to prevent unethical conduct or hire outside accountants to perform the audits? (5) Does the company provide internal and external ethical corporate management training programs on a regular basis?	✔ ✔ ✔ ✔ ✔		(1) The Company has a "Purchasing Policy" with its suppliers, which specifies that the suppliers shall ensure proper relationship with the Company and conduct their business activities in a fair and transparent manner. On the clients' side, the Company complies with the spirit of the "Purchase Contract" signed with the clients and strictly controls the quality and delivery of the products sold. (2) The Company has a corporate governance officer under the Board of Directors, who is responsible for promoting honest management practices and reporting to the Board of Directors on a regular basis. At the 6th meeting of the 14th Board of Directors on March 22, 2023, the Company reported on its policy on integrity management for the year 2022 and the plan to prevent unethical behavior and monitor its implementation. (3) In case of conflict of interest in business, the Company shall comply with the relevant regulations in the "Employee Handbook" to prevent conflict of interest. In case of conflict of interest, the internal employees of the Company may report to the head of their departments, or directly to the head of the management department or the Auditor; in addition, in case of conflict of interest in the Board of Directors' meeting, the Company shall adopt the principle of recusal and shall not participate in the discussion and leave the meeting without taking part in the voting. (4) The accounting system of the Company is formulated based on the Securities and Exchange Act, the Company Act, the Business Accounting Act, the Guidelines Governing the Preparation of Financial Reports by Public Companies, the International Financial Reporting Standards approved by the Financial Supervisory Commission, the International Accounting Standards, interpretations, and explanatory pronouncements, and other relevant laws and regulations, and the actual situations of the Company's business. The internal control system is based on the "Guidelines Governing the Establishment of Internal Control Systems by Public Companies" and other relevant regulations,	No significant differences

Evaluation item	Implementation status (Note)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
			and has been implemented. The Audit Office also regularly audits the status of compliance with the accounting system and internal control system and reports to the Board of Directors. (5) The Company educates its employees and makes them clearly understand its management philosophy and standards of integrity through the meetings of the management and regular monthly meetings of the Company.	
3. Implementation of Complaint Procedures (1) Has the company established specific whistle-blowing and reward procedures, set up conveniently accessible whistle-blowing channels, and appointed appropriate personnel responsible for handling complaints received from whistleblowers? (2) Has the company established standard operating procedures for investigating the complaints received, follow-up measures taken after investigation, and mechanisms ensuring such complaints are handled in a confidential manner? (3) Has the company adopted proper measures to protect whistleblowers from retaliation for filing complaints?	✔ ✔ ✔		(1) The Company has established the "Rules for Handling Whistleblowing Cases of Cheer Time Enterprise Co., Ltd." by resolution of the 5th Meeting of the 14th Board of Directors on December 21, 2022, and has designated the Manager of Corporate Governance as the special officer for handling such cases. (2) The Company has established the "Rules for Handling Whistleblower Cases", which covers the standard operating procedures for the investigation of whistleblower cases and the related confidentiality procedure. These rules are announced on the Company's website. (3) It has been established in the "Rules for Handling Whistleblowing Cases of Cheer Time Enterprise Co., Ltd.	No significant differences
4. Strengthening Information Disclosure Does the company disclose its ethical corporate management policies and the results of their implementation on its website and the Market Observation Post System (MOPS)?	✔		The Company has set up a website to disclose information related to ethical corporate management and is committed to ensuring that the information it discloses to the public is complete, fair, accurate, timely and understandable.	No significant differences
5. If the company has adopted its own ethical corporate management best practice principles based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, please describe any deviations between the principles and their implementation: No				
6. Other important information to facilitate a better understanding of the status of operation of the company's ethical corporate management policies (e.g., the company's reviewing and amending of its ethical corporate management best practice principles): In addition to the Company's "Code of Conduct on Integrity", the Company also follows the spirit of procurement contracts with its suppliers and clients to ensure that they are in a distinguished position and do not have improper relationships with the Company and conduct business activities in a fair and transparent manner. The company's management philosophy is based on the principle of "honesty and pragmatism", which is the core philosophy of the company's management, and therefore all employees, regardless of management level, comply with the company's operating philosophy.				

Note: Regardless of whether "Yes" or "No" is ticked regarding the implementation status, an explanation should still be provided in the explanation column for each item.

(7) If the Company has established an Ethical Corporate Management Best Practice Principles and related regulations, it shall disclose the means of inquiry:
Ethical Corporate Management Best Practice Principles and Related Regulations: The Company has established the "Ethical Corporate Management Best Practice Principles", "Rules for Evaluating the Performance of the Board of Directors", "Rules of Procedures for Shareholders' Meetings", "Rules Governing Board Meetings", "Procedures for Election of Directors", "Rules Governing the Scope of Responsibilities of Independent Directors", "Code of Conduct on Integrity", "Procedures and Guidelines for Integrity Management" and other related regulations, and the related information has been disclosed on the Company's website (www.cheer-time.com.tw). Please refer to the Company's website for more details.

(8) Other important information that enhances the understanding of the operation of Corporation governance:

1. Director's Continuing Professional Education in 2022

Title	Name	Date	Organizer	Course Title	Number of hours
Chairman	Chuang, Ming-Li	2022/10/27	Independent Director Association Taiwan	The Financial Consumer and the Principles of Fair Treatment and Case Studies	3
		2022/12/20	Taiwan Securities Association	The Latest Trend of Anti-Money Laundering and Counter Terrorist Financing (including promotion of insider trading prevention)	3
Deputy of Chairman	Liu, Wen-Zhen	2022/9/23	Accounting Research and Development Foundation	EXPLANATION OF THE CONCEPT OF “DISCLOSURE OF CLIMATE-RELATED INFORMATION” UNDER ISSB S2	3
		2022/09/26		The Reading of TCFD Report: Knowing the key information	3
Director	Lin, Zhong-Nan	2022/07/27	Taiwan Stock Exchange	Sustainable Development Pathway Industry Themed Promotion Meeting	2
		2022/09/29		2022 Listed Companies – The Release of Reference Guidelines for Independent Directors and Audit Committee on the Exercise of Their Authority and Director Briefing	3
		2022/10/12	Securities and Futures Institute (SFI Taiwan)	2022 Legal Compliance Briefing for Insider Stock Transactions	3
		2022/10/19	Taiwan Corporate Governance Association	The 18th (2022) Corporate Governance Summit - Enhancing Directors’ Functions to Implement Sustainable Corporate Governance	6
Director	Chuang, Bo-Qiang	2022/07/27	Taiwan Stock Exchange	Sustainable Development Pathway Industry Themed Promotion Meeting	2
		2022/09/30	Taiwan Corporate Governance Association	Variables of International Order and Corporate Governance Response	3
		2022/10/11	Taiwan Stock Exchange	2022 Listed Companies – The Release of Reference Guidelines for Independent Directors and Audit Committee on the Exercise of Their Authority and Director Briefing	3
		2022/10/25	Taiwan Corporate Governance Association	Interpretation of Important Corporate Governance Decisions: Centered on Directors’ Responsibilities	3
		2022/10/26	Securities and Futures Institute (SFI Taiwan)	2022 Legal Compliance Briefing for Insider Stock Transactions	3
Director	Lin, Ding-Xiang	2022/10/19	Taiwan Corporate Governance Association	The 18th (2022) Corporate Governance Summit - Enhancing Directors’ Functions to Implement Sustainable Corporate Governance	6

		2022/12/08	Securities and Futures Institute (SFI Taiwan)	Secret of Operations	3
		2022/12/23		Anti-Money Laundering Prevention and Counter Terrorist Financing Practices	3
Director	Wu, Ying-Zhu	2022/09/16	Securities and Futures Institute (SFI Taiwan)	The benefits of Circular Economy and its business model	3
		2022/09/23	Securities and Futures Institute (SFI Taiwan)	A Corporate Perspective on Emerging Fintech Crimes and Anti-Money Laundering	3
Independent Director	Shen, Hui-Cheng	2022/10/27	Independent Director Association Taiwan	Financial Consumer and Fair Treatment Principles and Case Studies	3
		2022/12/20	Taiwan Securities Association	The Latest Trend of Anti-Money Laundering and Counter Terrorist Financing (including promotion of insider trading prevention)	3
Independent Director	Lu, Jia-Kai	2022/09/16	Securities and Futures Institute (SFI Taiwan)	Financial Information Most Often Overlooked by Directors	3
		2022/09/16		The benefits of Circular Economy and its business model	3
		2022/11/08		How Non-financial directors and Supervisors review Financial Reports	3
Independent Director	Liu, Qi-Xu	2022/09/07	Securities and Futures Institute (SFI Taiwan)	Employee and Director Remuneration Issues - From the Amendment of Article 14 of the Securities and Exchange Act	3
		2022/10/05	Taiwan Corporate Governance Association	The Key to Sustainable Business - External Innovation	3

2. Manager's Continuing Professional Education in 2022

Title	Name	Date	Course Title	Number of Hours
Accounting Manager	Qiu, Huai-Qing	2022/11/03~04	Securities and Exchange Commission Accounting Supervisor Continuing Education Program for Issuers and Securities Firms	12hrs
Financial Manager	Lo, Yu-Ru	2022/12/22~23	Securities and Exchange Commission Accounting Supervisor Continuing Education Program for Issuers and Securities Firms	12hrs
Audit Manager	Cheng, Chiu-Ya	2022/06/20~22	Pre-employment training program for internal auditors in enterprises	18hrs
		2022/08/23	"Manufacturing Industry Material System" Audit Practice Course	6hrs

9. **Disclosures Required for the Implementation of the Internal Control System**:

1.Internal Control Statement

Cheer Time Enterprise Co., Ltd.
Internal Control Statement

Date:2022.03.22

Based on the results of the self-assessment, the Company's internal control system for year 2022 is stated as follows:

1. The Company recognizes that it is the responsibility of the Board of Directors and the Manager to establish, implement and maintain an Internal Control System and such system has been established. The purpose of the system is to provide reasonable assurance of the effectiveness and efficiency of operations (including profitability, performance and safety of assets), reliability of press reports, timeliness, transparency and compliance with relevant regulations and relevant laws and regulations.
2. The internal control system has limitations. No matter how well designed, an effective Internal Control System can only provide reasonable assurance of the achievement of the above three targets; moreover, the effectiveness of the Internal Control System may change due to changes in circumstances and conditions. However, the Company's internal control system has a self-monitoring mechanism and once deficiencies are identified, the Company will take action to resolve them.
3. The Company uses the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the " Regulations") to determine the effectiveness of the design and implementation of the Internal Control System in accordance with the following evaluation criteria. The judgment items of the internal control system adopted in the "Regulations" are divided into five components based on the management control process: 1. environment control, 2. risk assessment, 3. operation control, 4. information and communication, and 5. supervision operation. Each component includes a number of items. Please refer to the "Regulations" for the aforementioned items.
4. The Company has adopted the Internal Control System mentioned above to evaluate the effectiveness of the design and implementation of the Internal Control System.
5. Based on the results of the preceding evaluation, the Company believes that the design and implementation of the Company's Internal Control System (including supervision and management of subsidiaries) as of December 31, 2021, covering the extent to which the objectives of operational effectiveness and efficiency have been achieved, reported as reliable, timely, transparent and in compliance with the relevant laws and regulations, and is effective, reasonably guaranteeing The Company's Internal Control System is designed and implemented in a manner that is effective in ensuring the achievement of the above objectives.
6. This statement will become the main content of the Company's Annual Report and Public Statement, and will be made public. If any of the above-mentioned contents are disclosed in a false or concealed manner, the Company will be subject to legal liability under Article 20, Article 32, Article 171 and Article 174 of the Securities and Exchange Act.
7. This statement was approved by the Board of Directors on March 22, 2023. Among the 9 Directors present, none of them held an opposing view and the rest of them agreed to the contents of this statement.

Cheer Time Enterprise Co., Ltd.

Chairman: CHUANG, MING-LI Signature

General Manager: LIU, WEN-CHEN Signature

2.The Accountant's report shall be disclosed if the Internal Control System is reviewed by an Accountant assigned to the case: None

(10)If there has been any legal penalty against the company and its internal personnel, or any disciplinary penalty by the company against its internal personnel for violation of the internal control system, during the most recent fiscal year or during the current fiscal year up to the publication date of the annual report, where the result of such penalty could have a material effect on shareholder interests or securities prices, the annual report shall disclose the penalty, the main shortcomings, and condition of improvement: None.

(11) Major Resolutions of Shareholders' Meeting and Board Meetings

1. Significant Resolutions and Implementation at the 2022 Annual General Shareholders' Meeting

Case Number	Item	Major Resolutions	Execution Situation
Recognition Case: First case	Recognition of the 2021 Financial Statements	As a result of the vote, the number of affirmative votes exceeded the legal requirement, the motion passed as written.	The relevant registrations have been filed with the authorities in accordance with the Company Act and the Financial Holding Company Act and other relevant laws and regulations, and the relevant matters have been reported to the authorities for record-keeping and public announcement.
Recognition Case: First case	Recognition of Appropriation of loss for 2021	As a result of the vote, the number of affirmative votes exceeded the legal requirement, the motion passed as written.	
Discussion Case: First Case	Amendment of certain sections of the Company's "Articles of Incorporation"	As a result of the vote, the number of affirmative votes exceeded the legal requirement, the motion passed as written.	The resolution has been implemented and completed.
Discussion Case: Second Case	Amendments of certain provisions of the "Rules of Procedure of the Shareholders' Meeting" of the Company	As a result of the vote, the number of affirmative votes exceeded the legal requirement, the motion passed as written.	The resolution has been implemented and completed.
Discussion Case: Third Case	Amendments of certain provisions of the "Procedures for Acquisition and Disposal of Assets" of the Company	As a result of the vote, the number of affirmative votes exceeded the legal requirement, the motion passed as written.	The resolution has been implemented and completed.
Discussion Case: Fourth Case	TSC Electronic Co., Ltd.	As a result of the vote, the number of affirmative votes exceeded the legal requirement, the motion passed as written.	The resolution was implemented and completed on June 8, 2022.
Election Case	Re-election of all Directors (including Independent Directors) of the Company	1. As a result of the vote, the following Directors were elected: Chuang, Ming-Li, Liu, Wen-Zhen, Lin, Zhong-Nan, from Chuang Da Investment Co., Ltd., Wu, Ying-Zhu, Chuang, Bo-Qiang, Lin, Ding-Xiang 2. As a result of the vote, the following Independent Directors were elected: Shen, Hui-Cheng, Lu, Jia-Kai, Liu, Qi-Xu	In accordance with the resolution, the 14th First Board of Directors' Meeting was held on June 1, 2022, and the Chairman, Chuang, Ming-Li, and Deputy Chairman, Liu, Wen-Zhen, were elected.
Other Motions	Discharge Prohibition of Competition on Newly appointed Directors	As a result of the vote, the number of affirmative votes exceeded the legal requirement, the motion passed as written.	The resolution has been implemented and completed.

2. Major Resolutions of Board Meetings in year 2022

Board Meeting	Major resolutions
13th Board of Directors 12th Meeting	1. Planned the relevant matters for the first private placement of common stock issuance of our company in the year 2022. 2. Planned the relevant matters for the first private placement of common stock issuance of our company in the year 2022.
13th Meeting	1.Statement of Internal Control was issued. 2. Evaluate the independent case of the Certified Public Accountant. 3. Annual Report of 2021 on Operations Report and Financial Statements. 4. Appropriation of profit or loss for the year 2021. 5.The case of evaluating overdue accounts receivable of our company and its subsidiaries being transferred to funds lent to others. 6. Amend the "Articles of Incorporation" of the company. 7. Amend certain provisions of the "Rules of Shareholders' Meetings" of the company. 8.Amend certain provisions of the "Regulations Governing the Acquisition and Disposal of Assets "of the company. 9.Re-election of all Directors (including Independent Directors) of the Company. 10.Discharge Prohibition of Competition on Newly appointed Directors. 11. 2022 Annual General Meeting of Shareholders of the Company. 12. This Company accepts matters related to whether the nomination from Shareholders should be included in the list of candidates. 13. The Company's regular Shareholders' meeting is held to deal with matters related to Shareholders' proposal rights. 14. The case of appointing a new manager and changing the spokesperson of the company. 15. Review the individual remuneration of the new manager of the company.
13th Board of Directors 14th Meeting	1. Review of the list of candidates nominated by the Board of Directors for election as Directors (including Independent Directors) 2.TSC Electronic Co., Ltd. 3. Adding a motion to the Company's 2022 Annual General Shareholders' Meeting
13th Board of Directors 15th Meeting	1. The Company's First Quarter 2022 Consolidated Financial Statements 2.The case of evaluating overdue accounts receivable of our company and its subsidiaries being transferred to funds lent to others. 3. The case of changing the company's Audit Manager.
14th Board of Director 1st Meeting	1. The election of the Chairman. 2. The election of Deputy Chairman.
14th Board of Director 2nd Meeting	1. Appointment of the Fifth Remuneration Committee of the Company. 2. Appointment of the second Investment Committee of the Company. 3. The case of appointing a new manager, changing the Spokesman and Deputy Spokesman of the company. 4. Review the individual remuneration of the new manager of the company. 5. Review the individual remuneration of the directors concurrently serving other positions in the company.
14th Board of Director 3rd Meeting	1. The case of changing the Financial Report Audit Accountant 2. The Company's Second Quarter 2022 Consolidated Financial Statements. 3.The case of evaluating overdue accounts receivable of our company and its subsidiaries being transferred to funds lent to others. 4. Liability Insurance Coverage for Directors and Key Employees. 5.Proposal to apply for a line of credit from Cathay United Bank. 6.Proposal to apply for a line of credit from The Shanghai Commercial & Savings Bank, Ltd. 7.The Company's loan of funds to its subsidiary, GREAT LITE INTERNATIONAL CO., LTD. 8. Review of the Company's Directors' and Functional Committee Members' Remuneration Payment

14th Board of Director 4th Meeting	1. The Consolidated Financial Statements of the Company for the Third Quarter of 2022 2.The case of evaluating overdue accounts receivable of our company and its subsidiaries being transferred to funds lent to others. 3.Amendments of the “Regulations Governing the Approval of Authorities and Agents” of the Company. 4.Amendment of the “Rules of Procedures for Handling Significant Internal Information” of the company. 5. Change of stock agency. 6. Apply for a comprehensive short-term line of credit from CTBC Bank Co., Ltd. 7. Apply for a credit line from Chang Hwa Commercial Bank, Ltd. 8. Application for a credit line from Taiwan Cooperative Bank. 9. To apply for a credit line from Hua Nan Commercial Bank, Ltd. 10. To terminate the Investment Review Committee and the "Organization and Operation of the Investment Committee" of the Company. 11.Amend certain provisions of the “Rules of Shareholders’ Meetings” of the company. 12. Amend certain provisions of the Company's "Ethical Corporate Management Best Practice Principles". 13. Amend the name of the Company's "CSR Code of Practice" to "Code of Practice on Sustainable Development" and amend some of its provisions. 14. Established the Company's "Sustainable Development Policy" and the "Organizational Procedures of the Sustainable Development Promotion Team".
14th Board of Director 5th Meeting	1. The Company's financial statements for 2023 are presented for consideration. 2. The Company's audit plan for 2023 is presented for consideration. 3.The Company funded 100% to Zeng Sun Co., Gregg Wright (Chengdu) Technology Co. 4. Proposed to apply for a credit line from Mega International Commercial Bank for consideration. 5. The Chairman and Deputy Chairman's year-end bonus for 2022 is proposed for review. 6. The Company's 2022 managerial performance and year-end bonuses are proposed for consideration. 7.Proposed to establish the Company’s “Regulations for Prevention of Insider Trading” and submit for review. 8.Proposed to establish the Company’s “Rules for Handling Prosecution Cases” and submit them for review.
14th Board of Director 6th meeting	1. Proposed Annual Report of 2022 on Operations Report and Financial Statements and submitted for consideration. 2. Proposed Appropriation of profit or loss for year 2022 and submitted for consideration. 3. The Company has issued a Statement of Internal Control System for 2022 and submitted for review. 4. The case of evaluating overdue accounts receivable of our company and its subsidiaries being transferred to funds lent to others, was submitted for review. 5. The Company intends to purchase fixed assets, inventory and stock from its subsidiary TSC Electronic Co., was submitted for review. 6. The proposal to amend the Company's "Managerial Remuneration Policy and System" was submitted for review. 7. The Company intends to continue the existing "Method for Payment of Remuneration to Directors and Functional Members" that was submitted for review. 8.Proposal to apply for a line of credit from Cathay United Bank was submitted for review. 9. The date, time and place of the 2023 Annual General Meeting of Shareholders and the main content of the meeting are set and were submitted for review. 10. The proposal to establish a Corporate Governance Director is submitted for review.

(12) For the most recent year and as of the printing date of the Annual Report, the Directors or Supervisors had different opinions on important resolutions passed by the Board of Directors, and there are records or written statements of such opinions.: None

(13) Summary of the resignations of the Chairman, General Manager, Accounting Manager, Finance Manager, Internal Audit Manager, Corporate Governance Manager and Research and Development Manager of the Company for the most recent year and as of the date of printing of the Annual Report. On May 12, 2022, the 2th Audit Committee of the 22nd Meeting and the 13th Board of Directors Meeting of the 15th Meeting resolved to terminate the duties of the Audit Manager Lan Shi-Mei and replaced by the Audit Manager Cheng Qiu-Ya.

5.Information Regarding the Company’s Audit Fee and Independence:

Name of accounting firm	Name of CPAs	Period Covered by CPA Audit	Audit Fee	Non-Audit Fees	Total	Remarks
PricewaterhouseCoopers Taiwan	Wang, Song-Ze	2022/01/01~2022/12/31	2,270	60	2,330	None
	Lin, Yong-Zhi	2022/01/01~2022/12/31				

Note: The fee the Company paid for "Business Registration" services provided by PricewaterhouseCoopers Taiwan.

(1)If the audit fee is reduced in the year of change of accounting firm compared with the audit fee in the year before the change, the amount of the audit fee before and after the change and the reasons for the reduction should be disclosed: Not applicable.

(2)If the audit fee is reduced by 10% or more from the previous year, the amount, percentage and reasons for the reduction should be disclosed: None.

6. The change of Account: None

7. The Chairman of the Board of Directors, General Manager, or the Manager in charge of financial or accounting matters, who has worked in the firm of the certified public accountant or its affiliates within the last year: None.

8. Changes in the shareholding of Directors, Supervisors, Managers, and shareholders holding more than 10% of the shares and pledges of shares in the most recent year and as of the printing date of the Annual Report:

(1) Changes in Shareholding of Directors, Supervisors, Managers and Major Shareholders: Unit: Shares

Job title	Name	2022		Current fiscal year as of 04.03.2023	
		Shareholding increase (or decrease)	Pledged shareholding increase (or decrease)	Shareholding increase (or decrease)	Pledged shareholding increase (or decrease)
Major Shareholder	Chuang Da Investment Co., Ltd.	8,571,080	-	-	-
Chairman	Chuang, Ming-Li	6,800,000	-	-	-
Deputy Chairman	Liu, Wen-Zhen	4,920,582	-	-	-
Legal Director Representative	Lin, Zhong-Nan	-	-	-	-

Job title	Name	2022		Current fiscal year as of 04.03.2023	
		Shareholding increase (or decrease)	Pledged shareholding increase (or decrease)	Shareholding increase (or decrease)	Pledged shareholding increase (or decrease)
Director	Wu, Ying-Zhu	(140,355)	-	-	-
Director	Chuang, Bo-Qiang	200,000	-	-	-
Director	Lin, Ding-Xiang	200,000	-	-	-
Independent Director	Shen, Hui-Cheng	-	-	-	-
Independent Director	Lu, Jia-Kai	-	-	-	-
Independent Director	Liu, Qi-Xu	-	-	-	-
Chief Financial Officer	Qiu, Huai-Qing	-	-	-	-
Accounting Manager	Luo, Yu-Ru	-	-	-	-
Finance Manager	Lu, Jia-Rong	-	-	-	-
Audit Manager	Cheng, Chiu-Ya	-	-	-	-
Corporate Governance Officer	Lu, Gui-Lan	-	-	-	-

Note 1: The Company has completed capital reduction in January 2022 and also completed capital increase in private fund raising in the same year.

(2) Shares Trading and shares Pledge with Related Parties: None

9.Information on the top ten Shareholders who are affiliates, spouses or relatives within the second degree of kinship:

2023.05.02

Name (Note1)	Shares held		Shares held by spouse and minor children		Shares held through nominees		top ten Shareholders who are affiliates, spouses or relative within the second degree		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Chuang, Ming-Li	8,571,080	13.34%	4,022,350	6.26%	-	-	Lin, Jian-Hong Lin, Ding-Xiang Chuang Chen, Shu-Hua	Spouse First degree kinship Second degree kinship	-
Liu, Wen-Zhen	6,800,000	10.58%	1,200,000	1.87%	-	-	Zhang, Xiu-Qin	Spouse	-
Chuang Da Investment Co., Ltd.	4,920,582	7.66%	-	-	-	-	None	None	-

Name (Note1)	Shares held		Shares held by spouse and minor children		Shares held through nominees		top ten Shareholders who are affiliates, spouses or relative within the second degree		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Chuang Chen, Shu-Hua	4,481,811	6.97%	-	-	-	-	Chuang, Bo-Ren Chuang, Ming-Li	First degree kinship Second degree kinship	-
Lin, Jian-Hong	4,022,350	6.26%	8,571,080	13.34%	-	-	Chuang, Ming-Li Lin, Ding-Xiang Chuang Chen, Shu-Hua	Spouse First degree kinship Second degree kinship	-
Lin, Ding-Xiang	2,336,586	3.64%	-	-	-	-	Chuang, Ming-Li Lin, Jian-Hong	First degree kinship	-
Wu, Ying-Zhu	1,600,645	2.49%	-	-	1,343,534	-	None	None	-
Chuang, Rong-Qi	1,600,000	2.49%	-	-	-	-	None	None	-
Chuang, Bo-Ren	1,600,000	2.49%	-	-	-	-	Chuang Chen, Shu-Hua	First degree kinship	-
Zhang, Xiu-Qin	1,200,000	1.87%	6,800,000	10.58%	-	-	Liu, Wen-Zhen	Spouse	-

Note 1: The names of Shareholders should be listed separately (Corporate Shareholders should list the names of Corporate Shareholders and their representatives separately)

Note 2: The calculation of the percentage of shareholding refers to the shares held in the name of oneself, one's spouse, minor children, or using the names of others, respectively.

10.The number of shares held by the Company, the number of shares held by the Company's Directors, Supervisors, and the number of shares of the same investee enterprise which are held by the entities directly or indirectly controlled by the company. Calculate the consolidated shareholding percentage of the above categories.

2022.12.31

Unit: Shares；%

Re-invested businesses	Invested by the Company		Investments of Directors, Supervisors, Managers and businesses directly or indirectly controlled by the Company		consolidated shareholding	
	Number of Shares	Percentage	Number of Shares	Percentage	Number of Shares	Percentage
CHEER TIME CO., LTD	34,369,234	100%	-	-	34,369,234	100%
GREAT LITE INTERNATIONAL CO., LTD.	20,000,000	100%	-	-	20,000,000	100%
TSC Electronic Co., Ltd	8,000,000	100%	-	-	8,000,000	100%

IV. Capital Overview

1. Capital and shares

(1) Source of Capital Stock

①Cap Table:

8	Issue Price (NT$)	Authorized capital stock		Paid-up capital		Remarks			
		No. of shares	Amount (NT$)	No. of shares	Amount (NT$)	Source of capital stock	Offset by any property other than cash	Others	Date and Reference Number of Approval by the Authority
1987.07	100	30,000	3,000,000	30,000	3,000,000	Share capital established	None	–	–
1989.02	100	75,000	7,500,000	75,000	7,500,000	Cash capital increase- NT$ 4,500,000	None	–	–
1990.08	100	108,000	10,800,000	108,000	10,800,000	Cash capital increase- NT$3,300,00 0	None	–	–
1995.02	10	1,080,000	10,800,000	1,080,000	10,800,000	Change in issue price no change in share capital	None	–	–
1999.11	10	48,000,000	480,000,000	13,200,000	132,000,000	Cash capital increase- NT$ 121,200,000	None	–	(88) No.088142802 on November 30, 1999
2000.12	10	48,000,000	480,000,000	16,500,000	165,000,000	Capital increase by capital earnings- NT$ 33,000,000	None	–	(89) No.089146983 on December 18, 2000
2001.08	10	48,000,000	480,000,000	18,810,000	188,100,000	Capital increase by capital earnings- NT$ 23,100,000	None	–	No.09001327490 on August 22, 2001
2002.04	13.5	48,000,000	480,000,000	26,238,000	262,380,000	Cash capital increase- NT$ 74,280.000	None	–	No.09102133990 on April 23, 2002
2002.06	10	48,000,000	480,000,000	30,000,000	300,000,000	Capital increase by capital earnings- NT$ 37,620,000	None	–	No.09102202600 on June 6, 2002
2004.07	10	48,000,000	480,000,000	36,600,000	366,000,000	Capital increase by capital earnings and capital surplus- NT$ 66,000,000	None	–	No.09332440550 on July 20, 2004
2005.08	10	48,000,000	480,000,000	39,030,000	390,300,000	Capital increase by earnings and employee bonuses- NT$ 24,300,000	None	–	No.09432682380 on August 19, 2005
2006.09	10	88,000,000	880,000,000	45,880,000	458,800,000	Capital increase by earnings and employee bonuses- NT$ 68,500,000	None	–	No.09532789150 on September 6, 2006
2007.08	10	88,000,000	880,000,000	48,000,000	480,000,000	Capital increase by earnings and employee bonuses- NT$ 21,200,000	None	–	No.09632647040 on August 21, 2007
2007.11	29.35	88,000,000	880,000,000	48,085,178	480,851,780	Conversion of corporate bonds to common shares- NT$ 851,780	None	–	No.09633068790 on November 20, 2007
2008.10	10	88,000,000	880,000,000	49,860,000	498,600,000	Capital increase by earnings and employee bonuses- NT$ 17,748,000	None	–	No.09733338710 on October 29, 2008
2009.06	9.5	88,000,000	880,000,000	57,860,000	578,600,000	Cash capital increase- NT$ 80,000,000	None	–	No.09801173430 on August 5, 2009

2009.10	10	88,000,000	880,000,000	60,463,700	604,637,000	Capital increase by Capital Earnings - NT$ 26,037.000	None	–	No.09801235770 on October 13, 2009
2010.04	10	88,000,000	880,000,000	60,472,700	604,727,000	Capital increase by employee stock option – NT$ 90,000	None	–	No.09901078560 on April 20, 2010
2010.09	10	88,000,000	880,000,000	62,286,881	622,868,810	Capital increase by Capital Earnings - NT$ 18,142,000	None	–	No.09901215840 on September 27, 2010
2011.11	10	88,000,000	880,000,000	60,969,881	609,698,810	Treasury Stock Retired- NT$ 13,170,000	None	–	No.10001264020 on November 22, 2011
2012.07	10	88,000,000	880,000,000	57,969,881	579,698,810	Treasury Stock Retired- NT$ 30,000,000	None	–	No.10101142060 on July 13, 2012
2013.07	10	200,000,000	2,000,000,000	90,869,881	908,698,810	Cash capital increase by private placement- NT$ 329,000,000	None	–	No.10201146160 on July 22, 2013
2013.12	10	200,000,000	2,000,000,000	93,515,881	935,158,810	Capital increase by employee stock option – NT$ 26,460,000	None	–	No.10201242590 on December 6, 2013
2021.11	10	400,000,000	4,000,000,000	32,263,000	322,630,000	Capital reduction for cover accumulated deficits- NT$ 612,529,000	None	–	No.1108083244 on November 22, 2021 (New Taipei City Government)
2022.03	10	400,000,000	4,000,000,000	64,263,000	642,630,000	Cash capital increase by private placement- NT$ 320,000,000	None	–	No.11101055170 on April 18, 2022

(2)①Type of shares:

2023.05.02 Unit: Share

Type of shares	Authorized capital stock			Remarks
	Outstanding shares	Unissued shares	Total	
Registered common stock	64,263,000	335,737,000	400,000,000	All outstanding shares are listed

Note:Information on the reporting system: Not applicable

②Shareholder structure

2023.05.02

Shareholder structure Amount	Government agency	Financial institution	Other legal entities	Individual	Foreign institutions and foreigners	Total
Number of people	0	1	127	7,450	9	7,587
Number of shares held	0	5,000	8,573,539	55,602,935	81,526	64,263,000
Shareholdings ratio (%)	0	0.01	13.34	86.52	0.13	100

(3)Dispersion of equity ownership

①Common Stock: 2023.05.02

Unit: Share; people; %, 10 NT$ per share

Shareholdings classification	Number of shareholders	Number of shares held	Shareholding ratio %
1 to 999	5,685	624,365	0.97%
1,000 - 5,000	1,311	2,884,020	4.49%
5,001 - 10,000	245	1,733,178	2.70%
10,001 - 15,000	101	1,220,207	1.90%
15,001 - 20,000	56	979,730	1.52%
20,001 - 30,000	60	1,477,727	2.30%
30,001 - 40,000	32	1,102,516	1.72%

40,001 - 50,000	12	532,485	0.83%
50,001 - 100,000	32	2,161,796	3.36%
100,001 - 200,000	22	3,073,696	4.78%
200,001 - 400,000	9	2,756,372	4.29%
400,001 - 600,000	5	2,650,630	4.12%
600,001 - 800,000	4	2,785,754	4.33%
800,001 - 1,000,000	2	2,000,000	3.11%
1,000,001 and more	11	38,280,524	59.57%
Total	7,587	64,263,000	100%

②Preferred Shares: The Company has no preferred shares

(4) List of major shareholders: Names and Number of Shares of the Shareholders holding more than 5% of the shares or holding the top 10 percentage of the shares

2023.05.02

Unit: Share; %

Shares / Names of major shareholders	Number of shares held	Shareholding ratio %
Chuang, Ming-Li	8,571,080	13.34%
Liu, Wen-Zhen	6,800,000	10.58%
Chuang Da Investment Co., Ltd.	4,920,582	7.66%
Chuang Chen, Shu-Hua	4,481,811	6.97%
Lin, Jian-Hong	4,022,350	6.26%
Ding Sheng Investment Co., Ltd.	2,336,586	3.64%
Lin, Ding-Xiang	1,600,645	2.49%
Wu, Ying-Zhu	1,600,000	2.49%
Chuang, Rong-Qi	1,600,000	2.49%
Chuang, Bo-Ren	1,200,000	1.87%

(5) Share prices for the past 2 fiscal years, together with the company's net worth per share, earnings per share, dividends per share and related information:

Unit: NT$; Thousand of shares

Year / Item			2021	2022	As of March 31. 2023
Price per share	Highest		9.11	29.95	21.80
	Lowest		4.80	13.75	19.15
	Average		6.48	20.72	19.87
Net worth per share	Before distribution		8.97	9.96	(Note 5)
	After distribution		–	9.96	(Note 5)
Earnings per share	Weighted average number of shares		32,263	57,337	64,263
	Earnings per share (loss)		(1.72)	(0.66)	(Note 5)
Dividends per share	Cash dividends		–	–	(Note 5)
	Bonus share	–	–	(Note 5)	(Note 5)
		–	–	(Note 5)	(Note 5)
	Accumulated unpaid dividends (Note 1)		–	–	(Note 5)
ROI analysis	P/E ratio (Note 3)		Not applicable	Not applicable	(Note 5)
	P/D ratio (Note 4)		Not applicable	Not applicable	(Note 5)
	Cash dividend yield (Note 5)		–	–	(Note 5)

*If there is a surplus or capital reserve to increase capitalization for distributing shares, the market price and cash dividend information adjusted retrospectively based on the number of shares to be issued shall be disclosed.

Note 1: Dividends that have not been issued in the current year are accrued to the issuer of the annual surplus; the accumulated undistributed dividends of the current year should be disclosed separately.

Note 2: Price/Earnings Ratio = Average Closing Price for the Year/ Earnings per Share.

Note 3: Price/Dividend Ratio = Average Closing Price for the Year) / Cash Dividends per Share.

Note 4: Cash Dividends Yield = Cash Dividends per Share (0.80) / Average Closing Price for the Year.

Note 5: The current year has not yet ended, therefore, no information is available.

(6) Company's dividend policy and implementation

1. Dividend Policy Stipulated in the Articles of Incorporation:
The dividend policy of the Company adopts the residual dividend policy, which mainly depends on the Company's future capital budget to measure the annual capital needs, by first using the retained earnings to accommodate required capital, and next distributing the residual earnings as the dividend. The dividend is distributed in the following steps:
(1) Best capital budget.
(2) Determine the capital required for accommodation to satisfy the preceding capital budget.
(3) Determine how much the required capital for accommodation shall be covered by the retained earnings (the residual may be covered by cash capital increase or corporate bonds, etc.).
(4) The residual earnings with appropriate amount reserved, depending on operational needs, shall be distributed to the shareholders. Therein, the cash dividend shall not be lower than 10% of the total amount of the stock dividend and the cash dividend.
2. Distribution of dividends proposed by the shareholders' meeting:

Cheer Time Enterprise Co., Ltd.

Earnings Distribution 2022

Unit: NT$

Item	Amount
Undistributed earnings at the beginning of the period	(55,399,603)
Net loss after tax for the year	(38,028,113)
Undistributed earnings at the end of the period	(93,427,716)

(7) Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent shareholders' meeting: Not applicable

(8) Remuneration of employees and remuneration of Directors and Supervisors:

①The percentage and scope for employee remuneration and Directors' and Supervisors' remuneration as stated in the Articles of Incorporation:
If the Company obtains earnings in the year, (which is defined as earnings before tax, before employee remuneration and Directors' remuneration), not less than 5% of the earnings shall be distributed as employee remuneration and not more than 2% of the earnings shall be distributed as Directors' remuneration. However, if the Company still has losses (including the amount of adjusted undistributed earnings), the Company should reserve the amount of offsetting funds in advance. The aforementioned employee remuneration may be in the form of stock or cash and may be paid to employees of subsidiaries who meet the conditions set by the Board of Directors. The remuneration of Directors may be paid in cash only. The first two items shall be resolved by the Board of Directors and reported to the shareholders' meeting.

②The estimated amount of remuneration to employees, Directors and Supervisors, the basis for calculating the number of shares distributed as remuneration to employees, and the accounting procedure if the actual distribution differs from the estimated amount:

(i)The estimated amount of employee remuneration is NT$0, which is not different from the amount proposed by the Board of Directors.

(ii)The estimated number of Directors' and Supervisors' remuneration is NT$0, which is not different from the amount proposed by the Board of Directors.

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

(i)Employees', Directors' and Supervisors' remuneration distributed in cash or shares:
Employee remuneration: NT$0
Directors' and Supervisors' remuneration: NT$0

(ii)The amount of employee remuneration distributed in shares and its proportion to the total net income after tax and total employee remuneration of the individual financial statements for the period: Not applicable

(iii)Earnings per share after considering the proposed distribution of employees' remuneration, Directors' and Supervisors' remuneration: NT$(0.66)

4. Information Regarding the Company's Audit Fee and Independence:

Unit: NT$

Distribution Situation	Previous Year (2022) Earnings Distribution			
	Shareholders' Meeting Resolution Actual Distribution Amount	Approved by the Board of Directors Proposed Distribution Amount	Difference Amount	Reason for Difference
Employee Bonus	0	0	None	None
Director and Supervisor Remuneration	0	0	None	None

(9) Share Buyback Situation: Not applicable.

2.Corporate Bond Transactions： Not applicable.

3.Preferred Stock Transactions: Not applicable.

4.Global depositary receipts (GDR): Not applicable.

5.Employee Stock Options (ESOP) Situation:

(1)Disclosure of the status and impact on shareholder equity of employee stock options that have not yet reached maturity as of the date of printing of the annual report: Not applicable.

(2)Names, acquisition details, and subscription details of the top ten employees who have acquired employee stock options up to the date of printing of the annual report: Not applicable.

6.New Restricted Employee Shares: Not applicable.

7.New Share Issuance in Mergers or Acquisitions of Other Companies: Not applicable.

8.Capital plans and execution:

(1)According to the resolution passed at the shareholders' meeting on July 13, 2021. The company plans to conduct a private placement of 32,000,000 new shares in accordance with Article 43-6 of the Securities and Exchange Act. The par value of each share is NT$10. The Board of Directors is authorized to carry out the cash capital increase and issuance of common shares in two installments within one year from the date of the shareholders' meeting resolution.

(2)On March 7, 2022, the Board of Directors passed a resolution to conduct the private placement of common shares in two installments: the first installment of 22,000,000 shares and the second installment of 10,000,000 shares, totaling 32,000,000 shares. The shares were issued at a price of NT$12.16 per share, in compliance with the relevant provisions of Article 43-6 of the Securities and Exchange Act regarding eligible subscribers.

①The company reported to the shareholders' meeting on July 13, 2021, regarding the necessity and reasonableness of the ownership transfer resulting from the private placement, based on the evaluation opinion of the underwriter.

②The total amount raised through the private placement by the company is NT$389,120,000, for a total of 32,000,000 shares. The private placement was completed on April 8, 2023. Out of the total amount raised, NT$138,877,053 was used to repay bank loans, while the remaining NT$250,242,947 was fully utilized to enhance working capital.

Ⅴ. Operations Profile

1.Business Activities

(1)Business Scope

The company is primarily engaged in the manufacturing and trading of rigid printed circuit boards (PCBs) with a focus on small quantities and diverse types of PCBs to provide customers with production flexibility. The company employs a flexible and real-time production management approach to achieve fast delivery. The products find applications in various industries, including consumer electronics, industrial computers, automotive components, medical devices, military, aerospace, and security.

(2)Ratio of Operating Revenue

Unit: NT$ thousands；%

Major products	2021		2022	
	Operating revenue	Ratio	Operating revenue	Ratio
Single-sided printed circuit board	14,973	3.40%	13,772	1.68%
Double-sided printed circuit board	125,508	28.49%	92,312	11.26%
Multilayer printed circuit board	287,901	65.37%	233,451	28.48%
Phosphor copper balls	0	0.00%	391,466	47.79%
Drilling services subcontracting	0	0.00%	71,488	8.72%
Other	12,054	2.74%	16,896	2.07%
Total	440,436	100%	819,585	100.00

(3)New Products (Services) Planned to be Developed

①Research and development of HDI (High-Density Interconnect) process for arbitrary layer interconnections.

②Upgrading to a 32-layer PCB manufacturing process.
Enhancement of high-frequency composite PCB manufacturing process.

③Development of substrate-like PCB products.

2.Industry Overview

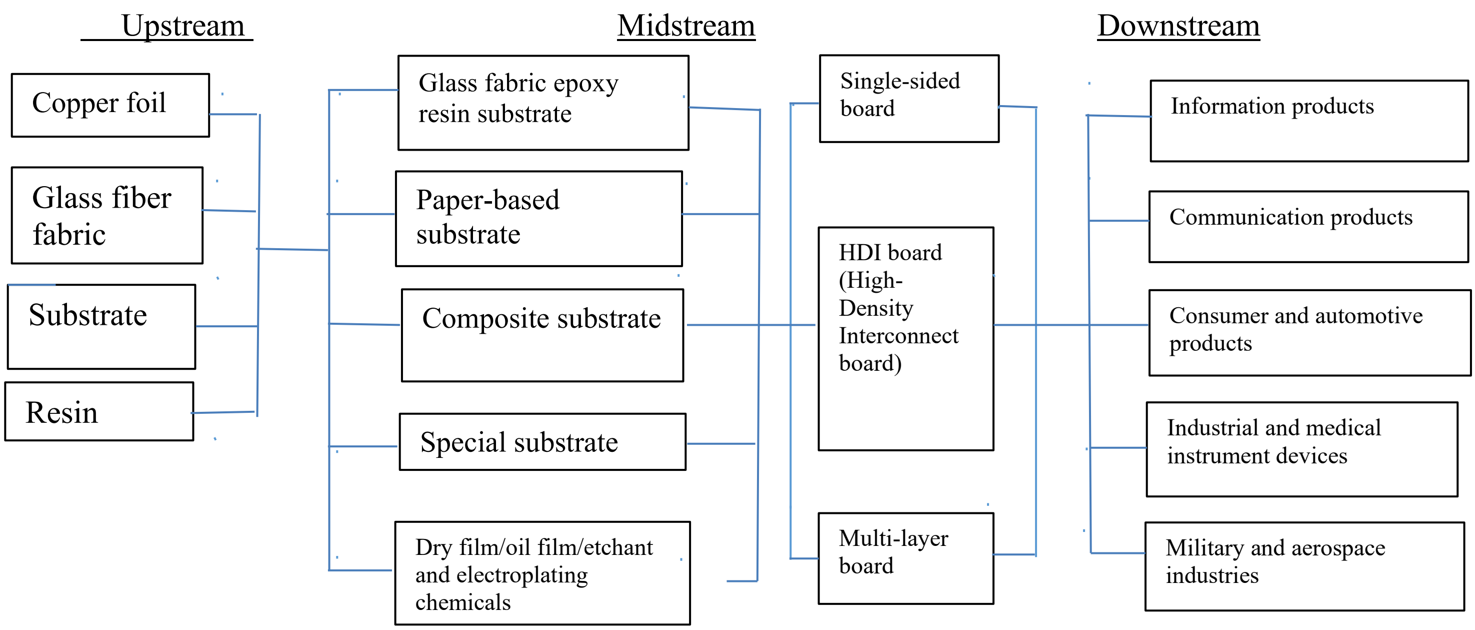
(1)Current Situation and Development of the Industry

Printed Circuit Board (hereinafter referred to as PCB) is one of the essential key components in all electronic products. It integrates other electronic components such as ICs and passive components onto the PCB, enabling electronic products to function effectively. Therefore, PCB is often referred to as the "mother of electronic system products." Affected by ongoing negative factors such as international conflicts, high inflation, and high inventory, the optimistic atmosphere of 2021 shifted in 2022. Particularly in the second half of 2022, consumer demand weakened, leading to a decline in performance for many companies, with the optimistic growth achieved in the first half of the year almost exhausted. The Taiwan Printed Circuit Board Association (TPCA) pointed out that the global PCB production value in 2022 was 88.2 billion US dollars, with a year-on-year growth rate of 3.2%, significantly weaker compared to the 22.5% growth rate in 2021.

Looking ahead to 2023, according to TPCA, due to the unfavorable overall economic outlook, the demand for end electronic products is expected to be conservative. After destocking in the first half of this year, there is a risk of continued low sales volume, but there is a chance of gradual recovery in the second half of the year. The fluctuations in global end products in 2023 will slow down, showing a slight decline. In 2023, the global PCB output value is expected to drop first and then jump. It is anticipated that economy and consumption demands will recover in the second half of the year with a slight growth of 3%.

(2)Relevance of industry, middle and lower reaches

The upstream of printed circuit boards (PCBs) consists of raw materials, including phenolic resins, epoxy resins, copper foils, glass fiber yarns, glass fiber fabrics, PI films, etc. The midstream includes substrates such as paper-based substrates, composite substrates, FR-4 substrates, flexible substrates, as well as etchants, electroplating chemicals, solder masks, etc. The downstream refers to the printed circuits, including single-sided boards, double-sided boards, multi-layer boards, HDI boards, flexible boards, etc. The interrelationship among the upstream, midstream, and downstream of the industry which the company is in is illustrated in the following diagram:



(3)Trends of Product Development and Competition

Due to the rapid advancement of high-tech products, such as multimedia, computer networks, laptops, smartphones, communication devices, and automotive enhancements, the demand for PCBs is expected to increase. With the trend towards information appliances, the diversification of consumer electronics, and the miniaturization of electronic products, PCBs need to evolve towards high-density, low-noise (high electrical performance), multi-layered, thin, and fine-line and small-hole technologies.

With the emergence of new applications like 5G and AIoT, the market potential in the future will be driven by network communication products such as electric vehicles and servers. As the demand for high-speed computing and rapid product life cycles increases, customers are seeking small-volume, diversified, and fast delivery solutions. This aligns with our company's commitment to operational excellence and further strengthens our collaborative relationship with customers in expanding the next generation of product applications.

(4)Competitive situation

The domestic PCB industry in Taiwan adopts several strategies to ensure sustainable operations. These strategies can be categorized into different types. The first type focuses on differentiation and niche markets. The second type involves developing high-end products such as HDI boards and rigid-flex boards. The third type aims to expand the company's scale and achieve cost advantages through economies of scale.

Our company is dedicated to differentiation and niche market strategy. We are a professional PCB manufacturer specializing in the production of small-volume and diversified PCB products. Compared to other PCB manufacturers, our operational model allows us to offer small quantities and prototype production of highly complex mixed boards. We can quickly produce products with different parameters and handle the simultaneous production of thousands of part numbers. Our short lead time sets us apart from the mass production approach of other PCB manufacturers. In the future, we will continue to provide customers with services for small-volume, diversified, and fast-turnaround project production. Therefore, our company is expected to maintain stable profitability in the niche market segment within the PCB industry.

(5)Overview of technology and R&D

①R&D expenses in the latest year and as of the publication date of the annual report:

Unit: NT$ thousands；%

Item	2022	As of March, 2023
R&D expenses	2,628	550

②Recent successful technologies or products developed

(i)Three-level HDI circuit board.

(ii)Drilling hole diameter increased to 0.1mm.

(iii)Enhanced capability of laser drilling and electroplating for filled via process.

(iv)Multi-layer IC test board.

(v)High-frequency ceramic composite circuit board.

(6)Long-term and Short-term Business Development Plans

①Short-term business development plan

(i)Marketing Strategy

a. Through close cooperation between the Sales Department, Manufacturing Department, and R&D Department, we aim to develop and produce new products, enhance our customers' competitiveness, and earn their trust, thereby increasing company revenue and profit.

b. By implementing SQW (Super Quick Work) for high-efficiency production and SQH (Superior Quality Handling) for high-quality production, we provide customers with competitive products and services. We especially offer value-added services to meet customers' additional demands in terms of lead time or quality.

c. The company invests in training for the company’s sales and quality assurance personnel to improve the quality of our customer service and maintain a stable source of orders.

d. The company also strengthened the marketing and promotional capabilities and established marketing channels to continuously develop well-known domestic and international customers, thereby increasing our order sources. Additionally, through international exhibitions and developing representative customers and products, we aim to enhance the company's reputation and image internationally and gradually improve our export performance.

(ii)Production Policy

a. Implement the best production models and optimize efficiency while simultaneously developing a comprehensive E-management system. Through the above policy guidelines, they accelerate product production speed, improve product yield, and reduce costs, thereby establishing the best operational approaches and execution strategies.

b. Implement Total Quality Management (TQM) to enhance customer satisfaction. Also continue to adhere to quality policies such as ISO14001, TS16949, and QC080000 to improve product quality and production yield.

c. Continuously collaborate with domestic and international customers to meet their needs for new product development and mass production. The company invests in new machinery and equipment, as well as research and integration of new technologies, aiming for win-win situations and cultivating the ability for self-improvement and enhancement.

(iii)Research and Product Development Strategy

a. The company is focused on the development of high-density, fine-line multilayer boards as its core product direction.

b. Aim to increase the proportion of multilayer and HDI boards in their product portfolio.

c. Align the product development with market demands in various sectors such as consumer electronics, communications, medical, automotive, monitoring, and power management to enhance the competitive advantage.

d. In response to industry trends and in collaboration with customer research and development efforts, they actively pursue the development of new materials, new processes, and new products.

(iv)Management and Operations Strategy

a. Introduce external professional management experts and R&D talents, and strengthen management systems.

b. Strengthen computerized management systems to have real-time and comprehensive control over production schedules. Establish a model of operational foundation management system and pursue the benefits generated by optimal production and sales control.

②Long-term business development plan

(i)Marketing Strategy:

The company provides services with small quantities and diverse options, delivering them rapidly. The company strives to enhance product precision and technological levels, aiming to offer customers a more diverse and comprehensive range of product services.

(ii)Production Policy:

Integrate the production capacity equipment of Xinzhuang and Guishan factories and replace them with high-precision automated production machinery. In the event of business expansion, if necessary, additional factory buildings will be added to maximize the company's production capacity, production line flexibility, and management scheduling efficiency. Continuously aim to meet customer demands as the primary goal.

(iii)Product Development:

In response to future market trends, product characteristics tend to be light, thin, short, small, with fine and multi-layered circuits. Actively develop manufacturing capabilities to enhance the added value of products. The main direction of product development is high-density, fine-circuit advanced multilayer boards.

(iv)Management Strategy:

Adhering to the concept of sustainable management, the company will actively recruit talents and cultivate a new generation of successor teams. Together with the implementation of the aforementioned strategies and the company's sound operational management system, aim to enhance the company's operational performance.

3.Market and Production Sales Review

(1)Market Analysis

①Sales of main products (services)

Unit: NT$ thousands

Year		2021		2022	
		Amount	Revenue Ratio	Amount	Revenue Ratio
Domestic sales		197,140	44.76%	631,075	77.03%
Export sales	America	198,983	45.18%	150,634	18.38%
	Asia	37,293	8.47%	31,707	3.87%
	Oceania	1,983	0.45%	2,190	0.27%
	Europe	5,037	1.14%	3,686	0.45%
	Subtotal	243,296	55.24%	188,217	22.97%
Total net sales revenue		440,436	100.00%	819,292	100.00%

②Market Share

Our company is a professional full-process PCB manufacturer. We specialize in producing niche-type PCB products in small quantities. In the past two years, our revenue amount accounted for a certain market share of the total revenue of listed companies in the domestic market, as shown in the table below.

CHEER TIME ENTERPRISE CO., LTD. Market Share in the Past Two Years

Unit: NT$

Year	Net operating revenue (million NT$)	Domestic Listed Companies (billion NT$)	Market Share
2021	440	7,830	0.06%
2022	820	9,033	0.09%

Data Source: TPCA revenue statistics table for listed and OTC PCB manufacturers, based on the consolidated revenue of each company.

③Market Supply and Demand Situation and Growth Prospects in the Future:

In the past three years, the global supply chain layout has shifted due to the impact of the pandemic and international political turbulence, such as the U.S. chip law accelerating the return of the semiconductor supply chain to the Americas. In response to customers' requests for diversification of geopolitical risks, the PCB industry has increased its focus on Southeast Asian countries such as Thailand, Vietnam, and Malaysia. The new global industrial chain layout is fermenting in the post-pandemic era. Looking ahead to 2023, according to TPCA, due to the unfavorable overall economic outlook, the demand for end electronic products is expected to be conservative. After destocking in the first half of this year, there is a risk of continued low sales volume, but there is a chance of gradual recovery in the second half of the year. The fluctuations in global end products in 2023 will slow down, showing a slight decline. The Taiwan PCB industry, facing the changes in the electronics industry in the future, will continue to obtain stable profits in the industry with competitiveness in cost control and the advantages of cross-strait deployment.

④Competitive Niche：

(i)Excellent Process Management and Good Sales Service

The company is committed to accurate order delivery, stable quality, and providing a wide range of services in single-sided, double-sided, and multilayer PCBs, with the added advantage of small quantities and diverse options. With our research and development team and production management personnel, we can efficiently plan production processes and workflows for customer orders in advance. The company has experienced production line operators and long-term cooperative relationships with partner factories, ensuring smooth production processes and effective cost control. Our greatest advantage lies in our flexible production capabilities, allowing us to meet the diverse needs of our customers.

(ii)Unique Market Positioning and Comprehensive Customer Integration Services

With our flexible production capabilities, we can meet the unique demands of our customers. This enables us to provide an operational model that caters to high-complexity mixed production, including small quantities and sample boards. We can quickly produce products with different parameters, with the ability to engage in the production of thousands of part numbers simultaneously within a month. Our lead times are short, distinguishing us from other PCB manufacturers that primarily focus on mass production. This unique market positioning sets us apart in providing comprehensive services to our customers.

(iii)Stable and Diversified Order Sources

Our company benefits from stable and diversified order sources, supported by good relationships with our customers, which contributes to our growth. Additionally, as our products primarily focus on small quantities and diverse niche products, we have a large customer base. Our products are used in various industries such as communication, information technology, and consumer electronics, without being concentrated in a single industry. Therefore, our revenue base is quite stable and diversified.

(iv)Sound Financial Structure

In the year 2022, our company completed a private placement of shares, with the funds used to repay bank loans and strengthen operational turnover. This has allowed the company to continue equipment upgrades and process improvements using self-owned funds. Coupled with a prudent financial approach, our company maintains a healthy debt-to-asset ratio and a favorable long-term capital-to-asset ratio.

(2)Favorable Factors, Adverse Factors, and Response Strategies for Future Development

①Favorable Factors Affecting Future Development

(i)Stable and Growing Market Demand:

PCBs are essential components of all electronic products. With ongoing technological innovation and the continuous release of new consumer electronics, the stable market demand for sample boards and small- to medium-volume boards will be maintained. Portable mobile technology products, in particular, are highly favored by consumers, further contributing to the demand.

(ii)Asian PCB Industry Gaining Competitive Advantage:

The Taiwanese PCB industry maintains its position as the global leader with a market share of 34%. China, as an emerging player, has climbed to a 29% market share. Other competitors such as Japan and South Korea hold market shares of approximately 16% and 11% respectively, leading to the prosperous development of the PCB industry in the Asian region.

(iii)Comprehensive Customer Service Needs:

Modern electronic products are becoming increasingly multifunctional, often requiring multiple PCBs to accommodate electronic components. Only manufacturers capable of providing single-sided, double-sided, and multi-layer boards can fully meet customer demands. With years of experience in the production of small quantities and diverse products with rapid turnaround, our company possesses the capability to offer comprehensive services for single-sided, double-sided, multi-layer, HDI, and rigid-flex PCBs.

(iv)Continual Enhancement of Hardware and Software Technologies:

In recent years, our company has successfully developed HDI PCBs and hybrid rigid-flex PCBs. We will continue to enhance our manufacturing capabilities and introduce digital laser direct imaging automatic exposure equipment and technology from Japan. Additionally, we are driving the implementation of a fully digitalized enterprise operating system, enabling us to achieve advantages in transparent and clear production cost analysis. In the future, we aim to incorporate cost management systems into our comprehensive digitalized enterprise operating system to further enhance decision-making information for the company.

②Adverse Factors Affecting Future Development and the Corresponding Strategies

(i)Capital Intensity and High Fixed Costs, and susceptibility to fluctuations in the electronics industry

【Corresponding Strategies】

Actively expand overseas high-priced orders and develop diversified products, customer sources, and application industries to reduce the impact of a single product, customer, or market downturn.

(ii)Shortage of domestic labor and rising labor and management costs

【Corresponding Strategies】

Actively introduce highly automated equipment and computerized management systems. Facilitate the legal recruitment of foreign workers. Strengthen on-the-job training for employees to enhance their skills and productivity.

(iii)Increasingly stringent environmental regulations and rising pollution control and manufacturing costs.

【Corresponding Strategies】

Strictly comply with pollution prevention and control regulations. Enhance the treatment of waste gasses and wastewater and develop comprehensive pollution prevention plans. Continuously promote waste reduction initiatives and develop new manufacturing processes to ensure compliance with regulations regarding waste gasses and wastewater.

(iv)Price competition among domestic peers

【Corresponding Strategies】

Our company focuses on niche products with small quantities and diverse offerings, emphasizing quick delivery.

(v)Rapid fluctuations in international exchange rates, increasing the risk of exchange losses

【Corresponding Strategies】

Incorporate the difference in exchange rates, whether appreciation or depreciation, into product pricing in a timely manner to maintain appropriate profit margins.

4.Significant Uses and Manufacturing Processes of Main Products

(1)Significant Uses of Main Products

Product Types	Purposes of Main Products
Single-sided printed circuit board	Used in automotive products, household appliances, transformers, chargers, and other consumer electronic products.
Double-sided printed circuit board	Used in household appliances, PC peripherals, power suppliers, satellite navigation, LCD monitors, LED display panels, chargers, communication boards, high-frequency Teflon boards, and more.
Multilayer printed circuit board	Industrial computers (IPC), digital cameras (DSC), camcorders, programmable logic controllers (PLC), LCD monitors, LED signs, wireless network communication boards, surveillance systems, micro projectors, and more.
Phosphor copper balls, Drilling services subcontracting	Printed circuit boards and drilling services subcontracting for electronic information products such as personal computers, laptops, personal digital assistants, mobile phones, LCD digital cameras, camcorders, memory cards, in-car computers, LCD televisions, servers, and other electronic information products.

(2)Manufacturing Processes of Main Products:

Printed Circuit Boards:

①Single-sided board

Process → Cutting → Drilling → Laminating → Etching → Solder resist → Text printing → Surface treatment → Forming → Electrical testing → Quality inspection

②Double-sided board

Process → Cutting → Drilling → Plated through holes (PTH) → First copper plating → Laminating → Photo exposure and development → Second copper plating → Tin-lead plating → Stripping → Etching → Tin-lead stripping → Solder resist → Text printing → Surface treatment → Forming → Electrical testing → Quality inspection

③Multi-layer board

Process → Cutting → Inner layer lamination → Inner layer etching → Inner layer stripping → Pressing → Drilling → Plated through holes (PTH) → First copper plating → Laminating → Photo exposure and development → Second copper plating → Tin-lead plating → Stripping → Etching → Tin-lead stripping → Solder resist → Text printing → Surface treatment → Forming → Electrical testing → Quality inspection

④Phosphor Copper Balls

Electrolytic copper plate → High-temperature furnace → Production of phosphor copper rods → Die-casting process → Phosphor copper balls

⑤Drilling Services Subcontracting

Customer-supplied boards → Program development by engineers → Preparation of consumable materials → Automated drilling process → Quality inspection → Completion

5.Quality of Supplied Main Raw Materials

Our company is a professional manufacturer of PCBs, with the main raw materials being copper foil substrate and multilayer laminated substrates (Mass Lam). Currently, there are numerous suppliers of copper foil substrate and multilayer laminated substrates in the domestic market, and we can acquire the required raw materials from a fully competitive market. The decision on the procurement source is primarily based on quality, lead time, and price. With our

good reputation in the industry and longstanding cooperative relationships with major suppliers, we have been able to maintain a stable supply of primary raw materials at reasonable prices.
The main raw materials for phosphor copper balls are electrolytic copper and phosphor copper granules. Over the years, we have maintained good cooperative relationships with major suppliers both domestically and internationally. The supply conditions and prices have remained stable.

(4)

(1)The name of the suppliers (clients) and the amount and proportion of the goods in which the 10% total amount of goods has been accounted for in either of the two most recent years, and the reasons for the increase or decrease.
If the company is prohibited by contract from revealing the name of a supplier, or a trading counterparty is an individual person who is not a related party, it may use a code in place of the actual name.

(2)As of the date of printing the annual report, if a company listed or whose stocks have been traded at securities firms' business offices has recently undergone an audit or review of its financial information by an accountant, such information should be disclosed.

①All suppliers accounting for 10 percent or more of the Company's total procurement amount in the 2 most recent fiscal years:

Unit: NT$ thousands

	2021				2022			
Item	Name	Amount	Percentage of annual net purchases (%)	Relation to the Company	Name	Amount	Percentage of annual net purchases (%)	Relation to the Company
1	Delink	32,839	23.97%	None	Gaoting	169,465	34.23%	None
2	Yuzan	29,701	21.68%	None	Marubeni	110,402	22.30%	None
3	-	-	-	-	TSC Electronic Co., Ltd	50,225	10.14%	100% subsidiary
	Other	80,582	61.12%	-	Other	165,027	33.33%	-
	Total net procurement	131,854	100.00%	-	Total net procurement	495,119	100.00%	-

Our company's main raw materials for printed circuit board (PCB) products include copper foil substrates, Mass Lam, dry film, inks, chemicals, and phosphor copper balls. We provide phosphor copper ball production for upstream raw materials in PCBs, with our main suppliers being GaoTing and Marubeni. In the second half of 2022, we acquired TSC Electronic Co., Ltd., expanding our business scale and adding phosphor copper ball production projects. The selection and changes in our suppliers are primarily based on a comprehensive evaluation of excellent product quality, reasonable trading conditions, good delivery time coordination, and sufficient production capacity to ensure no shortage.

②All customers accounting for 10 percent or more of the Company's total sales amount in the 2 most recent fiscal years

Unit: NT$ thousands；%

	2021				2022			
Item	Name	Amount	Percentage of annual net sales (%)	Relation to the Company	Name	Amount	Percentage of annual net sales (%)	Relation to the Company
1	B	87,478	19.86%	None	A	117,414	14.33%	None
2	-	-	-	-	B	75,548	9.22%	None
	Other	352,958	80.14%	-	Other	626,623	76.45%	-
	Total net revenue	440,436	100.00%	-	Total net revenue	819,585	100.00%	-

In the past two fiscal years, customers A and B accounted for more than 10% of our annual net sales. The decrease in the ratio for customer B was mainly due to a significant increase in the company's overall sales in the 2022 fiscal year compared to the 2021 fiscal year. The fluctuations in our customer base are primarily influenced by the development of the industries our customers are in and variations in business development efforts.

(5) Table of the production volume in recent two years

Production volume / Year / Major products	2021			2022		
	Capacity	Production	Value (thousands)	Capacity	Production	Value (thousands)
Single-sided printed circuit board(㎡)	3,000	3,098	11,953	3,000	2,710	10,251
Double-sided printed circuit board(㎡)	26,000	17,723	108,187	17,000	11,003	75,598
Multilayer printed circuit board(㎡)	26,000	21,205	257,856	20,000	13,965	187,580
Phosphor copper balls (metric tons)	-	-	-	-	765	191,935
Printed circuit board drilling subcontracting (thousands pieces)	-	-	-	-	608	18,474
Total	55,000	42,026	377,996	40,000	29,051	483,838

(6) Table of the sales volume in recent two years

Unit： ; NT$ thousands

Production volume / Year / Major products	2021				2022			
	Domestic sales		Export sales		Domestic sales		Export sales	
	Volume	Amount	Volume	Amount	Volume	Amount	Volume	Amount
Single-sided printed circuit board(㎡)	1,269	6,503	1,653	8,470	1,100	6,366	1,279	7,406
Double-sided printed circuit board(㎡)	7,273	54,510	9,472	70,998	4,894	42,669	5,693	49,643
Multilayer printed circuit board(㎡)	8,838	125,039	11,512	162,862	6,470	107,906	7,527	125,545
Phosphor copper balls (metric tons)	-	-	-	-	1,540	410,048	-	-
Printed circuit board drilling subcontracting (thousands pieces)	-	-	-	-	1,386	53,108	-	-
Other	-	742	-	966	-	6,590	-	5,568
Total	17,380	186,794	22,637	243,296	-	626,687	14,499	188,162

Note： Other revenue sources such as sales of goods and fixtures, as well as processing income, cannot be summed up due to different units of measurement for sales volume total.

3.Employee Statistics for the number of the employees, average length of service, average age and educational background distribution ratio in the last two years and as of the date of publication of the annual report:

Item		2021	2022	As of March 31, 2023
Number of employees	Management and Sales Staff	36	41	60
	Indirect Staff	49	40	50
	Direct Staff	94	69	89
	Total	179	150	199
Average age		41.88	43.02	45.20
Average years of service		12.45	12.26	13.19
Education distribution percentage (%)	Master's degree	3.91%	5.33%	4.52%
	College	65.92%	65.34%	56.29%
	Senior high school	24.02%	22%	30.65%
	Below senior high school	6.15%	7.33%	8.54%
	Total	100.00%	100.00%	100.00%

4. Information on environmental protection expenditures

For the most recent fiscal year and up to the date of the annual report printing, the total amount of losses (including compensation) and expenses incurred due to environmental pollution, as well as future mitigation strategies (including improvement measures), and potential expenditures (including estimated amounts for losses, disposals, and compensations that may arise from failure to implement mitigation measures, or where estimation is not reasonably possible) are as follows:

(1) Losses incurred due to environmental pollution in the past two fiscal years and corresponding response strategies:

Date	June 6, 2022	October 24, 2022
Reference Numbers	New Taipei City Environmental Inspection Letter No. 30-111-060003	New Taipei City Environmental Inspection Letter No. 32-111-1000001
Violations of Regulations	Violation of Article 7, Paragraph 1 of the Water Pollution Control Act and Article 2, Paragraph 1 of the Effluent Standards, and	Violation of Article 41, Paragraph 3, Subparagraph 1 of the Soil and Groundwater Pollution Remediation Act
Penalty	A fine of NT$ 78,000 and 2 hours of environmental training	A fine of NT$ 100,000 and 4 hours of environmental training
Response Measures	1. Increase aeration in the neutralization tank before the discharge tank to accelerate the mixing of water and chemicals. 2. Adjust the dosage of sulfuric acid in the neutralization tank to avoid a sudden decrease in pH. 3. Relocate the pH detector to prevent it from being exposed to rainwater. 4. The wastewater treatment staff will collect effluent samples daily and compare the pH values measured using handheld pH meters with those from the wastewater treatment plant to minimize pH discrepancies	The company has actively developed a soil pollution control plan. Currently, Ming Hong Environmental Technology has been commissioned to implement the remediation plan, which is expected to take 12 months. The plan includes preparatory work (pre-construction planning, contracting, signing agreements, etc.), excavation of contaminated soil, off-site disposal plan, removal of contaminated soil, backfilling with clean soil, site environmental monitoring, self-verification of progress, preparation and submission of completion reports, and soil monitoring. The implementation of the plan complies with the standards announced by the Environmental Protection Bureau. After completing the pollution control measures, self-verification will be conducted to assess the effectiveness of the remediation. Accredited laboratories designated by the Environmental Protection Agency will perform soil sampling and testing in accordance with the announced methods and standards. The estimated expenses cannot be reasonably determined at this planning stage.

(2) Capital expenditure for environmental protection:

Unit: NT$; share

Environmental Facility Projects	Projected Targets	Funding	Completion Date	Current Progress
				Status of Implementation
Renovation of Guishan Wastewater Treatment Plant	Replacement of outdated equipment to improve working environment	1,400,000	2022.02	Completed

5.Labor Relations

(1) State employee welfare measures, advanced study, training, retirement system, implementation of retirement system, agreements between the employer and the employees, and measures for protection of employees' rights and interests:

①Welfare measures of the employees:

(i)In addition to complying with government regulations regarding employee labor and health insurance, our company also provides group medical insurance and accident insurance to take care of our employees' well-being. In addition, at the end of each fiscal year, if the company generates profits, an annual bonus will be awarded to employees based on their performance throughout the year. The company's bylaws specify that the employee remuneration ratio shall not be lower than one to five percent of the current pre-tax net profit.

(ii)The company has established an Employee Welfare Committee according to relevant law for allocating employee welfare funds. The committee members are elected through open voting among the employees and are dedicated to promoting various employee welfare activities, such as employee trips, support for weddings, funerals, and celebrations, disaster assistance, birthday and holiday gifts (in cash), and team-building activities.

②Continuing Education and Training:

Our company has established an Employee Education and Training Management Policy, which is regularly implemented according to the policy guidelines. Additionally, employees may participate in external training courses periodically based on their individual professional needs to enhance their expertise and skills.

(i)New Employee Training: Newly hired employees undergo an orientation training program that includes an introduction to professional knowledge and operational procedures before officially starting their work.

(ii)Direct Staff Training: Training programs are provided to enhance workstation skills.

(iii)Professional Skills Training: Training programs are offered in various areas such as sales, research and development engineering, finance, management, procurement, import and export, and information technology.

(iv)General Education Training: Training programs cover topics related to company values, customer satisfaction, quality, safety, and hygiene.

(v)Project-Oriented Training： Training programs focus on discussions and seminars related to enterprise management issues.

For the 2021 and 2022 fiscal years, the total training hours were 285 and 293 hours, respectively (including both internal and external courses). The corresponding training expenditure amounted to NT$ 70,000 and NT$ 80,000, respectively.

③Retirement system and its implementation

Our company reached an agreement with employees eligible for the old pension scheme in August 2021 to settle their years of service. Starting from July 1, 2005, our company has implemented the new retirement pension system in accordance with the Labor Standards Act, whereby we contribute 6% of the employee's monthly wages to their individual retirement accounts on a monthly basis.

④Measures to safeguard employee rights and benefits

Our company regularly convenes labor-management meetings in accordance with the law to engage in labor-management issue negotiations and improvements. Due to the emphasis on communication with employees and the implementation of various employee benefits on a regular basis, our labor-management relationship is harmonious, and there are no significant labor-management disputes or unresolved issues.

(2) Losses incurred, potential impacts, and response measures due to significant information security incidents in the company's most recent fiscal year and up to the date of the annual report printing:

Not applicable.

6.Cyber security management

(1)Company's cyber Security Risk Management Framework, Information Security Policy, Specific Management Plans, and Resources Invested in Information Security Management:

Cyber Security Risk Management Framework: To strengthen the cyber security management of our company and ensure the security of data, systems, and networks, the General Manager serves as the convener. The Information Department is responsible for implementing information security system construction, including network management and system management. It also cooperates with the company's audit unit to conduct information security audits, including internal and external audits.

(2)Information Security Policy, Specific Management Plans, and Resources Invested in Information Security Management:

①Compliance with relevant government regulations (such as the Cybersecurity Management Act and Personal Data Protection Act).

②The Information Department is responsible for establishing and promoting the information security system. It implements information security education and training to disseminate information security policies and relevant regulations and enhance the awareness of internal staff regarding information security.

③Establish a management mechanism for the use of hosts and networks, clearly define the permissions for network system usage, and prevent unauthorized access.

④Establish an internal audit plan for information security operations to regularly review the implementation of information security operations and the use of equipment, and improve and track deficiencies.

⑤Evaluate relevant information security risks when engaging external vendors for outsourcing services.

⑥All employees of the company have the responsibility to maintain information security and must comply with relevant cyber security management regulations.

(3)Losses incurred, potential impacts, and response measures due to significant information security incidents in 2022 fiscal year and up to the date of the annual report printing: Not applicable.

7.Important contracts

As of the date of the annual report printing, the following contracts, including supply and distribution contracts, technology cooperation contracts, engineering contracts, long-term loan contracts, and other significant contracts that have the potential to impact shareholders' equity, are still in effect and some of them are due to expire in the recent fiscal year. The parties involved, key provisions, restrictions, and contract start and end dates are as follows: Not applicable.

VI. Financial Profile

1. The condensed balance sheet and comprehensive income statement in the most recent five years

(1) Condensed balance sheet

①(i) Individual Balance Sheet

Unit: NT$ thousands

Item / Year		Financial information in the most recent five years (Note 1)					Financial information as to 2023.03.31
		2018	2019	2020	2021	2022	
Current assets		551,656	319,198	259,446	266,903	498,388	Individual financial statements for the first quarter 2023 are not applicable
Property, plant and equipment		260,640	260,993	254,372	234,839	230,823	
Intangible assets		-	-	-	-	-	
Other assets		195,450	233,582	90,270	27,024	201,742	
Total assets		1,007,746	813,773	604,088	528,766	930,953	
Current liabilities	Before distribution	205,792	157,768	156,935	146,260	278,628	
	After distribution	205,792	157,768	156,935	Note 3	Note 3	
Non-current liabilities		88,891	96,514	102,292	93,051	12,601	
Total liabilities	Before distribution	294,683	254,282	259,227	239,311	291,229	
	After distribution	294,683	254,282	259,227	Note 3	Note 3	
Rights and interests to the owners of the parent company		713,063	559,491	344,861	289,455	639,724	
Capital stock		935,159	935,159	935,159	322,630	642,630	
Capital surplus		21,222	21,222	21,222	21,222	90,342	
Retained earnings	Before distribution	(245,883)	(395,401)	(608,633)	(55,400)	(93,428)	
	After distribution	(245,883)	(395,401)	(608,633)	Note 3	Note 3	
Other equity interest		2,565	(1,489)	(2,887)	(2,893)	(3,716)	
Total shareholders' equity	Before distribution	713,063	559,491	344,861	289,455	639,724	
	After distribution	713,063	559,491	344,861	Note 3	Note 3	

Note 1: The financial statements of each fiscal year have been audited or reviewed by certified accountants.

Note 2: The company has not conducted any asset revaluation.

Note 3: The appropriation of profit or loss for the fiscal year 2022 has not yet been approved by the shareholders' meeting, therefore the amount is presented before the appropriation.

Note 4: Individual financial statements for the first quarter of 2023 fiscal year are not applicable.

(ii)Consolidated Balance Sheet

Unit: NT$ thousands

Item \ Year		Financial information in the most recent five years (Note 1)					Financial information as to 2023.03.31
		2018	2019	2020	2021	2022	
Current assets		632,111	460,992	279,887	266,431	616,964	610,431
Property, plant and equipment		280,901	277,827	265,268	240,624	242,563	236,244
Intangible assets		8,106	31,232	6,926	-	55,064	54,224
Other assets		108,565	116,923	92,402	26,103	48,238	44,434
Total assets		1,029,683	886,974	644,483	533,158	962,829	945,333
Current liabilities	Before distribution	219,861	206,003	190,781	159,193	294,287	278,840
	After distribution	219,861	206,003	190,781	159,193	Note 3	Not applicable
Non-current liabilities		88,891	96,984	103,705	89,074	28,678	26,493
Total liabilities	Before distribution	308,752	302,987	294,486	248,267	322,965	305,333
	After distribution	308,752	302,987	294,486	248,267	Note 3	Not applicable
Rights and interests to the owners of the parent company		713,063	599,491	344,861	289,455	639,724	640,080
Capital stock		935,159	935,159	935,159	322,630	642,630	642,630
Capital surplus		21,222	21,222	21,222	21,222	90,342	90,342
Retained earnings	Before distribution	(245,883)	(395,401)	(608,633)	(55,400)	(93,428)	(93,064)
	After distribution	(245,883)	(395,401)	(608,633)	(55,400)	Note 3	Not applicable
Other equity interest		2,565	(1,489)	(2,887)	(2,893)	(3,716)	(3,724)
Total shareholders' equity	Before distribution	720,931	583,987	349,997	284,891	639,864	640,000
	After distribution	720,931	583,987	349,997	284,891	Note 3	Not applicable

Note 1: The financial statements of each fiscal year have been audited or reviewed by certified accountants.

Note 2: The company has not conducted any asset revaluation.

Note 3: The appropriation of profit or loss for the fiscal year 2022 has not yet been approved by the shareholders' meeting, therefore the amount is presented before the appropriation.

②(i)Individual comprehensive income statement - Adopting International Financial Reporting Standards

Unit: NT$ thousands

Year / Item	Financial information for the past five years (Note 1)					Financial information as to 2023.03.31
	2018	2019	2020	2021	2022	
Operating revenue	420,393	339,632	297,521	430,090	681,362	Individual financial statements for the first quarter 2023 are not applicable
Gross profit (loss) from operations	37,655	6,072	(9,578)	38,421	52,158	
Operating net profit/loss	(35,323)	(61,196)	(66,398)	(19,843)	(19,105)	
Non-operating income and expenses	(35,037)	(92,013)	(151,961)	(37,926)	(17,909)	
Net profit (loss) before income tax	(70,360)	(153,209)	(218,359)	(57,769)	(37,014)	
Net profit (loss) of the continual business unit in the current period	(71,925)	(152,692)	(212,431)	(55,400)	(38,028)	
Loss from discontinued operations	-	-	-	-	-	
Net profit (loss) of the current period	(71,925)	(152,692)	(212,431)	(55,400)	(38,028)	
Other comprehensive profit and loss in the period (net value after tax)	4,690	(880)	(2,199)	(6)	(823)	
Total comprehensive income	(67,235)	(153,572)	(214,630)	(55,406)	(38,851)	
Net profit belonging to the business owner of the parent company	(71,925)	(152,692)	(212,431)	(55,400)	(38,851)	
Net profit belonging to NCI	-	-	,	,	-	
Total comprehensive income attributable to owners of parent	(67,235)	(153,572)	(214,630)	(55,406)	(38,851)	
Total comprehensive income attributable to NCI	-	-	-	-	-	
Earnings (loss) per share (Note 3)	(2.23)	(4.73)	(6.58)	(1.72)	(0.66)	

Note 1: The financial statements of each fiscal year have been audited or reviewed by certified accountants.
Note 2: Individual financial statements for the first quarter of 2023 fiscal year are not applicable.
Note 3: Earnings per share are calculated based on the retrospectively adjusted number of shares.

(ii)Consolidated Statement of Comprehensive Income - Adopting International Financial Reporting Standards

Unit: NT$ thousands

Item \ Year	Financial information for the past five years (Note 1)					Financial information as to 2023.03.31
	2018	2019	2020	2021	2022	
Operating revenue	459,443	563,837	390,868	440,436	819,585	254,206
Gross profit (loss) from operations	43,947	62,145	8,055	43,099	38,553	22,200
Operating net profit/loss	(83,591)	(135,659)	(172,436)	(60,082)	(48,569)	1,370
Non-operating income and expenses	11,188	(25,547)	(63,482)	(7,350)	11,837	(409)
Net profit (loss) before income tax	(72,403)	(161,206)	(235,918)	(67,432)	(36,732)	961
Net profit (loss) of the continual business unit in the current period	(74,022)	(161,643)	(230,284)	(65,063)	(32,969)	145
Loss from discontinued operations	-	-	-	-	-	-
Net profit (loss) of the current period	(74,022)	(161,643)	(230,284)	(65,063)	(32,969)	145
Other comprehensive profit and loss in the period (net value after tax)	4,702	(1,524)	(3,288)	(1,172)	(2,419)	(9)
Total comprehensive income	(69,320)	(163,167)	(233,572)	(66,235)	(35,388)	136
Net profit (loss) belonging to the business owner of the parent company	(71,925)	(152,692)	(212,431)	(55,400)	(38,028)	364
Net profit (loss) belonging to NCI	(2,097)	(8,951)	(17,853)	(9,663)	5,059	(219)
Total comprehensive income attributable to owners of parent	(67,235)	(153,572)	(214,630)	(55,406)	(38,851)	356
Total comprehensive income attributable to NCI	(2,085)	(9,595)	(18,942)	(10,829)	3,463	(220)
Earnings (loss) per share (Note 1)	(2.23)	(4.73)	(6.58)	(1.72)	(0.66)	0.01

Note 1: Earnings per share are calculated based on the retrospectively adjusted number of shares.

Note 2: The financial statements of each fiscal year have been audited or reviewed by certified accountants.

(2) Names of the CPAs and the audit opinion for the past five years

Year	Accounting firm	CPAs	Audit opinion
2018	PWC	Lin, Yong-Zhi, Yu, Shuf-Fen	Unqualified opinion
2019	PWC	Lin, Yong-Zhi, Yu, Shuf-Fen	Unqualified opinion
2020	PWC	Lin, Yong-Zhi, Yu, Shuf-Fen	Unqualified opinion
2021	PWC	Yu, Shuf-Fen, Lin, Yong-Zhi	Unqualified opinion
2022	PWC	Wang, Song-Ze, Lin, Yong-Zhi	Unqualified opinion

2. financial analysis in the past five years

(1)Individual financial statement for the past five years - Adopting International Financial Reporting Standards (IFRS).

Analysis item	Year	Financial information for the past five years (Note 1)					Financial information as to 2023.03.31
		2018	2019	2020	2021	2022	
Financial structure (%)	Debt to Asset Ratio	29.24	31.25	42.91	45.26	31.28	Individual financial statements for the first quarter 2023 are not applicable
	Ratio of long-term capital to property, plant and equipment (%)	305.55	249.18	173.46	161.19	278.85	
Solvency %	Current ratio	267.85	202.32	165.32	182.49	178.87	
	Quick ratio	251.60	178.86	144.51	157.38	127.02	
	Times interest earned	(22.52)	(47.36)	(89.79)	(23.70)	(25.29)	
Management capacity (%)	Accounts receivable turnover (times)	3.94	3.77	3.79	4.61	4.02	
	Average collection days	93.00	97.00	96.00	79.00	90.79	
	Inventory turnover (times)	10.82	10.53	10.53	11.33	6.72	
	Accounts payable turnover (times)	15.89	16.76	17.96	21.56	24.43	
	Average days in sales	34.00	35.00	35.00	32.00	54	
	Property, plant and equipment turnover (times)	1.62	1.30	1.15	1.76	2.93	
	Total assets turnover (times)	0.40	0.37	0.42	0.76	0.93	
Profitability (%)	Return on total assets	(6.66)	(16.50)	(29.71)	(9.47)	(5.07)	
	Return on equity	(9.65)	(24.00)	(46.98)	(17.47)	(8.19)	
	Ratio of net profit before tax to the paid-in capital	(7.52)	(16.38)	(23.35)	(17.91)	(5.76)	
	Net profit rate	(17.11)	(44.96)	(71.40)	(12.88)	(5.58)	
	Earnings (loss) per share (Note 1)	(2.23)	(4.73)	(6.58)	(1.72)	(0.66)	
Cash flow adequacy ratio (%)	Cash flow ratio (%)	8.96	(24.89)	(31.34)	12.90	(67.05)	
	Cash flow adequacy ratio (%)	61.07	23.55	(31.23)	(32.76)	(101.66)	
	Cash reinvestment ratio (%)	2.06	(5.28)	(9.20)	3.82	(24.12)	
Leverage	Operating leverage	(0.10)	0.41	0.51	(0.63)	(1.19)	
	Financial leverage	0.92	0.95	0.97	0.89	(0.93)	

Explanation of Financial Analysis Changes of Over 20% in the Past Two Fiscal Years:

1. Financial Structure: The decrease in the debt ratio and the increase in the proportion of long-term funds to fixed assets are mainly due to a healthier financial structure compared to previous years, reduced financial pressures, and the absence of utilizing long-term funds to pay for fixed assets.
2. Inventory Turnover and Average Sales Days: Primarily influenced by the stocking of phosphor copper ball-related materials.
3. Fixed Assets Turnover and Total Assets Turnover: Mainly attributable to the effective utilization of invested fixed assets, resulting in improved operational efficiency compared to previous years.
4. Profitability: The improvement in financial structure, revenue growth, and cost reduction contribute to increased profitability ratios.
5. Cash Flow Ratio: The increase in net cash outflow from operating activities is primarily due to the increase in inventory costs caused by stocking activities.
6. Operating Leverage: The increase is mainly attributed to the higher fixed costs of raw material purchases compared to previous periods.

Note 1: Earnings per share are calculated based on the retrospectively adjusted number of shares.
Note 2: The financial statements of each fiscal year have been audited or reviewed by certified accountants.

(2)Financial analysis of consolidated financial statements for the past five years - Adopting International Financial Reporting Standards (IFRS).

Analysis item	Year	Financial information for the past five years (Note 1)					Financial information as to 2023.03.31
		2018	2019	2020	2021	2022	
Financial structure (%)	Debt to Asset Ratio	29.99	34.16	45.69	46.57	33.54	32.30
	Ratio of long-term capital to property, plant and equipment (%)	286.32	243.01	168.80	155.41	275.62	282.12
Solvency (%)	Current ratio	287.29	223.78	146.71	167.36	209.65	218.92
	Quick ratio	267.82	187.80	121.44	135.77	152.99	159.13
	Times interest earned	(23.20)	(44.41)	(71.12)	(27.29)	(7.80)	1.97
Management capacity (%)	Accounts receivable turnover (times)	4.08	4.42	3.09	3.98	4.58	4.08
	Average collection days	89.00	83.00	118.00	92.00	80	89
	Inventory turnover (times)	11.02	9.89	7.03	7.94	7.22	6.71
	Accounts payable turnover (times)	16.85	18.54	12.96	15.88	25.26	23.91
	Average days in sales	33.00	37.00	52.00	46.00	51	54
	Property, plant and equipment turnover (times)	1.68	2.02	1.44	1.74	3.39	4.25
	Total assets turnover (times)	0.43	0.59	0.51	0.75	1.10	1.07
Profitability (%)	Return on total assets	(6.76)	(16.56)	(29.72)	(10.71)	(3.94)	0.40
	Return on equity	(9.88)	(24.77)	(49.31)	(20.50)	(7.13)	0.09
	Ratio of net profit before tax to the paid-in capital	(7.74)	(17.24)	(25.23)	(20.90)	(5.72)	0.60
	Net profit rate	(16.11)	(28.67)	(58.92)	(14.77)	(4.02)	0.06
	Earnings (loss) per share (Note 1)	(2.23)	(4.73)	(6.58)	(1.72)	(0.66)	0.01
Cash flow adequacy ratio (%)	Cash flow ratio (%)	(21.15)	(40.77)	(27.83)	(0.94)	20.63	7.74
	Cash flow adequacy ratio (%)	13.26	(29.24)	(96.46)	(37.39)	(73.91)	(98.29)
	Cash reinvestment ratio (%)	(5.26)	(11.80)	(10.05)	(0.31)	8.32	3.06
Leverage	Operating leverage	0.24	0.25	0.37	(0.09)	0.11	6.97
	Financial leverage	0.97	0.97	0.98	0.96	0.92	3.58

Explanation of Financial Analysis Changes of Over 20% in the Past Two Fiscal Years:

1. Financial Structure: The decrease in the debt ratio and the increase in the proportion of long-term funds to fixed assets are mainly due to a healthier financial structure compared to previous years, reduced financial pressures, and the absence of utilizing long-term funds to pay for fixed assets.
2. Debt Servicing Capacity and Cash Flow Ratio: The improvement is mainly due to the ability to convert current assets into cash for the payment of short-term debts, interest payments, and increased investment capability in the company.
3. Accounts Payable Turnover: The decrease is primarily attributed to shorter payment cycles with phosphor copper ball suppliers.
4. Fixed Assets Turnover and Total Assets Turnover: Mainly attributable to the effective utilization of invested fixed assets, resulting in improved operational efficiency compared to previous years.
5. Profitability and Leverage: The increase in related ratios is primarily due to the improvement in financial structure, revenue growth, and reduction in associated expenses.
6. Cash Flow Adequacy Ratio: The increase is primarily attributed to the increase in inventory costs caused by stocking activities.

Note 1: Earnings per share are calculated based on the retrospectively adjusted number of shares.
Note 2: The financial statements of each fiscal year have been audited or reviewed by certified accountants.

Formulas for the calculation of the financial ratios

1. Financial structure
   (1) Debt to assets ratio = total liabilities / total assets.
   (2) Ratio of long-term capital to property, plant and equipment = (total equity + non-current liabilities) / net property, plant and equipment.
2. Solvency
   (1) Current ratio = current assets / current liabilities.
   (2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities.
   (3) Times interest earned = earnings before tax and interest expenses / current interest expenses.
3. Operating capacity
   (1) Accounts receivable (including accounts receivable and notes receivable arising from business activities) turnover = net sales / average accounts receivable balance (including accounts receivable and notes receivable arising from business activities).
   (2) Average collection days = 365 / accounts receivable turnover.
   (3) Inventory turnover = cost of goods sold / average inventory.
   (4) Accounts payable (including accounts payable and notes payable arising from business activities) turnover = cost of goods sold / average accounts payable balance (including accounts payable and notes payable arising from business activities).
   (5) Average days in sales = 365 / inventory turnover
   (6) Property, plant and equipment turnover = net sales / average net property, plant and equipment.
   (7) Total asset turnover = net sales / average total assets.
4. Profitability
   (1) Return on total assets = (net income + interest expenses * (1 - effective tax rate)) / average total assets.
   (2) Return on equity = net income after tax / average total equity.
   (3) Net profit margin = net income after tax / net sales.
   (4) Earnings per share = (income attributable to owners of parent - preferred stock dividends) / weighted average number of shares outstanding.
5. Cash flow
   (1) Cash flow ratio = net cash flows from operating activities / current liabilities.
   (2) Net cash flow adequacy ratio = 5-year sum of net cash flow from operating activities / 5-year sum of (capital expenditures + increases in inventory + cash dividends).
   (3) Cash reinvestment ratio = (cash from operating activities - cash dividends) / (gross property, plant and equipment + long-term investments + other non-current assets + working capital).
6. Leverage:
   (1) Operating leverage = (net operating revenue – variable operating costs and expenses) / operating income.
   (2) Financial leverage = operating income / (operating income – interest expenses).

3.The Audit Committee’s Review report of the annual financial report in the most recent year

CHEER TIME Enterprise Co., Ltd.

Review Report of the Audit Committee

The Board of Directors has prepared the proposals of the 2022 annual business report, financial statements (including consolidated financial statements) and deficit compensation, among which the Financial Statements have been audited by authorized CPA Wang, Sung-Tse and CPA Lin, Yung-Chih of the PwC Taiwan and an audit report has been prepared by them in this regard.
The aforesaid statements have been reviewed by this Audit Committee and it is deemed that no nonconformity is involved. According to Article 14-4, the Securities and Exchange Act and Article 219, the Company Act, we hereby submit this report for your review.

To the Attention of

2023 Annual Shareholders’ Meeting of Cheer Time Enterprise Co., Ltd. Company

Convener of the Audit Committee: Shen, Hui-Cheng

Dated this 22nd Day of March 2023

4. The audited financial statements for the most recent fiscal year can be found on pages: can be found on pages 79 to 142.
5. The audited individual financial statements for the most recent fiscal year can be found on pages 143 to 210.
6. In the most recent annual report and up to the printing date, if there were any financial difficulties encountered by the company and its affiliated enterprises, the impact on the financial condition of the company should be disclosed: Not applicable.

VII. Financial condition and review analysis of financial performance and risk factors

1、 Financial Status Review and Analysis

Unit: NT$ thousands；%

Year / Item	2022	2021	Difference	
			Amount	%
Current assets	616,964	266,431	350,533	131.57%
Financial assets at fair value through other comprehensive income - Non-current	-	-	-	-
Financial assets at fair value through profit or loss - Non-current	-	10,000	(10,000)	-100.00%
Investment adjustments for Using Equity Method	-	-	-	-
Property, plant and equipment	242,563	240,624	1,939	0.81%
Intangible assets	55,064	-	55,064	-
Other assets	48,238	16,103	32,135	199.56%
Total assets	962,829	533,158	429,671	80.59%
Current liabilities	294,287	159,193	135,094	84.86%
Long term liabilities	-	86,250	(86,250)	-100.00%
Other liabilities	28,678	2,824	25,854	915.51%
Total liabilities	322,965	248,267	74,698	30.09%
Capital stock	642,630	322,630	320,000	99.18%
Capital surplus	90,342	21,222	69,120	325.70%
Retained earnings	(89,532)	(51,504)	(38,028)	73.84%
Other equity interest	(3,716)	(2,893)	(823)	28.45%
Non-controlling interest	140	(4,564)	4,704	-103.07%
Total equity of the shareholders	639,864	284,891	354,973	124.60%

The main reasons for significant changes (the change was more than 20%, and the change amount was more than NT$10,000) are as follows:

The significant changes are primarily attributed to the completion of a private placement cash capital increase in the 2022 fiscal year, which enabled the repayment of long-term loans according to the capital increase plan. Additionally, on June 1, 2022, the acquisition of 100% equity of TSC Electronic Co., Ltd. took place, resulting in the addition of drilling and phosphor copper ball businesses. A large quantity of phosphor copper ball-related materials was stocked, leading to significant increases in the respective items compared to the 2021 fiscal year.

2、 Analysis of changes in Financial Performance

(1) The main reasons for significant changes in operating revenue, operating profit, and pre-tax profit in the past two years

Year / Item	2022	2021	Increase (Decrease) Amount	Change ratio %
Operating revenue	819,585	440,436	379,149	86.08%
Operating costs	781,032	397,337	383,695	96.57%
Gross profit (loss) from operations	38,553	43,099	(4,546)	-10.55%
Operating expenses	87,122	103,181	(16,059)	-15.56%
Operating net profit (loss)	(48,569)	(60,082)	11,513	-19.16%
Non-operating income and expenses	11,837	(7,350)	19,187	-261.05%
Net profit (loss) before income tax	(36,732)	(67,432)	30,700	-45.53%
Income tax expense	3,763	2,369	1,394	58.84%
Net profit (loss) of the current period	(32,969)	(65,063)	32,094	-49.33%

The significant changes (with a percentage change of 20% or more and a change amount of at least NT$10 million) and their main reasons are as follows:

1. Operating revenue, cost, and gross profit: The increase in operating revenue by NT$558,638 thousand is primarily due to the inclusion of TSC Electronic Co., Ltd from June 2022, which added the phosphor copper ball and drilling business group. However, the gross profit of the printed circuit board segment remained low due to the constrained market environment. Additionally, the overall gross profit margin of the phosphor copper ball business group was lower, resulting in a decrease in overall operating gross profit.
2. Operating expenses: The significant reduction in operating scale of subsidiary companies during the current year led to a substantial decrease in related sales and administrative expenses.
3. Non-operating income and expenses: The increase in foreign exchange gains in the current period compared to the previous year is primarily due to the impact of fluctuations in the US dollar exchange rate.
4. Income tax benefit: The decrease in current period losses contributed to the income tax benefit.
5. Net loss for the period： In summary, the consolidated company experienced a decrease in losses for the 2022 fiscal year.

Unit: NT$ thousands；%

(2) The main reasons for the change in the company's primary business operations and the facts, impact of the changes, and the possible effects on the company's future financial operations and response plans, in the event of significant changes in operating policies, market conditions, economic environment, or other internal or external factors:

In order to expand its business operations, the company successfully completed the merger with TSC Electronic Co., Ltd. in the 2022 shareholders' meeting. TSC Electronic is primarily engaged in the manufacturing and trading of phosphor copper balls, a key upstream raw material in the printed circuit board industry, as well as downstream PCB drilling subcontracting. The company's customer base mainly consists of major PCB manufacturers. This merger is expected to contribute to an increase in the company's revenue and profitability.

Phosphor copper balls are essential raw materials in the PCB manufacturing process, and the company has been making regular purchases on a quarterly basis. Additionally, the company already had a drilling business in place. Therefore, based on expert evaluations and assessments, the post-merger operational planning is expected to align with the company's existing business scope and does not constitute a significant change in its primary business operations.

(3) The expected sales quantities for the next fiscal year and the main factors influencing the company's projected sales growth or decline are as follows:

Based on the actual sales performance in the 2022 fiscal year and considering factors such as domestic and international economic conditions, future industry market supply and demand, and the integration of subsidiary TSC Electronic Co., Ltd, the company anticipates the following sales projections for the 2023 fiscal year: printed circuit boards - 40,871 square meters, phosphor copper balls - 2,510,979 kg, and PCB drilling subcontracting - 2,543,699 pieces.

3. Cash Flow Review and Analysis

(1) Analysis of Cash Flow Changes in the Recent Fiscal Year (2022)

Cash and Cash Equivalents at Beginning of Year	Annual net cash outflows from other activities	Cash Outflow	Remaining (insufficient) amount of cash	Remedial measures for insufficient cash	
				Investment Plans	Financing Plans
80,272	60,724	36,310	177,306	-	-

Explanation of analysis

①Analysis of recent year's cash flow changes:

Cash flow	Increase (Decrease) Amount	Analysis
Operating Activities	62,214	The increase in operating performance resulted in higher cash inflows from operating activities compared to the same period last year.
Investing Activities	(159,450)	The cash outflows are primarily due to the acquisition of TSC Electronic Co., Ltd., as well as a decrease in cash inflows from financial assets measured at fair value and financial assets measured at amortized cost.
Financing Activities	214,209	The cash inflows are mainly from private placement cash increases and repayment of bank borrowings.

②Remedial measures for insufficient cash：Bank borrowings have increased to accommodate the unused portion of the credit line provided by the bank. In addition, a private placement cash increase was approved during the 2021 shareholders' meeting and was completed in March 2022, effectively replenishing the working capital of the company.

(2) Improvement Plan for Insufficient Liquidity:

①Liquidity Analysis:

Item	2022	2021	Increase (Decrease) ratio %
Cash flow ratio (%)	20.63%	-0.94%	2,304.59%
Cash flow adequacy ratio (%)	-73.91%	-37.39%	-97.65%
Cash reinvestment ratio (%)	8.32%	-0.31%	2,758.24%

Analysis of the changes in proportion:

The increase in net cash inflow from operating activities and net cash outflow from investing activities in the current year compared to the same period last year is the main contributing factor.

② Improvement Plan for Insufficient Liquidity: Not applicable.

(3) Cash Flow Analysis for the Next Year (Fiscal Year 2023):

Unit: NT$ thousands

Cash balance at the initial stage	Annual net cash flow from operating activities	Annual net cash outflows from other activities	Remaining (insufficient) amount of cash	Remedial measures for insufficient cash	
				Investment Plans	Funding Plans
177,306	21,580	(18,130)	180,756	-	-

The company successfully executed a private placement cash capital increase approved at the 2021 shareholders' general meeting, which was completed in March of the 2022 fiscal year. Additionally, the current unused portion of the company's long-term and short-term loans granted by banks is sufficient. Therefore, the cash flow within the next year is expected to remain stable.

4. The impact of major capital expenditures on financial operations in the most recent year: Not applicable.

5. The policy for the reinvested business in the most recent year, and the main reason for the profits or losses of the reinvestment, its improvement plan, and the investment plan for the coming year:
   (1) Recent Re-investment Policy in the Fiscal Year
   The company evaluates and plans for investment in accordance with the internal control system's investment cycle provisions. The implementation follows the company's established "Operating Procedures for Transactions with Related Parties, Specific Companies, and Group Enterprises," "Long and Short-Term Investment Management Regulations," and "Operating Procedures for Supervision and Management of Subsidiaries." These procedures have been approved by the Board of Directors.
   (2) Main Reasons for Losses in Re-investments
   The company incurred losses in its investment due to focusing on the retailing and installation of network video surveillance products. The impact of the COVID-19 pandemic led to a slowdown in overseas business activities, resulting in a decline in revenue for the entire fiscal year. On March 22, 2023, the 14 session 6th Board of Directors meeting approved the resolution to liquidate the subsidiary, Guangming Yuanda Co., Ltd. The purpose of this decision is to refocus on core business operations, aiming to enhance the company's profitability.
   (3) Future Investment Plan for the Next Year: The company plans to expand its business scale by merging with TSC Electronic Co., Ltd., subject to approval at the shareholders' meeting in the 2022 fiscal year. This investment aims to integrate the PCB upstream supply chain and downstream customer subcontracting services. Through the complementary product lines of both companies, it will enhance the processing efficiency of each production line, leverage the benefits of various production processes, and provide customers with more comprehensive and efficient product solutions.

6. Risk assessment
   (1) The impact of interest rate, exchange rate, and inflation on the company’s profit and loss and the adopted response measures in the future:
      1. The impact of changes in interest rate on the company’s profit and loss and the adopted response measures in the future
      In the 2022 fiscal year, the interest income and expenses of the company had a relatively low proportion compared to operating profit, resulting in minimal impact on the overall profitability.
      Future remedial actions:
      The company has a sound financial system. In terms of bank loan interest rates, the company will strengthen communication and maintain close contact with banks to understand interest rate trends, aiming to secure the most favorable loan terms and optimize asset allocation. Additionally, for the utilization of short-term idle funds, the company primarily focuses on low-risk financial products and fixed deposits as investment options.
      2. The impact of exchange rate changes on the company’s operations and revenue, and the response measures in the future
      In the 2022 fiscal year, the interest income and expenses of the company had a relatively low proportion compared to operating profit, resulting in minimal impact on the overall profitability.
      The majority of the company's raw materials are procured domestically, so the purchase amount is not affected by exchange rate fluctuations. However, over 70% of the revenue comes from exports, and the exported products are predominantly priced in US dollars. To mitigate the exchange rate risk arising from currency fluctuations, the sales team considers the possibility of exchange rate changes when quoting prices and adjusts them accordingly. The finance team also continuously gathers market information on exchange rate fluctuations, closely monitoring the trends in the US dollar to determine the timing of currency exchanges and adjusting the currency exposure as needed to minimize the impact of exchange rate fluctuations on the company's profitability.
      3. The impact of inflation changes on the company’s operations and revenue, and the response measures in the future
      Impact of Inflation
      The main raw materials for the company's printed circuit boards include copper foil substrates, fiberglass sheets, and precious metals such as gold and silver. The purchase prices of these materials are primarily determined by international copper pricing strategies, market supply and demand, and competitive conditions. In the past two years, prices have shown an upward trend due to fluctuations in international metal and commodity markets.
      Future remedial actions:
      The company primarily adjusts selling prices by considering cost increases when quoting prices to respond appropriately. Additionally, the company actively seeks to increase the sales proportion of high-tech multilayer boards to address the situation of inflation.
   (2) The main reasons and future response measures for engaging the high-risk investment, high-leverage investment, loans to others, endorsement guarantees, and trading of derivative commodities:
   In the 2022 fiscal year, the company provided funds to other parties and endorsed guarantees solely to its wholly-owned subsidiaries, all of which were carried out in accordance with the company's "Procedures for Lending Funds to Others" and "Procedures

for Endorsement and Guarantees" as stated in the company's policies. The company did not engage in any transactions involving derivative financial instruments.

(3) The future R&D plan and the estimated expenditures for R&D:
Based on the current assessment of global trends in electronic products, the future will continue to emphasize short, small, lightweight, and thin mobile technologies. To address this trend, the company has been dedicated to enhancing its production technology in recent years, including the adoption of HDI processes and the production of composite flexible-rigid boards. These efforts aim to maintain a competitive edge in product development and meet the demands of the future electronic market.

(4) The impact of domestic or international amendment of the important policies and laws, on the company's financial operations and its measures in response:
The company remains vigilant in monitoring changes in important domestic and international policies and regulations. In the recent fiscal year, the company was not affected by any significant changes in domestic or international policies and laws that would impact its financial or business operations.

(5) The Impact on the Company's Financial Results and Corresponding Contingency Plans in Response to Changes in Technology and Industry:
The company continually invests resources in research and development of new products, processes, and quality control to align with market development efforts. It evaluates that technological changes and industry transformations in the short term do not have a significant impact on its financial and business operations. The company focuses on developing new technologies for various processes and establishing standards to stay competitive in the market.

(6) The impact of corporate image changes on the corporate crisis management and the measures in response:
Throughout its more than 30 years of establishment, the company has always upheld the values of integrity and honesty, focusing on its core business operations. It will continue to prioritize excellent production and process management, enforce strict cost control measures, and strive to achieve profitability goals, fulfilling its responsibility to all shareholders. The company has maintained a positive image in the industry, with no adverse reports concerning its corporate image in the market. In the recent fiscal year, there were no incidents related to changes in corporate image that led to a crisis.

(7) The expected benefit and possible risk of mergers or acquisitions, and the measures in response: The company's merger with TSC Electronic Co., Ltd, approved at the 2022 shareholders' meeting, is expected to generate vertical integration benefits in the company's core printed circuit board business, covering upstream, midstream, and downstream operations. This integration is anticipated to drive future revenue and profit growth. The company has also identified and prepared measures to address any potential risks associated with the merger.

(8) The expected benefits and possible risk of the expansion of the factory and the measures in response: Not applicable.

(9) The risk encountered for the high quantity of incoming or outgoing products, and the measures in response:
The main raw materials for our printed circuit board products are substrates and Mass Lam. As we have numerous suppliers, we maintain sufficient bargaining power and do not have long-term supply contracts with any specific supplier. However, we have established good long-term relationships with our key suppliers and also maintain cooperative relationships with other suppliers. Therefore, our supply sources remain stable, and we have not experienced any shortages or disruptions in the supply that would affect our production operations.

(10) The impact of a large transfer or replacement amount of shares on the company, by the directors, supervisors, or major shareholders holding more than 10% of the total issued shares of the company, and the risk and countermeasures: In November 2021, the company completed a capital reduction and issuance of new shares. Furthermore, in March 2022, a private placement of common shares was completed. These actions resulted in changes to the original directors and shareholders who held over 10% of the shares. However, with the injection of funds from the new shareholders, the company utilized the capital to repay bank loans and enhance operational working capital. Upon evaluation, it is determined that these actions did not increase the risk for the company.

(11) The impact of changes in management on the company, and risk and measures in response:
Following the shareholders' meeting in June 2022, the company underwent a complete re-election of the board of directors. The new management team is committed to effectively executing the company's future operational plans and actively working towards improving the company's overall structure and financial position. Upon evaluation, it is determined that these actions do not increase the risk for the company.

(12) Litigation or non-litigation incident: Not applicable.

(13) Other important risks and countermeasures: Not applicable.

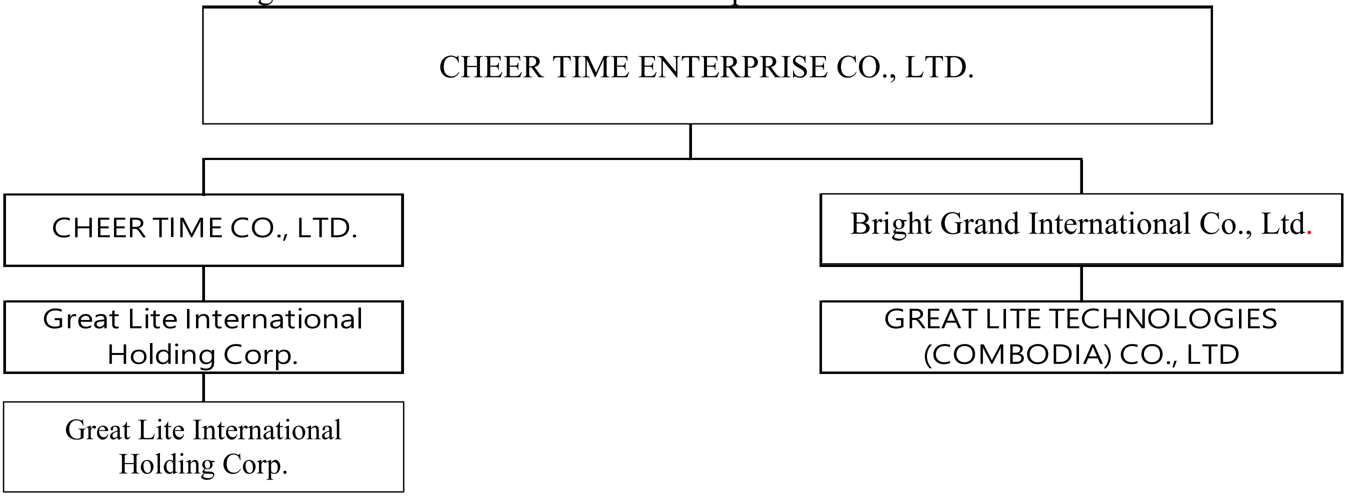
7. Other important matters: Not applicable.

VIII. Specially Noted Matters

1、 Information about the company's Affiliates:

(1) Report on the Business Merger of Related Companies

①Organization chart of the affiliated companies: 2022.12.31



②Basic information of affiliates

2022.12.31 Unit: NT$

Company Name	Established Date	Address	Paid-in capital	Primary business or production items
TSC Electronic Co., Ltd	2018.03.22	No. 280, Section 1, Nanshan Road, Luzhu District, Taoyuan City	NTD80,000,000	Manufacturing
Cheer Time Co., Ltd.	2006.01.05	Offshore Chambers, P.O. Box 217, Apia, Samoa	USD27,719,450	Overseas parent company
Great Lite International Holding Corp.	2017.07.20	offices of Vistra (Cayman) Limited, P. O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman	USD1,530,216	Overseas parent company
Bright Grand International Co., Ltd.	2017.12.28	13th Floor, No. 306, Section 4, Xinyi Road, Daan District, Taipei City	NT200,000,000	Retail and installation of network video surveillance products and equipment
Greelight (Chengdu) Technology Co., Ltd.	2018.08.22	Room 11, 17th Floor, Building 2, No. 666, Jitai Road, Chengdu High-tech Zone, China (Sichuan) Pilot Free Trade Zone	RMB2,000,000	Retail and installation of network video surveillance products and equipment
GREAT LITE TECHNOLOGIES (CAMBODIA) CO., LTD.	2019.09.05	No.310, Village 1, Sangkat 3, Krong Preah Sihanouk, Cambodia.	USD1,500,000	Retail and installation of network video surveillance products and equipment

③The overall business operated by the affiliated companies: Please refer to above.

④The shareholders who are assumed to have the controlling and affiliation relations: Not applicable.

⑤Information of directors, supervisors, and general manager of all affiliated companies

2022.12.31

Company Name	Title	Name (Representative)	Current Shareholding	
			Number of shares	Percentage of Shareholding
TSC Electronic Co., Ltd	Chairman Director Director Supervisor	Chuang, Ming-Li Liu, Wen-Chen Chu, Huai-Qing Chuang, Bo-Qiang	-	-
Cheer Time Co., Ltd.	Director	Chuang, Ming-Li	-	-
Great Lite International Holding Corp.	Director	Chuang, Ming-Li	-	-
Bright Grand International Co., Ltd.	Chairman	Wu, Ying-Chu	-	-
Greelight (Chengdu) Technology Co., Ltd.	Chairman Supervisor	Wu, Ying-Chu Xie, Feng	-	-
GREAT LITE TECHNOLOGIES (CAMBODIA) CO., LTD.	Chairman Director Director	Wu, Cheng-Hsun Wu, Ying-Chu Lim CHERN HOONG	-	-

⑥The financial status and operating results of all affiliated companies

2022.12.31

Unit: NT$ thousands

Company Name	Paid-in capital	Total assets	Total liabilities	Net Value	Operating revenue	Operating net profit (loss)	Net income (loss) for the period (after tax)	Earnings per share (NT$) (after tax)
TSC Electronic Co., Ltd	800,000	147,009	22,876	124,133	600,253	(13,299)	(7,426)	(0.09)
Cheer Time Co., Ltd.	986,620	10,701	-	10,701	-	(326)	(535)	(0.02)
Great Lite International Holding Corp.	145,898	5,896	-	5,896	-	(315)	(402)	(0.26)
Bright Grand International Co., Ltd.	200,000	23,637	32,303	(8,666)	4,793	(16,306)	(3,862)	(0.19)
Greelight (Chengdu) Technology Co., Ltd.	8,944	879	1,609	(730)	-	(575)	(730)	not applicable
GREAT LITE TECHNOLOGIES (CAMBODIA) CO., LTD.	46,227	455	127	328	-	(157)	16,864	-

(2) Statement of Consolidated Financial Statements of Related Companies

<u>Cheer Time Enterprise Co., Ltd.</u>

<u>REPRESENTATION LETTER</u>

The entities that are required to be included in the combined financial statements of Cheer Time Enterprise Co., Ltd. as of and for the year ended December 31, 2022, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with 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, Cheer Time Enterprise Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

CHEER TIME ENTERPRISE CO., LTD.

By

____

CHUANG, MING-LI

Chairman

March 22, 2023

(3) The consolidated financial statements, relationship report of the affiliated companies: Not applicable.

2、 The status of the privately placed securities in the most recent year and as of the published date of the annual report:

<table>
<tr><td>Item</td><td colspan="5">Issuance of the first and second private placements in the 2022 fiscal year</td></tr>
<tr><td>Type of private placement securities</td><td colspan="5">Common Shares</td></tr>
<tr><td>Date of approval by the shareholders meeting and amount approved</td><td colspan="5">Date of approval by the shareholders meeting: 2021.07.13
Amount: Up to 32,000,000 shares are planned to be issued as the limit. The Board of Directors is authorized to conduct two rounds of cash capital increase through private placement within one year from the date of the shareholders' meeting resolution.</td></tr>
<tr><td>Basis and rationality of the price setting</td><td colspan="5">The pricing of the private placement of common shares in this offering shall be determined based on a principle of not less than 80% of the reference price as stipulated in the "Guidelines for Publicly Listed Companies Conducting Private Placement of Securities." The company has calculated the issuance price per share based on the closing price of the common shares prior to the pricing date. Even though the determined price is lower than the face value of the shares, it is considered reasonable, and it is not expected to have a significant impact on shareholders' equity.</td></tr>
<tr><td>Method of selection of qualified persons</td><td colspan="5">The selection of specific individuals for the private placement is made in accordance with Article 43-6 of the Securities and Exchange Act, limited to the individuals specified in the Financial Supervisory Commission's Order No. 0910003455 issued on June 13, 2002.</td></tr>
<tr><td>Reason for necessity of private placement</td><td colspan="5">Considering the need to enhance working capital and meet the long-term development requirements of the company, and taking into account the fast and efficient nature of private placement, which aligns well with the company's needs, it is decided to issue securities through private placement instead of public offering.</td></tr>
<tr><td>Share payment completion date</td><td colspan="5">2022.03.21</td></tr>
<tr><td rowspan="9">Information on the places
(1St time)</td><td>Counterparty of the private placement</td><td>Qualifications</td><td>Subscription Amount (NT$)</td><td>Relation to the Company</td><td>Participation in the Company’s operations</td></tr>
<tr><td>Wu, Ying-Chu</td><td rowspan="8">The selection of specific individuals for the private placement is made in accordance with Article 43-6 of the Securities and Exchange Act, limited to the individuals specified in the Financial Supervisory Commission's Order No.</td><td>12,160,000</td><td>Connected person</td><td>The Chairman of our company</td></tr>
<tr><td>Chuang, Ming-Li</td><td>93,024,000</td><td>None</td><td>None</td></tr>
<tr><td>Lin, Jian-Hong</td><td>32,832,000</td><td>None</td><td>None</td></tr>
<tr><td>Chuang, Rong-Qi</td><td>19,456,000</td><td>None</td><td>None</td></tr>
<tr><td>Chuang, Bo-Ren</td><td>19,456,000</td><td>None</td><td>None</td></tr>
<tr><td>Chuang Chen, Shu-Hua.</td><td>33,452,160</td><td>None</td><td>None</td></tr>
<tr><td>Shen, Yu-Ting</td><td>3,648,000</td><td>None</td><td>None</td></tr>
<tr><td>Chuangda Investment Co., Ltd.</td><td>53,491,840</td><td>None</td><td>None</td></tr>
</table>

<table>
<tr><td rowspan="4">Information on the places
(2nd)</td><td>Liu, Wen-Chen</td><td rowspan="4">0910003455 issued on.</td><td>82,688,000</td><td>None</td><td>None</td></tr>
<tr><td>Zhang, Xiu-Qin</td><td>14,592,000</td><td>None</td><td>None</td></tr>
<tr><td>Liu, Xing-Jin</td><td>12,160,000</td><td>None</td><td>None</td></tr>
<tr><td>Liu, Xing-Jin</td><td>12,160,000</td><td>None</td><td>None</td></tr>
<tr><td>Actual subscription price</td><td colspan="5">NT$12.16 share</td></tr>
<tr><td>Actual subscription price difference</td><td colspan="5">1. The closing prices of ordinary shares on the pricing date, calculated as the simple arithmetic average of the closing prices on the previous one, three, or five business days, excluding the ex-rights and ex-dividends adjustments, and adding back the price after the reduction of capital, were NT$ 15.05, NT$15.03, and NT$15.20. The reference price is determined as the closing average of the previous five business days, which is NT$ 15.20.
The simple arithmetic average of the closing prices of ordinary shares over the preceding thirty business days, excluding the ex-rights and ex-dividends adjustments, and adding back the price after the reduction of capital, was NT$15.09.
Based on the higher of the above prices, which is NT$15.20, the actual issue price is set at no less than 80% of the reference price. Therefore, the private placement price is determined as NT$12.16 per share, which is 80% of the reference price.</td></tr>
<tr><td>Impacts of private placement on shareholders' equity</td><td colspan="5">The company determines the private placement price in accordance with existing laws and regulations. In the future, the impact on shareholders' equity will be determined by the accumulated gains or losses resulting from the difference between the actual private placement price and the face value. This will be assessed based on the company's future operations and market conditions, and appropriate measures such as reduction of capital, utilization of retained earnings, or capitalization of reserves will be taken to offset any losses.</td></tr>
<tr><td>Fund utilization of private placement and project implementation progress</td><td colspan="5">The funding raising for this offering has been completed in the first quarter of 2022.</td></tr>
<tr><td>Private placement benefits</td><td colspan="5">The total amount raised through the private placement by the company is NT$389,120,000, for a total of 32,000,000 shares. The private placement was completed on April 8, 2023. Out of the total amount raised, NT$138,877,053 was used to repay bank loans, while the remaining NT$250,242,947 was fully utilized to enhance working capital.</td></tr>
</table>

3、 The status of the company holding or disposing of the company’s shares in the most recent year and as of the published date of the annual report: Not applicable

4、 Other matters and supplementary explanations: Not applicable

IX. The occurrence of matters that have a significant impact on shareholders’ rights and interests or the price of securities, as stipulated in Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act

The occurrence of matters that have a significant impact on shareholders’ rights and interests or the price of securities, as stipulated in Article 36 Subparagraph 2 of the Securities and Exchange Act：Not applicable.

INDEPENDENT AUDITORS' REPORT

(2023) Ministry of Finance approved No.22005453

The Board of Directors and Shareholders

Cheer Time Enterprise Co., Ltd

Opinion

We have audited the accompanying consolidated financial statements of Cheer Time Enterprise Co., Ltd and its subsidiaries (the "Group"), which comprise the consolidated balance sheet 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, and based on the audit findings and other auditor's reports (please refer to "Other Matters"), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. 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 Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for 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 matter for the Group's consolidated financial statements for the year ended December 31, 2022 is stated as follows:

Merge & Acquisition Price Allocation Fairness Assessment

Description

The Group acquired 100% of the share capital of TSC Electronic Co., Ltd. in June, 2022. Relevant acquisition price allocation is finished in Q3, 2022, because the value of intangible assets (including goodwill and identifiable intangible assets such as customer relationships and etc) from the acquisition is high. The accounting treatment of the aforementioned acquisition was in accordance with International Financial Reporting Standards ("IFRS") 3 "Business Combinations". Please refer to note 6 (25) for price allocation details.

The determination of fair value of identifiable assets and liabilities and goodwill allocation of the invested company is based on judgments made by management, and involving accounting estimates. Therefore, we considered the price allocation for acquiring shares of the aforementioned company as a key audit matter to the consolidated financial statements.

How our audit addressed the matter

We reviewed the foundations and procedures which the management followed to evaluate acquisition price allocation. In addition, we reviewed a third party Purchase Price Allocation Report provided by the Group, and checked fair price evaluation process for identifiable assets and assumed liabilities. We also checked the reasonableness of the main assumptions and fair price evaluation for future cash flow estimation of the identifiable assets, in order to assess goodwill. Our procedures included:

1. We reviewed the valuation methods and calculations formula used in the valuation.
2. We reviewed and compared the expected growth rate, gross margin used in the valuation with historical data, as well as economical and industrial reference documents.
3. We reviewed the discount rate used in the valuation and compare with the rate of return from similar assets in the trade markets.

Goodwill impairment

Description

The balance of goodwill arising from the acquisition of TSC Electronics Co., Ltd. as at December 31, 2022 was NT$36,874 thousand, which is 3.83% of the total consolidated assets. Please refer to Note 5(2) and Note 6(8).

The goodwill derived from acquisition can be of large sum, and the evaluation model for expected recoverable cash flow in impairment assessment is a significant accounting estimate. The cash flow in recoverable amount is determined according to future cash flow. As a result, the impairment of goodwill is regarded as one of the key audit matters.

How our audit addressed the matter

We have obtained and reviewed Goodwill Impairment Assessment Report provided by the Group. We understand the forecast future cash flow is based on cash generating unit and it's process logics, and we've executed the following check procedures:

1. Evaluated the rationality of the evaluation model the Group is using, and its industry, business environment and the evaluated asset.
2. We confirmed that the future cash flow used in the evaluation model is consistent with the next year's budget provided by the Group.
3. We executed the following procedures to assess the rationality of key assumptions used in evaluation model for growth rate forecast, net profit margin and discount rate:
   (1) Verify the settings for evaluation model parameters and calculation method.
   (2) Compare the forecast growth rate and net profit margin with historical results, economical and industry forecast reference documents.
   (3) Compare discount rate with the assumption capital cost of cash-generating unit and return rate of similar assets.

Evaluation of depreciation to property, plant and equipment (PP&E)

Description

Regarding accounting policies on PP&E and non-financial assets depreciation, please refer to Notes 4(13) and (16) to the consolidated financial statements. Please refer to Notes 5(2) to the consolidated financial statements for accounting estimate and assumption uncertainty of PP&E depreciation. For explanation of account title of PP&E and non-financial assets depreciation, please refer to Notes 6(6) and (9) of the consolidated financial statements.

The Group is using the value in use for PP&E to calculate recoverable amount, and use it as basis for impairment evaluation. Given the fact that the evaluation process for value in use is based on judgment of the management, any change in economical situation or company polices may result in modification of evaluation which can cause depreciation. Consequently, the Group's evaluation for PP&E depreciation is identified as a key audit matter.

How our audit addressed the matter

Our audit procedures related to specific level of the above mentioned key audit matter included the following:

1. For the recoverable amount of assets reflecting signs of depreciation on date of balance sheet, we reviewed and checked the correctness of relevant calculation provided by the management.
2. We understand and evaluate the company's assets depreciation evaluation procedure and accounting policies are in accordance with accounting principles. These including review of methods used by the management to determine recoverable amount of an individual asset.
3. According to the way assets are being utilized and the industry nature, we obtained evaluation information used by the management to determine recoverable amount. We evaluated the

individual cash flow, useful life and the reasonableness of future possible income and expenditure of group assets.

Other Matter – Parent Company Only Financial Statements

We have also audited the parent company only financial statements of Cheer Time Enterprise Co., Ltd. as of and for the years ended December 31, 2022 and 2021 on which we have issued an unmodified opinion.

－ **Reference to other auditor's report**

The Group's subsidiaries and investments in other companies accounted for by using the equity method in the consolidated financial statements were based solely on the financial reports audited by other auditors. Therefore our opinion regarding amounts in those companies' financial statements is based solely on the report of other auditors. As of December 31, 2021, the assets (investments accounted for using equity method) of the aforementioned company were NT$1,543 thousand, which constituted 0.29% of the Group's consolidated total assets. For the year ended December 31, 2021 the income is NT$ -, which constituted -% of the total income. The recognized loss (including associates and share of profit or loss of joint ventures by using equity method) for the year ended December 31, 2022 was NT$(19,339) thousand, which constituted (29.20%) of the total comprehensive income.

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 the IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the 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 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 Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain 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 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 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 Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements 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 audits resulting in this independent auditors' report are Song Ze Wang and Yong Zhi Lin

Financial Supervisory Commission
Approved-certified No.: Jin-Guan-Certificate No. 1110349013
Approved-certified No.: Jin-Guan-Certificate No. 1050029592

PwC
Taipei, Taiwan
Republic of China
March 22, 2023

Cheer Time Enterprise Co., Ltd. and Subsidiaries
CONSOLIDATED BALANCE SHEET
December 31, 2021 and 2022

(In Thousands of New Taiwan Dollars)

	ASSETS	NOTES	December 31, 2022			December 31, 2021		
				Amount	%		Amount	%
	CURRENT ASSETS							
1100	Cash and cash equivalents	6(1)	$	177,306	18	$	80,272	15
1110	Financial assets at fair value through profit or loss - current	6(2))		6,565	1		11,635	2
1136	Financial assets at amortized cost - current	8		10,191	1		12,456	2
1150	Notes receivable, net	6(3)		18,206	2		7,071	1
1170	Accounts receivable, net	6(3)		229,110	24		101,804	19
1200	Other receivables			4,972	1		2,833	1
1220	Current tax assets			3,865	-		59	-
130X	Inventories	6(4)		144,521	15		36,635	7
1410	Prepayments			22,228	2		13,666	3
11XX	**Total current assets**			616,964	64		266,431	50
	Non-current assets							
1510	Financial assets at fair value through profit and loss - noncurrent	6(2)		-	-		10,000	2
1600	Property, plant and equipment	6(6)(8)		242,563	25		240,624	45
1755	Right-of-use assets	6(7)		35,147	4		6,148	1
1780	Intangible assets	6(8)(25)		55,064	6		-	-
1840	Deferred income tax assets	6(23)		7,864	1		8,687	2
1990	Other noncurrent assets - others			5,227	-		1,268	-
15XX	**Total noncurrent assets**			345,865	36		266,727	50
1XXX	**TOTAL**		$	962,829	100	$	533,158	100

(Continued on next page)

Cheer Time Enterprise Co., Ltd. and Subsidiaries
CONSOLIDATED BALANCE SHEET
December 31, 2021 and 2022

(In Thousands of New Taiwan Dollars)

	LIABILITIES AND EQUITY	NOTES	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	CURRENT LIABILITIES					
2100	Short-term borrowings	6(9)(27), 7 and 8	$ 167,799	17	$ 48,252	9
2130	Current contract liabilities	6(17)	10,964	1	9,939	2
2150	Notes payable		6,775	1	-	-
2170	Accounts payable		34,169	4	20,895	4
2200	Other payables	6(11)	63,609	7	72,741	13
2280	Lease liabilities - current	6(27)	10,968	1	3,613	1
2320	Long-term liabilities, current portion	6(12)(27) and 8	-	-	3,750	1
2399	Other current liabilities - others		3	-	3	-
21XX	**Total current liabilities**		294,287	31	159,193	30
	NON-CURRENT LIABILITIES					
2540	Non-current portion of non-current borrowings	6(12)(27) and 8	-	-	86,250	16
2570	Deferred tax liabilities	6(23)	3,638	-	-	-
2580	Non-current lease liabilities	6(27)	24,538	3	2,662	1
2645	Deposits received		502	-	162	-
25XX	**Total non-current liabilities**		28,678	3	89,074	17
2XXX	**Total liabilities**		322,965	34	248,267	47
	Equity					
	EQUITY ATTRIBUTABLE TO OWNERS OF PARENT					
	Share capital	6(14)				
3110	Ordinary shares		642,630	67	322,630	60
	Capital surplus	6(15)				
3200	Capital surplus		90,342	9	21,222	4
	Retained earnings	6(16)				
3310	Legal reserve		3,896	-	3,896	1
3350	Accumulated deficit		(93,428)	(10)	(55,400)	(10)
	Other equity interest					
3400	Other equity interest		(3,716)	-	(2,893)	(1)
31XX	**Total equity attributable to owners of parent**		639,724	66	289,455	54
36XX	**Non-controlling interests**		140	-	(4,564)	(1)
3XXX	**Total equity**		639,864	66	284,891	53
	Significant contingent liabilities and unrecognized contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	**TOTAL LIABILITIES AND EQUITY**		$ 962,829	100	$ 533,158	100

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

Chairman：Chuang, Ming-Li Finance Manager：Liu, Wen-Chen Accountant：Lo, Yu-Ju

Cheer Time Enterprise Co., Ltd. and Subsidiaries
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
December 31, 2021 and 2022

In Thousands of New Taiwan Dollars
(Except Earnings Per Share)

	Items	NOTES	2022 Amount	2022 %	2021 Amount	2021 %
4000	Operating revenue	6(17)	$ 819,585	100	$ 440,436	100
5000	Operating costs	6(4)(21)(22) and 7	(781,032)	(95)	(397,337)	(90)
5900	Gross profit from operation		38,553	5	43,099	10
	Operating expenses	6(13)(21)(22)				
6100	Selling expenses		(16,568)	(2)	(26,381)	(6)
6200	Administrative expenses		(69,218)	(9)	(50,176)	(11)
6300	Research and development expenses		(3,014)	-	-	-
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	12(2)	1,678	-	(26,624)	(6)
6000	Total operating expenses		(87,122)	(11)	(103,181)	(23)
6900	Net operating loss		(48,569)	(6)	(60,082)	(13)
	Non-operating income and expenses					
7100	Interest income		1,499	-	239	-
7010	Other income	6(18)	6,722	1	5,538	1
7020	Other gains and losses	6(2)(6)(19)(26)	7,790	1	(10,256)	(2)
7050	Finance costs	6(7)(10)(12)(20)	(4,174)	-	(2,384)	(1)
7060	Share of profit (loss) of associates and joint ventures accounted for using equity methods	6(5)	-	-	(487)	-
7000	Total non-operating income and expenses		11,837	2	(7,350)	(2)
7900	**INCOME BEFORE INCOME TAX**		(36,732)	(4)	(67,432)	(15)
7950	Total tax income	6(23)	3,763	-	2,369	-
8200	**LOSS**		($ 32,969)	(4)	($ 65,063)	(15)
	Other comprehensive income					
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Exchange differences on translation		($ 2,419)	-	($ 1,172)	-
8360	Components of other comprehensive income that will be reclassified to profit or loss		(2,419)	-	(1,172)	-
8300	**OTHER COMPREHENSIVE INCOME,NET**		($ 2,419)	-	($ 1,172)	-
8500	**TOTAL COMPREHENSIVE INCOME**		($ 35,388)	(4)	($ 66,235)	(15)
	Loss, attributable to:					
8610	Attributable to owners of parent		($ 38,028)	(5)	($ 55,400)	(13)
8620	Attributable to non-controlling interests		5,059	1	(9,663)	(2)
			($ 32,969)	(4)	($ 65,063)	(15)
	Comprehensive income attributable to:					
8710	Owners of parent		($ 38,851)	(4)	($ 55,406)	(13)
8720	Non-controlling interests		3,463	-	(10,829)	(2)
			($ 35,388)	(4)	($ 66,235)	(15)
	Loss per share	6(24)				
9750	Total basic loss per share		($ 0.66)		($ 1.72)	
9850	Diluted earnings per share		($ 0.66)		($ 1.72)	

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

Chairman：Chuang, Ming-Li　　Finance Manager：Liu, Wen-Chen　　Accountant：Lo, Yu-Ju

Cheer Time Enterprise Co., Ltd. and Subsidiaries

CONSOLIDATED STATEMENT OF CHANGE IN EQUITY

For the years ended December 31, 2022 and 2021

In Thousands of New Taiwan Dollars

	Notes	Equity attributable to owners of the parent							
				Retained earnings					
	Notes	Ordinary Shares	Capital Surplus	Legal Capital Reserve	Accumulated Deficit	Currency Translation Differences of Foreign Operations	Total	Non-controlling Equity	Total Equity
Year 2021									
Balance at January 1, 2021		$ 935,159	$ 21,222	$ 4,453	($ 613,086)	($ 2,887)	$ 344,861	$ 5,136	$ 349,997
Net loss for 2021		-	-	-	(55,400)	-	(55,400)	(9,663)	(65,063)
Other comprehensive income (loss) for 2021		-	-	-	-	(6)	(6)	(1,166)	(1,172)
Current comprehensive income(loss)		-	-	-	(55,400)	(6)	(55,406)	(10,829)	(66,235)
Non-controlling interest change		-	-	-	-	-	-	1,129	1,129
Legal reserve used to cover accumulated deficits	6(14)	-	-	(557)	557	-	-	-	-
Capital reduction to cover accumulated deficits	6(14)	(612,529)	-	-	612,529	-	-	-	-
Balance at December 31, 2021		$ 322,630	$ 21,222	$ 3,896	($ 55,400)	($ 2,893)	$ 289,455	($ 4,564)	$ 284,891
Year 2022									
Balance on Balance on January 1, 2022		$ 322,630	$ 21,222	$ 3,896	($ 55,400)	($ 2,893)	$ 289,455	($ 4,564)	$ 284,891
Current net loss		-	-	-	(38,028)	-	(38,028)	5,059	(32,969)
Other current comprehensive profit loss		-	-	-	-	(823)	(823)	(1,596)	(2,419)
Total comprehensive income		-	-	-	(38,028)	(823)	(38,851)	3,463	(35,388)
Issuance of common stock for cash	6(14)(15)	320,000	69,120	-	-	-	389,120	-	389,120
Change in non-controlling interests		-	-	-	-	-	-	1,241	1,241
Balance on December 31, 2022		$ 642,630	$ 90,342	$ 3,896	($ 93,428)	($ 3,716)	$ 639,724	$ 140	$ 639,864

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

Chairman：Chuang, Ming-Li Finance Manager：Liu, Wen-Chen Accountant：Lo, Yu-Ju

Cheer Time Enterprise Co., Ltd. and Subsidiaries
CONSOLIDATED BALANCE SHEETS
December 31, 2021 and 2022

(In Thousands of New Taiwan Dollars)

	Note	January 1 to December 31, 2022	January 1 to December 31, 2021
Cash flows from operating activities			
Loss before tax		($ 36,732)	($ 67,432)
Adjustments			
Adjustments to reconcile profit (loss)			
Net loss on financial assets or liabilities at fair value through profit or loss	6(2)(19)	7,022	1,816
Expected credit loss (gain)	12(2)	(1,678)	26,624
Share of loss of associates and joint ventures accounted for using equity method	6(5)	-	487
Gain on disposal of investments	6(19)	-	(256)
Gain on disposal of subsidiaries	6(19)	-	(27,566)
Depreciation expense	6(6)(7)(21)	33,897	34,277
Loss (gain) on disposal of property, plant and equipment	6(19)	49	(315)
Various amortization	6(8)(21)	1,958	1,027
Impairment loss on non-financial assets	6(5)(9)(19)	-	28,628
Interest income		(1,499)	(239)
Dividend income	6(18)	(52)	(45)
Gain on reversal of account payable	6(18)	(2,333)	-
Interest expense	6(20)	4,174	2,384
Gain on lease contract modification	6(7)(19)	-	(107)
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		(357)	41
Accounts receivable		73,960	(28,570)
Accounts receivable - related parties		-	14,727
Other receivable		(1,817)	(1,038)
Other receivable – related parties		-	2
Inventories		21,301	(11,315)
Prepayments		(2,621)	7,802
Net defined benefit liability, non-current		-	25,706
Changes in operating liabilities			
Contract liabilities		1,023	(8,895)
Accounts payable		6,349	(8,060)
Notes payable		(5,422)	-
Other payable		(19,453)	10,790
Other current liabilities - other		-	(3)
Cash inflow generated from operations		77,769	470
Interest received		1,499	238
Dividend received		52	45
Income taxes refund		34	359
Interest paid		(4,167)	(2,602)
Income taxes paid		(14,463)	-
Net cash flows from (used in) operating activities		60,724	(1,490)

(Continued on next page)

Cheer Time Enterprise Co., Ltd. and Subsidiaries
CONSOLIDATED BALANCE SHEETS
December 31, 2021 and 2022

(In Thousands of New Taiwan Dollars)

	Note	January 1 to December 31, 2022	January 1 to December 31, 2021
Cash flows from (used in) investing activities			
Gain on disposal of current financial assets at fair value through profit and loss		$ 3,048	$ -
Gain from sale of amortized cost financial assets – decrease (increase)		31,428	(1,918)
Acquisition of financial assets at fair value through profit or loss – non-current	12(3)	(5,000)	-
Gain on disposal of financial assets at fair value through profit or loss – non-current		10,000	-
Acquisition of property, plant and equipment proceeds	6(6)(26)	(15,799)	(7,709)
Proceeds from disposal of property, plant and equipment		294	433
Increase in repayments for business facilities (listed as other non-current assets – other)		(4,801)	1,391
Decrease in refundable deposits (listed as other non-current assets – other)		(132)	1,587
Acquisition to subsidiaries (deduct cash received)	6(25)	(173,394)	-
Proceeds from disposal of subsidiary cash income	6(26)	-	11,310
Net cash flows from (used in) investing activities		(154,356)	5,094
Cash flows from (used in) financing activities			
Decrease in short-term loans	6(27)	(100,188)	(18,748)
Repayments of long-term debt	6(27)	(90,000)	-
Repayments of lease liabilities	6(7)(27)	(7,428)	(3,617)
Increase in deposits received	6(27)	340	-
Issuance of common stock for cash	6(13)	389,120	-
Net cash flows from (used in)financing activities		191,844	(22,365)
Effect of exchange rate changes		(1,178)	(959)
Net increase (decrease) in cash and cash equivalents		97,034	(19,720)
Cash and cash equivalents at beginning of period	6(1)	80,272	99,992
Cash and cash equivalents at end of period	6(1)	$ 177,306	$ 80,272

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

Chairman：Chuang, Ming-Li Finance Manager：Liu, Wen-Chen Accountant：Lo, Yu-Ju

CHEER TIME ENTERPRISE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. HISTORY AND ORGANIZATION

Cheer Time Enterprise Co., Ltd. (the "Company) was incorporated on July 28, 1987 in accordance with the Company Act of the Republic of China (R.O.C.) and other relevant laws and regulations. The Company and its subsidiaries (the "Group") are engaging mainly in the manufacturing, processing and sales of rigid Printed Circuit Board (PCB), manufacturing of electronic components, retail sales and installation of network surveillance video equipment, as well as international trade.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

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

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") that came into effect as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments that came into effect as endorsed by FSC and became effective from 2022 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts – cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018-2020	January 1, 2022

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

(2) Effect of new standards and amendments to IFRSs that came into effect as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments that came into effect as endorsed by the FSC effective from 2023 as follows:

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

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

(3) IFRSs issued by International Accounting Standards Board ("IASB") but not yet endorsed by the FSC

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

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

(2) Basis of preparation

1. Except from fair value by current financial assets at fair value through profit or loss, the consolidated financial statements have been prepared under the historical cost convention.
2. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

1. Basis for preparation of consolidated financial statements:
   (1) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
   (2) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary

to ensure consistency with the policies adopted by the Group.

(3) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(4) Changes in the Group’s ownership interests in subsidiaries that do not result in the Group losing control (transaction with non-controlling interest) over the subsidiaries are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

(5) When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and the assets and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when the control is lost. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Group had directly disposed of the related assets or liabilities. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the cost on initial recognition of an investment.

2. Subsidiaries included in the consolidated financial statements:

			Ownership (%)		
Investor	Subsidiary	Main business activities	December 31, 2022	December 31, 2021	Description
CHEER TIME CO., LTD.	CHEER TIME CO.,LTD.	Head offshore holding company	100.00	100.00	
CHEER TIME CO., LTD.	GREAT LITE INTERNATIONAL (GREAT LITE)	Retail sales and installation of network surveillance video equipment	100.00	100.00	
CHEER TIME CO., LTD.	TSC ELECTRONIC CO., LTD. (TSC)	Manufacturing of electronic components	100.00	-	(Note 4)
CHEER TIME CO.,LTD.	GREAT LITE INTERNATIONAL HOLDING CORP.	Offshore holding company	100.00	100.00	

Investor	Subsidiary	Main business activities	Ownership (%) December 31, 2022	December 31, 2021	Description
GREAT LITE INTERNATIONAL HOLDING CORP.	GREAT LITETECHNOLOGIESINTERNATIONALPTE.LTD.	Retail sales and installation of network surveillance video equipment	-	-	(Note 3)
GREAT LITE INTERNATIONAL HOLDING CORP.	GREAT LITE INTERNATIONAL (SAMOA) CO., LTD.	Retail sales and installation of network surveillance video equipment	-	-	(Note 2)
GREAT LITE INTERNATIONAL HOLDING CORP.	GREAT LITE TECHNOLOGIES LTD.	Retail sales and installation of network surveillance video equipment	100.00	100.00	
GREAT LITE INTERNATIONAL (GREAT LITE)	GREAT LITE TECHNOLOGIES (COMBODIA) CO.,LTD.	Retail sales and installation of network surveillance video equipment	70.00	70.00	
GREAT LITE INTERNATIONAL (GREAT LITE)	FIREWOODS TECHNOLOGY CORP., LTD.	Software design services	-	-	(Note 1)

Note 1: In January 2021, the Group sold the subsidiary, please refer to Note 6(26) for details.

Note 2: GREAT LITE INTERNATIONAL (SAMOA) CO.,LTD. completed the liquidation process on August 10, 2021. After liquidation, it was no longer included in the consolidated financial reports. Please refer to Note 6(26) for details.

Note 3: GREAT LITE TECHNOLOGIES INTERNATIONAL PTE.LTD. was deregistered on August 18, 2021, and completed the liquidation process on November 16, 2021. After liquidation, it was no longer included in the consolidated financial reports. Please refer to Note 6(26) for details.

Note 4: In June 2021, the Group acquired 100% shares of TSC. After acquisition date, it is included in consolidated entities.

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

(4)Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in 'New Taiwan Dollars' which is the Company's functional currency.

1. Foreign currency transactions and balances

(1) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.

(2) Monetary assets and liabilities denominated in foreign currencies at the period end are retranslated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.

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

(4)All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within 'other gains and losses.

2. Translation of foreign operations

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

A. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

B.Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

C.All resulting exchange differences are recognized in other comprehensive income.

(2)When the foreign operation partially disposed of or sold is an associate, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, even when the Group retains partial rights in the former foreign associate after losing significant influence over the former foreign associate, such transactions should be accounted for as disposal of all interest in these foreign operations.

(5)<u>Classification of current and non-current items</u>

1. Assets that meet one of the following criteria are classified as current assets:

(1)Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;

(2)Assets held mainly for trading purposes;

(3)Assets that are expected to be realized within twelve months from the balance sheet date;

(4)Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

The Group classifies none of the above criteria as non-current assets.

2.Liabilities that meet one of the following criteria are classified as current liabilities:

(1) Liabilities that are expected to be settled within the normal operating cycle;

(2) Liabilities arising mainly from trading activities;

(3) Liabilities that are to be settled within twelve months from the balance sheet date;

(4) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies none of the above criteria as non-current assets.

(6)<u>Financial assets at fair value through profit or loss</u>

1. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive

income.

2. Financial assets valued at fair value through profit or loss are from ordinary trading norms, are recognized and derecognized using trade date accounting.
3. At initial recognition, the Group measures the financial liabilities at fair value. All related transaction costs are recognized in profit or loss. The Group subsequently measures these financial liabilities at fair value with any gain or loss recognized in profit or loss.
4. Dividends are recognized as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(7)Financial assets at amortized cost

1. Financial assets valued at amortized cost which meet all of the following criteria:
   (1) The objective of the Group's business model is achieved by collecting contractual cash flows; and
   (2) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
2. On a regular way purchase or sale basis, financial assets at amortized cost are recognized and derecognized using trade date account.
3. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognized in profit or loss when the asset is derecognized or impaired.
4. The Group's time deposits, structured deposits and negotiable certificates of deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(8) Accounts and notes receivable

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

(9) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item-by-item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses. When the cost of inventories exceeds the net realizable value, the amount of any write-down of inventories is recognized as cost of sales during the period; and the amount of any reversal of inventory write-down is recognized as a reduction in cost of sales during the period

(10)Impairment of financial assets

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

(11) Derecognition of financial assets

When the contractual rights to receive cash flows from financial asset expires, the Group derecognizes a financial asset.

(12) Investments accounted for using equity method/associates

1. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. The Group's investments in associates are accounted for using the equity method and are initially recognized at cost.
2. The Group's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
3. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognizes the Group's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.
4. The unrealized gain or loss from transactions between the Group and associates has been disposed of according to the rights the Group has over the associate. Unless otherwise suggested that the assets transferred by the transaction has been disposed, the unrealized gain or loss must be deleted. The associate's accounting policies has been adjusted to have the same principles as the Group.
5. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(13) Property, plant and equipment

1. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
2. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced

part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

3. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
4. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Asset name	Useful life
Buildings and structures	3 ～ 35 years
Machinery and equipment	1 ～ 8 years
Transportation and equipment	1 ～ 6 years
Leasehold improvements	5 ～ 15 years
Other equipment	1 ～ 8 years

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

1. Leases are recognized as a right-of-use assets and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.
2. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the fixed payments, less any lease incentives receivable.
   The Group subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to right-of-use assets when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.
3. At the commencement date, the right-of-use assets is stated at cost comprising the following:
   (1) The amount of the initial measurement of lease liability;
   (2) Any lease payments made at or before the commencement date
   The right-of-use assets is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use assets.

(15) Intangible assets

1. Computer software
   Computer software is stated at cost and amortized on a straight-line basis over its estimated useful life 3 to 5 years.
2. Goodwill
   Goodwill arises in a business combination accounted for by applying the acquisition method.

3.Customer relationship

Customer relationship is intangible assets acquired in a business combination and recognized at their fair value at the acquisition date. The accrual basis of fair value is based on price valuation report, and amortization is recognized using the straight-line method over estimated useful lives of 6 years.

(16)Impairment of non-financial assets

1. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.
2. The recoverable amounts of goodwill are evaluated periodically. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognized in profit or loss shall not be reversed in the following years.
3. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(17)Borrowings

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

(18)Accounts and notes payable

1. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.
2. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(19)Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability specified in the contract is discharged or cancelled or expires.

(20)Employee benefits

1. Short-term employee benefits

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

2.Pensions

(1)Defined contribution plans

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

(2) Defined benefit plans

A.Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead.

B. Remeasurements arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

3. Employees' compensation and directors' remuneration

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

(21)Income tax

1. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
2. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
3. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.
4. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.
5. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or

different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

(22) Share capital

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

(23) Revenue recognition

Sale of goods

1. The Group sells electronic components and surveillance equipment. Revenue arising from the sales of goods is recognized when the Group has delivered the goods to the customer, and the customer has full discretion over the distribution channel and price of the goods, and the Group has fulfilled all obligations which might have influence over customer’s acceptance of goods. The delivery of goods is completed when the risks of obsolete and loss have been transferred to the customer, and the customer has accepted the goods based on the sales contract or there is objective evidence showing that all acceptance provisions have been satisfied. Revenue from these sales is recognized base on the price specified in the contract, deducting net recognized amount of quantity discount and sales discount. Accounts receivable from sales transactions are usually based on 30 to 120 days from date of statement. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Group does not adjust the transaction price to reflect the time value of money.
2. A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.
3. The incremental cost from obtaining sales contract is expected to be recoverable; however due to these relevant contract period might be shorter than 1 year; these costs shall be recognized as expenditures when occurred.

(24) Government grants

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes expenses for the related costs for which the grants are intended to compensate.

(25) Business combinations

1. The Group uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed, and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination, the Group measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to the proportionate share of the entity’s net assets in the event of liquidation at either fair value or the present

ownership instruments' proportionate share in the recognized amounts of the acquiree's identifiable net assets. All other non-controlling interests should be measured at the acquisition-date fair value.

2. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the identifiable assets acquired and the liabilities assumed is recorded as goodwill at the acquisition date. If the total of consideration transferred, non-controlling interest in the acquiree recognized and the fair value of previously held equity interest in the acquiree is less than the fair value of the identifiable assets acquired and the liabilities assumed, the difference is recognized directly in profit or loss on the acquisition date.

(26)Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group's chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments.

5. Critical accounting judgments, estimates and key sources of assumption uncertainty

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

(1) Critical judgments in applying the Group's accounting policies

None.

(2) Critical accounting estimates and assumptions

1. Impairment assessment of tangible assets

During the process of assessing impairment of assets, the Group has to rely on objective judgment and determine the individual cash flow, useful life and possible future generation of income and loss of specific asset group based on assets use method and industry characteristic. Any estimate revision from change of economic situation or the Group's strategies might create major impairments in the future.

As of December 31, 2022, the value of property, plants and equipment amounted to $242,563 after the Group has recognized impairment loss. .

2. Impairment assessment of goodwill

The impairment assessment of goodwill relies on the Group's subjective judgment, including identifying cash-generating units, allocating assets and liabilities as well as goodwill to related cash generating units, and determining the recoverable amounts of related cash-generating units.

As of December 31, 2022, the Group recognized goodwill amounting to $36,874.

3. Evaluation of inventories

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

As of December 31, 2022, the carrying amount of inventories of the Group was $144,521.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2022		December 31, 2021	
Cash on hand	$	228	$	197
Checking accounts and demand deposits		177,078		80,075
	$	177,306	$	80,272

1. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
2. The Group has pledged cash and cash equivalents as collaterals (listed as 'Financial Assets Measured at Amortized Cost –current'), please refer to Note 8 'Collateral Assets' for details.

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

Items	December 31, 2022		December 31, 2021	
Current items:				
Financial assets mandatorily measured at fair value through profit or loss				
Listed stocks	$	18,854	$	31,800
Valuation adjustment	(	12,289)	(	20,165)
	$	6,565	$	11,635
Non-current items:				
Financial assets mandatorily measured at fair value through profit or loss				
Unlisted stocks	$	5,000	$	15,040
Valuation adjustment	(	5,000)	(	5,040)
	$	-	$	10,000

1. As at December 31, 2022 and 2021, the Group's net loss (listed as 'other income and loss') on financial assets valued at fair price through profit and loss was ($7,022) and ($1,816).
2. As at December 31, 2022 and 201, the Group does not have any financial assets valued at fair price through profit and loss held as collaterals.

(3) Notes and accounts receivable

	December 31, 2022		December 31, 2021	
Notes receivable	$	18,206	$	7,071
Accounts receivable	$	230,404	$	102,263
Less: Allowance for uncollectible accounts	(	1,294)	(	459)
	$	229,110	$	101,804

1. As of December 31, 2022 and 2021, the Group does not have overdue notes receivable.
2. The aging analysis of accounts receivable is as follows:

	December 31, 2022	December 31, 2021
Not past due	$ 201,465	$ 81,082
Over 60 days past due	23,694	20,377
61-120 days past due	3,510	325
121-180 days past due	-	153
181-365 days past due	722	-
Over 365 days past due	1,013	326
	$ 230,404	$ 102,263

The above ageing analysis was based on past due date.

3. As of December 31, 2022 and 2021, accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2021, the balance of receivables from contracts with customers and allowance for uncollectible accounts are $135,921 and $27,924, respectively.
4. As at December 31, 2022 and 2021, the Group does not have any notes receivable or accounts receivable held as collaterals.
5. As at December 31, 2022 and 2021, without taking into account any other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes receivable and accounts receivable were their carrying amount.
6. For information relevant to credit risk, please refer to explanation of financial tools provided in Note 12(2).

(4) Inventories

	December 31, 2022		
	Cost	Allowance for valuation losses	Book value
Raw material	$ 86,806	$ -	$ 86,806
Material	996	-	996
Work in progress	7,742	(510)	7,232
Finished goods	49,162	(2,108)	47,054
Merchandise	16,379	(13,946)	2,433
	$ 161,085	($ 16,564)	$ 144,521

	December 31, 2021		
	Cost	Allowance for valuation losses	Book Value
Raw material	$ 12,833	($ 29)	$ 12,804
Material	291	-	291
Work in progress	5,580	(358)	5,222
Finished goods	20,030	(2,994)	17,036
Merchandise	16,420	(15,138)	1,282
	$ 55,154	($ 18,519)	$ 36,635

1. The cost of inventories recognized by the Group as expense for the year:

	2022	2021
Cost of goods sold	$ 738,884	$ 373,898
Gain on increase of inventory value	(1,955)	(1,130)
Inventory written off	9,587	7,528
Loss on physical inventory	2,612	416
Unallocated fixed production costs	34,022	17,834
Revenue from sale of scrap	(2,118)	(1,209)
	$ 781,032	$ 397,337

2. The Group has recognized gain on increase of inventory value in the year of 2022 and 2021 because of the inventory recognized as loss on value for the previous year.

(5) Investments accounted for using equity method

	December 31, 2022	December 31, 201
Associate:		
GOLDEN PAVILION MANAGEMENT CO., LTD.	$ -	$ 28,628
Dongguan Shi En Clothing Co., Ltd.	-	-
	-	28,628
Accumulated loss	-	(28,628)
	$ -	$ -

1.As at December 31, 2022 and 2021, the book value of non-significant associates of the Group are $0. The summarized financial information of the associate that is material to the Group is as follows:

	2022	2021
Loss for the year from continuing operations	$ -	($ 487)
Other comprehensive income, net of tax	-	-
Total comprehensive income	$ -	($ 487)

2. The Group has taken into consideration of investees' operations and future operating capabilities, and recognized loss of $28,628 for investments accounted for through equity method in 2021.

3. The Group has gained $256 from disposal of its whole 45% of shares of Dongguan Shi En Clothing Co., Ltd. in December 2021.

(6) Property, plant and equipment

2022

	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Lease equipment	Lease improvement	Other equipment	Unfinished construction And equipment under acceptance	Total
At January 1									
Cost	$ 142,162	$ 45,299	$ 122,333	$ 2,216	$ -	$ 33,927	$ 15,938	$ 5,714	$ 367,589
Accumulated depreciation	-	(20,107)	(51,108)	(1,520)	-	(21,572)	(9,198)	-	(103,505)
Accumulated impairment	-	-	(21,493)	-	-	-	(1,967)	-	(23,460)
	$ 142,162	$ 25,192	$ 49,732	$ 696	$ -	$ 12,355	$ 4,773	$ 5,714	$ 240,624
At January 1	$ 142,162	$ 25,192	$ 49,732	$ 696	$ -	$ 12,355	$ 4,773	$ 5,714	$ 240,624
Acquired in combination	-	-	2,567	2,597	-	-	1,331	-	6,495
Additions	-	-	2,821	-	-	1,771	12,438	-	17,030
Depreciation	-	(1,708)	(12,490)	(1,176)	-	(7,082)	(3,781)	-	(26,237)
Reclassifications (note)	-	-	(21,107)	-	21,550	3,129	1,422	-	4,994
Disposals, cost	-	-	(2,557)	(435)	-	(5,020)	(5,409)	-	(13,421)
—Accumulated depreciation	-	-	2,052	332	-	5,020	5,328	-	12,732
—Accumulated impairment	-	-	265	-	-	-	81	-	346
At December 31	$ 142,162	$ 23,484	$ 21,283	$ 2,014	$ 21,550	$ 10,173	$ 16,183	$ 5,714	$ 242,563
At December 31									
Cost	$ 142,162	$ 45,299	$ 93,706	$ 8,982	$ 45,256	$ 33,103	$ 27,792	$ 5,714	$ 402,014
Accumulated depreciation	-	(21,815)	(62,120)	(6,968)	(12,781)	(22,930)	(9,723)	-	(136,337)
Accumulated impairment	-	-	(10,303)	-	(10,925)	-	(1,886)	-	(23,114)
	$ 142,162	$ 23,484	$ 21,283	$ 2,014	$ 21,550	$ 10,173	$ 16,183	$ 5,714	$ 242,563

2021

	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Lease equipment	Lease improvement	Other equipment	Unfinished construction And equipment under acceptance
At January 1								
Cost	$ 142,162	$ 45,299	$ 138,441	$ 4,225	$ 34,633	$ 34,702	$ 5,714	$ 405,176
Accumulated depreciation	-	(18,398)	(56,514)	(2,818)	(18,701)	(20,018)	-	(116,449)
Accumulated impairment	-	-	(21,492)	-	-	(1,967)	-	(23,459)
	$ 142,162	$ 26,901	$ 60,435	$ 1,407	$ 15,932	$ 12,717	$ 5,714	$ 265,268
At January 1	$ 142,162	$ 26,901	$ 60,435	$ 1,407	$ 15,932	$ 12,717	$ 5,714	$ 265,268
Additions	-	-	1,638	-	3,287	1,232	-	6,157
Depreciation expanses	-	(1,709)	(12,342)	(711)	(6,846)	(9,022)	-	(30,630)
Disposals, cost	-	-	(17,747)	(2,009)	(3,991)	(20,060)	-	(43,807)
－Accumulated depreciation	-	-	17,747	2,009	3,974	19,959	-	43,689
Net exchange difference	-	-	-	(1)	(1)	(51)	-	(53)
At December 31	$ 142,162	$ 25,192	$ 49,731	$ 695	$ 12,355	$ 4,775	$ 5,714	$ 240,624
At December 31								
Cost	$ 142,162	$ 45,299	$ 122,333	$ 2,216	$ 33,927	$ 15,938	$ 5,714	$ 367,589
Accumulated depreciation	-	(20,107)	(51,108)	(1,520)	(21,572)	(9,198)	-	(103,505)
Accumulated impairment	-	-	(21,493)	-	-	(1,967)	-	(23,460)
	$ 142,162	$ 25,192	$ 49,732	$ 696	$ 12,355	$ 4,773	$ 5,714	$ 240,624

Note: Transfer from repayments for equipment.

1. As at December 31 2022 and 2021, the Group does not capitalization of interests.
2. Please refer to Note 8 for explanation on collateral assets for information on using property, plant and equipment as collaterals as at December 31, 2022 and 2021.

(7) Leasing arrangements - lessee

1. The Group leases various assets including building, transportation equipment, and multi-functional printers. Rental contracts are typically made for periods of 1 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
2. The duration of lease which the Group leases buildings and transportation equipment for doe not exceed 12 months. The low value leased asset is multi-functional printers.
3. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2022		December 31, 2021	
	Carrying amount		Carrying amount	
Offices	$	34,731	$	5,258
Transportation equipment		416		890
	$	35,147	$	6,148

	2022		2021	
	Deprecation		Depreciation	
Offices	$	7,185	$	3,315
Transportation equipment		475		332
	$	7,660	$	3,647

4. For the years ended December 31, 2022 and 2021, the additions to right-of-use assets were $36,659 and $469, respectively.
5. The information on profit and loss accounts relating to lease contracts is as follows:

	For the years ended December 2022		For the years ended December 2021	
Items affecting profit and loss				
Interest from lease liabilities	$	519	$	178
Expenses relating to short-term leases		4,300		992
Expenses relating to low-value asset leases		100		57
Lease modification benefit		-		107

6. For the years ended December 31, 2022 and 2021, the Group's total cash outflow for leases amounted to $12,347 and $4,845, respectively.

(8) Intangible assets

2022	Software	Goodwill(note)	Mask	Total
At January 1, 2022				
Cost	$ 1,651	$ 37,384	$ -	$ 39,035
Accumulated amortization	(1,651)	(37,384)	-	(39,035)
	$ -	$ -	$ -	$ -
At January 1	$ -	$ -	$ -	$ -
Additions-acquired by business combination	-	36,874	20,148	57,022
Amortization	-	-	(1,958)	(1,958)
At December 31	$ -	$ 36,874	$ 18,190	$ 55,064
At December 31				
Cost	$ 1,651	$ 65,678	$ 20,148	$ 87,477
Accumulated amortization	(1,651)	(28,804)	(1,958)	(32,413)
	$ -	$ 36,874	$ 18,190	$ 55,064

2021	Computer software	Goodwill (note)	Others	Total
At January 1				
Cost	$ 1,651	$ 37,384	$ 9,567	$ 48,602
Accumulated amortization	(1,651)	(37,384)	(2,641)	(41,676)
	$ -	$ -	$ 6,926	$ 6,926
At January 1	$ -	$ -	$ 6,926	$ 6,926
Amortization	-	-	(1,027)	(1,027)
Consolidated parent-only changes	-	-	(5,185)	(5,185)
Net exchange difference	-	-	(714)	(714)
At December 31	$ -	$ -	$ -	$ -
At December 31				
Cost	$ 1,651	$ 37,384	$ 2,799	$ 41,834
Accumulated amortization	(1,651)	(37,384)	(2,799)	(41,834)
	$ -	$ -	$ -	$ -

The goodwill acquired by the Group's acquisition of TSC Electronics Co., Ltd. is mainly expected from the geographical earning increase of the acquired and the benefit brought by its potential clients. According to IFRS article 36, goodwill acquired through business merge has to go through impairment test. Goodwill impairment test is to amortize goodwill to cash generating unit which are benefitting from the merge. TSC Electronics Co., Ltd. is able to generate cash flow independently; therefore the goodwill impairment is calculated based on if the value and net asset carrying amount has to be impaired in advance.

(9) Impairment on non-financial assets

1. The Group recognized loss on impairment loss for the years ended December 31, 2022 and 2021 are $0 and $28,628, respectively. Details are as follows:

	For the year ended December 31, 2022 Recognized in profit and loss	For the year ended December 31, 2021 Recognized in profit and loss
International business unit:		
Loss on impairment – investment accounted for through profit and loss	$ -	$ 28,628

2. As at December 31, 2021, the Group use value-in-use as the recoverable amount for loss of impairment test. The discount rates used to calculate value are as follows.

	December 31, 2022	December 31, 2021
Machinery equipment	5.95%	4.51%
Other equipment	5.95%	4.51%

3. Due to the fact that the profit earning growth of international business unit is not expected, it has been assessed that the unit's recoverable amount is smaller than carrying amount. Therefore the goodwill impairment loss is recognized as $28,628 for the year ended in 2021.

(10) Short-term borrowing

	December 31, 2022	Interest rate range	Collateral
Secured bank borrowings	$ 154,330	1.86%~2.3281%	Demand deposit collateral and property, plant and equipment
Unsecured bank borrowings	13,469	2.1987%	None
	$ 167,799		

	December 31, 2021	Interest rate range	Collateral
Collateral bank borrowings	$ 48,252	1.45%~1.50%	Fixed deposit, related party Endorsement and property, plant and equipment

1. For more information about collaterals for bank secured borrowings, refer to Note 8,'PLEDGED ASSETS'.
2. For information about endorsement, please refer to Note 7 for details.
3. As of December 31, 2022 and 2021, the interest fees recognized in profit and loss are $3,264 and $1,009, respectively.

(11) Other payables

	December 31, 2022	December 31, 2021
Payable processing fees	$ 25,061	$ 36,043
Payable for salaries and bonuses	14,064	14,390
Payable for accrued leave bonuses	4,299	5,224
Payable for equipment	2,768	1,537
Payable for service rendered	3,234	1,920
Other payables	14,183	13,627
	$ 63,609	$ 72,741

(12) Long-term borrowings

Nature of borrowing	Range of maturity dates	Interest rate range	Collateral	December 31, 2021
Secured bank borrowings	4.2020~4.2040 Monthly repayment of $417 from April 2022 to April 2040, and interest to be paid monthly	1.33%	Property, plant and equipment	$ 90,000
Less: Current portion				(3,750)
				$ 86,250

1. As at December 31, 2022, there is no such incident.
2. For more information about collaterals, please refer to Note 8, 'Collateral assets.
3. The interest fees recognized in profit and loss in the year of 2022 and 2021 are $391 and $1,197, respectively.

(13) Pensions

1. The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 4% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31 of every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to be qualify for retirement in the following year, the Company will make contributions for the deficit by next March. The Group adopt the aforementioned pension plan, details as follow:

   As at August 2021, the Company has reached an agreement with employees who fall under the regualation of the above mentioned pension plans to settle the employment years. The Company settled the labor pension preparation account with Bank of Taiwan, and withdrawed the balance of $27,102 which incur a settlement gain of $1,321 (listed as 'other income').

   (1)The Company has settled confirmed benefit and obligation as at December 31, 2022 and 2021. There is no benefit asset or liabilities.

(2) As of the year ended 2021, net defined benefit asset - movements in non-current are as follows:

	The year ended 2021		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit asset/liability
Balance on January 1	($ 35,756)	$ 59,656	$ 23,900
Interest (expense) income	-	-	-
	(35,756)	59,656	23,900
Pension fund contribution	-	269	269
Paid pension	-	(1,612)	(1,612)
Transfer in due to employees return	35,756	(58,313)	(22,557)
Balance on December 31	$ -	$ -	$ -

(3) The Bank of Taiwan was commissioned to manage the Fund of the Group's defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings are less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Group has no right to participate in managing and operating that fund and hence the Group is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142.

2.(1)Effective July 1, 2005, the Group and its domestic subsidiaries have established a defined contribution pension plan under the Labor Pension Act, covering all regular employees with R.O.C. nationality. Under the New Plan, the Group contributes monthly an amount based on 6% of the employees 'monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(2) The pension costs under the defined contribution pension plans of the Group and its domestic subsidiaries for the years ended December 31, 2022 and 2021 were $5,299 and $5,035, respectively.

3.The subsidiaries in mainland China are subject to the government sponsored defined contribution plan. Monthly contributions are at certain percentage to the total salary of local employees. Each and every employee's pension fund is managed by the local government's management system. Other than the monthly contributions, the Group has no further obligations. As for the years ended December 31 2022 and 2021, the pension costs under defined contribution pension plans (listed as 'operating costs') are $0 and $7, respectively.

(14) Share capital

1. As of December 31, 2022, the Company's authorized capital was $4,000,000 ($54,000 as reserved amount for transfer of shares to issuing employee stock

option certificates), and the paid-in capital was $642,630, consisting of 64,263 thousand shares of ordinary stock (including 32,000 thousand private placing ordinary shares), with a par value of $10 per share, issued separately. All proceeds from shares issued have been collected.

2. Movements in the number of the Company's ordinary shares outstanding are as follows (unit: thousand shares):

	2022	2021
At January 1	32,263	93,516
Issuance of stocks-private placement	32,000	-
Capital reduction for cover accumulated deficits	-	(61,253)
At December 31	64,263	32,263

3. On July 2, 2013, the Board of Directors has resolved to issue 32,900 thousand ordinary shares at NT$9.68 per share through a private placement. The total amount collected after deduction for cost of issuance at $9,100 from private placement is $309,372. All accounts for share are collected, relevant registration process has been finalized, and transfer date was on August 21, 2013. Privately placed shares are the same as ordinary shares; except from according to the Securities and Exchange Act, privately placed shares can only apply to be listed for trading where three full years have elapsed since the delivery date and the issuance procedure has been made up. As at December 31, 2022, the aforementioned shares have not been applied for registration for public listing yet.
4. On July 13, 2021, the Board of Directors has resolved to reduce capital to write off accumulated losses, and to increase capital by private placement according to Article 168 of the Company Act. The capital reduction is at the amount of $612,529 with reduction of 65.5% at 61,253 thousand shares and at $10 per share. In order to enrich operation capitals for market and company capital demands, privately placed shares were issued at 32,000 thousand shares, and no more. On March 7, 2022, the Board of Directors has resolved to issue 32,000 thousand ordinary shares at NT$12.16 per share, at the total amount of $389,120 through a private placement. The recorded date of capital increase by private placement was March 21, 2022 and the records were completely changed on April 18, 2022.
5. On November 5, 2021, the Board of Directors has resolved that the recorded date for capital reduction was November 10, 2021. Change of record was completed on November 22, 2021.

(15) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. However, the total capital surplus used as additional capital shall not exceed 10% of paid-in capital per annum in accordance of the R.O.C. Securities and Exchange Act. Capital surplus should not be used to cover accumulated deficit on capital even when non-earning plus is insufficient to cover.

Capital surplus change listed as follows:

2022			
Share premium	Treasury share transactions	Other (Note)	Total

At January 1	$ 15,617	$ 5,222	$ 383	$ 21,222
Capital increase-private placement	69,120	-	-	69,120
At December 31	$ 84,737	$ 5,222	$ 383	$ 90,342

	2021			
	Share premium	Treasury share transactions	Other (Note)	Total
At January 1 (Also at December 31)	$ 15,617	$ 5,222	$ 383	$ 21,222

Note: Including transfer of unclaimed cash dividends and unclaimed employees stock options, at $125 and $258 respectively, to capital surplus.

(16) Retained earnings

1. In accordance with the Articles of Incorporation, the current year's after-tax earnings should be used initially to cover any accumulated deficit (including adjustments for undistributed earnings) and set aside 10% of the remaining earnings as legal reserve; however this is not required if total legal reserve equals total paid-in capital. And then set aside or reverse special reserve in accordance with relevant laws and regulations or as required by the competent authority. The distribution of the remaining amount, plus unappropriated earnings from prior years, shall be proposed by the Board of Directors and resolved by shareholders in their general meeting. The Company's dividend appropriation plan is based on current earning, with the principle of stabilizing share interest, and for adaptation with this matured industry and company capital structure. The dividend appropriation is a combination of share dividend and cash dividend, and the amount for earnings distribution shall not be lower than 50% of the current year's after-tax earnings; among the amount, cash dividends shall not be lower be 10% of combined share dividend and cash dividend.
2. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
3. There have been accumulated deficits for the year of 2022 and 2021, therefore these is no earnings for appropriation.

(17) Operating revenue

	For the year ended December 31, 2022	For the year ended December 31, 2021
Revenue from external customer contracts		
At a point in time	$ 819,585	$ 440,436

1. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services at a point in time in the following geographical regions:

The year ended December 31, 2022	Printed Circuit Board business unit	International business unit	Total
Main markets:			
Asia	$ 658,339	$ 4,736	$ 663,075
North America	150,634	-	150,634
Oceania	2,190	-	2,190

Europe	3,686	-	3,686
	$ 814,849	$ 4,736	$ 819,585

	The year ended December 31, 2021		
	Printed Circuit Board business unit	International business unit	Total
Main markets:			
Asia	$ 224,087	$ 10,346	$ 234,433
North America	198,983	-	198,983
Oceania	1,983	-	1,983
Europe	5,037	-	5,037
	$ 430,090	$ 10,346	$ 440,436

2. Contract liabilities

(1) The Company has recognized the following revenue-related contract liabilies:

	December 31, 2022	December 31, 2021	January 1, 2021
Contractliabilities -advance sales receipts	$ 10,964	$ 9,939	$ 18,834

(2) Revenue recognized that was included in the contract liability Balance on the beginning of the year

	2022	2021
Advance payment	$ 268	$ 18,834

(18) Other income

	Year ended December 31, 2022	Year ended December 31, 2021
Rental income	$ 1,793	$ 927
Dividend income	52	45
Reversal on overdue account payable	2,333	-
Government grants income	395	-
Other income	2,149	4,566
	$ 6,722	$ 5,538

(19) Other gains and losses

	For the year ended December 31, 2022	For the year ended December 31, 2021
Gain (loss) on disposal of property, plant and equipment	($ 49)	$ 315
Gain on disposal and liquidation of subsidiary benefit (note)	-	27,822
Gains arising from lease modifications	-	107
Currency exchange gain (loss)	15,239	(5,479)
Net gain on financial assets and liabilities at fair value through profit or loss	(7,022)	(1,816)
Impairment loss on non-financial assets	-	(28,628)

Miscellaneous disbursements	(378)	(2,496)
Other losses	-	(81)
	$ 7,790	($ 10,256)

Note: Please refer to details from Note 1(2) in Note 4(3).

(20) Finance costs

	For the year ended December 31, 2022	For the year ended December 31, 2021
Interest expense		
Bank borrowings	$ 3,655	$ 2,206
Lease liabilities	519	178
	$ 4,174	$ 2,384

(21) Expenses by nature

	Year ended December 31, 2022		
	Operating cost	Operating expense	Total
Employee benefit expenses	$ 97,445	$ 50,094	$ 147,539
Depreciation fees	25,227	8,670	33,897
Amortization fees	-	1,958	1,958
	$ 122,672	$ 60,722	$ 183,394

	Year ended December 31, 2021		
	Operating cost	Operating cost	Operating cost
Employee benefit expenses	$ 91,907	$ 42,368	$ 134,275
Depreciation fees	24,267	10,010	34,277
Amortization fees	-	1,027	1,027
	$ 116,174	$ 53,405	$ 169,579

(22) Employee benefit expense

	Year ended December 31, 2022		
	Operating cost	Operating cost	Operating cost
Wages and salaries	$ 80,947	$ 42,004	$ 122,951
Labor and health insurance expenses	8,326	4,125	12,451
Pension costs	3,214	2,085	5,299
Other personnel expenses	4,958	1,880	6,838
	$ 97,445	$ 50,094	$ 147,539

	Year ended December 31, 2021		
	Operating cost	Operating cost	Operating cost
Wages and salaries	$ 76,550	$ 35,802	$ 112,352

Labor and health insurance expenses	7,747	3,074	10,821
Pension costs	3,159	1,883	5,042
Other personnel expenses	4,451	1,609	6,060
	$ 91,907	$ 42,368	$ 134,275

1.In accordance with the Articles of Incorporation of the Company, if there is profit (profit is before tax profit less appropriation of employee and board of directs compensation) of the current year, no less than 5% shall be distributed as employees' compensation, and no more than 2% shall be distributed as Board of Directors' compensation. However, if the Company has accumulated deficits (including adjustments of undistributed earnings), this profit shall be reserved for covering losses. The aforementioned employee's compensation shall be distributed in the form of shares or cash. The recipients are employees defined by criteria set forth by the Board of Director. Compensation for the Board of Directors can only be distributed in the form of cash.

2. As at December 31, 2022 and 2021, there have been accumulated deficits; therefore, it is not necessary to budget for employees and borad of directors compenstation. Information about employees' compensation and directors' remuneration of the Company as resolved by the shareholders during their meeting will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

3.The average number of employees for the year ended December 31, 2022 and 2021 are 377 and 198, respectively. There are 7 board of directos who are not employees.

(23) Income tax

1. Income tax expense:

Components of income tax expense:

	For the year ended December 31, 2022	For the year ended December 31, 2022
Current income tax:		
Over provision of income tax payable before subsidiary merge	($ 4,194)	$ -
Total current income tax	(4,194)	-
Deferred income tax:		
Origination and reversal of temporary differences	$ 431	($ 2,369)
Total deferred income tax	431	(2,369)
Income tax benefit	($ 3,763)	($ 2,369)

2.Reconciliation between income tax expense and accounting profit:

	Year ended December 31, 2022	Year ended December 31, 2021
Income tax calculated by applying statutory rate to the profit before tax	($ 7,501)	($ 13,486)
Effects from items disallowed by tax regulation	6,117	8,466
Deferred income tax from temporary differences	107	7,475
Tax loss on deferred tax assets	6,878	2,454

Change of realization evaluation for deferred income tax assets	(7,971)	(7,278)
Over provision on surtax of undistributed earnings before merging subsidiary	(1,001)	-
Others	(392)	-
Income tax benefit	($ 3,763)	($ 2,369)

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

	For the year ended December 31, 2022			
		Recognized in		
	January 1	Profit or loss	Business combination	December 31
Deferred tax assets				
Temporary differences				
Allowance for doubtful accounts	$ 1,264	$ -	$ -	$ 1,264
Loss on inventories market price decline	1,169	(153)	-	1,016
Unrealized expense	122	612	-	734
Unused leave payout payables	-	860	-	860
Impairment of assets	6,132	(2,142)	-	3,990
Subtotal	$ 8,687	($ 823)	$ -	$ 7,864
Deferred tax liabilities				
Temporary differences:				
Others	$ -	$ 392	($ 4,030)	($ 3,638)
Subtotal	$ -	$ 392	($ 4,030)	($ 3,638)
Total	$ 8,687	($ 431)	($ 4,030)	$ 4,226

	For the year ended December 31, 2021		
	January 1	Recognized in Profit or loss	December 31
Deferred tax assets			
Temporary differences:			
Allowance for doubtful accounts	$ 1,264	$ -	$ 1,264
Loss on inventories market price decline	818	351	1,169
Unrealized exchange loss	288	(166)	122
Defined benefit plan	3,738	(3,738)	-
Impairment of assets	6,132	-	6,132
Subtotal	$ 12,240	($ 3,553)	$ 8,687
Deferred tax liabilities			
Temporary differences:			

Overpaid pensions	($ 5,922)	$ 5,922	$ -
Subtotal	($ 5,922)	$ 5,922	$ -
Total	$ 6,318	$ 2,369	$ 8,687

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

December 31, 2022

Year incurred	Amount filed / assessed	Unused amount	Unrecognized Deferred tax assets	Expiry year
2016	$ 14,325	$ 14,325	$ 14,325	2026
2017	37,274	37,274	37,274	2027
2018	52,802	52,802	52,802	2028
2019	96,105	96,105	96,105	2029
2020	86,167	86,167	86,167	2030
2021	28,701	28,701	28,701	2031
2022	34,390	34,390	34,390	2032
	$ 349,764	$ 349,764	$ 349,764	

December 31, 2021

Year incurred	Amount filed / assessed	Unused amount	Unrecognized Deferred tax assets	Expiry year
2016	$ 14,325	$ 14,325	$ 14,325	2026
2017	37,274	37,274	37,274	2027
2018	52,802	52,802	52,802	2028
2019	96,105	96,105	96,105	2029
2020	86,167	86,167	86,167	2030
2021	22,841	22,841	22,841	2031
	$ 309,514	$ 309,514	$ 309,514	

5. The tax returns for the Company, Great Lite International Co., Ltd., and TSC Electronics Co., Ltd. have been assessed and approved by the Tax Authority and there were no disputes existing between the Company, Great Lite International Co., Ltd., and TSC Electronics Co., Ltd. and the Authority as of 2020.

(24) Loss per share

	Year ended December 31, 2022		
	Amount after tax	Weighted average Number of ordinary Shares outstanding (shares in thousands)	Earnings per share (in NTD)
Basic and diluted earnings per share			
Loss attributable to ordinary shareholders of the parent			
Net loss	($ 38,028)	57,337	($ 0.66)

	Year ended December 31, 2021		
	Amount after tax	Weighted average Number of ordinary Shares outstanding (shares in thousands)	Earnings Per share (in NTD)
Basic and diluted earnings per share			
Attributable to ordinary shareholders of the parent			
Net loss	($ 55,400)	32,263	($ 1.72)

(25) Business combination

1.The Group has acquired 100% shares of TSC Electronics Co., Ltd. with cash of $194,600 on June 1, 2022, and gains control over TSC Electronics Co., Ltd. The main business of TSC Electronics Co., Ltd. is manufacturing of electronic components.

2.The cash consideration for acquiring TSC Electronics Co., Ltd., the acquired assets and liabilities are valued at fair price on the date of acquisition as follows:

	June 1, 2022
Consideration paid	
Cash	$ 194,600
Acquired identifiable assets and liabilities through fair price	
Cash	21,206
Amortized cost financial assets - current	29,163
Notes receivable	10,778
Accounts receivable	199,561
Other receivables	349
Inventories	129,187
Prepayments	8,563
Other non-current assets	4,020
Property, plant and equipment	6,495
Right-of-use assets	32,560
Intangible assets	20,148
Bank borrowings	(219,735)
Notes payable	(12,197)
Accounts payable	(9,258)
Other payables	(7,620)
Current income tax liabilities	(14,817)
Lease liabilities	(32,560)
Deferred income tax liabilities	(4,029)
Other non-current liabilities, others	(4,088)
Net identifiable assets	157,726
Goodwill	$ 36,874

3. The Group has acquired TSC Electronics Co., Ltd. since June 1, 2022, and TSC's contribution for operating revenue and profit (loss) before tax were $227,166 and ($22,049), respectively. Assume if the acquisition was effective from January 1, 2022, the Groups operating income and profit before tax would be $1,192,672 and ($21,172), respectively.

(26) Supplemental cash flow information

1.Investing activities with partial cash flows:

	For the year ended December 31, 2022	For the year ended December 31, 2021
Purchase of property, plant and equipment	$ 17,030	$ 6,157
Add: Beginning balance of equipment payables (listed as 'Other payables')	1,537	3,089
Less: Ending balance of equipment payables (listed as 'Other payables')	(2,768)	(1,537)
Cash paid for acquisition of property, plant and equipment	$ 15,799	$ 7,709

2. The Group disposed 100% shares of Firewoods Technology Corp., Ltd. (thereafter referred to as 'Firewoods') in January 2021 and lost control over Firewoods as of the date.

Relevant balance sheet information for the subsidiary as follows:

	Firewoods
Current assets	
Cash and cash equivalent	$ 1,220
Account receivable	504
Prepayments	138
Non-current assets	
Intangible assets	5,185
Refundable deposits	78

Current liabilities	
Account payable	(200)
Other payables	(941)
Other current liabilities	(87)
Net asset value from disposal of subsidiary	5,897
Benefit from disposal of subsidiary (Note)	6,903
Cash consideration from disposal of subsidiary	12,800
Cash and cash equivalent from disposal of subsidiary	(1,220)
Ending balance of disposal proceeds receivable (listed as 'Other receivable')	(1,650)
Cash received from disposal of subsidiary	$ 9,930

Note: The recognized gain from disposal of investment is $6,903 (listed under 'Other gain and loss).

3. The Group had liquidated GREAT LITE INTERNATIONAL (SAMOA) CO.,LTD. on August, 2021; therefore it is not included in the consolidated financial report as of the liquidation date.

Relevant balance sheet information of the subsidiary are as follows:

	GREAT LITE INTERNATIONAL (SAMOA) CO.,LTD.
Current assets	
Prepayments	$ 1,253
Non-current assets	
Office equipment	20
Intangible assets	662
Current liabilities	
Account payable – related parties	(4,472)
Other payables	(8,226)
Other payables – related parties	(9,900)
Net asset value from disposal of subsidiary	($ 20,663)
Gain from disposal of subsidiary (listed under 'Other gain and loss')	($ 20,663)

4. The Group had liquidated GREAT LITE TECHNOLOGIES INTERNATIONAL PTE.LTD. in August, 2021; therefore it is not included in the consolidated financial report as of the liquidation date.

Relevant asset information of the subsidiary are as follows:

	GREAT LITE TECHNOLOGIES INTERNATIONAL PTE.LTD.
Current assets	
Cash and cash equivalent	$ 1,821
Net asset value (recovered cash and cash equivalent)	$ 1,821

5. The Group acquired 100% shares of TSC Electronics Co., Ltd. in June, 2022. Investment activities of cash payment are as follows:

	June 1, 2022
Consideration paid for acquisition	$ 194,600
Cash received	(21,206)
Cash paid	$ 173,394

(27) Changes in liabilities from financing activities

	Short-term borrowings	Long-term borrowings (including expired within 1 year)	Guarantee deposits received	Lease liabilities	Total liabilities from financing activities
January 1, 2022	$ 48,252	$ 90,000	$ 162	$ 6,275	$ 144,689
Changes in cash flow from financing activities	(100,188)	(90,000)	340	(7,428)	(197,276)
Changes in other non-cash items	-	-	-	4,099	4,099
Acquired in a business combination	219,735	-	-	32,560	252,295
December 31, 2022	$ 167,799	$ -	$ 502	$ 35,506	$ 203,807

	Short-term borrowings	Long-term borrowings (including expired within 1 year)	Guarantee deposits received	Lease liabilities	Total liabilities from financing activities
January 1, 2021	$ 67,000	$ 90,000	$ 162	$ 11,041	$ 168,203
Changes in cash flow from financing activities	(18,748)	-	-	(3,617)	(22,365)
Changes in other non-cash items	-	-	-	(1,149)	(1,149)
December 31, 2021	$ 48,252	$ 90,000	$ 162	$ 6,275	$ 144,689

7. Related Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
WU, YING-CHU	Main management
GOLDEN PAVILION MANAGEMENT CO.,LTD.(GPM)	Associate
TSC Electronics Co., Ltd. (TSC)(Note)	Other related party
Lai, Yi-Yu	Other related party
Chiang, Bin-Hsin	Other related party
CHUANG, MING-LI	Main management
LIU, WEN-CHEN	Main management
Chang, Shu-Jin	Other related party
Liu, Hsin-Jen	Other related party
Liu, Hsin-Ten	Other related party

Note: The Group has acquired 100% share of TSC in June, 2022. TSC was other related party to the Group, and became subsidiary from the date of acquisition.

(2) Significant transactions with related parties

1. Purchase

	Year ended December 31, 2022	Year ended December 31, 2021
Purchase of merchandise:		
TSC	$ 50,225	$ -

Merchandize purchased from other related party according to ordinary business trading contracts and conditions.

2. Related parties' receivable

	December 31, 2022	December 31, 2021
Account receivable- GPM	$ -	$ 23,391
Less: allowance for losses	-	(23,391)
Subtotal	-	-
Long-term account receivable- GPM	24,463	-
Less: allowance for losses	(24,463)	-
Subtotal	-	-
Total	$ -	$ -

Related parties' receivable is mainly from sales. The transaction amount is due one year after the date of sales. The account receivable does not have endorsement or interest.

3.Property transaction

Acquisition of financial asset

Accounts	No. of shares	Objects	For the year ended December 31, 2022 Consideration

LIU, WEN-CHEN	Investment accounted for using equity method	5,000	TSC Electronics Co., Ltd.	$ 121,625
Chang, Shu-Jin	〃	1,200	〃	29,190
Liu, Hsin-Jen	〃	900	〃	21,893
Liu, Hsin-Ten	〃	900	〃	21,892
				$ 194,600

None in 2021.

4.Disposal of subsidiary

None in 2022.

		2021	
	Item	Disposal proceeds	Disposal gain(loss)
Lai, Yi-Yu	Subsidiary share - Firewoods	$ 6,400	$ 3,451
Chiang, Bin-Hsin	"	6,400	3,452
		$ 12,800	$ 6,903

Please refer to details in Note 6(26), 2.

5. Related parties providing endorsement for financing

	December 31, 2022	December 31, 2021
CHUANG, MING-LI and LIU, WEN-CHEN	$ 26,721	$ -
WU, YING-CHU	-	48,252
	$ 26,721	$ 48,252

(3) Key management compensation

	Year ended December 31, 2022	Year ended December 31, 2021
Short-term employee benefits	$ 7,040	$ 4,103
Post-employment benefits	51	-
	$ 7,091	$ 4,103

8. Pledged Assets

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

Assets pledged	December 31, 2022		December 31, 2021		Purpose of collateral
Time deposit(listed as 'Amortized cost of financial assets - current')	$	10,191	$	12,456	Guarantee for short-term borrowings
Property (listed as 'property, plant and equipment')					Guarantee for long and short-term borrowings
		142,162		142,162	Guarantee for credit amount
Office and building (listed as "property, plant and equipment')					Long and short-term borrowings
		23,484		25,192	Guarantee for credit amount
	$	175,837	$	179,810	

9. Significant contingent liabilities and unrecognized contract commitments

(1) As of December 31, 2022 and 2021, the Group has acquired property, plant and equipment not yet paid in the amount of $285 and $3,368, respectively.

(2) As of December 31, 2022 and 2021, the Group has purchased merchandize not yet paid in the amount of $24, 881 and $22, 426, respectively.

10. Significant disaster loss

None.

11. Significant events after the balance sheet date

On March 22, 2023, the Board of Directors resolved to liquidate and deregister subsidiary – Great Lite International Co., Ltd.

12. Others

(1) Capital management

The objective of the Group's capital management is to ensure it has the necessary financial resources and operating plans to fund its working capital needs and reduce capital expenditures. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(2) Financial instruments

1.Financial instruments by category

	December 31, 2022		December 31, 2021	
Financial assets				
Financial assets at fair value through profit and loss				
Designation as financial assets at fair value through profit and loss	$	6,565	$	21,635
Financial assets at amortized cost				
Cash and cash equivalent	$	177,306	$	80,272
Financial assets at amortized cost		10,191		12,456
Notes receivable		18,206		7,071
Account receivable		229,110		101,804
Other receivables		4,972		2,833

	December 31, 2022	December 31, 2021
Refundable deposit (listed as 'Other non-current assets – others')	-	885
	$ 439,785	$ 205,321

	December 31, 2022	December 31, 2021
Financial liabilities		
Financial liabilities at amortized cost		
Short-term borrowings	$ 167,799	$ 48,252
Notes payable	6,775	-
Account payable	34,169	20,895
Other payable	63,609	72,741
Long-term borrowings (including expiration within 1 year or 1 business cycle)	-	90,000
Refundable deposit	502	162
	$ 272,854	$ 232,050
Lease liabilities	$ 35,506	$ 6,275

2. Financial risk management policies

(1) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group complies with the policies, procedures and internal control which were built in accordance with the related regulations in order to identify, measure and control the Group's various financial risks, and reduce the unfavorable effects arising from floating financial market.

(2) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

3. Significant financial risks and degrees of financial risk

(1) Market risk

Foreign exchange risk

A. The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with the USD, RMB and Japanese Yen. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.

B. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The group companies are required to hedge their entire foreign exchange risk exposure with the Group treasury. Excahnge rate risk is measured by high probabilites of expenditure above expected in USD, RMB and Japanese Yen.

C. The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.

D. The Group's businesses involve some non-functional currency operations. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2022		
	Foreign currency (in thousands)	Exchange rate	Book value (NTD)
(foreign currency: functional currency)			
Financial assets			
Monetary items			
USD：NTD	$ 11,127	30.71	$ 341,710
RMB：NTD	220	4.41	970
JPY：NTD	9,238	0.23	2,125

	December 31, 2021		
	Foreign currency (in thousands)	Exchange rate	Book value (NTD)
(foreign currency: functional currency)			
Financial assets			
Monetary items			
USD：NTD	$ 5,154	27.68	$ 142,663
RMB：NTD	20	4.34	87
JPY：NTD	53,482	0.24	12,836

E. Analysis of foreign currency market risk arising from significant foreign exchange variation. If the NTD has increase/decrease by 1% against USD, RMB, JPY or SGD, the Group's profit would decrease/increase by $3,448 and $1,555, respectively.

F. The total exchange gain (loss), including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2022 and 2021 amounted to $15,239 and ($5,479), respectively

Price risk

A. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

B. The Group's investments in equity securities comprise equity securities issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 10% with all other variables held constant, post-tax profit would have increased/decreased by $657 and $2,164 for the years ended December 31, 2022 and 2021, respectively.

Cash flow and fair value interest rate risk

A. Group's borrowing is valued through amortized costs, and revalued according to interest rate prescribed per annum; therefore, the Group is exposed to the risk of marketed related interest rate fluctuation.

B. It's been evaluated that the Group does not have significant interest rate risk in the years ended December 31, 2022 and 2021.

(2) Credit risk

A. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortized cost, at fair value through profit or loss and at fair value through other comprehensive income.

B. The Group manages their credit risk taking into consideration the entire group's concern. The Group only trade with banks or financial institutes with good credit record. According to the Group's credit policy, each local entity in the Group is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk is set by the Board of Directors based on internal or external ratings and the utilization of credit limits is regularly monitored.

C. The Group adopts the assumption under IFRS 9 to assess for assessment. If the contract payments were past due over 120 days based on the terms, it is recognized as breach of contract.

D. The Group adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

E. The following indicators are used to determine whether the credit impairment has occurred:

(A) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;

(B) The disappearance of an active market for that financial asset because of financial difficulties;

(C) Default or delinquency in interest or principal repayments;

(D) Adverse changes in national or regional economic conditions that are expected to cause a default.

F.(1) Expected credit losses from customers classified with good credit standing is 0.03%. As of December 31, 2022 and 2021, note receivable and account receivable book value are $201,714 and $87,763, respectively. Due to the fact that these are customers with low credit risk, it is expected not to be significant loss; therefore loss allowance is set to be $0.

(2) The Group adopted economic forecast report from Taiwan Institute of Economic Research to adjust historical and timely information to assess the default possibility of notes and accounts receivable. As for December 31, 2022 and 2021,the provision matrix is as follows

	Not past due	60 days past due	120 days past due	180 days past due	Over 181 days past due	Total
At December 31, 2022						
Expected loss rate	0%~0.77%	0%~0.77%	0.77%~3.48%	100%	100%	
Total book value	$ 17,957	$ 23,694	$ 3,510	$ -	$ 1,735	$ 46,896
Loss allowance	$ 178	$ 119	$ 24	$ -	$ 973	$ 1,294

	Not past due	60 days past due	120 days past due	180 days past due	Over 181 days past due	Total
At December 31, 2021						
Expected loss rate	0%~0.3%	0%~0.3%	0.3%~1.42%	1.42%~72.47%	72.47%~100%	
Total book value	$ 390	$ 20,377	$ 325	$ 153	$ 23,717	$ 44,962
Loss allowance	$ -	$ 102	$ -	$ 31	$ 23,717	$ 23,850

G. The Group classifies customer's accounts receivable in accordance with credit rating of customer. The Group applies the simplified approach using the provision matrix based on the loss rate methodology to estimate expected credit loss. The Group uses the forecast ability of conditions to adjust historical and timely information to assess the default possibility of accounts receivable. Movements in relation to the Group applying the simplified approach to provide loss allowance for notes receivable, accounts receivable and other receivables are as follows:

	For the year ended December 31, 2022	For the year ended December 31, 2021
January 1	$ 23,850	$ 38,029
List expected loss (reversal)	(1,678)	26,624
Collection write-offs	-	(34,397)
Acquired from combination	2,514	-
Transfer to long-term receivable	(25,907)	(5,835)

Effect of foreign exchange	2,515	(571)
December 31	$ 1,294	$ 23,850

H. The Group uses the forecast ability of conditions to adjust historical and timely information to assess the default possibility of liability investment tools as of December 31, 2022 and 2021; and take into consideration of expected credit loss of other credit reinforcements.

(3) Liquidity risk

A. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.

B. Group treasury invests surplus cash in interest bearing current accounts, money market fund and treasury bill, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts. The Group held treasury bills expected to immediately generate cash inflows for managing liquidity risk.

C. Credit limits not used by the Group as follows:

	December 31, 2022	December 31, 2021
Floating rate		
Current portion	$ 348,850	$ 199,428

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

December 31, 2022	Less than 1 year	Between 1~2 years	Over 2 years
Non-derivative financial liabilities:			
Short-term borrowings	$ 167,799	$ -	$ -
Notes payable	6,775	-	-
Accounts payable	34,169	-	-
Other payables	63,609	-	-
Lease liability	11,644	8,778	16,593
Refundable Deposit	-	-	502

December 31, 2022	Less than 1 year	Between 1~2 years	Over 2 years
Non-derivative financial liabilities:			
Short-term borrowings	$ 96,718	$ -	$ -
Accounts payable	20,895	-	-
Other payables	145,491	-	-
Lease liability	4,830	3,012	147
Long-term borrowing (including maturity within 1 year or 1 business cycle)	6,777	12,167	84,025
Refundable deposit	-	-	162

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

(3) Fair value information

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

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

   Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investment in derivative instruments is included in Level 2.

   Level 3: Unobservable inputs for the asset or liability, including equity instrument invested in non-active market by the Group.

2. Financial instruments not measured at fair value

   Financial assets and financial liabilities not measured at fair value including the carrying amounts of cash and cash equivalents, financial assets at amortized cost, notes receivable, accounts receivable, other receivables, guarantee deposits paid (listed as 'Other non-current assets – others'), short-term borrowings, notes payable, accounts payable, other payables, long-term borrowings which mature within 1 year or 1 business cycle, long-term borrowings, lease liabilities and guarantee deposits received are approximate to their fair values.

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

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Domestic listed stock shares	$ 6,565	$ -	$ -	$ 6,565

December 31, 2021	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value				
Financial assets at fair value through profit and loss				
Value of financial assets				
Foreign listed stock shares	$ 3,562	$ -	$ -	$ 3,562
Domestic listed stock shares	8,073	-	-	8,073
Non-listed domestic stock shares	-	-	10,000	10,000
	$ 11,635	$ -	$ 10,000	$ 21,635

4. The methods and assumptions the Group used to measure fair value are as follows:

   (1) The instruments that the Group used market quoted prices as their fair values (that is, Level1) are net price of open beneficiary certification; and the Group used closing price for listed stocks.

   (2) Except for financial instruments with active markets, the fair value of

other financial instruments is measured by using valuation techniques. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date.

5. For the years ended 2022 and 2021, there is no transfer between Level 1 and 2.
6. The following chart is the movement of level 3 for the years ended December 31, 2022 and 2021:

	For the year ended December 31, 2022 Equity securities	For the year ended December 31, 2021 Equity securities
Balance on January 1	$ 10,000	$ 11,190
(Loss) gains recognized in profit and loss	5,000	-
(Loss) gains derecognized in profit and loss	(10,000)	-
Recorded as unrealized gains (losses) from investments in equity instruments measured at fair value through profit and loss	(5,000)	(1,190)
Balance on December 31	$ -	$ 10,000

7. For the years ended December 31, 2022 and 2021, there was no transfer into or out from Level 3.
8. Investment segment is in charge of valuation procedures for fair value measurements being categorized within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.
9. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of input to fair value
Non-derivative equity instrument:					
Non-listed domestic stocks	$ -	Net asset value	N/A	N/A	N/A

	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of input to fair value
Non-derivative equity instrument:					
Non-listed domestic stocks	$ 10,000	Market price(note)	N/A	-	Price of disposal after accounting period

Note: As of December 31, 2021, the valuation technique for non-derivative equity instruments has been changed from comparable company method to market price. This is because the Group dispose 15.22% of shares of Silicon Xpandas Electronics Co., Ltd. after accounting period; therefore, the dispose price after accounting period is used as valuation technique.

10. The Group has carefully assessed the valuation models and assumptions used to measure fair value; therefore, the fair value measurement is reasonable. However, use of different valuation models or assumptions may result in different measurement. The following is the effect on profit or loss or on other comprehensive income of financial assets and liabilities categorized within Level 3 if the inputs used to valuation models have changed, then there is no significant impact on current profit and current or other comprehensive profit and loss.

None as at December 31, 2022.

			December 31, 2021			
			Recognized in profit or loss		Recognized in other comprehensive income	
	Input	Change	Favorable change	Unfavorable change	Favorable change	Unfavorable change
Financial assets						
Non-listed domestic stock	Market price	±10%	$ 1,000	($ 1,000)	$ -	$ -

13. Supplementary Disclosures

(1) Significant transactions information

1. Loans to others: Refer to table 1.
2. Provision of endorsements and guarantees to others: None.
3. Holding of marketable securities at the end of the period (excluding subsidiaries, associates and joint ventures): Refer to table 2.
4. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company’s paid-in capital: Refer to table 3.
5. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.
6. Disposal of real estate reaching $300 million or 20% of paid -in capital or more: None.
7. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: None.
8. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: None.
9. Trading in derivative instruments: None.
10. Significant sales relationship or important transactions between parent and subsidiaries or among subsidiaries: Refer to table 4.

(2) Information on investees

Names, locations and other information of investee companies (excluding investees in Mainland China): Refer to table 5.

(3) Information on investments in Mainland China

1. Basic information: Refer to table 6.
2. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

(4) Major shareholders information

Major shareholders information: Refer to table 7.

14. Segment Information

(1) General information

The management of the Group has identified the operating segments based on information provided to the Group's chief operating decision-maker in order to make strategic decisions.

There is no change on the Group's entity components, principles on structuring segments, and evaluation base for segment information in this accounting period.

(2) Measurement of segment information

The chief operating decision-maker evaluates the performance of the operating segments based on operating earnings and net profit before tax. These are basis for evaluating performance.

(3) Information about segment profit or loss, assets and liabilities

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

	Year ended December 31, 2022			
	Printed Circuit Board Business Unit	International Business	Administrative Unit	Total
Revenue from external customers	$ 814,849	$ 4,736	$ -	$ 819,585
Interest income	1,085	110	304	1,499
Depreciation and amortization	(32,285)	(71)	(3,499)	(35,855)
Finance cost	(3,772)	-	(402)	(4,174)
Segment profit (loss) before tax	(7,024)	663	(30,371)	(36,732)

	Year ended December 31, 2021			
	Printed Circuit Board Business Unit	International Business	Administrative Unit	Total
Revenue from external customers	$ 430,090	$ 10,346	$ -	$ 440,436
Interest income	12	(342)	569	239
Depreciation and amortization	(26,634)	(6,282)	(2,389)	(35,305)
Income tax expenses	(2,369)	-	-	(2,369)
Finance cost	(286)	(45)	(2,053)	(2,384)
Segment profit (loss) before tax	3,004	(46,573)	(23,863)	(67,432)

(4) Reconciliation for segment income (loss) and segment assets

The Group's revenue from external customers reported to the chief operating decision-maker are using the same evaluation method as earnings from comprehensive balance sheet. The segment profit or loss reported to the chief operating decision-maker is using the same method as the Group's comprehensive financial reporting is using; therefore, there is no adjustment required.

(5) Information on products and services

Details of products for the years ended December 31, 2022 and 2021 are as follows:

	Year ended December 31, 2022	Year ended December 31, 2021
Manufacturing and sales of printed circuit boards	$ 814,849	$ 430,090

Manufacturing and sales of international business	4,736	10,346
	$ 819,585	$ 440,436

(6) Geographical information

Geographical information for the years ended December 31, 2022 and 2021 is as follows:

	Year ended December 31, 2022		Year ended December 31, 2021	
	Income	Non-current assets	Income	Non-current assets
Taiwan	$ 631,368	$ 332,963	$ 197,146	$ 247,136
Asia (not including Taiwan)	31,707	-	37,398	19
North America	150,634	-	198,983	-
Oceania	2,190	-	1,983	-
Europe	3,686	-	5,037	-
	$ 819,585	$ 332,963	$ 440,547	$ 247,155

(7) Major customer information

Major customer information of the Group for the years ended December 31, 2022 and 2021 is as follows:

	Year ended December 31, 2022	
Customer	Revenue	Segment
B Company	$ 117,414	Printed circuit board business unit

	Year ended December 31, 2021	
Customer	Revenue	Segment
A Company	$ 87,478	Printed circuit board business unit

Cheer Time Enterprise Co., Ltd. and Subsidiaries

Loans to others

Year ended December 31, 2022

Table 1 Expressed in thousands of NTD

Number	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2022	Balance on December 31, 2022	Actual amount drawn down	Interest rate range	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 1)	Ceiling on total loans granted (Note 1)	Note
													Item	Value			
1	Cheer Time Enterprise Co., Ltd.	Great Lite International Co., Ltd.	Account receivable – related parties	Y	$ 35,988	$ 30,000	$ 21,400	1.56%~1.57%	Short-term financing	$ -	Opeartion needs	$ -	-	$ -	$ 255,889	$ 255,889	—
2	Cheer Time Enterprise Co., Ltd.	GREAT LITE (CHANGDU) TECHCNOLOGIES LTD.	Account receivable – related parties	Y	2,000	2,000	1,705	1.57%	Short-term financing	-	Operation needs	-	-	-	255,889	255,889	—

Note 1: The total amount of funds to be loaned to others shall not exceed 40% of the net value recored on current financial statement of the creditor company, except when parent company has 100% direct or indirect voting right over foregin compnaies, the total amount of funds to be loaned to other shall not exeed 100% of the net company value. The financing limit for the Company is determined by individual financing party and credit limit, and resolved by the Board of Director. The maximum term shall not be exceeding 1 year. Only for between foreign companies the Company has 100% direct or indirect voting right can financing terms limited to 8 years.

Note 2: For the amounts reflected as foreign currencies on this table, the exchange rate applied shall be in accordance with the date of financial statement (USD:NTD 1:30.71)

Note 3: As at the first quarter of 2021, the Board of Directors has resolved to transfer the original other receivables from subsidiary Great LIte to lending of capital.

Cheer Time Enterprise Co., Ltd and Subsidiaries

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

December 31, 2021

Table 2

Expressed in thousands of NTD

Securities held by	Type and name of securities	Relationship with the issuer	General ledger account	Ending balance: Number of shares (in thousands)	Ending balance: Book value	Ending balance: Percentage of ownership	Ending balance: Fair value	Note
	Stock:							
Cheer Time Enterprise Co., Ltd.	NEWRETAIL Co., Ltd.	—	Financial assets at fair value throughprofit or loss- current	637	6,565	2.20%	6,565	—
Cheer Time Enterprise Co.,Ltd.	Jen Shen Technology Co., Ltd.	—	Financial assets at fair value throughprofit or loss-non-current	500	-	10.10%	-	—

Cheer Time Enterprise Co., Ltd. and Subsidiaries

Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital

Year ended December 31, 2022

Table 3

Expressed in thousands of NTD (Except as otherwise indicated)

Marketable securities				Counter party	Relationship	Beginning balance		Addition (Note 3)		Disposal (Note 3)				Ending balance	
Investor	Type (Note 1)	Name	General ledger account	(Note 2)	(Note 2)	Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Cost
Cheer Time Enterprise Co., Ltd.	Stock	Great Lite Electornics Co., Ltd.	Investment accounted for using equity method	LIU, WEN-CHEN	Main management	-	$ -	5,000	$121,625	-	$ -	$ -	$ -	5,000	$121,625
Cheer Time Enterprise Co., Ltd	Stock	Great Lite Electornics Co., Ltd.	Investment accounted for using equity method	Chang, Shu-Jin	Other related party	-	-	1,200	29,190	-	-	-	-	1,200	29,190
Cheer Time Enterprise Co., Ltd	Stock	Great Lite Electornics Co., Ltd.	Investment accounted for using equity method	Liu, Hsin-Jen	Other related party	-	-	900	21,893	-	-	-	-	900	21,893
Cheer Time Enterprise Co., Ltd	Stock	Great Lite Electornics Co., Ltd.	Investment accounted for using equity method	Liu, Hsin-Ten	Other related party	-	-	900	21,892	-	-	-	-	900	21,892

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities..

Note 2: Fill in the columns the counterparty and relationship if securities are accounted for under the equity method; otherwise leave the columns blank.

Note 3: Aggregate purchases and sales amounts should be calculated separately at their market values to verify whether they individually reach NT$300 million or 20% of paid-in capital or more.

Cheer Time Enterprise Co., Ltd. and Subsidiaries

Significant Intercompany Transactions

For the year ended December 31, 2022

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Company name	Name of counter party	Relationship (Note 2)	Intercompany transactions: General ledger account	Amount	Terms	The percentage of consolidated total revenue or total assets (Note 3)
0	Cheer Time Enterprise Co., Ltd.	Great Lite International Co., Ltd.	(1)	Other receivables	$ 21,532	(Note 4)	2.24%
0	heer Time Enterprise Co., Ltd.	TSC Electornics Co., Ltd.	(1)	Account payable	18,136	(Note 5)	1.88%
0	heer Time Enterprise Co., Ltd.	TSC Electornics Co., Ltd.	(1)	Purchase	68,186	〃	8.32%
0	heer Time Enterprise Co., Ltd.	TSC Electornics Co., Ltd.	(1)	Processing	25,490	〃	3.11%

Note 1: Intercompany busienss transaction information shall be noted in the numbering columns. The numbering rules are as follows:

(1) Parent company fills in 0.
(2) Subsidaires shall fill in chonologically starting with numberical number 1 according to company type.

Note 2: There are 3 types of relationship with counter party, only required to label type (if it’s the same intercompany transaction, then it’s not necessary to repeat the disclosure. For examples, if the parent company has already disclosured transation with the subsidiary, then the subsidiary is not required to repeat the disclosure. Or if one subsidiary has already disclosured transation with the other one, then the other one is not required to repeat the disclosure):

(1) Parent company to subsidiary
(2) Subisidary to parent company
(3) Subsidiary to subsidiary

Note 3: The transaction amount is calculated based on combined income or total asset percentage. If it’s a balance sheet item, then it’s calculated by the percentage of ending balance to the combined total assets. If it’s a profit and loss item, then it’s calculated by percentage of accumulated amount to the total combined revenue.

Note 4: Mainly are monetary loans receivables

Note 5: There is no significant difference between trading price, payment terms and non-related parties of merchandize and service rendered

Note 6: For individual amounts under $10,000, it is not required to be disclosed. And its corresponding transaction is not disclosed.

Cheer Time Enterprise Co., Ltd.

Names, locations and other information of investee companies (excluding investees in Mainland China)

For the year ended December 31, 2022

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main Businesses	Original investment amount: Ending balance of this year	Original investment amount: End of last year	Share (Note 2)	Ending percentage of ownership	Book value	Profit (loss) of the investee	Investment income (loss) recognized	Note
Cheer Time Enterprise Co., Ltd.	CHEER TIME CO.,LTD.	Samoa	Offshore holding company	$ 986,619	$ 986,619	27,719	100.00	$ 10,701	($ 535)	($ 535)	Subsidiary
Cheer Time Enterprise Co., Ltd.	Great Lite International Co., Ltd.	Taiwan	Retail and installation of internet surveillance equipments	103,663	103,663	20,000	100.00	(8,666)	(3,862)	(3,862)	Subsidiary
Cheer Time Enterprise Co., Ltd.	TSC Electonics Co., Ltd.	Taiwan	Manufacturing of electronic components	194,600	-	8,000	100.00	175,369	(7,426)	(19,231)	Subsidiary
CHEER TIME CO.,LTD.	GREAT LITE INTERNATIONAL HOLDING CORP.	Cayman Islands	Offshore holding company	145,897	145,897	1,530	100.00	5,896	(402)	-	Sub-subsidiary (Note 3)
Great Lite International Co., Ltd.	GREAT LITE TECHNOLOGIES (COMBODIA) CO.,LTD.	Cambodia	Retail and installation of internet surveillance equipments	32,529	32,529	0.70	70.00	328	16,864	-	Sub-subsidiary (Note 3)
GREAT LITE TECHNOLOGIES (COMBODIA). CO.,LTD.	GOLDEN PAVILION MANAGEMENT CO.,LTD.	Cambodia	Retail and installation of internet surveillance equipments	35,976	35,976	0.20	20.00	-	-	-	Investment by equity method by sub-subsidiary (Note 3)

Note 1: Ending balance and book value amount in foreign currency on this table is caculated by exhange rate on financial statement date (USD:NTD 1:30.71)

Current profit and loss in NTD is caculated by average exchange rate from January to December 2022 (USD:NTD 1:29.8517).

Note 2: Shares are expressed in thousands.

Note 3: The Company does not recognize investment profit or loss directly.

Cheer Time Enterprise Co., Ltd.

Mainland China Investment Information – Basic Informaiton

For the year ended December 31, 2022

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

1. Relevant business information on investments in Mainland China

Investee in Mainland China	Main Businesses	Paid-in capital (Note 2)	Investment Method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022 (Note 2)	Amount remitteed from/back to Tawian for the year ended December 31, 2022 — Remitted to	Amount remitteed from/back to Tawian for the year ended December 31, 2022 — Remitted back	Accumulated amount of remittance from Taiwan as of December 31, 2022	Net income of the investee	Percentage of ownership held by the Company (direct or indirect)	Investment income (loss) recognized (Note 3)	Book value of investments as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022	Note
GREAT LITE (CHANGDU) TECHCNOLOGIES LTD.	Retail and installation of internet surveillance equipments	$ 8,816	Note 1	$ 8,933	$ -	$ -	$ 8,933	($ 736)	100	($ 736)	($ 730)	$ -	None

Note 1: Investment through 3rd location (GREAT LITE INTERNATIONAL HOLDING CORP.) to Mainland China.

Note 2: The paid-in capitial of the investee is RMB2,000.

Note 3: The investment profit and loss recognized by GREAT LITE (CHANGDU) TECHCNOLOGIES LTD. is in accordance with the auditor's financial report and disclosure of the parent company in Taiwan.

Note 4: Ending balance and book value amount in foreign currency on this table is caculated by exhange rate on financial statement date (USD:NTD 1:30.71; RMB:NTD 1:4.408) Current profit and loss in NTD is caculated by average exchange rate from January to December 2022 (USD:NTD 1:29.8517; RMB:NTD 1:4.4277).

2. Limits on transfer investments to Mainland China

Company Name	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Investment amount approved by Investment Commission, MOEA	Investment limit to Mainland China set by Investment Commission, MOEA
Cheer Time Enterprise Co., Ltd.	$ 8,933	$ 37,150	$ 383,918

Note 1: Accumulated amount of remittance from Taiwan to Mainland China in original investment curreny is USD1,250 thousand.

Note 2: The investment amount approved by Investment Commission of MOEA in original investment currency is USD1,250 thousand.

Cheer Time Enterprise Co., Ltd.

Major Shareholders Informaiton

December 31, 2022

Table 7

	Shares	
Name of major shareholders	Number of shares held	Ownership Percentage
CHUANG, MING-LI	8,571,080	13.33%
LIU, WEN-CHEN	6,800,000	10.58%
Chen Da Investment Co., Ltd.	4,920,582	7.65%
Zhuang Chen, Shu-Hwa	4,484,811	6.97%
Lin, Chen-Hong	4,022,350	6.25%

INDEPENDENT AUDITORS' REPORT

(2023) Ministry of Finance approved No.22005123

The Board of Directors and Shareholders

Cheer Time Enterprise Co., Ltd.

Opinion

We have audited accompanying parent company only financial statements of Cheer Time Enterprise Co., Ltd. (hereinafter referred to as "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, the parent company only cash flow statement for the years then ended, and notes to the parent only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audit result as well as other independent auditors' report (please refer to 'Others'), the accompanying parent company only 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 for the years ended 2022 and 2021 in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the 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 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 for 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 matter for the Company's parent company only financial statements for the year ended December 31,2022 is as follows:

Merge & Acquisition Price Allocation Fairness Assessment

Description

The Company acquired 100% of the share capital of TSC Electronic Co., Ltd. in June, 2022. It is listed under investments accounted for using equity method and relevant acquisition price allocation was completed in Q3, 2022.

The determination of fair value of identifiable assets and liabilities and goodwill allocation of the invested company is based on judgments made by management, and involving accounting estimates. Therefore, we considered the price allocation for acquiring shares of the aforementioned company as a key audit matter.

How our audit addressed the matter

We reviewed the foundations and procedures which the management followed to evaluate acquisition price allocation. In addition, we reviewed a third party Purchase Price Allocation Report provided by the Group, and checked fair price evaluation process for identifiable assets and assumed liabilities. We also checked the reasonableness of the main assumptions and fair price evaluation for future cash flow estimation of the identifiable assets, in order to assess goodwill. Our procedures included:

1. We reviewed the valuation methods and calculations formula used in the valuation.
2. We reviewed and compared the expected growth rate, gross margin used in the valuation with historical data, as well as economical and industrial reference documents.
3. We reviewed the discount rate used in the valuation and compare with the rate of return from similar assets in the trade markets.

Investment Loss Accounted for Using Equity Method

Description

The balance of goodwill arising from the acquisition of TSC Electronics Co., Ltd. as at December 31, 2022 and the significant amount. Please refer to Note 5(2) of the parent only financial statements for critical accounting judgements, estimates and key sources of assumption uncertainty regarding using investment loss accounted for using equity method.

The goodwill derived from acquisition can be of large sum, and the evaluation model for expected recoverable cash flow in impairment assessment is a significant accounting estimate. The cash flow in recoverable amount is determined according to future cash flow. As a result, the impairment of goodwill is regarded as one of the key audit matters.

How our audit addressed the matter

We have obtained and reviewed the Impairment Assessment Report of investment accounted for using equity method, provided by the Company. We understand the forecast future cash flow is based on cash generating unit and it's process logics, and we've executed the following check procedures:

1. Evaluated the rationality of the evaluation model the Group is using, and its industry, business environment and the evaluated asset.
2. We confirmed that the future cash flow used in the evaluation model is consistent with the next year's budget provided by the Group.
3. We executed the following procedures to assess the rationality of key assumptions used in evaluation model for growth rate forecast, net profit margin and discount rate:
   (1) Verify the settings for evaluation model parameters and calculation method.
   (2) Compare the forecast growth rate and net profit margin with historical results, economical and industry forecast reference documents.
   (3) Compare discount rate with the assumption capital cost of cash-generating unit and return rate of similar assets.

Evaluation of Depreciation to Property, Plant and Equipment (PP&E)

Description

Regarding accounting policies on PP&E and non-financial assets depreciation, please refer to Notes 4(13) and (14) to the parent only financial statements. Please refer to Notes 5(2) to the parent only financial statements for accounting estimate and assumption uncertainty of PP&E depreciation. For explanation of account title of PP&E and non-financial assets depreciation, please refer to Notes 6(6) of the parent only financial statements.

The Company is using the value in use for PP&E to calculate recoverable amount, and use it as basis for impairment evaluation. Given the fact that the evaluation process for value in use is based on judgment of the management, any change in economical situation or company polices may result in modification of evaluation which can cause depreciation. Consequently, the Company's evaluation for PP&E depreciation is identified as a key audit matter.

How our audit addressed the matter

Our audit procedures related to specific level of the above mentioned key audit matter included the following:

1. For the recoverable amount of assets reflecting signs of depreciation on date of balance sheet, we reviewed and checked the correctness of relevant calculation provided by the management.
2. We understand and evaluate the company's assets depreciation evaluation procedure and accounting policies are in accordance with accounting principles. These including review of methods used by the management to determine recoverable amount of an individual asset.
3. According to the way assets are being utilized and the industry nature, we obtained evaluation information used by the management to determine recoverable amount. We evaluated the individual cash flow, useful life and the reasonableness of future possible income and expenditure of group assets.

Other Matter – Reference to other Auditor's Report

The Company's investments in other companies accounted for by using the equity method in the parent only financial statements were based solely on the parent only financial reports audited by other auditors. Therefore our opinion regarding reinvestment amounts in those companies' financial statements is based solely on the report of other auditors. As of December 31, 2021, the investment amount accounted for using equity method for the aforementioned company were (NT$1,543) thousand, which constituted 2.01% of the Company's consolidated total assets. The recognized loss from the aforementioned company for the year ended December 31, 2022 was (NT$33,577) thousand, which constituted (61.61%) of the total comprehensive loss.

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

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

In preparing the parent 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 Only Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the parent 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 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 only financial statements, including the disclosures, and whether the parent only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the parent only financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent 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 audits resulting in this independent auditors' report are Song Ze Wang and Yong Zhi Lin

Financial Supervisory Commission
Approved-certified No.: Jin-Guan-Certificate No. 1110349013
Approved-certified No.: Jin-Guan-Certificate No. 1050029592

PwC
Taipei, Taiwan
Republic of China
March 22, 2023

Cheer Time Enterprise Co., Ltd.
PARENT COMPANY ONLY BALANCE SHEETS
December 31, 2022 and 2021

(In Thousands of New Taiwan Dollars)

	ASSETS	NOTES	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	CURRENT ASSETS					
1100	Cash and cash equivalents	6(1)	$ 88,140	9	$ 64,342	12
1110	Financial assets at fair value through profit or loss - current	6(2))	6,565	1	10,297	2
1136	Financial assets at amortized cost - current	8	1,500	-	12,456	3
1150	Notes receivable, net	6(3)	18,206	2	7,071	1
1170	Accounts receivable, net	6(3)	211,326	23	101,264	19
1200	Other receivables		4,775	1	1,348	-
1210	Other receivables – related parties	7	23,324	3	33,341	6
1220	Current tax assets		77	-	59	-
130X	Inventories	6(4)	141,121	15	35,353	7
1410	Prepayments		3,354	-	1,372	-
11XX	**Total current assets**		498,388	54	266,903	50
	Non-current assets					
1550	Investments accounted for using equity method	6(6)	186,070	20	11,233	2
1600	Property, plant and equipment	6(6)(8)	230,823	25	234,839	45
1755	Right-of-use assets	6(7)	7,115	-	6,148	1
1840	Deferred income tax assets	6(21)	7,673	1	8,687	2
1915	Prepayments for equipment		189	-	383	-
1920	Refundable deposits		695	-	573	-
15XX	**Total noncurrent assets**		432,565	46	261,863	50
1XXX	**TOTAL**		$ 930,953	100	$ 528,766	100

(Continued on next page)

Cheer Time Enterprise Co., Ltd.
PARENT COMPANY ONLY BALANCE SHEETS
December 31, 2022 and 2021

(In Thousands of New Taiwan Dollars)

	LIABILITIES AND EQUITY	NOTES	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	CURRENT LIABILITIES					
2100	Short-term borrowings	6(8), and 8	$ 167,799	18	$ 48,252	9
2130	Current contract liabilities	6(15)	300	-	328	-
2170	Accounts payable		32,613	4	18,895	4
2180	Accounts payable – related parties	七	17,630	2	-	-
2200	Other payables	6(9), and 7	56,435	6	71,422	13
2280	Lease liabilities - current		3,851	-	3,613	1
2320	Long-term liabilities, current portion	6(10), and 8	-	-	3,750	1
21XX	**Total current liabilities**		278,628	30	146,260	28
	NON-CURRENT LIABILITIES					
2540	Long-term borrowings	6(10), and 8	-	-	86,250	16
2580	Non-current lease liabilities		3,433	-	2,662	-
2645	Refundable deposits		502	-	162	-
2670	Other non-current liabilities - others	6(5)	8,666	1	3,977	1
25XX	**Total non-current liabilities**		12,601	1	93,051	17
2XXX	**Total liabilities**		291,229	31	239,311	45
	Equity					
	Share capital	6(12)				
3110	Ordinary shares		642,630	69	322,630	61
	Capital surplus	6(13)				
3200	Capital surplus		90,342	10	21,222	4
	Retained earnings	6(14)				
3310	Legal reserve		3,896	-	3,896	1
3350	Accumulated deficit		(93,428)	(10)	(55,400)	(10)
	Other equity interest					
3400	Other equity interest		(3,716)	-	(2,893)	(1)
3XXX	**Total equity**		639,724	69	289,455	55
	Significant contingent liabilities and unrecognized contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	**TOTAL LIABILITIES AND EQUITY**		$ 930,953	100	$ 528,766	100

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

Chairman：Chuang, Ming-Li　　Finance Manager：Liu, Wen-Chen　　Accountant：Lo, Yu-Ju

Cheer Time Enterprise Co., Ltd. and Subsidiaries
PARENT COMPANY ONLY BALANCE SHEET
December 31, 2021 and 2022

(In Thousands of New Taiwan Dollars)

(Except Loss Per Share in NTD)

	Items	NOTES	2022 Amount	2022 %	2021 Amount	2021 %
4000	Operating revenue	6(15)	$ 681,362	100	$ 430,090	100
5000	Operating costs	6(4)(19)(20), and 7	(629,204)	(92)	(391,669)	(91)
5900	Gross profit from operation		52,158	8	38,421	9
	Operating expenses	6(19)(20), and 7				
6100	Selling expenses		(13,622)	(2)	(15,734)	(3)
6200	Administrative expenses		(54,359)	(8)	(42,048)	(10)
6300	Research and development expenses		(2,628)	(1)	-	-
6450	Expected credit loss	12(2)	(654)	-	(482)	-
6000	Total operating expenses		(71,263)	(11)	(58,264)	(13)
6900	Net operating loss		(19,105)	(3)	(19,843)	(4)
	Non-operating income and expenses					
7100	Interest income	7	1,393	-	581	-
7010	Other income	6(16), and 7	4,288	1	5,119	1
7020	Other gains and losses	6(2)(17), and12(2)	1,446	-	(4,387)	(1)
7050	Finance costs	6(7)(8)(10)(18)	(1,408)	-	(2,339)	-
7070	Share of Profit or Loss of Associates & Joint Ventures Accounted for Using Equity Method	6(5)	(23,628)	(4)	(36,900)	(9)
7000	Non-operating income and expenses		(17,909)	(3)	(37,926)	(9)
7900	**INCOME BEFORE INCOME TAX**		(37,014)	(6)	(57,769)	(13)
7950	Income tax (expenses) benefit	6(21)	(1,014)	-	2,369	-
8200	**NET LOSS**		($ 38,028)	(6)	($ 55,400)	(13)
	Other comprehensive income Components of other comprehensive income that will be reclassified to profit or loss					
8361	Exchange differences on translation		($ 823)	-	($ 6)	-
8360	Components of other comprehensive income that will be reclassified to profit or loss		(823)	-	(6)	-
8300	**OTHER COMPREHENSIVE INCOME,NET**		($ 823)	-	($ 6)	-
8500	**TOTAL COMPREHENSIVE INCOME**		($ 38,851)	(6)	($ 55,406)	(13)
	Loss per share	6(22)				
9750	Total basic loss per share		($ 0.66)		($ 1.72)	
9850	Diluted earnings per share		($ 0.66)		($ 1.72)	

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

Chairman：Chuang, Ming-Li　　Finance Manager：Liu, Wen-Chen　　Accountant：Lo, Yu-Ju

Cheer Time Enterprise Co., Ltd. and Subsidiaries
PARENT COMPANY ONLY STATEMENT OF CHANGE IN EQUITY
For the years ended December 31, 2022 and 2021

In Thousands of New Taiwan Dollars

	NOTE	CAPITAL COMMON STOCK	CAPITAL SURPLUS	RETAINED EARNINGS LEGAL CAPITAL RESERVE	RETAINED EARNINGS LEGAL CAPITAL RESERVE	UNAPPROPRIATED EARNINGS	TOTAL EQUITY
Year 2021							
Balance at January 1, 2021		$ 935,159	$ 21,222	$ 4,453	($ 613,086)	($ 2,887)	$ 344,861
Net loss for 2021		-	-	-	(55,400)	-	(55,400)
Other comprehensive income (loss) for 2021		-	-	-	-	(6)	(6)
Current comprehensive income(loss)		-	-	-	(55,400)	(6)	(55,406)
Legal reserve used to cover accumulated deficits	6(14)	-	-	(557)	557	-	-
Capital reduction to cover accumulated deficits	6(12)	(612,529)	-	-	612,529	-	-
Balance at December 31, 2021		$ 322,630	$ 21,222	$ 3,896	($ 55,400)	($ 2,893)	$ 289,455
Year 2022							
Balance on January 1, 2022		$ 322,630	$ 21,222	$ 3,896	($ 55,400)	($ 2,893)	$ 289,455
Current net loss		-	-	-	(38,028)	-	(38,028)
Other current comprehensive profit loss		-	-	-	-	(823)	(823)
Total comprehensive income		-	-	-	(38,028)	(823)	(38,851)
Issuance of common stock for cash	6(12)(13)	320,000	69,120	-	-	-	389,120
Balance on December 31, 2022		$ 642,630	$ 90,342	$ 3,896	($ 93,428)	($ 3,716)	$ 639,724

The accompanying notes are an integral part of the parent only financial statements

Chairman：Chuang, Ming-Li　　Finance Manager：Liu, Wen-Chen　　Accountant：Lo, Yu-Ju

Cheer Time Enterprise Co., Ltd. and Subsidiaries
PARENT COMPANY ONLY STATEMENT OF CASH FLOWS
December 31, 2021 and 2022

(In Thousands of New Taiwan Dollars)

	NOTE	2022	2021
Cash flows from operating activities			
Loss before tax		($ 37,014)	($ 57,769)
Adjustments			
Adjustments to reconcile profit (loss)			
Net loss on financial assets or liabilities at fair value through profit or loss	6(2)(17)	6,940	361
Expected credit loss (gain)	12(2)	654	482
Share of loss of associates and joint ventures accounted for using equity method	6(5)	23,628	36,900
Depreciation expense	6(6)(7)(19)	26,935	29,022
Loss (gain) on disposal of property, plant and equipment	6(17)	49	(368)
Gain on disposal of other non-current assets		-	(1,321)
Interest income		(1,393)	(39)
Dividend income	6(16)	(52)	(45)
Interest expense	6(18)	1,408	2,339
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		(11,135)	(435)
Accounts receivable		(110,716)	(30,188)
Other receivable		(3,427)	(204)
Other receivable – related parties		10,017	15,725
Inventories		(105,768)	(11,532)
Prepayments		(1,982)	7,459
Net defined benefit liability, non-current		-	25,221
Changes in operating liabilities			
Contract liabilities		(28)	(8,618)
Accounts payable		13,718	1,462
Accounts payable –related parties		17,630	-
Other payable		(16,292)	12,396
Cash inflow generated from operations		(186,828)	20,848
Interest received		1,393	38
Dividend received		52	45
Income taxes refund		34	359
Interest paid		(1,408)	(2,378)
Income taxes paid		(52)	(50)
Net cash flows from (used in) operating activities		(186,809)	18,862
Cash flows from (used in) investing activities			
Gain on disposal of current financial assets at fair value through profit and loss		1,792	-
Gain from sale of amortized cost financial assets – decrease (increase)		10,956	(1,918)
Acquisition of financial assets at fair value through profit or loss – non-current	6(2)	(5,000)	-
Acquisition of property, plant and equipment proceeds	6(6)(23)	(13,569)	(7,709)
Proceeds from disposal of property, plant and equipment	6(6)	294	381
Increase of prepayment for equipment		(4,800)	(383)
(Increase) Decrease of refundable deposits		(122)	370
Acquisition of investments accounted for using equity method		(194,600)	-
Cash used in investment activities		(205,049)	(9,259)
Cash flows from (used in) financing activities			
Decrease (increase) in short-term loans	6(8)(24)	119,547	(18,748)
Repayments of long-term debt	6(10)(24)	(90,000)	-
Increase in refundable deposits	6(24)	340	-
Repayments on capital of lease liabilities	6(7)(24)	(3,351)	(3,340)
Issuance of common stock for cash	6(12)(13)	389,120	-
Net cash flows from (used in) financing activities		415,656	(22,088)
Net increase (decrease) in cash and cash equivalents		23,798	(12,485)
Cash and cash equivalents at beginning of period	6(1)	64,342	76,827
Cash and cash equivalents at end of period	6(1)	$ 88,140	$ 64,342

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

Chairman：Chuang, Ming-Li　　Finance Manager：Liu, Wen-Chen　　Accountant：Lo, Yu-Ju

CHEER TIME ENTERPRISE CO., LTD.
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. HISTORY AND ORGANIZATION

Cheer Time Enterprise Co., Ltd. (the "Company) was approved by the Ministry of Economic Affairs to be incorporated in July, 1987 in accordance with the Company Act of the Republic of China (R.O.C.) and other relevant laws and regulations. The Company is engaging mainly in the manufacturing, processing and sales of rigid Printed Circuit Board (PCB), retail sales of photographic equipments as well as international trade.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

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

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") that came into effect as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments that came into effect as endorsed by FSC and became effective from 2022 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts – cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018-2020	January 1, 2022

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

(2) Effect of new standards and amendments to IFRSs that came into effect as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments that came into effect as endorsed by the FSC effective from 2023 as follows:

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

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

(3) IFRSs issued by International Accounting Standards Board ("IASB") but not yet endorsed by the FSC

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

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

(2) Basis of preparation

1. Except from fair value by current financial assets at fair value through profit or loss, the consolidated financial statements have been prepared under the historical cost convention.
2. Preparing the consolidated financial statements in accordance with IFRSs endorsed by the FSC takes some significant accounting estimates. And in the process of applying the Company's accounting policies involves the managements' judgments. Please refer to Note 5 for the items involving high judgment or complexity or items involving significant assumptions and estimates in the consolidated financial statements.

(3) Foreign currency translation

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

1. Foreign currency transactions and balances
   (1) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit

or loss in the period in which they arise.

(2) Monetary assets and liabilities denominated in foreign currencies at the period end are retranslated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.

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

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

2. Translation of foreign operations

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

(1) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

(2) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

(3) All resulting exchange differences are recognized in other comprehensive income.

(4) <u>Classification of current and non-current items</u>

1. Assets that meet one of the following criteria are classified as current assets:

(1) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;

(2)Assets held mainly for trading purposes;

(3)Assets that are expected to be realized within twelve months from the balance sheet date;

(4)Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

The Company classifies none of the above criteria as non-current assets.

2. Liabilities that meet one of the following criteria are classified as current liabilities:

(1) Liabilities that are expected to be settled within the normal operating cycle;

(2) Liabilities arising mainly from trading activities;

(3) Liabilities that are to be settled within twelve months from the balance sheet date;

(4) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Company classifies none of the above criteria as non-current assets.

(5) <u>Financial assets at fair value through profit or loss</u>

1. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income.
2. Financial assets valued at fair value through profit or loss are from ordinary trading norms, are recognized and derecognized using trade date accounting.
3. At initial recognition, the Company measures the financial liabilities at fair value. All related transaction costs are recognized in profit or loss. The Company subsequently measures these financial liabilities at fair value with any gain or loss recognized in profit or loss.
4. Dividends are recognized as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(6) <u>Financial assets at amortized cost</u>

1. Financial assets valued at amortized cost which meet all of the following criteria:
   (1) The objective of the Group's business model is achieved by collecting contractual cash flows; and
   (2) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
2. On a regular way purchase or sale basis, financial assets at amortized cost are recognized and derecognized using trade date account.
3. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognized in profit or loss when the asset is derecognized or impaired.
4. The Company's time deposits, structured deposits and negotiable certificates of deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(7) <u>Accounts and notes receivable</u>

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

(8) <u>Impairment of financial assets</u>

For account receivables from significant financial components at each reporting date, the Company recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Company recognizes the impairment provision for lifetime ECLs.

(9) Derecognition of financial assets

When the contractual rights to receive cash flows from financial asset expires, the Company derecognizes a financial asset.

(10) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item-by-item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses. When the cost of inventories exceeds the net realizable value, the amount of any write-down of inventories is recognized as cost of sales during the period; and the amount of any reversal of inventory write-down is recognized as a reduction in cost of sales during the period.

(11) Investments accounted for using equity method/subsidiaries and associates

1. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
2. Unrealized profit or losses on transactions with subsidiaries have been eliminated. Appropriate adjustments of accounting policies of the subsidiaries have been made to be uniform with the accounting policies of the Company.
3. Share of profit or loss of subsidiaries is recognized in profit or loss, and share of other comprehensive income of subsidiaries is recognized in other comprehensive income. If the Company's share of losses of a subsidiary equals or exceeds its interest in the subsidiary, the Company continues recognizing its share of further losses.
4. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. The Company's investments in associates are accounted for using the equity method and are initially recognized at cost
5. The Company's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
6. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognizes the Company's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.
7. The unrealized gain or loss from transactions between the Company and associates has been disposed of according to the rights the Company has over the associate. Unless otherwise suggested that the assets transferred by the transaction has been disposed, the unrealized gain or loss must be deleted. The associate's accounting policies has been adjusted to have the same principles as the Company.
8. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were

disposed of. If it retains significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

9. According to “Regulations Governing the Preparation of Financial Reports by Securities Issuers,” the profit or loss during the period and other comprehensive income presented in parent company only financial reports shall be the same as the allocations of profit or loss during the period and of other comprehensive income attributable to owners of the parent presented in the financial reports prepared on a consolidated basis, and the owners' equity presented in the parent company only financial reports shall be the same as the equity attributable to owners of the parent presented in the financial reports prepared on a consolidated basis.

(12) <u>Property, plant and equipment</u>

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

Asset name	Useful life
Buildings and structures	3 ～ 35 years
Machinery and equipment	3 ～ 8 years
Transportation and equipment	3 ～ 6 years
Leasehold improvements	5 ～ 15 years
Other equipments	3 ～ 8 years

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

1. Leases are recognized as a right-of-use assets and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.
2. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the fixed payments, less any lease incentives receivable.
   The Company subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to right-of-use assets when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.
3. At the commencement date, the right-of-use assets is stated at cost comprising the following:
   (1) The amount of the initial measurement of lease liability;
   (2) Any lease payments made at or before the commencement date
   The right-of-use assets is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset’s useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use assets。

(14) Impairment of non-financial assets

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

(15) Borrowings

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

(16) Notes and accounts payable

1. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.
2. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(17) Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability specified in the contract is discharged or cancelled or expires.

(18) Employee benefits

1. Short-term employee benefits

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

   (1)Defined contribution plans

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

   (2) Defined benefit plans

   A.Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead.

   B. Remeasurements arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.
3. Employees' compensation and directors' remuneration

   Employees' compensation and directors' remuneration are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(19) Income tax

1.The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

2. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
3. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.
4. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.
5. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously

(20) Share capital

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

(21) Revenue recognition

Sale of goods

1. The Company sells electronic components. Revenue arising from the sales of goods is recognized when the Company has delivered the goods to the customer, and the customer has full discretion over the distribution channel and price of the goods, and the Company has fulfilled all obligations which might have influence over customer’s acceptance of goods. The delivery of goods is completed when the risks of obsolete and loss have been transferred to the customer, and the customer has accepted the goods based on the sales contract or there is objective evidence showing that all acceptance provisions have been

satisfied. Revenue from these sales is recognized base on the price specified in the contract, deducting net recognized amount of quantity discount and sales discount. Accounts receivable from sales transactions are usually based on 30 to 120 days from date of statement. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Company does not adjust the transaction price to reflect the time value of money.

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

(22) <u>Government grants</u>

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes expenses for the related costs for which the grants are intended to compensate.

5. <u>Critical accounting judgments, estimates and key sources of assumption uncertainty</u>

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

(1). <u>Critical judgments in applying the Group's accounting policies</u>

None.

(2). <u>Critical accounting estimates and assumptions</u>

1. Impairment assessment of tangible assets

During the process of assessing impairment of assets, the Company has to rely on objective judgment and determine the individual cash flow, useful life and possible future generation of income and loss of specific asset group based on assets use method and industry characteristic. Any estimate revision from change of economic situation or the Company's strategies might create major impairments in the future.

As of December 31, 2022, the value of property, plants and equipments amounted to $230,823 after the Company has recognized impairment loss.

2. Investment accounted for using equity method – impairment assessment for TSC Electronics Co., Ltd.

The Company assesses the impairment of investments accounted for using the equity method whenever triggering events or changes in circumstances indicate that an investment may be impaired and carrying value may not be recoverable. The Company measures the impairment based on a projected future cash flow of the investees, including the underlying assumptions of sales growth rate and capacity utilization rate formulated by such investees' internal management team. The Company also takes into account of the reasonableness of such assumptions

As of December 31, 2022, the carrying value of investment of TSC Electronics Co., Ltd. using equity method was $175,369.

3. Evaluation of inventories

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

As of December 31, 2022, the carrying amount of inventories of the Company was $141,121.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand	$ 128	$ 90
Checking accounts and demand deposits	88,012	64,252
	$ 88,140	$ 64,342

1. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
2. The Company has pledged cash and cash equivalents as collaterals (listed as 'Financial Assets Measured at Amortized Cost –current'), please refer to Note 8 'Collateral Assets' for details.

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

Items	December 31, 2022	December 31, 2021
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	$ 18,854	$ 25,904
Valuation adjustment	(12,289)	(15,607)
	$ 6,565	$ 10,297
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Unlisted stocks	$ 5,000	$ -
Valuation adjustment	(5,000)	-
	$ -	$ -

1. As at December 31, 2022 and 2021, the Company's net loss (listed as 'other income and loss') on financial assets valued at fair price through profit and loss was ($6,940) and ($361).
2. As at December 31, 2022 and 2021, the Group does not have any financial assets valued at fair price through profit and loss held as collaterals.

(3) Notes and accounts receivable

	December 31, 2022	December 31, 2021
Notes receivable	$ 18,206	$ 7,071
Accounts receivable	$ 212,098	$ 101,382
Less: Allowance for uncollectible accounts	(772)	(118)
	$ 211,326	$ 101,264

1. As of December 31, 2022 and 2021, the Company does not have overdue notes receivable.
2. The aging analysis of accounts receivable is as follows:

	December 31, 2022	December 31, 2021
Not past due	$ 183,508	$ 80,692
Over 60 days past due	23,688	20,229
61-120 days past due	3,510	324
181-365 days past due	722	-
Over 365 days past due	670	137
	$ 212,098	$ 101,382

The above ageing analysis was based on past due date.

3. As of December 31, 2022 and 2021, accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2021, the balance of account receivable from contracts, balance of notes receivable, as well as allowance for uncollectible accounts are $71,633, $6,636 and ($75), respectively.
4. As at December 31, 2022 and 2021, the Company does not have any notes receivable or accounts receivable held as collaterals.
5. As at December 31, 2022 and 2021, without taking into account any other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's notes receivable and accounts receivable were their carrying amount.
6. For information relevant to credit risk, please refer to explanation of financial tools provided in Note 12(2).

(4) Inventories

	December 31, 2022		
	Cost	Allowance for valuation losses	Book value
Raw material	$ 86,806	$ -	$ 86,806
Material	996	-	996
Work in progress	7,162	(510)	6,652
Finished goods	47,201	(2,107)	45,094
Merchandise	4,036	(2,463)	1,573
	$ 146,201	($ 5,080)	$ 141,121

	December 31, 2021		
	Cost	Allowance for valuation losses	Book Value
Raw material	$ 12,833	($ 29)	$ 12,804
Material	291	-	291
Work in progress	5,580	(358)	5,222
Finished goods	20,030	(2,994)	17,036
Merchandise	2,463	(2,463)	-
	$ 41,197	($ 5,844)	$ 35,353

The cost of inventories recognized by the Group as expense for the year:

	2022	2021
Cost of goods sold	$ 587,020	$ 365,349
Inventory (gain on reversal) valuation losses	(764)	1,751
Inventory written off	9,587	7,528
Loss on physical inventory	363	416
Unallocated fixed production costs	34,022	17,834
Revenue from sale of scrap	(1,024)	(1,209)
	$ 629,204	$ 391,669

The Company has recognized gain on reversal of inventory value because of sales of the inventory accounted for allowance to reduce inventory to market.

(5) Investments accounted for using equity method

	December 31, 2022	December 31, 201
Subsidiaries:		
Cheer Time Co., LTD.	$ 10,701	$ 11,233
Great Lite International Co., Ltd.	(8,666)	(3,977)
TSC Electronics Co., Ltd.	175,369	-
Add: Credit balance of long-term investment in stock transfer to 'Other non-current liabilities – others'	8,666	3,977
	$ 186,070	$ 11,233

1. For information on the Company's subsidiaries, please refer to Note 4(3) of the 2022 Consolidated Financial Statements of the Company on explanation for basis of consolidation.
2. Summary of financial information on the Company's significant associates is as follows:

Balance Sheet

	TSC Electronics Co., Ltd. December 31, 2022	December 31, 2021
Current assets	$ 134,674	$ -
Non-current assets	34,250	-
Current liabilities	(22,877)	-
Non-current liabilities	(21,105)	-
Total equity	$ 124,942	$ -
Share of assets of associates	$ 123,942	$ -
Goodwill	36,874	-
Customer relationship	18,189	-
Current income tax liabilities	(5,511)	-
Deferred tax liabilities	(3,638)	-
Carrying amount of associate	$ 169,856	$ -

Statement of Comprehensive Income

	TSC Electronics Co., Ltd. 2022	2021
Income	$ 600,253	$ -
Current net loss	($ 7,426)	$ -
Other comprehensive income (net income after tax)	-	-
Total current comprehensive income	($ 7,426)	$ -

3. Share of profit and loss of associates accounted for using equity method:

Investee Companies	2022	2021
Cheer Time Co., LTD.	($ 535)	$ 8,818
Great Lite International Co., Ltd.	(3,862)	(45,718)
TSC Electronics Co., Ltd.	(19,231)	-
	($ 23,628)	($ 36,900)

(6) Property, plant and equipment

2022

	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Lease equipment	Lease improvement	Other equipment	Total
At January 1								
Cost	$ 142,162	$ 45,299	$ 121,319	$ 2,216	$ -	$ 33,927	$ 15,957	$ 360,880
Accumulated depreciation	-	(20,107)	(50,656)	(1,520)	-	(21,571)	(8,727)	(102,581)
Accumulated impairment	-	-	(21,493)	-	-	-	(1,967)	(23,460)
	$ 142,162	$ 25,192	$ 49,170	$ 696	$ -	$ 12,356	$ 5,263	$ 234,839
At January 1	$ 142,162	$ 25,192	$ 49,170	$ 696	$ -	$ 12,356	$ 5,263	$ 234,839
Additions	-	-	2,821	-	-	1,770	10,284	14,875
Depreciation	-	(1,708)	(11,193)	(343)	-	(7,082)	(3,216)	(23,542)
Disposals, cost	-	-	(2,557)	(435)	-	(5,020)	(4,868)	(12,880)
－Accumulated depreciation	-	-	2,052	332	-	5,020	4,787	12,191
－Accumulated impairment	-	-	265	-	-	-	81	346
Transfer (note)	-	-	(20,544)	-	21,550	3,129	859	4,994
At December 31	$ 142,162	$ 23,484	$ 20,014	$ 250	$ 21,550	$ 10,173	$ 13,190	$ 230,823
At December 31								
Cost	$ 142,162	$ 45,299	$ 78,036	$ 1,781	$ 45,256	$ 33,103	$ 22,232	$ 367,869
Accumulated depreciation	-	(21,815)	(47,719)	(1,531)	(12,781)	(22,930)	(7,156)	(113,932)
Accumulated impairment	-	-	(10,303)	-	(10,925)	-	(1,886)	(23,114)
	$ 142,162	$ 23,484	$ 20,014	$ 250	$ 21,550	$ 10,173	$ 13,190	$ 230,823

2021

	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Lease equipment	Lease improvement	Other equipment
At January 1							
Cost	$ 142,162	$ 45,299	$ 137,427	$ 4,225	$ 34,469	$ 23,302	$ 386,884
Accumulated depreciation	-	(18,398)	(56,061)	(2,818)	(18,551)	(13,224)	(109,052)
Accumulated impairment	-	-	(21,493)	-	-	(1,967)	(23,460)
	$ 142,162	$ 26,901	$ 59,873	$ 1,407	$ 15,918	$ 8,111	$ 254,372
At January 1	$ 142,162	$ 26,901	$ 59,873	$ 1,407	$ 15,918	$ 8,111	$ 254,372
Additions	-	-	1,639	-	3,286	1,232	6,157
Depreciation expanses	-	(1,709)	(12,342)	(711)	(6,835)	(4,080)	(25,677)
Disposals, cost	-	-	(17,747)	(2,009)	(3,828)	(8,577)	(32,161)
—Accumulated depreciation	-	-	17,747	2,009	3,815	8,577	32,148
At December 31	$ 142,162	$ 25,192	$ 49,170	$ 696	$ 12,356	$ 5,263	$ 234,839
At December 31							
Cost	$ 142,162	$ 45,299	$ 121,319	$ 2,216	$ 33,927	$ 15,957	$ 360,880
Accumulated depreciation	-	(20,107)	(50,656)	(1,520)	(21,571)	(8,727)	(102,581)
Accumulated impairment	-	-	(21,493)	-	-	(1,967)	(23,460)
	$ 142,162	$ 25,192	$ 49,170	$ 696	$ 12,356	$ 5,263	$ 234,839

Note: Transfer from repayments for equipments.

1. As at December 31, 2022 and 2021, the Group does not capitalization of interests.
2. Please refer to Note 8 for explanation on collateral assets for information on using property, plant and equipment as collaterals as at December 31, 2022 and 2021.

(7) Leasing arrangements - lessee

1.The Company leases various assets including building, transportation equipments, and multi-functional printers. Rental contracts are typically made for periods of 1 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

2. The duration of lease which the Company leases buildings and transportation equipments for doe not exceed 12 months. The low value leased asset is multi-functional printers.

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

	December 31, 2022 Carrying amount	December 31, 2021 Carrying amount
Offices	$ 6,699	$ 5,258
Transportation equipment	416	890
	$ 7,115	$ 6,148

	2022 Deprecation	2021 Depreciation
Offices	$ 2,920	$ 3,013
Transportation equipment	473	332
	$ 3,393	$ 3,345

4. For the years ended December 31, 2022 and 2021, the additions to right-of-use assets were $4,360 and $469, respectively.

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

	For the years ended December 2022	For the years ended December 2021
Items affecting profit and loss		
Interest from lease liabilities	$ 97	$ 133
Expenses relating to short-term leases	493	554
Expenses relating to low-value asset leases	46	57

6. For the years ended December 31, 2022 and 2021, the Company’s total cash outflow for leases amounted to $3,987 and $4,084, respectively.

(8) Short-term borrowing

	December 31, 2022	Interest rate range	Collateral
Secured bank borrowings	$ 154,330	1.86%~2.3281%	Demand deposit collateral and property, plant and equipment
Unsecured bank borrowings	13,469	2.1987%	None
	$ 167,799		

	December 31, 2021	Interest rate range	Collateral
Collateral bank borrowings	$ 48,252	1.45%~1.50%	Fixed deposit, related party Endorsement and property, plant and equipment

1. For more information about collaterals for bank secured borrowings, refer to Note 8,‘PLEDGED ASSETS’.

2. As of December 31, 2022 and 2021, the interest fees recognized in profit and loss are $920 and $1,009, respectively.

(9) Other payables

	December 31, 2022	December 31, 2021
Payable processing fees	$ 25,363	$ 36,043
Payable for salaries and bonuses	9,979	13,530
Payable for accrued leave bonuses	4,299	5,224
Payable for service rendered	2,904	1,740
Payable for equipments	2,768	1,462
Other payables	11,122	13,423
	$ 56,435	$ 71,422

(10) Long-term borrowings

Nature of borrowing	Range of maturity dates	Interest rate range	Collateral	December 31, 2021
Secured bank borrowings	4.2020~4.2040 Monthly repayment of $417 from April 2022 to April 2040, and interest to be paid monthly	1.33%	Property, plant and equipment	$ 90,000
Less: Current portion				(3,750)
				$ 86,250

1. As at December 31, 2022, there is no such incident.
2. For more information about collaterals, please refer to Note 8, 'Collateral assets.
3. The interest fees recognized in profit and loss in the year of 2022 and 2021 are $391 and $1,197, respectively

(11) Pensions

1. The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 4% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31 of every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to be qualify for retirement in the following year, the Company will make contributions for the deficit by next March. The Group adopt the aforementioned pension plan, details as follow:

   As at August 2021, the Company has reached an agreement with employees who fall under the regualation of the above mentioned pension plans to settle the employment years. The Company settled the labor pension preparation account with Bank of Taiwan, and withdrawed the balance of $27,102 which incur a settlement gain of $1,321 (listed as 'other income').

(1) The Company has settled confirmed benefit and obligation as at December 31, 2022 and 2021. There is no benefit asset or liabilities.

(2) As of the year ended 2021, net defined benefit asset - movements in non-current are as follows:

	The year ended 2021		
	Present value of defined benefit obligations	Present value of defined benefit obligations	Present value of defined benefit obligations
Balance on January 1	($ 35,756)	$ 59,656	$ 23,900
Pension fund contribution	-	269	269
Paid pension	-	(1,612)	(1,612)
Transfer in due to employees return	35,756	(58,313)	(22,557)
Balance on December 31	$ -	$ -	$ -

(3) The Bank of Taiwan was commissioned to manage the Fund of the Group's defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings are less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Group has no right to participate in managing and operating that fund and hence the Group is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142.

2.(1) Effective July 1, 2005, the Company has established a defined contribution pension plan under the Labor Pension Act, covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees 'monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(2) The pension costs under the defined contribution pension plans of the Company for the years ended December 31, 2022 and 2021 were $4,260 and $4,529, respectively.

(12) Share capital

1. As of December 31, 2022, the Company's authorized capital was $4,000,000 ($54,000 as reserved amount for transfer of shares to issuing employee stock option certificates), and the paid-in capital was $642,630, consisting of 64,263 thousand shares of ordinary stock (including 32,000 thousand private placing ordinary shares), with a par value of $10 per share, issued separately. All proceeds from shares issued have been collected.

2. Movements in the number of the Company's ordinary shares outstanding are as follows (unit: thousand shares):

	2022	2021
Beginning balance	32,263	93,516
Issuance of stocks-private placement	32,000	-
Capital reduction for cover accumulated deficits	-	(61,253)
Ending balance	64,263	32,263

3. On July 2, 2013, the Board of Directors has resolved to issue 32,900 thousand ordinary shares at NT$9.68 per share through a private placement. The total amount collected after deduction for cost of issuance at $9,100 from private placement is $309,372. All accounts for share are collected, relevant registration process has been finalized, and transfer date was on August 21, 2013. Privately placed shares are the same as ordinary shares; except from according to the Securities and Exchange Act, privately placed shares can only apply to be listed for trading where three full years have elapsed since the delivery date and the issuance procedure has been made up. As at December 31, 2022, the aforementioned shares have not been applied for registration for public listing yet.
4. On July 13, 2021, the Board of Directors has resolved to reduce capital to write off accumulated losses, and to increase capital by private placement according to Article 168 of the Company Act. The capital reduction is at the amount of $612,529 with reduction of 65.5% at 61,253 thousand shares and at $10 per share. In order to enrich operation capitals for market and company capital demands, privately placed shares were issued at 32,000 thousand shares, and no more. On March 7, 2022, the Board of Directors has resolved to issue 32,000 thousand ordinary shares at NT$12.16 per share, at the total amount of $389,120 through a private placement. The recorded date of capital increase by private placement was March 21, 2022 and the records were completely changed on April 18, 2022.
5. On November 5, 2021, the Board of Directors has resolved that the recorded date for capital reduction was November 10, 2021. Change of record was completed on November 22, 2021.

(13) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. However, the total capital surplus used as additional capital shall not exceed 10% of paid-in capital per annum in accordance of the R.O.C. Securities and Exchange Act. Capital surplus should not be used to cover accumulated deficit on capital even when non-earning plus is insufficient to cover.

Capital surplus change listed as follows:

2022	Share premium	Treasury share transactions	Other (Note)	Total
At January 1	$ 15,617	$ 5,222	$ 383	$ 21,222
Capital increase-private placement	69,120	-	-	69,120
At December 31	$ 84,737	$ 5,222	$ 383	$ 90,342

2021	Share premium	Treasury share transactions	Other (Note)	Total
Beginning & ending balance	$ 15,617	$ 5,222	$ 383	$ 21,222

Note: Including transfer of unclaimed cash dividends and unclaimed employees stock options, at $125 and $258 respectively, to capital surplus.

(14) Retained earnings

1. In accordance with the Articles of Incorporation, the current year's after-tax earnings should be used initially to cover any accumulated deficit (including adjustments for undistributed earnings) and set aside 10% of the remaining earnings as legal reserve; however this is not required if total legal reserve equals total paid-in capital. And then set aside or reverse special reserve in accordance with relevant laws and regulations or as required by the competent authority. The distribution of the remaining amount, plus unappropriated earnings from prior years, shall be proposed by the Board of Directors and resolved by shareholders in their general meeting. The Company's dividend appropriation plan is based on current earning, with the principle of stabilizing share interest, and for adaptation with this matured industry and company capital structure. The dividend appropriation is a combination of share dividend and cash dividend, and the amount for earnings distribution shall not be lower than 50% of the current year's after-tax earnings; among the amount, cash dividends shall not be lower be 10% of combined share dividend and cash dividend.
2. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
3. The loss off-setting proposal of 2021 to reduce capital in order to make up loss of $612,529 has been resolved by the physical shareholders' meeting held on June 1, 2022. Information about profit and loss appropriation as resolved by the shareholders during their meeting will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.
4. The accumulated deficits for the year ended December 31, 2022 was $93,428; therefore these is no earnings for appropriation.

(15) Operating revenue

	For the year ended December 31, 2022	For the year ended December 31, 2021
Revenue from external customer contracts	$ 681,362	$ 430,090

1. Disaggregation of revenue from contracts with customers

   The Group derives revenue from the transfer of goods and services at a point in time in the following geographical regions:

	The year ended December 31, 2022	The year ended December 31, 2021
Main markets:		
Asia	$ 524,852	$ 224,087
North America	150,634	198,983
Oceania	2,190	1,983
Europe	3,686	5,037
	$ 681,362	$ 430,090

2. Contract liabilites

(1) The Company has recognized the following revenue-related contract liabilies:

	December 31 2022	December 31 2021	December 31
Contract liabilities -advance sales	$ 300	$ 328	$ 8,946

(2) Revenue recognized that was included in the contract liability Balance on the beginning of the year

	2022	2021
Advance payment	$ 268	$ 8,946

(16) Other income

	Year ended December 31, 2022	Year ended December 31, 2021
Rental income	$ 1,946	$ 1,689
Dividend income	52	45
Government grants income	395	-
Other income	1,895	3,385
	$ 4,288	$ 5,119

(17) Other gains and losses

	For the year ended December 31, 2022	For the year ended December 31, 2021
Currency exchange gain (loss)	$ 8,674	($ 4,313)
Net gain on financial assets and liabilities at fair value through profit or loss	(6,940)	(361)
Gain (loss) on disposal of property, plant and equipment	(49)	368
Miscellaneous disbursements	(239)	(81)
	$ 1,446	($ 4,387)

(18) Finance costs

	For the year ended December 31, 2022	For the year ended December 31, 2021
Interest expense:		
Bank borrowings	$ 1,311	$ 2,206
Lease liabilities	97	133
	$ 1,408	$ 2,339

(19) Expenses by nature

	Year ended December 31, 2022		
	Operating cost	Operating cost	Operating cost
Employee benefit expenses	$ 76,643	$ 37,799	$ 114,442
Depreciation fees	19,246	7,689	26,935

	$ 95,889	$ 45,488	$ 141,377

	Year ended December 31, 2021		
	Operating cost	Operating cost	Operating cost
Employee benefit expenses	$ 91,908	$ 33,673	$ 125,581
Depreciation fees	24,268	4,754	29,022
	$ 116,176	$ 38,427	$ 154,603

(20) Employee benefit expense

	Year ended December 31, 2022		
	Operating cost	Operating cost	Operating cost
Wages and salaries	$ 62,981	$ 27,781	$ 90,762
Labor and health insurance expenses	6,643	2,957	9,600
Pension costs	2,701	1,559	4,260
Director's remuneration	-	3,987	3,987
Other personnel expenses	4,318	1,515	5,833
	$ 76,643	$ 37,799	$ 114,442

	Year ended December 31, 2021		
	Operating cost	Operating cost	Operating cost
Wages and salaries	$ 76,551	$ 24,514	$ 101,065
Labor and health insurance expenses	7,747	2,588	10,335
Wages and salaries	3,159	1,370	4,529
Director's remuneration	-	3,828	3,828
Other personnel expenses	4,451	1,373	5,824
	$ 91,908	$ 33,673	$ 125,581

1. In accordance with the Articles of Incorporation of the Company, if there is profit (profit is before tax profit less appropriation of employee and board of directs compensation) of the current year, no less than 5% shall be distributed as employees' compensation, and no more than 2% shall be distributed as Board of Directors' compensation. However, if the Company has accumulated deficits (including adjustments of undistributed earnings), this profit shall be reserved for covering losses. The aforementioned employee's compensation shall be distributed in the form of shares or cash. The recipients are employees defined by criteria set forth by the Board of Director. Compensation for the Board of Directors can only be distributed in the form of cash.
2. As at December 31, 2022 and 2021, there have been accumulated deficits; therefore, it is not necessary to budget for employees and borad of directors compenstation. Information about employees' compensation and directors' remuneration of the Company as resolved by the shareholders during their meeting will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

3. The average number of employees for the year ended this year and previous year were 377 and 198, respectively. There were 6 and 7 board of directos, respectively, whom are not employees.
   (1) The average employee benefit expenses amounted to NT$686 and NT$637 for 2022 and 2021 respectively.
   (2) The average payroll expenses amounted to $564 and $529 in 2022 and 2021, respectively.
   (3) The rate of changes in average payroll expenses is 12.29%.
4. The Company's salary and remuneration policy information (including directors, managers and employees) is as follows:
   (1) The overall empolyee remuneration standard is based on external competitivesness and internal assessement of fairness. Such standard must effectively attract and retain talents.
   (2) Employee remuneration is linked through performance management system. It is designed to motivate employees and bring positive developments for the Company.
   (3) It is linked with the result of the Company's long and short term objectives, individual time invested, job position and overall work performance in order to motivate employees.
   (4) Remuneration committee is set up in order to effectively measure the overall remuneration for board of directros and managers. The remuneration of the directros and supervisors of the Company is decided in accordance with articles of incorporation which was resolved by the shareholder's general meeting. Based on revenue of the current year, an approved percentage shall be allocated to remuneration of directors. If the Company has accumulated deficits from previous years, this profit shall be reserved for covering losses first, and then the balance could be allocated accordingly.
   (5) The remuneration of managers is determined based on the combination of individual's ability, the Company's current operating performance and consideration of the Company's future operational risks.
5. The Company has set up audit committee for the year of 2022 and 2021 ;therefore, there is no remuneration for supervisors.

(21) Income tax

1. Income tax expense:
   Components of income tax expense:

	For the year ended December 31, 2022	For the year ended December 31, 2022
Deferred income tax:		
Origination and reversal of temporary differences	$ 1,014	($ 2,369)
Income tax expenses (benefit)	$ 1,014	($ 2,369)

2. Reconciliation between income tax expense and accounting profit:

	Year ended December 31, 2022	Year ended December 31, 2021
Income tax calculated by applying statutory rate to the profit before tax	($ 7,403)	($ 11,553)
Effects from items disallowed by tax regulation	6,194	9,236
Deferred income tax from temporary differences	107	(1,764)
Tax loss on deferred tax assets	2,116	1,712
Income tax expenses (benefit)	$ 1,014	($ 2,369)

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

	For the year ended December 31, 2022		
	January 1	Recognized in profit or loss	December 31
Deferred tax assets			
Temporary differences			
Allowance for doubtful accounts	$ 1,264	$ -	$ 1,264
Loss on inventories market price decline	1,169	(153)	1,016
Unrealized expense	122	421	543
Unused leave payout payables	-	860	860
Impairment of assets	6,132	(2,142)	3,990
	$ 8,687	($ 1,014)	$ 7,673

	For the year ended December 31, 2021		
	January 1	Recognized in profit or loss	December 31
Deferred tax assets			
Temporary differences:			
Allowance for doubtful accounts	$ 1,264	$ -	$ 1,264
Loss on inventories market price decline	818	351	1,169
Unrealized exchange loss	288	(166)	122
Defined benefit plan	3,738	(3,738)	-
Impairment of assets	6,132	-	6,132
Subtotal	$ 12,240	($ 3,553)	$ 8,687
Deferred tax liabilities			
Temporary differences:			
Overpaid pensions	($ 5,922)	$ 5,922	$ -
Subtotal	($ 5,922)	$ 5,922	$ -
Total	$ 6,318	$ 2,369	$ 8,687

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

December 31, 2022

Year incurred	Amount filed / assessed	Unused amount	Unrecognized Deferred tax assets	Expiry year
2016	$ 14,325	$ 14,325	$ 14,325	2026
2017	34,501	34,501	34,501	2027
2018	25,937	25,937	25,937	2028
2019	56,041	56,041	56,041	2029
2020	57,507	57,507	57,507	2030
2021	19,217	19,217	19,217	2031
2022	10,578	10,578	10,578	2032
	$ 218,106	$ 218,106	$ 218,106	

December 31, 2021

Year incurred	Amount filed / assessed	Unused amount	Unrecognized Deferred tax assets	Expiry year
2016	$ 14,325	$ 14,325	$ 14,325	2026
2017	34,501	34,501	34,501	2027
2018	25,937	25,937	25,937	2028
2019	56,041	56,041	56,041	2029
2020	57,507	57,507	57,507	2030
2021	8,562	8,562	8,562	2031
	$ 196,873	$ 196,873	$ 196,873	

5. The tax returns for the Company has been assessed and approved by the Tax Authority as of 2020.

(22) Loss per share

	Year ended December 31, 2022		
	Amount after tax	Weighted average Number of ordinary Shares outstanding (shares in thousands)	Earnings per share (in NTD)
Basic and diluted earnings per share			
Loss attributable to ordinary	($ 38,028)	57,337	($ 0.66)

shareholders of the Company
Net loss

	Year ended December 31, 2021		
	Amount after tax	Weighted average Number of ordinary Shares outstanding (shares in thousands)	Earnings Per share (in NTD)
Basic and diluted earnings per share			
Attributable to ordinary shareholders of the Company			
Net loss	($ 55,400)	32,263	($ 1.72)

(23) Supplemental cash flow information

1.Investing activities with partial cash flows:

	For the year ended December 31, 2022	For the year ended December 31, 2021
Purchase of property, plant and equipment	$ 14,875	$ 6,157
Add: Beginning balance of equipment payables (listed as 'Other payables')	1,462	3,014
Less: Ending balance of equipment payables (listed as 'Other payables')	(2,768)	(1,462)
Cash paid for acquisition of property, plant and equipment	$ 13,569	$ 7,709

2. Financing activities without affecting cash flows：

	For the year ended December 31, 2022	For the year ended December 31, 2021
Prepayments transfer to property, plant and equipment	$ 4,994	$ -

(24) Changes in liabilities from financing activities

2022

	Short-term borrowings	Long-term borrowings (including expired within 1 year)	Guarantee deposits received	Lease liabilities	Total liabilities from financing activities
January 1, 2022	$ 48,252	$ 90,000	$ 162	$ 6,275	$ 144,689
Changes in cash flow from financing activities	119,547	(90,000)	340	(3,351)	26,536
Changes in other non-cash items	-	-	-	4,360	4,360
December 31, 2022	$ 167,799	$ -	$ 502	$ 7,284	$ 175,585

2021

	Short-term borrowings	Long-term borrowings (including expired within 1 year)	Guarantee deposits received	Lease liabilities	Total liabilities from financing activities
January 1	$ 67,000	$ 90,000	$ 162	$ 9,146	$ 166,308
Changes in cash flow from financing activities	(18,748)	-	-	(3,340)	(22,088)
Changes in other non-cash items	-	-	-	469	469
December 31	$ 48,252	$ 90,000	$ 162	$ 6,275	$ 144,689

7. Related Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
CHUANG, MING-LI	Main management
LIU, WEN-CHEN	Main management
WU, YING-CHU	Main management
GREAT LITE INTERANTIONAL CO., LTD. (GREAT LITE)	Subsidiary
GREAT LITE (CHENDU) TECHNOLOGY CO., LTD. (GREAT LITE)	Subsidiary
Great Lite International Holding Corp.(GLI)	Subsidiary
TSC ELECTRONICS CO., LTD. (TSC)(NOTE)	Subsidiary
Chang, Shu-Jin	Other related party
Liu, Hsin-Jen	Other related party
Liu, Hsin-Ten	Other related party

Note: The Group has acquired 100% share of TSC in June, 2022. TSC was other related party to the Group, and became subsidiary from the date of acquisition.

(2) Significant transactions with related parties

1. Purchase

	Year ended December 31, 2022	Year ended December 31, 2021
Purchase of merchandise:		
TSC	$ 118,411	$ -
Purchase of service:		
TSC	25,537	-
	$ 143,948	$ -

The above purchase of merchandise and service from related parties is in accordance with standard business norm and conditions.

2. Related parties payable

	December 31, 2022	December 31, 2021
Account payable:		
TSC	$ 17,630	$ -
Other payables – processing fee:		
TSC	$ 506	$ -
	$ 18,136	$ -

Related parties payable is mainly from purchases. The transaction amount is due in three months after the date of purchases. The account payable does not have interest.

3. Loaning funds to related parties

(1) Loan to related parties

A. Ending balance:

	December 31, 2022	December 31, 2021
Great Light	$ 21,532	$ 31,576
Great Light Chengdu	1,792	1,765
	$ 23,324	$ 33,341

B. Interest revenue

	For the year ended December 31, 2022	For the year ended December 31, 2021
Great Lite	$ 352	$ 192
Great Lite Chengdu	27	60
	$ 379	$ 252

The loaning condition to related parties is for the duration of within one year. The annual interest rates for 2022 and 2021 were 1.56%~1.57% and 1.56% respectively.

4. Other income

	For the year ended December 31, 2022	For the year ended December 31, 2021
Great Lite	$ 152	$ 762

5. Property transaction

Acquisition of financial asset

	Accounts	No. of shares	Objects	For the year ended December 31, 2022 Consideration
Liu, Wen-Chen	Investment accounted for using equity method	5,000	TSC Electronics Co., Ltd.	$ 121,625
Chang, Shu-Jin	〃	1,200		29,190
Liu, Hsin-Jen	〃	900		21,893
Liu, Hsin-Ten	〃	900		21,892
Total				$ 194,600

None in 2021.

6. Related parties providing endorsement for financing

	December 31, 2022	December 31, 2021
WU, YING-CHU	$ -	$ 48,252
CHUANG, MING-LI and LIU, WEN-CHEN	26,721	-
	$ 26,721	$ 48,252

(3) Key management compensation

	Year ended December 31, 2022		Year ended December 31, 2021	
Short-term employee benefits	$	5,548	$	4,103
Post-employment benefits		51		-
	$	5,599	$	4,103

8. Pledged Assets

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

Assets pledged	December 31, 2022		December 31, 2021		Purpose of collateral
demand deposit pledged (listed as 'Amortized cost of financial assets - current')	$	1,500	$	12,456	Guarantee for short-term borrowings
Property (listed as 'property, plant and equipment')		142,162		142,162	Guarantee for long and short-term borrowings
Office and building (listed as "property, plant and equipment')		23,484		25,192	Guarantee for long and short-term borrowings
	$	165,646	$	167,354	

9. Significant contingent liabilities and unrecognized contract commitments

As of December 31, 2022 and 2021, the Company has acquired plant and equipment not yet paid in the amount of $285 and $3,368, respectively.

10. Significant disaster loss

None.

11. Significant events after the balance sheet date

On March 22, 2023, the Board of Directors resolved to liquidate and deregister subsidiary – Great Lite International Co., Ltd.

12. Others

(1) Capital management

The objective of the Company's capital management is to ensure it has the necessary financial resources and operating plans to fund its working capital needs and reduce capital expenditures. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt

(2) Financial instruments

1. Financial instruments by category

	December 31, 2022		December 31, 2021	
Financial assets				
Financial assets at fair value through profit and loss				
Designation as financial assets at fair value through profit and loss	$	6,565	$	10,297

	December 31, 2022	December 31, 2021
Financial assets at amortized cost		
Cash and cash equivalent	$ 88,140	$ 64,342
Financial assets at amortized cost	1,500	12,456
Notes receivable	18,206	7,071
Account receivable	211,326	101,264
Other receivables (including related parties)	28,099	34,689
Refundable deposit	695	573
	$ 347,966	$ 220,395

	December 31, 2022	December 31, 2021
Financial liabilities		
Financial liabilities at amortized cost		
Short-term borrowings	$ 167,799	$ 48,252
Account payable (including related parties)	50,243	18,895
Other payable	56,435	71,422
Long-term borrowings (including expiration within 1 year or 1 business cycle)	-	90,000
Refundable deposit	502	162
	$ 274,979	$ 228,731
Lease liabilities (current and non-current)	$ 7,284	$ 6,275

2. Financial risk management policies
   (1) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Company complies with the policies, procedures and internal control which were built in accordance with the related regulations in order to identify, measure and control the Company's various financial risks, and reduce the unfavorable effects arising from floating financial market.
   (2) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close cooperation with the Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.
3. Significant financial risks and degrees of financial risk
   (1) Market risk

Foreign exchange risk

A. The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with the USD and Japanese Yen. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.

B. Management has set up a policy to require the Comapny to manage its foreign exchange risk against their functional currency. The Company is required to hedge its entire foreign exchange risk exposure with the Company treasury. Excahnge rate risk is measured by high probabilites of expenditure above expected in USD and Japanese Yen.

C. The Company has certain investments in foreign operations, whose net assets are exposed to.

D. The Company's businesses involve some non-functional currency operations (the functional currency of the Company is NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2022		
	Foreign currency (in thousands)	Exchange rate	Book value (NTD)
(foreign currency: functional currency)			
Financial assets			
Monetary items			
USD：NTD	$ 6,737	30.71	$ 206,893
JPY : NTD	9,238	0.23	2,125
Non-monetary items			
USD : NTD	348	30.71	10,701

	December 31, 2021		
	Foreign currency (in thousands)	Exchange rate	Book value (NTD)
(foreign currency: functional currency)			
Financial assets			
Monetary items			
USD：NTD	$ 3,631	27.68	$ 100,506
JPY : NTD	62,729	0.24	15,055
Investment using equity method			
USD : NTD	406	27.68	11,233

E. Analysis of foreign currency market risk arising from significant foreign exchange variation. If the NTD has increase/decrease by 1% against various currencies, the Company's profit would decrease/increase by $2,197 and $1,156, respectively.

F. The total exchange gain (loss), including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2022 and 2021 amounted to $2,197 and ($4,313), respectively

Price risk

A. The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

B. The Company's investments in equity securities comprise equity securities issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 10% with all other variables held constant, post-tax profit would have increased/decreased by $657 and $2,164 for the years ended December 31, 2022 and 2021, respectively.

Cash flow and fair value interest rate risk

A. The Company's borrowing is valued through amortized costs, and revalued according to interest rate prescribed per annum; therefore, the Company is exposed to the risk of marketed related interest rate fluctuation.

B. It's been evaluated that the Company does not have significant interest rate risk in the years ended December 31, 2022 and 2021。

(2) Credit risk

A. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortized cost, at fair value through profit or loss and at fair value through other comprehensive income.

B. The Company manages their credit risk taking into consideration the entire group's concern. The Company only trade with banks or financial institutes with good credit record. According to the Company's credit policy, each local entity in the Company is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risks are set by the Board of Directors based on internal or external ratings and the utilization of credit limits is regularly monitored.

C. If the Company's contract payments were past due over 120 days based on the terms, it is recognized as breach of contract.

D. The Company adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

If the contract payments were past due over 120 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition

E. The following indicators are used to determine whether the credit impairment has occurred:

(A) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;

(B) The disappearance of an active market for that financial asset because of financial difficulties;

(C) Default or delinquency in interest or principal repayments;

(D) Adverse changes in national or regional economic conditions that are expected to cause a default.

F.(1) Expected credit losses from customers classified with good credit standing is 0.03%. As of December 31, 2022 and 2021, note receivable and account receivable book value are $201,714 and $87,763, respectively. Due to the fact that these are customers with low credit risk, it is expected not to be significant loss; therefore loss allowance was set to be $0.

(2) The Company adopted economic forecast report from Taiwan Institute of Economic Research to adjust historical and timely information to assess the default possibility of notes and accounts receivable. As for December 31, 2022 and 2021, the provision matrix is as follows:

	60 days past due	120 days past due	Over 181 days past due	Total
At December 31, 2022				
Expected loss rate	0%~0.77%	0.77%~3.48%	100.00%	
Total book value	$ 23,688	$ 3,510	$ 1,392	$ 28,590
Loss allowance	$ 118	$ 24	$ 630	$ 772

	60 days past due	120 days past due	Over 181 days past due	Total
At December 31, 2021				
Expected loss rate	0%~0.3%	0.3%~1.42%	72.47%	
Total book value	$ 20,229	$ 324	$ 137	$ 20,690
Loss allowance	$ 101	$ 3	$ 14	$ 118

G. The Company classifies customer's accounts receivable in accordance with credit rating of customer. The Company applies the simplified approach using the provision matrix based on the loss rate methodology to estimate expected credit loss. The Company uses the forecast ability of conditions to adjust historical and timely information to assess the default possibility of accounts receivable. Movements in relation to the Company applying the simplified approach to provide loss allowance for notes receivable, accounts receivable and other receivables are as follows:

	For the year ended December 31, 2022	For the year ended December 31, 2021

January 1	$ 118	$ 75
Provision for expected credit impairment loss	654	482
Transfer to long-term receivable (listed as 'other non-current assets')	-	(439)
December 31	$ 772	$ 118

H. The Company uses the forecast ability of conditions to adjust historical and timely information to assess the default possibility of liability investment tools as of December 31, 2022 and 2021; and take into consideration of expected credit loss of other credit reinforcements.

(3) Liquidity risk

A. Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs.

B. Company treasury invests surplus cash in interest bearing current accounts, money market fund and treasury bill, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts. The Company held treasury bills expected to immediately generate cash inflows for managing liquidity risk.

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

December 31, 2022	Less than 1 year	Between 1~2 years	Over 2 years
Non-derivative financial liabilities:			
Short-term borrowings	$ 167,920	$ -	$ -
Account payable	32,613	-	-
Other payables	56,435	-	-
Lease liability	3,935	1,070	2,461
Refundable Deposit	-	-	502

December 31, 2021	Less than 1 year	Between 1~2 years	Over 2 years
Non-derivative financial liabilities:			
Short-term borrowings	$ 48,466	$ -	$ -
Accounts payable	18,895	-	-
Other payables (including related parties)	71,422	-	-
Lease liability	3,220	3,012	147
Long-term borrowing (including maturity within 1 year or 1 business cycle)	4,930	12,167	84,025
Refundable deposit	-	-	162

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

(3) Fair value information

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

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

   Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Company's investment in derivative instruments is included in Level 2.

   Level 3: Unobservable inputs for the asset or liability, including equity instrument invested in non-active market by the Company.

2. Financial instruments not measured at fair value

   Financial assets and financial liabilities not measured at fair value including the carrying amounts of cash and cash equivalents, financial assets at amortized cost, notes receivable, accounts receivable, other receivables, guarantee deposits paid (listed as 'Other non-current assets – others'), short-term borrowings, notes payable, accounts payable, other payables, long-term borrowings which mature within 1 year or 1 business cycle, long-term borrowings, lease liabilities and guarantee deposits received are approximate to their fair values.

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

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Domestic listed stock shares	$ 6,565	$ -	$ -	$ 6,565

December 31, 2021	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value				
Financial assets at fair value through profit and loss				
Value of financial assets				
Foreign listed stock shares	$ 2,224	$ -	$ -	$ 2,224
Domestic listed stock shares	8,073	-	-	8,073
	$ 10,297	$ -	$ -	$ 10,297

4. The methods and assumptions the Company used to measure fair value are as follows:

The instruments that the Company used market quoted prices as their fair values (that is, Level1) are net price of open beneficiary certification; and the Company used closing price for listed stocks.

5. For the years ended 2022 and 2021, there is no transfer between Level 1 and 2.
6. The following chart is the movement of level 3 for the years ended December 31, 2022 and 2021:

	For the year ended December 31, 2022	For the year ended December 31, 2021
	Equity securities	Equity securities
Balance on January 1	$ -	$ -
(Loss) gains recognized in profit and loss	5,000	-
Recorded as unrealized gains (losses) from investments in equity instruments measured at fair value through profit and loss	(5,000)	-
Balance on December 31	$ -	$ -

7. For the years ended December 31, 2022 and 2021, there was no transfer into or out from Level 3.
8. Investment segment is in charge of valuation procedures for fair value measurements being categorized within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.
9. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	December 31, 2022 Fair value	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of input to fair value
Non-derivative equity instrument:					
Non-listed domestic stocks	$ -	Net asset value	N/A	N/A	N/A

None as at December 31, 2021.

13. Supplementary Disclosure

(Only information for the year ended December 2022 were disclosed as required.)

(1) Significant transactions information

1. Loans to others: Refer to table 1.
2. Provision of endorsements and guarantees to others: None.
3. Holding of marketable securities at the end of the period (excluding subsidiaries, associates and joint ventures): Refer to table 2.

4. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: Refer to table 3.
5. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.
6. Disposal of real estate reaching $300 million or 20% of paid -in capital or more: None.
7. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: None.
8. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: None.
9. Trading in derivative instruments: None.
10. Significant sales relationship or important transactions between parent and subsidiaries or among subsidiaries: Refer to table 4.

(2) Information on investees

Names, locations and other information of investee companies (excluding investees in Mainland China): Refer to table 5.

(3) Information on investments in Mainland China

1. Basic information: Refer to table 6.
2. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

(4) Major shareholders information

Major shareholders information: Refer to table 7.

14. Segment Information

Not applicable.

Cheer Time Enterprise Co., Ltd.
Cash and cash equivalents
December 31, 2022

Statement 1 (In Thousands of New Taiwan Dollars)

Item	Summary	Amount
Cash:		
Cash on hand		$ 128
Cheque deposit		289
Demand deposit - NTD		17,021
－Foreign currency	USD 2,268 thousands, exchange rate 30.71	69,653
	JPY 4,515 thousands, exchange rate 0.2324	1,049
		$ 88,140

Cheer Time Enterprise Co., Ltd.
Account Receivable
December 31, 2022

Statement 2 (In Thousands of New Taiwan Dollars)

Name of client	Summary	Amount	
Non-related parties:			
CHIN-POON INDUSTRIAL CO., LTD.	Sales	$	48,172
Z-SOURCE INTERNATIONAL	〃		32,872
FIRST HI-TEC ENTERPRISE CO., LTD.	〃		16,884
ACCUTECH INTERNATION CO., LTD.	〃		13,533
OTHERS (balance of each client does not exceed 5% of the total account balance)	〃		100,637
Sub-total			212,098
Less: allowance for loss		(	772)
		$	211,326

Cheer Time Enterprise Co., Ltd.
Inventory
December 31, 2022

Statement 3

(In Thousands of New Taiwan Dollars)

	Amount		
Item	Cost	Net realizable value	Note
Raw material	$ 86,806	$ 90,287	Note
Material	996	992	〃
WIP	7,162	17,220	〃
Finished products	47,201	50,621	〃
Merchandise	4,036	2,299	〃
	146,201	$ 161,419	
Less: allowance to reduce inventory to market	(5,080)		
	$ 141,121		

Note: Please refer to explanation on inventory in Note 4(10) for methods used in determining net realizable value.

Cheer Time Enterprise Co., Ltd.
Investment change accounted for using equity method
January 1 to December 31, 2022

Statement 4

(In Thousands of New Taiwan Dollars)

	Beginning Balance		Increase for current period (note 1)		Decrease for current period (note 2)		Ending balance			Market price or net asset value per share		Guarantee or	
Company Name	Share (thousands)	Amount	Share (thousands)	Amount	Share (thousands)	Amount	Share (thousands)	Share holding percentage	Amount	Unit price (NTD)	Total	pledge	Note
CHEER TIME CO.,LTD	27,719	$ 11,233	-	$ 3	-	($ 535)	27,719	100%	$ 10,701	$ 0.39	$ 10,701	None	—
GREAT LITE INTERNATIONAL CO., LTD.	20,000	(3,977)	-	-	-	(4,689)	20,000	100%	(8,666)	(0.43)	(8,666)	〃	—
TSC ELECTRONICS CO., LTD.	-	-	8,000	194,600	-	(19,231)	8,000	100%	175,369	15.52	124,133	〃	—
		$ 7,256		$ 194,603		($ 24,455)			$ 177,404				
Add: credit balance for long-term equity investment Transfer to list under 'Other non-current liabilities – others'		3,977		-		4,689			8,666				
		$ 11,233		$ 194,603		($ 19,766)			$ 186,070				

Note 1: The increase for current period is from investment and exchange differences on translation of foreign financial statements using equity method.
Note 2: The decrease for current period is from investment loss accounted for using equity method and exchange differences on translation of foreign financial statements.

Cheer Time Enterprise Co., Ltd.
Short-term borrowing
January 1 to December 31, 2022

Statement 5 (In thousands of New Taiwan Dollars)

Borrowing type	Summary	Ending balance	Contract period	Interest rate	Financing amount	Collateral or guarantee
Secured loan	The Shanghai Commercial & Savings Bank	$ 86,748	June 28, 2021~May 21, 2023	1.975%	$ 120,000	Real Estate, Plant, and Equipment
Secured loan	Cathay United Bank	54,330	July 15, 2022~July 14, 2023	1.86%	130,000	Real Estate, Plant, and Equipment
Secured loan	Hua Nan Commercial Bank	13,252	October 11, 2022~October 11, 2023	2.3281%	50,000	Inventory Pledge
Unsecured loan	CTBC Bank	13,469	September 22, 2022~September 21, 2023	2.1987%	30,000	—
		$ 167,799				

Cheer Time Enterprise Co., Ltd.
Operating Revenue
January 1 to December 31, 2022

Statement 6 (In thousands of New Taiwan Dollars)

Item	Quantity		Amount	Note
Single-sided PCB	2,379	m^2	$ 13,813	
Double-side PCB	10,587	m^2	92,583	
Multilayer PCB	13,997	m^2	234,401	
Phosphorus copper ball	1,125	metric tons	302,034	
Drilling	608	thousand pcs	29,797	
Others	substrate		10,380	
Total operating revenue			683,008	
Less: Sales return			(291)	
Sales discount			(1,355)	
Net operating revenue			$ 681,362	

<u>Cheer Time Enterprise Co., Ltd.</u>
<u>Operating Cost</u>
<u>January 1 to December 31, 2022</u>

Statement 7 (In thousands of New Taiwan Dollars)

Item	Amount	
Cost of original manufacturing goods sold		
Beginning balance of raw material	$	12,833
Add: Current net material purchased		338,862
Less: Ending balance of raw material	(	86,806)
Loss on physical inventory	(	365)
Transfer to fees	(	85)
Raw material sold	(	62)
Current direct material used		264,377
Beginning balance of material		291
Add: Current net material purchased		16,646
Inventory transfer to own use		580
Gain on physical inventory		2
Less: Ending balance of material	(	996)
Material used during current period		16,523
Direct labor		34,393
Manufacturing expenses		168,545
Manufacturing costs		483,838
Add: Beginning balance of WIP		5,580
Less: Ending balance of WIP obsolescent	(	7,162)
Obsolescent	(	1,838)
Cost of finished goods		480,418
Add: Beginning balance of finished goods		20,030
Less: Ending balance of finished goods	(	47,201)
Obsolescent	(	7,737)
Transfer to fees	(	606)
Cost of original manufacturing goods sold		444,904

Cheer Time Enterprise Co., Ltd.
Operating Cost (Continued)
January 1 to December 31, 2022

Statement 7

(In thousands of New Taiwan Dollars)

Cost of outsourced goods sold	
Beginning balance of merchandise inventory	$ 2,463
Current net material purchased	143,775
Less: Ending balance of merchandise	(4,036)
Obsolescent	(12)
Transfer to fees	(136)
Add: Raw material sold	62
Cost of outsourced goods sold	142,116
Add: Loss on inventory write-off	9,587
Gain from reversal of inventory	(764)
Unallocated manufacturing expenses	34,022
Loss of physical inventory	363
Revenue from sale of scrap	(1,024)
Other operating costs	42,184
Total operating costs	$ 629,204

Cheer Time Enterprise Co., Ltd.
Manufacturing Costs
January 1 to December 31, 2022

Statement 8 (In thousands of New Taiwan Dollars)

Item	Amount	Note
Processing fees	$ 109,701	
Amortization	19,246	
Indirect labor	22,844	
Utilities expense	11,763	
Other manufacturing costs	39,013	Each individual amount does not exceed 5% of the total amount.
Less: Unallocated fixed manufacturing fees	(34,022)	
	$ 168,545	

Cheer Time Enterprise Co., Ltd.
Marketing Fees
January 1 to December 31, 2022

Statement 9 (In thousands of New Taiwan Dollars)

Item	Amount	Note
Payroll expenses	$ 7,903	
Insurance expenses	921	
Export fees	2,000	
Other fees	2,798	Each individual amount does not exceed 5% of the total amount.
	$ 13,622	

Cheer Time Enterprise Co., Ltd.
Administration Fees
January 1 to December 31, 2022

Statement 9 (In thousands of New Taiwan Dollars)

Item	Amount	Note
Payroll expenses	$ 21,635	
Amortization	7,079	
Professional service fees	11,579	
Other fees	14,066	Each individual amount does not exceed 5% of the total amount.
	$ 54,359	

Cheer Time Enterprise Co., Ltd. and Subsidiaries

Loans to others

Year ended December 31, 2022

Table 1 (In thousands of New Taiwan Dollars)

Number	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2022	Balance on December 31, 2022	Actual amount drawn down	Interest rate range	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 1)	Ceiling on total loans granted (Note 1)	Note
													Item	Value			
1	Cheer Time Enterprise Co., Ltd.	Great Lite International Co., Ltd.	Account receivable – related parties	Y	$ 35,988	$ 30,000	$ 21,400	1.56%~1.57%	Short-term financing	$ -	Opeartion needs	$ -	-	$ -	$ 255,889	$ 255,889	—
2	Cheer Time Enterprise Co., Ltd.	GREAT LITE (CHANGDU) TECHCNOLOGIES LTD.	Account receivable – related parties	Y	$ 2,000	$ 2,000	$ 1,705	1.57%	Short-term financing	$ -	Operation needs	$ -	-	$ -	$ 255,889	$ 255,889	—

Note 1: The total amount of funds to be loaned to others shall not exceed 40% of the net value recored on current financial statement of the creditor company, except when parent company has 100% direct or indirect voting right over foregin compnaies, the total amount of funds to be loaned to other shall not exeed 100% of the net company value. The financing limit for the Company is determined by individual financing party and credit limit, and resolved by the Board of Director. The maximum term shall not be exceeding 1 year. Only for between foreign companies the Company has 100% direct or indirect voting right can financing terms limited to 8 years.

Note 2: For the amounts reflected as foreign currencies on this table, the exchange rate applied shall be in accordance with the date of financial statement (USD:NTD 1:30.71)

Cheer Time Enterprise Co., Ltd and Subsidiaries

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

December 31, 2022

Table 2

(In thousands of New Tawian Dollars)

Securities held by	Type and name of securities	Relationship with the issuer	General ledger account	Ending Balance: Number of shares (in thousands)	Ending Balance: Book value	Ending Balance: Percentage of ownership	Ending Balance: Fair value	Note
	Stock:							
Cheer Time Enterprise Co., Ltd.	NEWRETAIL Co., Ltd.	—	Financial assets at fair value throughprofit or loss- current	637	$ 6,565	2.20%	$ 6,565	—
Cheer Time Enterprise Co.,Ltd.	Jen Shen Technology Co., Ltd.	—	Financial assets at fair value throughprofit or loss-non-current	500	-	14.29%	-	—

Cheer Time Enterprise Co., Ltd. and Subsidiaries

Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital

Year ended December 31, 2022

Table 3

In thousands of New Taiwan Dollars

(Except otherwise specified)

Marketable securites				Counter party	Relationship	Beginning balance		Addition (Note 3)		Disposal (Note 3)				Ending Balance	
Investor	Type (Note 1)	Name	General ledger account	(Note 2)	(Note 2)	Number of shares	Amount	Number of shares	Amount	股數	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
Cheer Time Enterprise Co., Ltd.	Stock	Great Lite Electornics Co., Ltd.	Investment accounted for using equity method	LIU, WEN-CHEN	Main management	-	$ -	5,000	$ 121,625	-	$ -	$ -	$ -	5,000	$ 121,625
Cheer Time Enterprise Co., Ltd	Stock	Great Lite Electornics Co., Ltd.	Investment accounted for using equity method	Chang, Shu-Jin	Other related party	-	-	1,200	29,190	-	-	-	-	1,200	29,190
Cheer Time Enterprise Co., Ltd	Stock	Great Lite Electornics Co., Ltd.	Investment accounted for using equity method	Liu, Hsin-Jen	Other related party	-	-	900	21,893	-	-	-	-	900	21,893
Cheer Time Enterprise Co., Ltd	Stock	Great Lite Electornics Co., Ltd.	Investment accounted for using equity method	Liu, Hsin-Ten	Other related party	-	-	900	21,892	-	-	-	-	900	21,892

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities..

Note 2: Fill in the columns the counterparty and relationship if securities are accounted for under the equity method; otherwise leave the columns blank.

Note 3: Aggregate purchases and sales amounts should be calculated separately at their market values to verify whether they individually reach NT$300 million or 20% of paid-in capital or more.

Cheer Time Enterprise Co., Ltd. and Subsidiaries

Significant Intercompany Transactions

For the year ended December 31, 2022

Table 4

In thousands of New Taiwan Dollars

(Except otherwise specified)

				Intercompany transactions			
Number (Note 1)	Company name	Name of counter party	Relationship (Note 2)	General ledger account	Amount	Terms	The percentage of consolidated total revenue or total assets (Note 3)
0	Cheer Time Enterprise Co., Ltd.	Great Lite International Co., Ltd.	(1)	Other receivables	$ 21,532	(Note 4)	2.24%
0	heer Time Enterprise Co., Ltd.	TSC Electornics Co., Ltd.	(1)	Account payable	18,136	(Note 5)	1.88%
0	heer Time Enterprise Co., Ltd.	TSC Electornics Co., Ltd.	(1)	Purchase	68,186	〃	8.32%
0	heer Time Enterprise Co., Ltd.	TSC Electornics Co., Ltd.	(1)	Processing	25,490	〃	3.11%

Note 1: Intercompany busienss transaction information shall be noted in the numbering columns. The numbering rules are as follows:

(1) Parent company fills in 0.

(2) Subsidaires shall fill in chonologically starting with numberical number 1 according to company type.

Note 2: There are 3 types of relationship with counter party, only required to label type (if it's the same intercompany transaction, then it's not necessary to repeat the disclosure. For examples, if the parent company has already disclosured transation with the subsidiary, then the subsidiary is not required to repeat the disclosure. Or if one subsidiary has already disclosured transation with the other one, then the other one is not required to repeat the disclosure):

(1) Parent company to subsidiary

(2) Subisidary to parent company

(3) Subsidiary to subsidiary

Note 3: The transaction amount is calculated based on combined income or total asset percentage. If it's a balance sheet item, then it's calculated by the percentage of ending balance to the combined total assets. If it's a profit and loss item, then it's calculated by percentage of accumulated amount to the total combined revenue.

Note 4: Mainly are monetary loans receivables.

Note 5: There is no significant difference between trading price, payment terms and non-related parties of merchandize and service rendered.

Note 6: For individual amounts under $10,000, it is not required to be disclosed. And its corresponding transaction is not disclosed.

Cheer Time Enterprise Co., Ltd.

Names, locations and other information of investee companies (excluding investees in Mainland China)

For the year ended December 31, 2022

Table 5

In thousands of New Taiwan Dollars

(Except otherwise specified))

Investor	Investee	Location	Main Businesses	Original investment amount Ending balance of this year	Original investment amount End of last year	Share (Note3)	Ending percentage of ownership	Book value	Profit (loss) of the investee	Investment income (loss) recognized	Note
Cheer Time Enterprise Co., Ltd.	CHEER TIME CO.,LTD.	Samoa	Offshore holding company	$ 986,619	$ 986,619	27,719	100.00	$ 10,701	($ 535)	($ 535)	Subsidiary
Cheer Time Enterprise Co., Ltd.	Great Lite International Co., Ltd.	Taiwan	Retail and installation of internet surveillance equipments	103,663	103,663	20,000	100.00	(8,666)	(3,862)	(3,862)	Subsidiary
Cheer Time Enterprise Co., Ltd.	TSC Electonics Co., Ltd.	Taiwan	Manufacturing of electronic components	194,600	-	8,000	100.00	175,369	(7,426)	(19,231)	Subsidiary
CHEER TIME CO.,LTD.	GREAT LITE INTERNATIONAL HOLDING CORP.	Cayman Islands	Offshore holding company	145,897	145,897	1,530	100.00	5,896	(402)	-	Sub-subsidiary (Note 3)
Great Lite International Co., Ltd.	GREAT LITE TECHNOLOGIES (COMBODIA) CO.,LTD.	Cambodia	Retail and installation of internet surveillance equipments	32,529	32,529	0.70	70.00	328	16,864	-	Sub-subsidiary (Note 3)
GREAT LITE TECHNOLOGIES (COMBODIA). CO.,LTD.	GOLDEN PAVILION MANAGEMENT CO.,LTD.	Cambodia	Retail and installation of internet surveillance equipments	35,976	35,976	0.20	20.00	-	-	-	Investment by equity method by sub-subsidiary (Note 3)

Note 1: Ending balance and book value amount in foreign currency on this table is caculated by exhange rate on financial statement date (USD:NTD 1:30.71)

Current profit and loss in NTD is caculated by average exchange rate from January to December 2022 (USD:NTD 1:29.8517).

Note 2: Shares are expressed in thousands.

Note 3: The Company does not recognize investment profit or loss directly.

Cheer Time Enterprise Co., Ltd.

Mainland China Investment Information – Basic Informaiton

For the year ended December 31, 2022

Table 6

In thousands of New Taiwan Dollars

(Except otherwise specified)

1. Relevant business information on investments in Mainland China

Investee in Mainland China	Main Businesses	Paid-in capital (Note 2)	Investment Method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022 (Note 2)	Amount remitteed from/back to Tawian for the year ended December 31, 2022: Remitted to	Amount remitteed from/back to Tawian for the year ended December 31, 2022: Remitted back	Accumulated amount of remittance from Taiwan as of December 31, 2022	Net income of the investee	Percentage of ownership held by the Company (direct or indirect)	Investment income (loss) recognized (Note 3)	Book value of investments as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022	Note
GREAT LITE (CHANGDU) TECHCNOLOGIES LTD.	Retail and installation of internet surveillance equipments	$ 8,816	Note 1	$ 8,933	$ -	$ -	$ 8,933	($ 736)	100	($ 736)	($ 730)	None	None

Note 1: Investment through 3rd location (GREAT LITE INTERNATIONAL HOLDING CORP.) to Mainland China.

Note 2: The paid-in capitial of the investee is RMB2,000.

Note 3: The investment profit and loss recognized by GREAT LITE (CHANGDU) TECHCNOLOGIES LTD. is in accordance with the auditor's financial report and disclosure of the parent company in Taiwan.

Note 4: Ending balance and book value amount in foreign currency on this table is caculated by exhange rate on financial statement date (USD:NTD 1:30.71; RMB:NTD 1:4.408)
Current profit and loss in NTD is caculated by average exchange rate from January to December 2022 (USD:NTD 1:29.8517; RMB:NTD 1:4.4277).

2. Limits on transfer investments to Mainland China

Company Name	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Investment amount approved by Investment Commission, MOEA	Investment limit to Mainland China set by Investment Commission, MOEA
Cheer Time Enterprise Co., Ltd.	$ 8,933	$ 37,150	$ 383,918

Note 1: Accumulated amount of remittance from Taiwan to Mainland China in original investment curreny is USD1,250 thousand.

Note 2: The investment amount approved by Investment Commission of MOEA in original investment currency is USD1,250 thousand.

Cheer Time Enterprise Co., Ltd.

Major Shareholders Informaiton

December 31, 2022

Table 7

	Shares	
Name of major shareholders	Number of shares held	Ownership Percentage
CHUANG, MING-LI	8,571,080	13.33%
LIU, WEN-CHEN	6,800,000	10.58%
Chen Da Investment Co., Ltd.	4,920,582	7.65%
Zhuang Chen, Shu-Hwa	4,484,811	6.97%
Lin, Chen-Hong	4,022,350	6.25%

CHEER TIME ENTERPRISE CO., LTD.

Chairman: Chuang, Ming-Li